BHARAT FORGE

KALYANI

Innovate. Differentiate. Accelerate.

58TH ANNUAL REPORT 2018-19

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Forward-looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks and uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. Certain numbers have been rounded off to the nearest digit for convenience of representation. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Contents

We are in pursuit to build a sustainable business model and drive value creation. With our passionate focus on innovation, we continue to generate differentiating ideas, develop cutting-edge solutions and identify right opportunities that help us standout in an otherwise crowded industry. Complementing this is our ability to take bold decisions.

We are now scaling higher grounds to accelerate value creation and our business growth.

We have leveraged our inherent strengths in engineering to deepen presence in existing business areas while exploring newer ones across geographies. We have made strategic investments that enhance our competencies and prospects, while retaining our balance sheet strength. We have taken a leap by enabling artificial intelligence and machine learning and creating an ecosystem in readiness for the new digital age.

Our capability to innovate is an asset that has helped us grow and accentuate our position as a technology-driven engineering Company. Innovation is the core of the Company which has supported our business over the past 50 years and will accelerate our transformation in the future as well.

We are innovating, differentiating and accelerating ahead with optimism.

Bharat Forge at a Glance

Harnessing technology. Anticipating needs. Innovative solutions.

This is Bharat Forge, where we relentlessly seek new opportunities, develop cutting-edge solutions and drive meaningful partnerships for a mutually better future.

We are a globally leading, technology-driven, full-service supplier of forged and machined powertrain and chassis components. We manufacture a wide range of high-performance, highly-engineered critical and safety components for diverse automotive and industrial applications. We are amongst the select handful of global companies with front-line design and engineering, dual shore manufacturing, and full-service supply capabilities.

Not just a manufacturer, we develop solutions

Having started as a component supplier for commercial vehicles, we expanded our frontiers into diverse sectors. Today, we leverage our multi-sectoral engineering expertise, integration advantage and innovation capabilities to bridge gaps for our customers with customized technology solutions.

Consistently expanding frontiers

We are working to deepen our presence in existing markets and business segments whilst exploring opportunities in newer ones. We nurture our capabilities and develop innovative solutions through extensive R&D and collaboration with global partners.

What makes Bharat Forge interesting

50+ years

of manufacturing experience

Global leadership

In powertrain and chassis components

Global manufacturing

10 facilities across US, Sweden, Germany, France and India

Marquee customers

Leading automotive OEMs & Tier I suppliers, and industrial companies

Industry 4.0

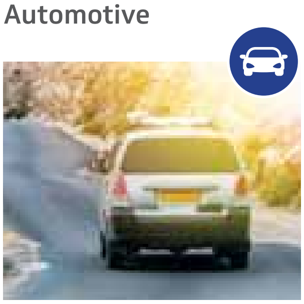
Manufacturing excellence

Vertically integrated

With end-to-end capabilities

Our business segments

Automotive

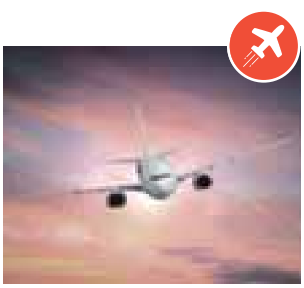

Passenger vehicles


Commercial vehicles

Industrial


Power


Oil & Gas


Aerospace


Construction & mining


Rail & Marine


General engineering

Consolidated revenues crossed the **₹ 10,000 Crore-mark** this year

Exports crossed the **USD 0.5 Billion-mark** this year

New business wins of **USD 50 Million** during the year

Inauguration of **Industry 4.0 Center of Excellence**

ROCE (Net of cash) at **24.7%** post strategic investment and capacity addition for organic growth

Corporate Information

Bankers

Bank of India
Bank of Baroda
Bank of Maharashtra
Canara Bank
State Bank of India
HDFC Bank Ltd.
ICICI Bank Ltd.
Axis Bank Ltd.
Citibank N.A.
Standard Chartered Bank
Credit Agricole CIB
HSBC Ltd.
JP Morgan Chase Bank N.A.
Deutsche Bank AG
Kotak Mahindra Bank Ltd.

Auditors

S R B C & Co LLP
Chartered Accountants

Company Secretary

Ms. Tejaswini Chaudhari

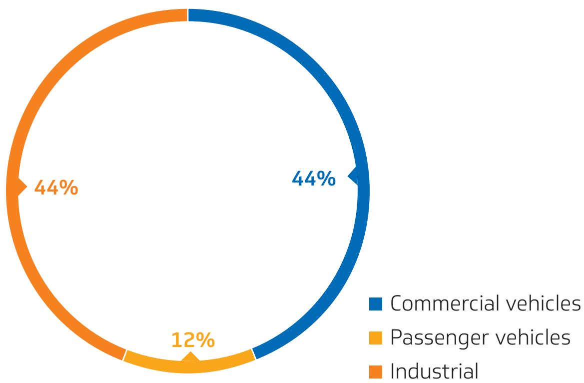
Registered Office

CIN: L25209PN1961PLC012046
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune - 411 036, Maharashtra, India.
Phone: +91 20 6704 2777 / 2476
Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com
Web: www.bharatforge.com

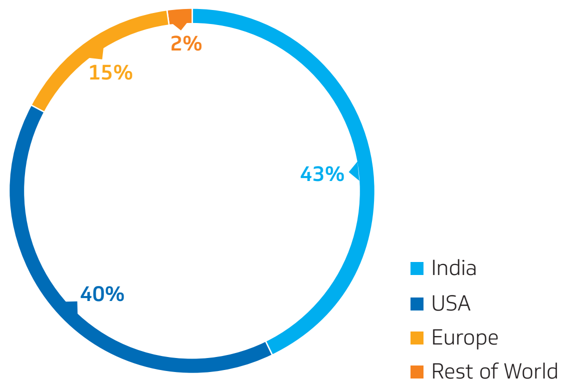
Bharat Forge at a Glance

Our diversified and de-risked business model

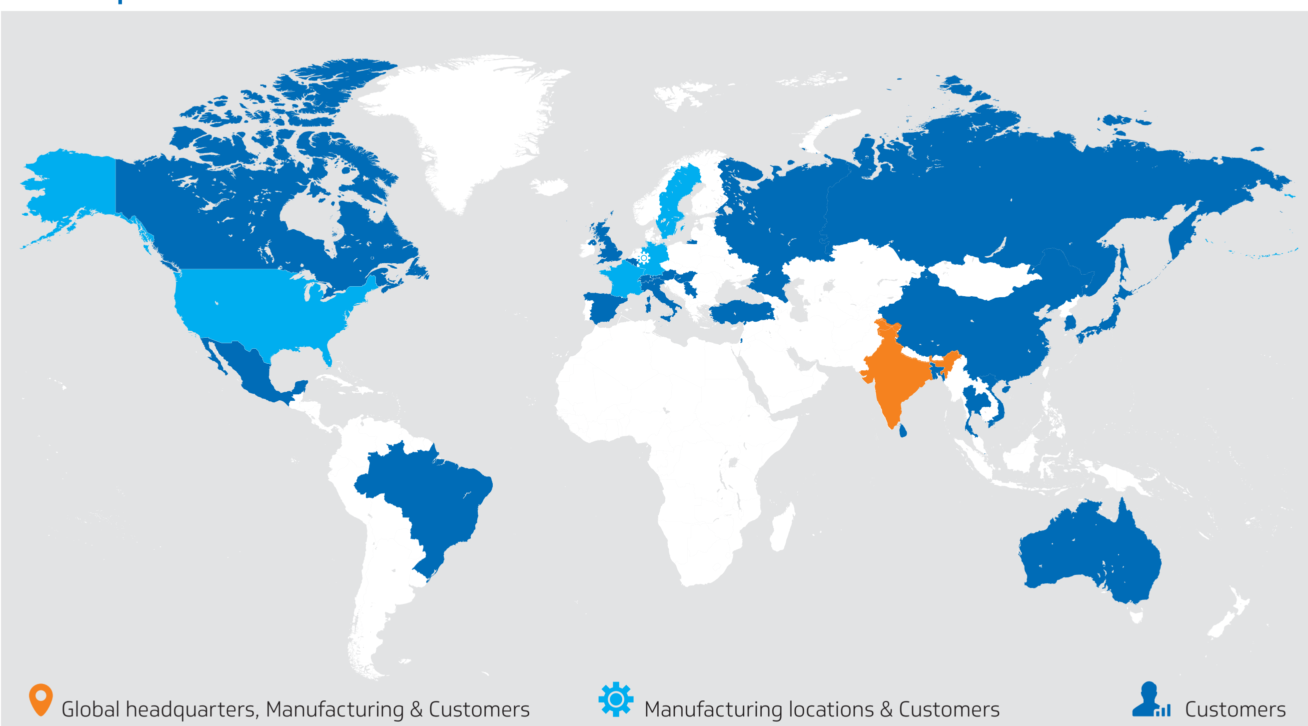
Segmental revenue distribution in FY 2019 (Standalone)



Geographical revenue distribution in FY 2019 (Standalone)



Our footprint



Map not to scale. For Illustrative purposes only.

Board of Directors

Standing (left to right): Mr. P C Bhalerao, Mr. Amit B Kalyani, Mr. S E Tandale, Mr. G K Agarwal, Mr. Kishore Saletore, Mr. B P Kalyani
Sitting (left to right): Mr. S M Thakore, Mrs. Lalita D Gupte, Mr. B N Kalyani, Mr. Pratap G Pawar, Mr. Vimal Bhandari, Mr. P H Ravikumar

Mr. B N Kalyani
Chairman and Managing Director

Mr. G K Agarwal
Deputy Managing Director

Mr. Pratap G Pawar
Independent Director

Mr. S M Thakore
Independent Director

Mrs. Lalita D Gupte
Independent Director

Mr. P H Ravikumar
Independent Director

Mr. Vimal Bhandari
Independent Director

Mr. P C Bhalerao
Non-Executive Director

Mr. Naresh Narad*
Independent Director

Dr. T Mukherjee*
Independent Director

Mr. Amit B Kalyani
Executive Director

Mr. B P Kalyani
Executive Director

Mr. S E Tandale
Executive Director

Mr. Kishore Saletore
Executive Director

* Retired on March 31, 2019

Strategic Communiqué from the Chairman and Managing Director

Dear Shareholders,

It is my privilege as the Chairman and Managing Director, to report the Company's performance and share the key highlights of FY 2019 and the strategic roadmap going forward. As a Company, we have always strived to better our past by continually deepening our domain expertise, adding value and expanding our product portfolio. Also, our steadfast focus on innovation and R&D has helped us evolve into a trusted engineering and technology solution partner to leading global companies.

> Despite facing some macro challenges in the latter part of the year, we recorded the highest-ever turnover and profitability, even as we strengthened our balance sheet and improved our market position

Macro-economic scenario

In global macro-economic terms, CY 2018 was an eventful year. Despite a growth of 3.7% in GDP terms, VUCA (Volatility, Uncertainty, Complexity and Ambiguity) prevailed. Factors including concern over trade wars, weak financial market sentiments and disruption in Germany's auto sector over the new vehicle fuel emission standards have weighed down the outlook. Having said that, CY 2018 was a strong year for the Company's main segments; global automotive and industrial sectors.

In India, the economic scenario improved, on the back of strong household spending and corporate fundamentals. Sustained spending on infrastructure and defence supported by the 'Make in India' movement kept the economy buoyant, besides unlocking a virtuous cycle of investment opportunities. The automotive demand after 5 years of strong volume growth across all segments started to face headwinds in the form of increased costs on account of regulatory and safety upgrades towards the latter part of FY 2019.

Performance review for the year

FY 2019 proved to be another positive year for the Company, thanks to robust demand from the domestic and export markets across several sectors. Despite facing some macro challenges in the latter part of the year, we recorded the highest-ever turnover and profitability, even as we strengthened our balance sheet and improved our market position. The good progress we witnessed in each of our businesses was gratifying.

During the year, we recorded a 23% growth in revenues to ₹ 65,200 Million. A significant achievement has been balanced revenue generation from multiple streams. We witnessed some pressure on the bottom line, which was driven by surging input costs, as commodity prices of steel and energy rose during the year. EBITDA and PAT increased by 19% to ₹ 18,761 Million and 52% to ₹ 10,713 Million, respectively.

Our consolidated revenues also witnessed a strong performance, with a top line growth of 21% to ₹ 101,457 Million and PAT growth of 37% to ₹ 10,326 Million.

Some of the salient highlights of the year on the domestic side included growth in commercial vehicle volumes driven by a pick-up in construction & infrastructure activity; healthy demand from agri equipment and execution of defence orders. On the exports business front, demand growth in the global truck and industrial sector, and ramp-up of the passenger vehicle program emerged as the key drivers.

Establishing new engines of growth

As a constantly-evolving organization, we leverage our existing competencies in technology and engineering to explore new growth opportunities. This is an essential process to create additional revenue streams, amplify growth, and de-risk the business. In line with this strategy, we forayed into newer sectors such as Light-weighting technology (LWT) and e-mobility, while also deepening our presence in the defence and aerospace segments.

Defence and Aerospace

It has been an encouraging year for the defence business with revenues more than doubling compared to FY 2018. We commenced execution of a ₹ 2,000 Million-order received in CY 2017 from the defence establishment and we are steadfastly working to create a steady revenue stream across domestic and export markets in the defence components business.

Moving ahead, our strategic priority shall entail graduating from the manufacturing of critical components to making sub-systems and systems. Being a technical field with high entry restrictions and long gestation, defence has significant entry barriers in terms of capability and capacity. We have achieved reasonable success in defence exports, with the support of the Government, which resulted in several global enquiries. We envisage increased opportunities on the back of higher defence budgetary allocation to strengthen India's security.

Aerospace is another technical field where we have established a commendable position, maintaining good relationships with three prestigious clients in a short span of time.

Revenue

₹65,200 Mn

for FY 2019

23% ↑

PAT

₹10,713 Mn

for FY 2019

52% ↑

Strategic Communiqué from the Chairman and Managing Director

With the Government's focus on indigenizing manufacturing, we expect to create a robust ecosystem with significant offset opportunities that we can leverage.

Light-weighting: The auto industry is witnessing large scale disruption because of new technologies including Hybrid Vehicles, E-Vehicles, Ride Sharing etc. These disruptions will continue and BFL as a Company has to take steps to provide solutions to these changes. Light-weighting is currently a key focus area for automotive companies because of its potential to reduce weight resulting in improved fuel efficiency and better range for E-Vehicles. To capitalize on the opportunity, we have committed a capital investment of ₹ 2,000 Million in the 1st phase for establishing a Center for Light-weighting Technology (CLWT), which we expect to commercialize in the second half of CY 2019. The Center will focus on manufacturing aluminum components and undertake research on Light-weighting through composites and hydro-forming processes. This will help us attract new business opportunities and grow our portfolio. We have already bagged orders from domestic and export OEMs and received expressions of interest from several potential customers.

Aluminum forgings will be another focus area for Light-weighting. We currently supply aluminum forgings to our customers in India and we are addressing global opportunities through our European manufacturing operations. We are expanding our capacity in Europe by investing around Euro 50 Million and are also contemplating setting up of a greenfield facility in the US. These investments will increase the revenue contribution from the Aluminium forging business in the European operations from the current levels of 20% to around 40% in the next 5-7 years.

E-Mobility: This represents a large and growing global opportunity. We have started making inroads in this segment through stake acquisition in Tork Motors and Tevva Motors to scale our capabilities and gain access to their extensive R&D knowledge base. We have also set up an R&D center in MIRA Technology Park. Over the last couple of years, we have worked on this segment by putting together building blocks at the component, system and technology levels. We expect activity in this segment to gather pace in the coming years.

The vehicle electrification segment is at a nascent stage with concerns about capital allocation and strategies. Extensive R&D will be required to arrive at the right technology solution. This will involve large investment in people, capital and supply chain enhancement. This makes India an attractive destination given its low-cost advantage; and Bharat Forge, a prospective partner given our proven capabilities and quality focus. The Government strongly supports this segment through incentivization and subsidies which will benefit the industry and consumers. This is a huge opportunity that requires the right strategies to move ahead and succeed.

Pursuing growth through innovation

Innovation is central to everything we do. We are motivated by the need to stay ahead of technological advancements and market changes to emerge as the preferred global partner. R&D is our means to sustain this edge.

Our world-class R&D centers – KCTI (Kalyani Center for Technical Innovation) and KCMI (Kalyani Center for Manufacturing Innovation) are the two significant enablers for our innovation charter. These Centers work to augment knowledge and skills in advanced materials and technologies, identify new opportunities in process improvement, besides undertaking new products and materials development.

During the year, we commissioned Industry 4.0 Center of Excellence in partnership with PTC. The Center aims to incubate ideas related to digital transformation, machine learning and artificial intelligence. These will contribute towards preventive maintenance, cost reduction, productivity improvement, product quality enhancement and faster time-to-market.

Countering business cyclicality

We operate in a cyclical business where demand varies according to the economic environment. Although we witnessed troughs and peaks, it is pertinent to note that the trend line of our business has always been on the rise. Capital investments in the right areas, focus on adding new customers and becoming preferred suppliers for existing ones, in addition to initiatives for lower operating costs have placed us on the right trajectory to counter the down cycles.

Moreover, our investments in the businesses of aerospace, defence and rail sector have added resilience by de-risking us from the primary automotive business. The lower volatility of these ventures will provide the necessary cushion when we face challenging environments. Though these ventures are still in the nascent stages, we are satisfied with their individual progress. Today, we are amongst the top global companies with strengthened capabilities and growing relationships.

Going forward

Over the years, one of our strategic strengths has been our ability to generate healthy cash flows, despite sustained capital investments in capacity creation and R&D. We remain committed to making prudent financial decisions and maximizing cash flows so as to improve our returns. This is essential for us to be able to pursue inorganic growth during economic downturns.

We expect to witness fairly volatile and uncertain demand environment across sectors and geographies. The Company's focus in the coming 12-18 months shall include reducing cost, accelerating new product development, maximizing free cash generation and exploring organic/inorganic growth avenues.

> The one who follows the crowd will usually go no further than the crowd. The one who walks alone is likely to find himself in places no one has ever been before
>
> **Albert Einstein**

Though Albert Einstein said these lines several decades ago, we continue to incorporate it in our business outlook. Exactly a decade ago, we were predominantly in the automotive space. However, we took a conscious decision to move out of this position and with steadfast focus we built a multi-sectoral, globally diversified organization with additional revenue verticals that drive newer opportunities. This has steered us towards a model which is more resilient and we continue to further strengthen it. We have ensured that we not only raise the bar in terms of performance, but more importantly instill the habit of executing our tasks with excellence. The hallmark of our work is that innovation and excellence propels performance.

In conclusion, I thank each of our stakeholders for being a part of our exciting and enriching journey. We have built a business with a competitive edge. We have created an enabling ecosystem, along with a product and technology pipeline.

Now, it is all about scaling these to create added value for all the stakeholders.

Warm Regards,

B. N. Kalyani

Chairman and Managing Director

Financial Highlights (Standalone)

Profit and Loss Metrics

Total Revenue (₹ in Million)

₹65,200

FY 2019	65,200
FY 2018	53,160
FY 2017	38,647
FY 2016	43,338
FY 2015	45,481

*EBIT (excluding Other Income) (₹ in Million)

₹15,294

FY 2019	15,294
FY 2018	12,695
FY 2017	8,075
FY 2016	10,550
FY 2015	11,058

*Profit Before Tax (₹ in Million)

₹15,931

FY 2019	15,931
FY 2018	13,029
FY 2017	8,345
FY 2016	10,769
FY 2015	10,669

Profit After Tax (₹ in Million)

₹10,713

FY 2019	10,713
FY 2018	7,073
FY 2017	5,851
FY 2016	6,976
FY 2015	7,190

* before exchange gain/(loss)

Balance Sheet Metrics

Net worth (₹ in Million)

₹53,982

FY 2019	53,982
FY 2018	46,143
FY 2017	42,319
FY 2016	35,815
FY 2015	35,412

Debt Equity Ratio (Net of Cash)

0.27

FY 2019	0.27
FY 2018	0.20
FY 2017	0.24
FY 2016	0.43
FY 2015	0.22

RoCE (Net of Cash) (%)

24.7

FY 2019	24.7
FY 2018	22.5
FY 2017	14.9
FY 2016	23.8
FY 2015	26.7

RoNW (%)

19.8

FY 2019	19.8
FY 2018	17.7
FY 2017	13.0
FY 2016	19.6
FY 2015	20.7

Strengthening the Core

Building Capacities

- Invested ₹ 4,000 Million towards setting-up of forging and machining lines for automotive and industrial applications in Baramati, Maharashtra with expected operationalization in H2 CY 2019

Digitalizing Manufacturing with Industry 4.0

- Operationalized Industry 4.0 Center of Excellence
- Incubating digital transformation ideas
- Building a foundation for Machine Learning and Artificial Intelligence to enable preventive maintenance
- Enhancing operational efficiency, product quality and time to market

Strengthening Financials

- Generated strong cash flows of ₹ 1,225 Million despite committing a Capex of ₹ 8,500 Million during the year
- Prudent utilization of internal funds to meet Capex programs and also maintain a healthy balance sheet. Long-Term Debt/Equity (net of cash) at standalone and consolidated levels at (0.03) and 0.02 respectively as on March 31, 2019
- Sweating of assets and increased capacity utilization has helped increase RoCE (net of cash) and RoNW to 24.7% and 19.8% respectively

Nurturing People

- Focused on enhancing employee capabilities by ensuring 10% of employees at any point are undergoing intensive academic and training programs
- Skill upgradation program through the undergraduate course at BITS Pilani and post graduate course at IIT Bombay
- Technology development program through tie-ups with reputed global universities
- Advanced technical skills program through Industry 4.0 Center of Excellence

Engineering the Next Phase of Growth

We are focused on breaking new ground to deliver unmatched solutions to customers and scale new heights.

E-mobility

Opportunity

With increasing concerns about sustainability and push towards reduction in carbon footprint, the electric vehicles segment is steadily emerging as the future of mobility.

Bharat Forge's Response

- Developing solutions across the entire spectrum of EV's from low voltage to high voltage electrification technologies and increase content per vehicle
- Exploring electric vehicle component development opportunities targeted at two/three-wheelers and Commercial Vehicles
- Strategic investments to gain technical expertise and a faster go-to-market strategy. These include:
  - o Tork Motors - a leading developer of technology for electric motorcycles and electric three-wheeler powertrains
  - o Tevva Motors - experts in the development of electric vehicle components and powertrain solutions for commercial vehicles and buses
- Set-up an R&D Center at MIRA Technology Park for solutions in e-mobility, providing training and complementing capabilities and knowledge of KCTI and KCMI

Light-weighting

Opportunity

With growing concern of fuel efficiency and compliance on emission norms, OEMs globally are focusing on Light-weighting of vehicles with new materials and technologies.

Bharat Forge's Response

- Established a Light-weighting vertical
- Invested ₹ 2,000 Million in the first phase towards setting-up a Center of Light Weighting (CLWT) in Nellore, Tamil Nadu. The Center is expected to become operational from H2 CY 2019
- Targeting opportunities in the areas of Light-weighting primarily for automobile and industrial applications to achieve greater operational efficiency
- Primary work area shall consist of structural components along with components for e-mobility
- Undertaking research activities in carbon fiber, 3D printing and new composite materials
- Expanding our Aluminum forging capacity in Europe by investing around Euro 50 Million

Transmission

Opportunity

With rising focus of OEMs to reduce NVH (Noise, Vibration and Harshness) levels and pitting corrosion, demand for high-finish and high-precision transmission gears is increasing.

Bharat Forge's Response

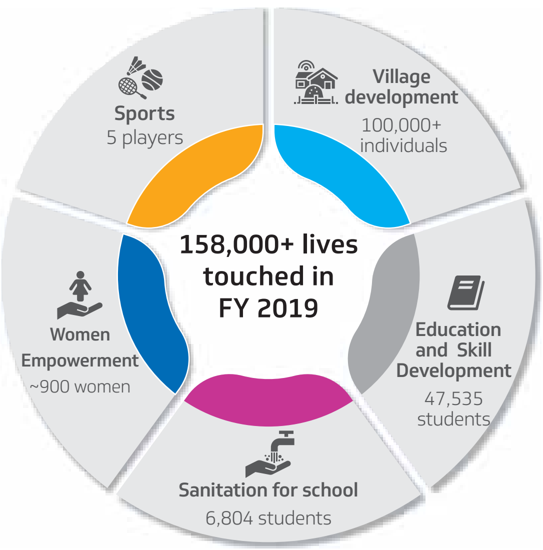
- Established a transmission components division
- Development of high-tech, high precision, low NVH and high DIN standard requirements for the transmission and driveline components
- Enhanced focus on transmission components for both Indian and export customers

Tevva Truck

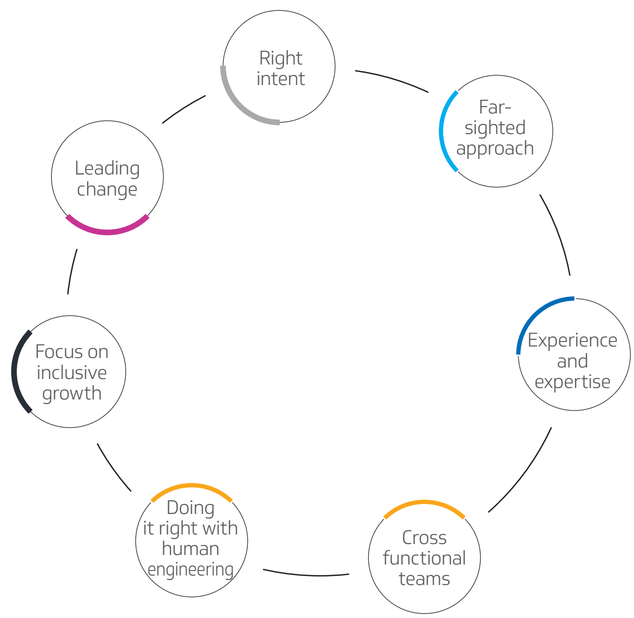
Engineering Better and Empowered Communities

At Bharat Forge, we are change initiators. We believe that the stronger we grow, the greater responsibility we have on us to drive social development. We are applying our knowledge, research and expertise to constantly improve the way we fulfil our Corporate Social Responsibilities and maximize its impact by setting greater goals.

Our CSR impact



Making the difference



Village development

We undertake need-based programs by identifying key problems through discussions with villagers and local influencers. Addressing water crisis is one of the key focus areas for which, we have aligned ourselves with the Government's Jalyukt Shivar program. Having already touched 69 villages in Maharashtra and created a capacity of over 900 Million liters of water, we intend to scale it to 100 villages. We have undertaken several water infrastructure projects focused on benefiting agriculture and making available safe drinking water. Land leveling activities were carried out to assist farmers. With a focus on empowering women with better health, we undertook awareness programs on health, nutrition and early diagnosis for breast and cervical cancer by setting a cancer screening and hemoglobin camps. We also undertook road building activities to improve accessibility to villages.

Key areas of progress

- Water availability (drinking and agriculture)
- Enhancing livelihood
- Health and nutrition (women and children)
- Constructing roads for better accessibility

Government school development

Education of underprivileged children is an important agenda for us. We have partnered NGOs for developing infrastructure and improving quality of education to keep the children motivated. Aligning with the Hon'ble Prime Minister's agenda for constructing toilets in schools, we undertake building, maintaining and repairing toilets every year. In FY 2019, we constructed toilets across 8 schools benefiting a total of 800+ students. We also undertook infrastructure improvement initiatives like school wall painting, constructing compound wall and stage, water-proofing of classes and window

Review of CSR Activities

Constructed Drinking Water Tank
District: Satara

restoration. Teacher training was provided aimed at promoting effective and interactive ways of teaching.

Our key educational programs include:

- Pradnya Vikas Program in association with Pratham Pune Education Foundation and Jnana Prabodhini focused on developing personality and leadership skills
- Pratham project to impart non-formal education
- Anubhav Shala to encourage the creative aptitude and enhance academic performance of children with activities like mind stimulating games, rallies, plays and study tours
- Bal Melawa and other summer activities for benefiting children with interactive learning of science and mathematics

Community development

We focus on women empowerment by providing them training and vocational courses in cloth and paper bag-making along with facilitating market connections. We have also aligned with the Clean India initiative for which we organized several awareness rallies, sessions and cleanliness drives reaching out to 154,000 people across 32 villages. We undertook a green village program, planting over 14,000 trees.

Skill development

We collaborated with CII and College of Engineering, Pune to support 90 rural background graduates through technical and soft skill training to enhance their motivation and employability.

Sport development

We undertake efforts to identify and push promising sportspersons from villages by facilitating them necessary resources, training and encouragement. Several such sportsperson are today representing the country on global platforms.

Employee volunteering

We undertake various initiatives to provide employees a chance to contribute towards the social welfare. We organize 'Daan Utsav' every year where employees can contribute funds. Various departments are encouraged to conduct individual CSR projects.

Sportspersons supported by Bharat Forge

Vidit Gujarathi
Chess
World ranking – 44

Pooja Rani
Boxing
World ranking – 1

Subhankar Dey
Badminton
World ranking – 49

Prarthana Thombare
Tennis
ITF doubles ranking – 158

Siddhant Banthia
Tennis
ITF ranking – 90

Management Discussion and Analysis

About Bharat Forge Limited

Bharat Forge Limited (BFL), headquartered in Pune, is India's largest and a leading global forging Company with strong metallurgical knowledge, design, engineering and manufacturing capabilities. Its manufacturing footprint extends across India, Germany, Sweden, US and France. The Company, while nurturing existing competencies, stepped forward to focus on innovation, technology and value addition and evolved from a component supplier to a preferred development partner. The Company leverages its engineering and R&D expertise along with its integration advantage to develop innovative and customized solutions for clients across multiple sectors.

The Company has focused on portfolio diversification to amplify growth and de-risk business. While automobile continues to be its primary business, it has created a significant presence in Industrial sectors like Defence and Aerospace, Power, Oil & Gas, Construction & Mining, Agriculture, Railways & Marine and General Engineering. These segments provide more resilience and stability to the business, enabling it to effectively diversify and grow.

Taking its journey ahead, the Company is progressing well to tap newer areas of e-mobility, Light-weighting and high-precision transmission & driveline solutions.

ECONOMIC REVIEW

GLOBAL ECONOMY

The global economy grew by 3.6% in 2018 after recording a 3.8% in CY 2017. Though the economic activity acceleration gained in CY 2017 continued in early parts of CY 2018, several factors weighed down the momentum later. This included credit policy tightening, declining financial market sentiments and business confidence and more notably the sharp slowdown in global trade amidst escalating trade-tensions.

Economic growth in the Emerging Markets and Developing Economies (EMDEs) declined from 4.8% in CY 2017 to 4.5% in CY 2018. This was primarily due to softening of industrial activity in China, impacted by tightening credit policy and trade tensions.

In the Advanced Economies (AEs), the economic growth slowed from 2.4% in CY 2017 to 2.2% in CY 2018 due to weak consumer and business confidence and softened external demand in the euro area. In the US, strong consumption growth, led to economic expansion by 2.9% in CY 2018 compared to 2.2% in CY 2017.

Globally, most countries benefited from lower oil prices that declined from USD 81 a barrel in October 2018 to around USD 61 a barrel in February 2019, resulting in muted consumer inflation.

(Source: World Economic Outlook April 2019, International Monetary Fund)

Outlook

The global economy is expected to grow by 3.3% in CY 2019. Policy accommodation by major economies, improving financial market sentiments, absence of inflationary pressure, fading drags in Euro area and gradual stabilization of conditions in stressed economies is likely to support growth. Economic activities across AEs are likely to remain subdued with the fading impact of the US fiscal stimulus. While the growth of AEs is projected at 1.8% for CY 2019, the activities in EMDEs are likely to start picking momentum towards the second half of CY 2019 and continue into CY 2020. Their growth is projected at 4.4% for CY 2019.

(Source: World Economic Outlook April 2019, International Monetary Fund)

INDIAN ECONOMY

India began FY 2019 on a strong note with broad-based growth across sectors. However, with rising global volatility, external trade disputes, impact of crude shocks on the rupee and outflows accounted for a slower growth rate towards the end of the year. Despite these conditions, the country remained one of the fastest growing major economies, least affected by global turmoil and supported by strong fundamentals, favorable policies and economic reforms.

India's GDP is expected to have grown by 6.8% in FY 2019, supported by sustained upswing in consumption and revival in investments. Domestic demand strengthened with harmonization of GST, bank recapitalization and reformative initiatives, helped boost investments and ease banking sector concerns.

The Government's prudent financial decisions and strong focus on meeting fiscal targets have been commendable and enabled it to strengthen its fundamentals. Fiscal deficit, inflation and current deficit have been largely under control. For FY 2019, fiscal deficit is expected to be 3.4% of GDP despite a higher expenditure commitment in welfare schemes. The year is likely to end with consumer price inflation declining to 2.86% and current account deficit narrowing to 2.1%. The country's foreign exchange reserves remained strong towards the end of the year at ₹ 26,802 Billion.

(Source: Deloitte Insights, Central Statistics Office, Reserve Bank of India April 2019 Monetary Policy Report, RBI Weekly Statistical Supplement)

Outlook

As per IMF, India is likely to continue its growth momentum in FY 2020, albeit at a slower pace of 7.3% compared with the earlier projection of 7.5% due to the impact of global turmoil. Continued recovery of investment and robust consumption from an expansionary monetary policy, fiscal policy impetus and lower oil prices are likely to support growth. RBI's shifted focus from inflation to sustaining the growth momentum underscored by back-to-back rate cuts of 25 basis points, will improve liquidity and provide growth impetus to the economy.

Despite tough conditions, the country remained one of the fastest growing major economies, least affected by global turmoil and supported by strong fundamentals, favorable policies and economic reforms.

India: Real GDP growth and its components

	FY 2018 (First revised estimate)	FY 2019 (Provisional estimate)
Private final consumption expenditure	7.4	8.1
Government final consumption expenditure	15.0	9.2
Gross fixed capital formation	9.3	10.0
Exports	4.7	12.5
Imports	17.6	15.4
GDP at market prices	**7.2**	**6.8**

Management Discussion and Analysis

BUSINESS ENVIRONMENT

AUTOMOBILE BUSINESS

Global Automobile Industry

The landscape of the global automobile sector is undergoing a transformation. CASE mobility or Connected, Autonomous, Shared, Electric vehicles have disrupted business models of automotive companies. Players are making big investments in these trends and building partnerships to be prepared for the changing landscape.

The global automotive industry in CY 2018 witnessed a slowdown amidst these disruptions. The impact was further amplified with a sharp contraction in the world's largest auto market in China and implementation of WLTP (Worldwide harmonized Light-duty vehicle Test Procedure) in Europe.

Increased sales in countries like Russia, Brazil and India was offset by a 1.1% sales decline in Europe and a 2.8% decline in China. It was for the first time in two decades that Chinese vehicle sales fell sharply, led by slowdown in economic activity, reversal of tax cuts and deceleration in credit growth. Sales in US at 17.32 Million units was the third best on record as the market benefited from tax reform that freed up a significant amount of cash for businesses.

(Source: JATO)

In the heavy-duty vehicles segment, strong economic activity and high freight demand led to improved sale of trucks in North America and Europe. CY 2018 was one of the strongest years for North America Class 8 trucks and Europe HCV have grown steadily over the last 3 years.

(Source: FTR Transportation Intelligence)

Outlook

Going forward, the changing automotive industry landscape is likely to open immense opportunities for diverse stakeholders. New concepts like Light-weighting, e-mobility, new emission rules, connected mobility and autonomous vehicles will transform the automotive industry landscape. Success of industry stakeholders depends upon how fast they respond to these changes and build fresh strategies.

The overall auto industry scenario looks a little weak in the short term, with sales projected to remain mostly flat as the pace of global economic activity subsides. China will remain a big concern as it faces internal economic problems as well as possible trade tension escalation with the US. In Europe, auto players are experiencing pressure due to the government's push to make combustion engine vehicles more fuel efficient and the possibility of trade disruptions as Britain exits the EU.

(Source: Scotiabank Global Auto Report, Moody's, Forbes)

The landscape of the global automobile sector is undergoing a transformation. CASE mobility or Connected, Autonomous, Shared, Electric vehicles have disrupted business models of automotive companies.

Crankshaft Heat Treatment

Machining Line

FY 2019 was an exceptional year for the commercial vehicle export business as it flourished amidst strong demand across key markets.

Company's Review of the Export Market

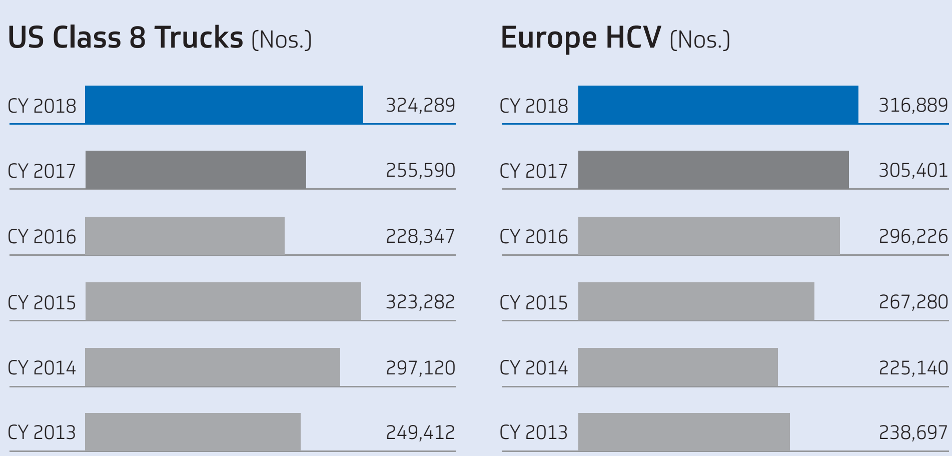
Commercial vehicles

FY 2019 was an exceptional year for the commercial vehicle export business as it flourished amidst strong demand across key markets. With revival of economic activity and robust freight demand, the year was one of the strongest for North America Class 8 truck market. The European truck market has been going strong with its economy revving up. Demand in this market continued to be good as a result of high freight activity and operator profitability.

The Company leveraged market conditions with its proven capabilities and recorded its highest ever revenues from the export commercial vehicles business in FY 2019 at ₹ 15,912 Million, a growth of 22% as compared to FY 2018.

Order activity has moderated in the initial months of CY 2019 and expected to normalize going ahead in the second half of the year as compared to last year's

Heavy Vehicle Production Trend (Nos.)



[Source: ACT Research, European Automobile Manufacturers' Association (ACEA)]

Management Discussion and Analysis

record numbers. However, this year is still expected to show modest increase in production on account of a robust build schedule and strong order backlog. The Company's focus on increasing content per vehicle and increasing share with customers with new product development is expected to yield good results.

Passenger Vehicles

The Company's PV exports business during FY 2019 continued to grow strongly. Its endeavor to be on the growth trajectory by moving up the value chain remained on track, with new value-added products and enhancement of market share with the existing customers. This is substantiated by the growth of revenues from ₹ 420 Million in FY 2014 to ₹ 4,875 Million in FY 2019.

Next year, the Company expects to expand its presence in this segment driven by a healthy growth momentum as it starts to ramp-up new programs.

Indian Automobile Industry

The Indian automobile industry has significantly progressed in the recent years, adopting new technologies and capabilities in line with the changing global landscape. Its diversified nature provides players the much-needed scale and risk-hedging ability to face market vagaries. India is currently the world's fourth-largest automotive market. Rapid economic development, ongoing urbanization, a burgeoning middle-class and supportive regulations and policies have provided a fillip to the industry.

Despite the various positives, the Indian auto industry recorded a moderate growth of 5% in FY 2019-its slowest in four years, due to a slowdown in sales towards the end of the year owing to a weaker consumer sentiment.

(Source: SIAM)

The Government's emphasis on rural economy and infrastructure, structural reforms with supportive policy measures to improve liquidity and develop India as a global manufacturing and R&D hub, supports the automobile sector. National Automotive Testing and R&D Infrastructure Project (NATRiP) Centers and National Automotive Board have been set-up as facilitators between the Government and the industry.

Passenger Vehicles

Sales of passenger vehicles increased by 2.70% in FY 2019, led by a strong growth of 13.10% in the Vans segment. Other segments of passenger cars and utility vehicles grew marginally by 2.0%.

(Source: SIAM)

Commercial Vehicles

The commercial vehicles' segment recorded a holistic growth with strong performance across categories. While sales in this segment grew by 17.55% in FY 2019, sales of medium & heavy commercial vehicles increased by 14.66% and light commercial vehicles rose by 19.46%.

(Source: SIAM)

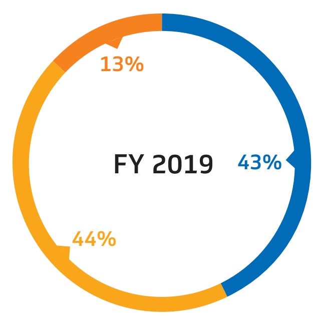
Outlook

India is expected to emerge as the world's third-largest passenger vehicle market by FY 2021, supported by Government efforts to ease liquidity and make policies favorable. The announcement of individual tax rebate and assured income to farmers in the Union Budget should bring in positive customer sentiment. This is expected to pull up demand for Two Wheelers, LCVs and tractors.

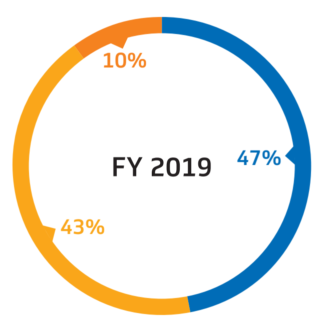
Micro factors such as implementation of BS-VI (from BS-IV) by FY 2020 and emerging concepts like Light-weighting and e-mobility will help to shape the

The Company's endeavor to be on the growth trajectory by moving up the value chain remained on track, with new value-added products and enhancement of market share with the existing customers.

Exports



Domestic



- Commercial Vehicles
- Non Auto
- Passenger Vehicles

structure of the industry in future. In the coming fiscal though, sales are likely to be tepid during the first half and expected to pick up in the second half ahead of BS-VI implementation. In fact, the industry body SIAM has appealed to the Government to reduce GST rates on cars, scooters and bikes to ensure moderate price rise, which does not impact demand.

(Source: IBEF, SIAM)

Company Review of the Indian Auto industry

Commercial Vehicles

FY 2019 was a good year for the domestic commercial vehicle industry post a sluggish period after GST implementation. The industry witnessed a revival in volumes due to a sharp pick-up in infrastructure projects, particularly in roads, urban infrastructure and affordable housing. Recovery in construction and industrial activity have further supported the demand for bigger haulage trucks and tippers, that was somewhat impacted by year-end due to a tightening credit environment, revision in axle load norms, fuel prices increase and subdued freight rates.

The Company recorded its highest revenues from the domestic commercial vehicle segment. The Company continued using its R&D expertise and innovation to develop new products and increase content per vehicle. This segment witnessed a revenue growth of 6% to ₹ 10,988 Million in FY 2019.

Going into FY 2020, the industry is likely to be weak in the near term. However, with expansion of potential pre-buying ahead of BS-VI norms implementation, the overall outlook seems positive. BS-VI will also open opportunities for new product lines.

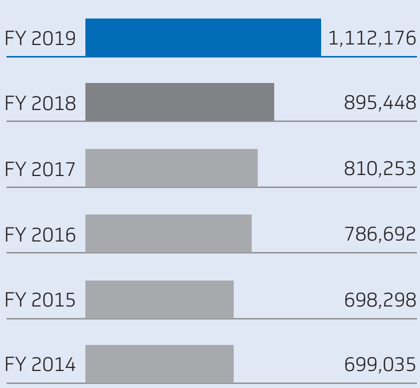
Passenger Vehicles (PV)

FY 2019 was an encouraging year for the domestic passenger vehicle business. The Company's efforts to expand and diversify its offerings was successful, as it acquired new customers and orders. The Company's revenues from domestic passenger vehicles increased by 16% to ₹ 2,373 Million. Commencement of serial production and ramp-up of aluminum products for domestic PV OEM was an important development during the year.

The passenger vehicle segment in India unveils new opportunities with new products and potential increase in usage of aluminum components. The Company will focus on innovation to enhance its portfolio with better products to gain market share.

The Company continued using its R&D expertise and innovation to develop new products and increase content per vehicle. This segment witnessed a revenue growth of 6% to ₹ 10,988 Million in FY 2019.

Commercial Vehicles Production Trend (Nos.)



Source: SIAM

Management Discussion and Analysis

INDUSTRIAL BUSINESS

The Company engages in the manufacture of components for Defence & Aerospace, Power, Oil & Gas, Construction & Mining, Agriculture, Railways, Marine and General Engineering sectors. This segment marks an important diversification for the Company and enables it to de-risk its business from dependence on the automotive sector. The Company has significantly grown this business, which now accounts for 44% of the overall FY 2019 revenues. This year also marked record revenues earned from the Industrial Business in both the domestic and export markets.

Company Review of the Export Industrial Segment

The Company witnessed increased traction in the export industrial segment in FY 2019, driven by improving macro-conditions in its end markets. Robust growth in Oil & Gas, Railways and Construction & Mining sustained its growth trajectory. Consequently, the Company's revenues from this segment increased by 21% to ₹ 16,472 Million.

Constant impetus on R&D in new product development areas helped the Company win new orders and add new customers, accounting for important sectoral and customer diversification of the business.

Going forward, the global industrial outlook looks cautious admist global trade tensions. The Company will continue to nurture these business areas and focus on new product development in existing sectors, to tap global opportunities and explore new sectors.

Company review of Domestic Industrial Segment

The Company has made steady progress in its domestic industrial segment, although delays in tender-based business have prevented stronger take-off. Significant traction was witnessed in defence, general engineering and agri related businesses. In FY 2019, revenues grew by 28% to ₹ 10,094 Million.

Railways is another focus area. The Company perceives an opportunity in replacement and refurbishment of existing diesel locomotives, besides high-speed rolling stock components and systems for passenger rail. The Government's strong focus on infrastructure besides upsurge in construction and mining will help strengthen the growth momentum.

DEFENCE AND AEROSPACE BUSINESS

The Company leverages its strengths in metallurgy, metal forming, forging and machining, to manufacture high value products and systems for Defence & Aerospace. Its focus areas in Defence include land systems, air defence systems and aerospace (helicopters). Across its focus areas, it aims to indigenize the three aspects of any defence manufacturing - design and technology; manufacturing capability and infrastructure; and maintenance and life cycle support.

The Company targets 'Make in India' program, which is likely to present multiple opportunities for indigenization and offsets in Defence and Aerospace. These segments will drive business growth and reduce cyclicality. The Company is working towards becoming a full supplier of indigenously developed systems.

Company review of Defence Segment

In defence, the Company has invested in creating a manufacturing ecosystem for artillery guns. With its full-service supply capability, it has achieved a breakthrough in artillery segment with its ATAGS (155 mm / 52 caliber) program. Developed in

The Company has significantly grown the industrial business, which now accounts for 44% of the overall FY 2019 revenues.

partnership with Defence Research and Development Organization (DRDO), it is a program of national importance and a future battlefield solution. The product has been recognized with CII Pinnacle Awards for Excellence in Manufacturing and Golden Peacock Innovative Product Award.

The Company has also made in-roads in its protected vehicle segment and is supplying its vehicles to Indian defence forces and export markets.

The Company continues to pursue various opportunities in other segments like marine systems, air defence systems and helicopters. It has engaged with Ordnance Factory Board (OFB) and Hindustan Aeronautics Limited (HAL) in meeting their component and subsystem level requirements.

The Company has made steady progress in its 'Make in India' strategy wherein it is targeting import substitution across all verticals. It is working on several collaborative projects with global OEMs to bring in technology and undertake joint production and manufacturing in India.

STRATEGIC BUSINESS

The Company's strategic business is a newly formed division, focused on the areas of Light-weighting, transmission components, e-mobility and future technologies. It was formed with the intent of tapping the emerging market requirements, the need for which is rising due to rapid technological changes. Our foray into this business will enable the Company to be future-ready and create new growth verticals.

Strategic business focus areas

- **Light-weighting:** The Company is pursuing opportunities in the areas of Light-weighting of vehicles and industrial products to achieve greater operational efficiency. Primary work area would entail working on structural components along with components for e-mobility requirements. The present focus areas primarily include automobile and industrial applications
- **Transmission components:** Under this segment, the Company is undertaking development of high-tech, high precision, low NVH and high DIN standard requirements for the transmission and driveline components
- **E-mobility:** The Company is exploring opportunities in the electric vehicle component development segment targeted at two/three-wheelers and commercial vehicles. To gain technical know-how and a faster go-to-market strategy, the Company has bought stakes in Tork Motors and Tevva Motors.

  Tork Motors is a leading developer of technology for electric motorcycles and electric three-wheeler powertrains. The Tork Motors team has done an extensive research in building solutions for Indian market and now possesses the technological expertise to indigenously manufacture electric motorcycle and electric three-wheelers.

Golden Peacock Innovative Product Award 2019

In defence, the Company has invested in creating a manufacturing ecosystem for artillery guns.

Management Discussion and Analysis

Tevva Motors are the experts in development of electric vehicle components and powertrain solutions for commercial vehicles and buses. Tevva undertakes complete design, manufacture and assembly of the entire electric commercial vehicle including integration of its core technologies. With the Tevva e-Powertrain solution, range anxiety can be got eliminated. As part of this investment, Bharat Forge has also acquired exclusive sales & technology license for the Indian market, while also working on component supplies for the above applications.

The Company's investment in Tork and Tevva provides it, the access to low voltage and high voltage electrification technologies for working towards increasing content per vehicle.

Review of Businesses

The Company's strategic business has progressed well during the year. In the Light-weighting business, it has successfully operationalized a 'Center of Light Weighting Technologies' (CLWT) at Nellore which will start manufacturing from H2 CY 2019. The division has started with a focus on aluminum/magnesium components primarily for automotive segment and has won its maiden domestic and exports orders.

In the transmission components space as well, the Company has tied-up good businesses for both the Indian and export customers.

During the year, the Company worked on several projects in e-Mobility along with Tevva and Tork. With Tevva, it has worked towards developing go-to-market channels including launch of pan-European initiative and growing OEM relationships in India and Europe to support technology sales of Tevva's core system. With Tork, the Company has developed strategy for launching its new motorcycle T6X and entering into partnerships to supply electric three-wheeler powertrains to major OEMs.

Bharat Forge is adequately supporting these companies with its funding and skilled manpower to expedite the new product developments and provide a robust supply chain to gain speed to market at reduced costs.

In the Light-weighting business, the Company has successfully operationalized a 'Center of Light Weighting Technologies' (CLWT) at Nellore which will start manufacturing from H2 CY 2019.

Tork Motorcycle

FINANCIAL REVIEW

STANDALONE

Analysis of Standalone Profit and Loss Statement

(In ₹ Million)

Particulars	FY 2019	FY 2018	% change
Total Revenue	65,200	53,160	22.6
Raw Material	24,357	18,870	29.1
Manufacturing Expenses	11,428	9,282	23.1
Manpower Cost	4,863	4,359	11.6
Other Expenditure	5,791	4,886	18.5
Total Expenditure	46,439	37,397	24.2
EBITDA	18,761	15,763	19.0
EBITDA (%)	**28.8%**	**29.7%**	**-**
Depreciation	3,466	3,068	13.0
Interest	1,024	848	20.8
Other Income	1,660	1,182	-
PBT	15,931	13,029	22.2
Exchange Gain/(Loss)	300	(390)	-
PBT	16,231	12,639	28.4
Exceptional Item	-	(1,332)	-
PBT	16,231	11,307	43.5
Taxation	5,518	4,234	-
PAT	10,713	7,073	51.5

Analysis of the Standalone Balance Sheet Statement

(In ₹ Million)

Particulars	FY 2019	FY 2018
Long-term Debt	15,722	13,462
Working Capital Loan and Bill Discounting	16,220	11,666
Equity	53,982	46,143
Cash	17,252	16,028
D/E	0.59	0.54
D/E (Net)	0.27	0.20
Long-term D/E (Net)	(0.03)	(0.06)
RoCE (Net of Cash)	24.7%	22.5%
RoNW	19.8%	17.7%

D/E-Debt Equity

RoCE - Return on Capital Employed

RoNW-Return on Net Worth

Management Discussion and Analysis

CONSOLIDATED

Analysis of Consolidated Profit and Loss Statement

(In ₹ Million)

Particulars	FY 2019	FY 2018	% change
Total Revenue (net)	101,457	83,577	21.4%
Raw Material	42,143	32,811	28.4%
Manufacturing Expenses	16,171	13,778	17.4%
Manpower Cost	12,463	10,892	14.4%
Other Expenditure	10,396	8,309	25.1%
Total Expenditure	81,173	65,790	23.4%
EBITDA	20,284	17,787	14.0%
EBITDA (%)	**20.0%**	**21.3%**	**-**
Depreciation	5,208	4,669	11.5%
Interest	1,272	1,065	19.4%
Other Income	2,028	1,420	42.8%
PBT	15,832	13,473	17.5%
Exchange Gain/(Loss)	272	(557)	-
Exceptional Item	-	(954)	-
Share of (loss)/profit of Associates & Joint Venture	(114)	(4)	-
PBT	15,990	11,958	33.7%
Taxation	5,664	4,418	-
PAT	10,326	7,540	36.9%

Analysis of Consolidated Balance Sheet

(In ₹ Million)

Particulars	FY 2019	FY 2018
Long Term Debt	19,350	16,721
Equity	54,059	46,811
Cash	18,352	17,246
Long Term D/E	0.36	0.36
Long Term D/E (Net)	0.02	(0.01)

INFORMATION TECHNOLOGY

SCALING THE INDUSTRY 4.0

Bharat Forge established “Industry 4.0 Center of Excellence” in partnership with PTC Inc. This facility is designed as a working Center of Excellence (CoE) built on Bharat Forge’s Industry 4.0 thought leadership to incubate digital transformation ideas, develop and experience new cutting-edge technologies and train its people to be able to deploy it on the shop floor.

This CoE will help Bharat Forge build the “Digital Thread” with horizontal & vertical integrations of various technologies like IIoT (Industrial Internet of Things), AR (Augmented Reality), AI/ML (Artificial Intelligence/Machine Learning), CRM (Customer Relationship Management), ERP (Enterprise Resource Planning), DQM (Digital Quality Management) and PLM (Product Lifecycle Management). This Center is also building the foundation for Machine Learning and Artificial Intelligence. It is now helping Bharat Forge to enable preventive maintenance, improve operational efficiency, product quality and time to market.

Bharat Forge’s Industrial IoT deployment project has gathered momentum. The Company has connected all forging lines on this platform. Machining lines connections has also begun. At this moment, more than 13,000 tags are throwing real-time information and helping the organization to work proactively on the basis of sensor information.

Bharat Forge is also in the process to connect all energy meters in the organization. It will provide real-time information of energy consumption and quality of energy and help carry out right interventions to save power.

The Company also launched Integrated portal “UDAN” for its Aerospace Business Vertical. The primary aim of this initiative is to creat a single platform to manage entire data across Aerospace Business Unit (BU) and eliminate the manual processes. This involves integration of PLM, IIoT and ERP.

Bharat Forge also started the deployment of integrated HRMS (Human Resources Management System) using DarwinBox solution. This will help Bharat Forge manage the entire lifecycle of the employee throughout the enterprise. Following processes will get digitized:

- Core HR Information Management
- Talent Management and Development
- Recruitment and On-Boarding
- Employee Performance Management
- Employee Movements

The project is planned to go live fully by H1 FY 2020.

Salesforce Cloud was chosen as the Customer Relationship Management solution. This will be integrated with the automated Cost Estimation System. This will help the Company manage entire information throughout the customers’ lifecycle.

Focus Areas for FY 2020

- Building a Digital Thread to transform the process efficiencies
- Deploying Digital Quality Management Solution to reduce manual intervention
- Deployment for Customer Relationship Management solution at all Subsidiaries
- Digitizing entire supplier interaction including the invoicing process
- Digitizing end-to-end Import Purchase Process
- Ongoing journey of Industrial IoT platform deployment

5%

Increase in Productivity over the previous year

9-10%

Approx. energy savings over the previous year

Management Discussion and Analysis

INNOVATION AND INTELLECTUAL PROPERTY RIGHTS (IPRS)

R&D and innovation are important business drivers for the Company, enabling it to strengthen its competitive positioning and create new areas of growth. The industries in which the Company operates are constantly evolving. To succeed in this scenario, requires it to explore new ideas, develop new and better products and work on futuristic technologies to deliver transformative solutions and become a preferred partner.

A key facet of the Company's innovation charter is its robust ideation process. Forecasting trends, identifying and evaluating right ideas through international market research, global researchers, research institutes and internal teams, to deliver innovative solutions ensures sustainable growth. The Company's teams work in tandem with partners to help them develop customized solutions.

The Company is presently working on R&D projects including development of technologies to minimize the carbon footprint, Light-weighting of vehicles to lower energy consumption, aerospace prototyping and assembly, development of unmanned aerial vehicles and defence electronics.

LIGHT-WEIGHTING PROGRAM

The Company is working on introduction of innovative Light-weighting concepts that can improve functional performance of vehicles, in terms of enhancing fuel efficiency and lowering emission levels. The Company leverages its expertise in sophisticated design, simulation techniques and 3D printing to develop relevant products. Research activities are targeted towards use of new materials like aluminum or composite fiber to develop existing components and modify the design using honeycomb structures. During the year, the Company operationalized its Center for Light-Weighting, for advanced research work on achieving greater effectiveness.

Kalyani Center for Technology & Innovation (KCTI) has always been one of the biggest enablers for the Company in working towards technology advancement because of its steadfast focus on innovation, research and development. The facilities, capabilities and technical contributions of KCTI have helped the Company significantly in developing new products and technologies.

KCTI's expertise on Additive Manufacturing (3D printing) of metals and its capability to test various critical metallurgical parameters of materials has helped in the development of several technologically advanced and critical components related to Defence and Aerospace. NABL accreditation and NADCAP approval are the essential requirements to supply materials in these segments, which are completely met by KCTI.

Several R&D projects in the area of high strength steels and alloys of exotic metals have helped the Company in building a portfolio of components with application across different sectors.

KCTI has developed simplified processes and cost-effective technologies for various forging processes, improvement of die life and machining of components. These initiatives have helped the Company in saving operational costs.

Key innovation highlights

57

patents filed till date

₹ 40 Million

approx. operational cost savings during the year

Operationalized new Corrosion Lab

HUMAN RESOURCE MANAGEMENT - BUILDING A PURPOSEFUL ORGANIZATION

Bharat Forge has achieved exponential growth in recent years. During this journey, the Company has leveraged its strengths of customer focus, execution excellence and technology orientation. It has also invested significantly in the expansion of capabilities and capacities for future growth through greenfield plants, brownfield plants and inorganic approach. Fundamental to the Company's growth agenda is its Human Resource (HR) strategy that drives new ways of working and sustaining existing strengths.

In the year under review, the following were the focus areas of the HR strategy:

1. Talent development to support business growth
2. Digital talent development to build a smart workplace
3. Drive alignment across the existing and new business teams

In the area of talent development, several technical capability building initiatives were designed and implemented. The focus of these initiatives was the assessment of the current level of talent with the required level of competence and bridging the gap through interventions. Further, these initiatives were customized to meet the unique requirements of the workforce in the forging and machining areas.

DIGITIZED WORKPLACE

In today's digital world, the required skills and competencies are evolving fast. During the previous year, keeping pace with the changing times, the Company had invested significantly in creating capacity to develop employees in the area of digital technology. In the year under review, this capacity of three in-house Industry 4.0 capability development Centers was leveraged to implement customized capability building initiatives. These initiatives have various difficulty level and challenge participants to apply the same at their workplace. This has enabled creation of smart workplaces which eventually will lead to building smart factories. Today, there are more than 500 skilled engineers who are equipped with Industry 4.0 technology, and the Company is gaining the benefits of the same in its manufacturing processes.

BUILDING A PURPOSEFUL ORGANIZATION

The Company is also driving alignment across teams to move to the next level of performance. A shared framework, a road map and the guiding principles that govern the performance of teams were initiated through the Company's new initiative called "Navigating through Change". The objective of this initiative was to develop the purpose of Bharat Forge and align all the teams in the organization around this mission. Post a series of workshops, the Company's purpose was defined as "Propelling the World through Passionate Engineering". This will help to build a purpose-driven organization, unifying all employees towards the common goal and instilling meaning to their contributions.

The Company has commenced the journey of moving in the direction of its purpose. First level workshops have been completed across various teams, wherein each team has defined their priorities, the execution process and the habits that need to be implemented. In the current year, the focus will be on driving the teams to achieve the purpose and have coherent conversations around the goals of the organization.

Fundamental to the Company's growth agenda is its human resource (HR) strategy that drives new ways of working and sustaining existing strengths.

6,192

Employee Strength

Management Discussion and Analysis

Management Training Session

The existing employee engagement programs continued to be implemented across the year, many of which involved family participation.

Driving engagement

The Company remains committed to driving employee engagement and maintaining a conducive work environment. A new initiative of "Quarterly Communication" forum was started during the year to enhance employee engagement. As part of these communications, the senior management team shares with the employees the performance highlights and key challenges of the respective quarters. The existing employee engagement programs continued to be implemented across the year, many of which involved family participation. In the area of industrial relations, the Company continues to partner with Unions to ensure cordial and proactive industrial relations across all the plants.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Bharat Forge understands its social responsibility to develop assets that co-exist in harmony with the environment and with the communities. The Company continues to advance its policies on corporate activities in social, environmental and ethical aspects, while respecting the interests of and being responsive towards its key stakeholders – the communities. Bharat Forge aims to support those from the socially and economically backward groups – the underprivileged and marginalized sections of the society. As an integral part of its commitment to Good Corporate Citizenship, the Company believes in providing support and assistance in improving the quality of life of people in the communities.

It is contributing to the local society, working with communities and producing ways of living for the future. It continues to maintain sustainable growth together with locals by carrying out activities based on the chosen pillars for Corporate Social Responsibility.

BHARAT FORGE'S KEY PILLARS FOR CSR

Sector 1 – Village Development Project

The Company is developing 69 villages from Maharashtra in five districts and working on five major indicators – Water (for Drinking & Agriculture), Livelihood (increase in family income), Roads (internal), Health & Hygiene (children and women) and Education. The impact of the work done is tangible and is generating trust in the villagers and is helping in increasing their family income.

Districts Covered

Pune	29 Villages
Ahmednagar	6 Villages
Satara	15 Villages
Kolhapur	15 Villages
Solapur	4 Villages
Total	**69 Villages**

Water Harvesting Project

I. **Work done at Taluka Koregaon, District Satara**

Areas Covered

- Water for Drinking and Agriculture
- Internal Roads
- Health
- Education

a. **Dhamner Village, Taluka Koregaon, Satara**

The Company constructed a drinking water tank at Dhamner Village, Tal. Koregaon at the Satara district. The project has enabled water at the doorstep of the villagers.

30,000 Liters
Capacity of Water Tank

2,300
No. of Beneficiaries from the Project

b. **Bodhewadi Village, Satara**

For the past 100 years, the village had no source for drinking water and the women had to fetch water from a distance of 4-5 kms. The Company constructed an open well, a distribution pipeline and a water tank at the village, with storage capacity of 15,000 liters.

15,000 Liters
Capacity of Water Tank

c. **Village Nagzari**

The Pazar Talav was deepened at the village by removing the silt. The dimensions of the work are – 20 meters depth, 70 meters length and 65 meters width. The silt removed during the deepening was spread over 100 acres of unproductive land, thereby helping it regain its fertility to grow ginger crop.

10.88 TCM
Storage Capacity

3,000
No. of Beneficiaries

Taluka: Panhala, District: Kolhapur

Management Discussion and Analysis

II. Work done at Taluka Ambegaon, District Pune

Areas Covered

- Water for Drinking and Agriculture
- Livelihoods
- Internal Roads
- Health
- Education

a. Thakarwadi Village

The Mati Nala Bandhara at Thakarwadi Village, has a depth of 4 meters, length of 40 meters and a width of 30 meters.

4.20 TCM
Storage Capacity

300
No. of Beneficiaries

Benefits of Land Leveling

The Company undertook leveling of the lands of some villages from Thakarwadi, Kotamdara and Ambegaon Taluka. The silt removed at the time of desilting was spread on these lands. During the rainy season, the villagers can grow potatoes and groundnuts. The villagers, who have been working as laborers for generations, have now got an opportunity to do farming on their own land. With this, their income level is likely to increase multi-fold.

59 TCM
Storage Capacity of Water Tank

3,000
No. of Beneficiaries

b. Gangapur (Khurd) Village

The Company accomplished the work of desilting of Pazar Talav in Gangapur Village. This site is surrounded by the mountains from all sides. The Mati Nala Bandhara has a depth of 3 meters, length of 50 meters and a width of 40 meters.

Construction of Water-Bodies (Bandhara) Village: Thakarwadi, Taluka: Ambegaon, District: Pune

III. Work done at Taluka Purandar, District Pune

Areas Covered

- Water for Drinking and Agriculture
- Internal Roads
- Education

2,200+

Total Population of the Village

a. Pawarwadi Village

The Company supports the Pawarwadi Village situated at the Purandhar block of Pune district, located 60 kms from its Pune office.

Case Study: Project – 'Purandar Upasa Sinchan' – Phase II

The Company implemented the 'Purandar Upasa Sinchan' - Phase I project for the availability of water for farming. By laying a pipeline in the village, it put 300 acres of land under irrigation. The Government has now come forward to help the Purandar project - Phase II. This is aimed towards developing the remaining dry land (around 400 acres), which will also be taken up for irrigation. The Company has developed 10 villages in Purandar Taluka.

IV. Work done at Taluka Shevgaon, District Pune

Areas Covered

- Water for Drinking and Agriculture
- Internal Roads
- Education

a. Aakhegaon Village

The Company undertook water harvesting work at Village Aakhegaon, Tal. Shevgaon at District Ahmednagar. The project included deepening and widening work of Nani river, Mahadev Bandhara. The work will increase the water storage capacity by 165 TCM. Due to this work, 4,000-5,000 acres of land will come under irrigation and 1,000 families from Aakhegaon will be benefited. The work has been appreciated by all. Despite scanty rainfall, it has provided immense benefit to the village in terms of water availability. The material from the deepening work has been used to construct an internal road.

b. Vadgaon-Gupta

The Company constructed a Bandhara of 3.5 meters depth, 900 meters length and 30 meters width. This has a storage capacity of 94.5 TCM and will benefit 1,000 villagers. It used the material from the deepening work to construct a 25 km internal road.

The water harvesting work at village Aakhegaon, will increase the water storage capacity by 165 TCM. Due to this work, 4,000-5,000 acres of land will come under irrigation and 1,000 families of the village will be benefited.

Management Discussion and Analysis

c. **Vadule Wagholi**

The Company constructed a Bandhara of 3.8 meters depth, 950 meters length and 36.5 meters with a storage capacity of 131.76 TCM. It has benefited 1,750 villagers. It also constructed 12 kms internal road by using the material from the deepening work.

Sector 2 – Environmental Sustainability

Tree Plantation Drive, 2018

Since the last two years, the Company has been supporting Tree Plantation initiative announced by the Government of Maharashtra. This project has been undertaken by involving employees, their families and villagers and communities.

14,017

No. of Trees planted under the tree plantation drive

Sector 3 – Cleanliness Drive

Swachhata Hi Seva Campaign, 2018

Swachhata Hi Seva is a campaign initiated by the Hon'ble Prime Minister for working towards the national vision of 'Clean India'. As a responsible corporate citizen with the objective of developing clean and sustainable communities, the Company has embarked on this journey in support of the national campaign.

Swachha Sundar Shala

The 'SWACHHA SUNDAR SHALA' competition was organized for the Zilla Parishad schools and Corporation schools from nearby areas and from the villages being developed.

Novel Initiatives

- Awareness rallies
- Awareness sessions
- Cleanliness and beautification of surroundings, schools, communities and villages

Bharat Forge reaches out to villagers, local communities, students, teachers and instructors through active involvement of employees.

The Beneficiaries

- 154,000 Community People
- 32 Villages
- 137 Communities
- 32,650 Households
- 47 Educational Institutes

Sector 4 – Education

In collaboration with CII and College of Engineering, Pune, the Company is supporting the second batch of 90 graduates from the College of Engineering, Pune. The objectives of these students from rural backgrounds is to bridge the gap between the academics and industry requirements and enhance the employability of engineering students.

Soft skills imparted

- Communication skills
- Presentation skills
- Motivation

Sector 5 – Skill Development

We are "Industry Partners" with the Government of Maharashtra for 3 ITIs under Public Private Partnership and are actively working for its development.

Renovation work of the ITI premises at Bhor was completed during the year (painting of buildings and landscaping). The Company imparted training on Technical Educator Reinvention (soft skills) to all the ITI instructors from Bhor Taluka.

Our ITI Khed is considered as a role model in India.

Awards & Recognition

Received "CSR Leadership" award at the National Swachhata Summit 2019 organized by CSR times. The award was presented by Shri Hardeep Singh Puri, Union Minister of State.

Received "Appreciation Award" from Pune Zilha Parishad – for all our CSR projects.

Imparting education at a Government school

RISK MANAGEMENT

Risk management is an integral part of the Company's operations. Risk management policies are formulated in a manner to ensure swift response and adequate monitoring, while striking the right risk-return balance. The Company has devised a robust risk management framework, which facilitates identification and analysis of various internal and external risks, their impact of business and mitigation measures. All risks are regularly reviewed, and areas of concern are flagged off to the relevant department.

INDUSTRY RISK

The Company's operations are spread globally with over 50% of its revenues being derived from the US and European markets. An adverse macro-economic scenario or unfavorable regulatory regime in developed economies could negatively impact the Company's performance.

Mitigation measures

The Company has created strategic multi-sectoral portfolios across geographies to diversify its business. This has helped shift focus between industries, customers and geographies based on the prevailing scenario. The Company's entry into emerging areas of Light-weighting and e-mobility, which are current thrust areas due to environmental and fuel-efficiency concerns is another such measure.

FOREIGN EXCHANGE RISK

The Company has significant exposure to exports and foreign currency liabilities. Any adverse movement in currency prices can impact its bottom line.

Mitigation measures

The Company practices hedging to protect itself from exchange rate fluctuation. It enters into simple forward contracts on a rolling basis to protect its export realization. Additionally, the Company ensures that at any time its exports remain higher than foreign currency borrowings to ensure a natural hedge.

RAW MATERIAL RISK

Any sharp increase in the price of key raw materials such as steel, energy and freight or their shortage or unavailability can adversely impact the Company's profitability and operations.

Mitigation measures

The Company has undertaken several productivity enhancement initiatives to optimize production costs. A large part of the Company's steel requirement is met through a group company, located in proximity to the plant, thereby mitigating inventory risks. Besides, the Company includes a raw material pass-through clause in all its contracts to protect itself from commodity price fluctuations.

FUNDING RISK

The Company's scaling investment in expansionary plans of both Indian and overseas operations, R&D activities and new business projects entails capital. Inability of the Company to source low cost funds and control debt-levels may impact its profitability.

Mitigation measures

The Company has maintained a healthy debt-equity ratio, an outcome of efficient financial planning, funding of expansion projects with a judicious mix of internal and external funds besides its ability to efficiently manage working capital. The Company's strong business model facilitates a healthy cash flow from operations, which supports its operations and reduces dependence on external funds.

MANPOWER RISK

Inability of the Company to attract and retain key personnel can impact its business operations.

Risk management policies are formulated in a manner to ensure swift response and adequate monitoring, while striking the right risk-return balance.

Management Discussion and Analysis

Impeller Machining

> Bharat Forge has in place a well-defined and adequate internal control system that authorizes, records and reports transactions and thereby helps safeguard assets and protect against loss from unauthorized use or disposition.

Mitigation measures

The Company has one of the best teams in the industry. With its people-centric policies and initiatives on employee skilling, career development, engagement and motivation, the Company has a high retention ratio. It ensures that employee performance is appropriately recognized.

INTERNAL SYSTEMS AND THEIR ADEQUACY

Bharat Forge has in place a well-defined and adequate internal control system that authorizes, records and reports transactions and thereby helps to safeguard assets and protect against loss from unauthorized use or disposition. It also ensures the reliability of recorded data and financial information to maintain accountability of assets. These internal controls are supplemented by extensive internal audits, management review and documented policies, guidelines and procedures.

CAUTIONARY STATEMENT

The Management Discussion and Analysis contains statements that describe the Company's objectives, projections, estimates and expectations, which may be forward-looking in nature. These statements are made within the meaning of applicable laws and regulations and are based on informed judgments and estimates. The Company's actual performance might differ substantially or materially from projections, expressed or implied, due to various factors beyond its control. Important developments that could affect the Company's operations include a downtrend in the forging industry – global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labor relations, exchange rate fluctuations, interest and other costs. The Company does not undertake any responsibility to update these statements.

Board's Report

For the year ended March 31, 2019

To the Members,

Your Directors have pleasure in presenting the 58th (Fifty-Eighth) Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended March 31, 2019.

1. FINANCIAL HIGHLIGHTS

The financial performance of the Company on standalone and consolidated basis for the Financial Year ended March 31, 2019 as compared to previous year is summarised in the following table:

In ₹ Million

Particulars	Standalone		Consolidated	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Total Income	66,860.07	54,916.37	1,03,485.26	85,566.79
Exports Revenue	37,258.44	29,711.73	73,539.84	61,230.68
Net Profit				
Profit for the year before Taxation and Exceptional item	16,230.78	12,638.75	16,103.56	12,915.87
Share of (loss)/ Profit of associates and Joint Venture	-	-	(113.75)	(3.78)
Add / (Less): Exceptional item	-	(1,332.05)	-	(954.48)
Provision for Taxation:				
Current Tax	5,350.68	4,161.42	5,742.68	4,318.49
Deferred Tax	167.29	72.33	(78.83)	99.44
Profit for the year	10,712.81	7,072.95	10,325.96	7,539.68
Less: Non-controlling interest	-	-	4.23	(84.76)
Profit for the year attributable to equity holders of parent	10,712.81	7,072.95	10,321.73	7,624.44
Items of other Comprehensive Income for the year (Net of tax)	(121.25)	202.71	(118.15)	251.19
Total	**10,591.56**	**7,275.66**	**10,203.58**	**7,875.63**
Balance of Profit from Previous year	34,083.21	29,429.22	33,676.24	28,493.30
Profit available for Appropriation	**44,674.77**	**36,704.88**	**43,879.82**	**36,368.93**
Appropriations :				
Interim Dividend on Equity Shares	1,163.97	931.18	1,163.97	931.18
Tax on above dividend	239.26	189.56	239.26	189.56
Final Dividend on Equity Shares	1,163.97	1,163.97	1,163.97	1,163.97
Tax on above dividend	239.26	236.96	239.26	236.96
Transfer to General Reserve	100.00	100.00	100.00	100.00
Adjustment during the year	-	-	-	71.02
Surplus retained in Statement of Profit and Loss	41,768.31	34,083.21	40,973.36	33,676.24

2. DIVIDEND

The Board, in its meeting held on November 2, 2018 declared an interim dividend of ₹ 2.50 per equity share (i.e.125%) of the face value of ₹ 2/- each aggregating to ₹ 1,163.97 Million plus applicable taxes thereon.

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of ₹ 2.50 per equity share (i.e. 125%) of the face value of ₹ 2/- each. The final dividend on equity shares, if approved by the members would involve a cash outflow of ₹ 1,163.97 Million plus a dividend tax of ₹ 239.26 Million.

The total dividend for the financial year ended March 31, 2019, including the proposed final dividend would aggregate to ₹ 2,806.46 Million inclusive of the dividend tax.

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

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

3. RESERVES

During the year under review, the Company proposes to transfer ₹ 100.00 Million to the General Reserve.

An amount of ₹ 41,768.31 Million is proposed to be retained as surplus in the Profit and Loss account.

4. PERFORMANCE OF THE COMPANY

The financial year 2018-19 has been a record year for your Company, with strong revenue and profit growth. In the financial year 2018-19, the revenue of the Company increased by 21.75% and Profit after Tax increased by 51.46%, as compared to the last financial year 2017-18 on a standalone basis. Domestic revenue increased by 17.45% to ₹ 29,601.64 Million as compared to last year of ₹ 25,204.64 Million. Whereas export revenue grew by 25.4% to ₹ 37,258 Million as compared to last year of ₹ 29,712 Million. The Balance Sheet of your Company continued to become stronger with the improvement in all the key financial ratios as compared to the last financial year 2017-18. ROCE (Net of Cash) has witnessed sharp growth of 24.7% despite significant new capacity creation and strategic initiatives on e-mobility.

On a consolidated basis, the Company, its subsidiaries and joint venture companies, achieved revenue of ₹ 103,485 Million as against ₹ 85,566.79 Million, a growth of 20.94%. Under International business, the Company recorded highest revenue from heavy vehicle business in FY 2018-19 at ₹ 15,912 Million. The passenger vehicle segment has been on a positive growth from the last five years from ₹ 420 Million in FY 2013-14 to ₹ 4,875 Million in FY 2018-19. Witnessing another good year for Oil & Gas Industry in North America, in the FY 2018-19, the Company recorded highest ever revenues from Industry segment at ₹ 16,471 Million.

During the year, your Company has set-up a facility viz., "The Centre for Light Weighting Technology" at Nellore, Andhra Pradesh. The facility is expected to be operationalized by the third quarter of the financial year 2019-20. The facility will manufacture critical light weight components in Aluminum. The Company has also undertaken an expansion of its forging and machining capacity at Baramati, Pune. This will cater the requirements of Automotive and Industrial market globally.

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

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, forms part of notes to the financial statement provided in this Annual Report.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties are provided in Form AOC-2 which is annexed as **Annexure "B"** to this report. Related Party disclosures as per Ind AS 24 have been provided in Note 39 to the financial statement.

The Related Party Transaction Policy has been amended in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and adopted effective from April 1, 2019. The revised policy as approved by the Board has been displayed on the Company's website at: www.bharatforge.com/investors/corporate-governance/policies.

7. DEPOSITS

During the year under review, the Company has not accepted any deposit under Chapter V of the Companies Act, 2013.

8. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

9. RISK MANAGEMENT

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

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

There are no adverse material changes or commitments occurred after March 31, 2019 which may affect the financial position of the Company or may require disclosure.

11. SIGNIFICANT AND MATERIAL ORDERS

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

12. STATE OF COMPANY'S AFFAIRS

Discussion on state of affairs of the Company has been covered as part of the Management Discussion and Analysis (MDA). MDA for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is presented in a separate section forming part of this Annual Report.

13. SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on March 31, 2019 stood at ₹ 931.27 Million.

During the year under review, the Company has not issued shares with the differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

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

Pursuant to the provisions of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the declared dividends, which remained unpaid or unclaimed for a period of 7 (seven) years and shares thereof shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

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

The list of equity shareholders whose shares are transferred to IEPF can be accessed on the website of the Company at below mentioned link:

www.bharatforge.com/investors/shareholders-information/unclaimed-dividend

The Company has sent notices to respective shareholders who have not claimed dividend for 7 (seven) consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2019-20. The newspaper advertisement stating the same has also been published in the newspapers. The list of equity shareholders whose shares are liable to be transferred to IEPF can be accessed on the website of the Company at below mentioned link:

www.bharatforge.com/investors/shareholders-information/unclaimed-dividend

15. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return of the Company in Form MGT-9 is appended as **Annexure "C"** to this Report.

16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors confirm that:

a. in preparation of the annual accounts for the financial year ended March 31, 2019, the applicable Accounting Standards have been followed and there were no material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2019 and of the profit of the Company for that period;

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In terms of provisions of the Companies Act, 2013 and the Articles of Association of the Company, **Mr. B. P. Kalyani** (DIN : 00267202) and **Mr. Kishore Saletore** (DIN : 01705850), Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the year, the Board of Directors of the Company re-appointed Mr. Amit B. Kalyani (DIN : 00089430) as the Executive Director of the Company for a period of 5 (five) years, commencing from May 11, 2019. Further, at the Board Meeting held on May 20, 2019, Mr. Amit B. Kalyani has been re-designated as a Deputy Managing Director of the Company. The appointment is subject to approval of the shareholders. Accordingly, the resolution for re-appointment of Mr. Amit B. Kalyani forms part of Notice convening the 58th Annual General Meeting ("AGM").

As per the Retirement Policy for Non-Executive Directors of the Company, Mr. Naresh Narad (DIN : 02737423) and Dr. T. Mukherjee (DIN : 00004777) retired from the Board of the Company, from the closure of working hours on March 31, 2019. The Board places on record its sincere appreciation of the contribution made by Mr. Naresh Narad and Dr. T. Mukherjee during their tenure with the Company.

Mr. P. G. Pawar, Mr. S. M. Thakore, Mrs. Lalita D. Gupte, Mr. Vimal Bhandari and Mr. P. H. Ravikumar were appointed as Non-Executive Independent Directors, for a period of 5 (five) years from September 4, 2014. Based on the recommendation of the Nomination and Remuneration Committee, their re-appointment for a second term of 5 (five) years is proposed at the ensuing AGM for the approval of the Members by way of special resolution.

Further, the Board of Directors in its meeting held on June 21, 2019, appointed Mr. Dipak Mane (DIN : 01215889) and Mr. Murali Sivaraman (DIN : 01461231), as Additional Independent Directors of the Company. The said appointment is till the ensuing Annual General Meeting. The Directors have proposed to appoint Mr. Dipak Mane and Mr. Murali Sivaraman as Independent Directors of the Company, for the period of 5 (five) consecutive years; which is subject to approval of the shareholders of the Company. Accordingly, the resolutions for appointment of Mr. Dipak Mane and Mr. Murali Sivaraman forms part of Notice convening the 58th Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The disclosures pertaining to Directors being appointed/re-appointed as required pursuant to Regulation 36 of the SEBI Listing Regulations given in the explanatory statement to the Notice convening the 58th Annual General Meeting of the Company for reference of the shareholders.

18. NUMBER OF MEETINGS OF THE BOARD

The Board met 4 (Four) times during the year. Also a separate meeting of Independent Directors was convened as prescribed under Schedule IV of Companies Act, 2013 was held during the year under review. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

19. BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act, SEBI Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on May 24, 2017. The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as, the board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as, the composition of committees, effectiveness of committee meetings etc. In a separate meeting of independent directors, performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as, the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

20. FAMILIARISATION PROGRAMME

The Company, on a regular basis, makes detailed presentations to the entire Board including Independent Directors on the Company's operations and business plans, strategy, global and domestic business environment and the business model of its respective businesses. Such presentations are made by the senior management/leadership team/function heads so that the Independent Directors can have direct interaction with them. The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

The Independent Directors were also briefed regularly on the R&D and Innovation initiatives in the Company.

The details of programmes for familarisation for Independent Directors are posted on the website of the Company and can be accessed at:

www.bharatforge.com/assets/pdf/investor/familiarisation-programme-for-independent-directors

21. BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulation") mandates inclusion of the Business Responsibility Report (BRR) as a part of Annual Report of Top 500 Listed entities based on market capitalization. In compliance with the Regulation, we have provided the BRR as a part of this Annual Report.

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

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Please refer **Annexure "D"**
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Please refer **Annexure "D"**
3	The percentage increase in the median remuneration of employees in the financial year	**18.60%**
4	The number of permanent employees on the rolls of Company	**4,711**
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel at 50th Percentile is: 15.16% Percentage increase in salaries of non- managerial personnel at 50th Percentile is: 16.91% The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration paid to the Directors is as per the Remuneration policy of the Company.
7	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	Please refer **Annexure "E"**

23. NOMINATION AND REMUNERATION POLICY

During the year, the Company has revised the Nomination and Remuneration Policy, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The salient features of the Policy and changes therein are set out in the Corporate Governance Report which forms part of this Annual Report.

The said Policy of the Company, inter alia, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Directors on the Board of the Company and persons holding Senior Management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Companies Act, 2013 and SEBI Listing Regulations. The Policy is also available on the Company's website at: www.bharatforge.com/investors/corporate-governance/policies

24. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has implemented several best Corporate Governance practices as prevalent globally. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 forms an integral part of this Annual Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

25. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, the Board approved acquisition of 35.26% stake in Tevva Motors (Jersey) Limited, Jersey. Tevva Motors is the world's leading developer of Electric Ranged Extended Vehicles (EREVs) and also developing sophisticated software for autonomous vehicle pollution management in urban and in environmentally sensitive locations.

As on March 31, 2019, the Company has 22 (Twenty Two) subsidiaries (including step down subsidiaries) and 2 (Two) Associate Companies. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared the consolidated financial statement, which forms part of this Annual Report. Further, a statement containing salient features of the financial statements of our subsidiaries in the prescribed Form AOC-1 is presented in a separate section forming part of the financial statements.

Pursuant to Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and separate audited accounts in respect of subsidiaries, are available on the website of the Company at: http://bharatforge.com.

The Policy on Material Subsidiaries has been amended in line with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and adopted w.e.f. April 1, 2019. The key changes include, inter-alia, the definition of material subsidiary. Pursuant to revised Policy and as per consolidated audited Financial Statements for the year ended March 31, 2019, Bharat Forge CDP GmbH, Bharat Forge International Limited and Bharat Forge Global Holding GmbH have become material subsidiaries of the Company.

26. AUDIT COMMITTEE

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

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the financial year 2018-19.

27. AUDITORS

A. Statutory Auditors and Audit Report

At the 56th Annual General Meeting of the Company held on August 10, 2017, M/s. S R B C & CO LLP, Chartered Accountants, Pune (Firm Registration No. 324982E/E300003) were appointed as Statutory Auditors to hold office upto the conclusion of the 61st Annual General Meeting of the Company to be held in the year 2022, subject to ratification of appointment at every Annual General Meeting. However, the Companies (Amendment) Act, 2017, published in the Gazette of India on January 3, 2018, omitted first proviso to Section 139(1) of Companies Act 2013, which provided for ratification of appointment of Statutory Auditors by members at every AGM. The said amendment has been effective from May 7, 2018.

In view of the above, at the 57th Annual General Meeting of the Company held on August 9, 2018, the members of the Company ratified the appointment of M/s. S R B C & CO LLP, Chartered Accountants, Pune (Firm Registration No. 324982E/E300003), as Statutory Auditors of the Company, upto the conclusion of the 61st Annual General Meeting of the Company to be held in the year 2022 and the Statutory Auditors are not liable for ratification at every Annual General Meeting.

The Auditor's Report for FY 2018-19 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the Financial Statements in this Annual Report.

B. Secretarial Auditor and the Audit

The Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is appended as **Annexure "F"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Further, as required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2019-20.

C. Cost Auditors

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No. : 00030) as Cost Auditors to audit the cost accounts of the Company for the financial year 2019-20. As required under the Companies Act, 2013, a resolution seeking Member's approval for the remuneration payable to the Cost Auditors forms part of Notice convening the 58th Annual General Meeting.

The Cost Audit report for the Financial Year 2017-18 was filed with the Ministry of Corporate Affairs on October 8, 2018.

D. Reporting of fraud by auditors

During the year under review, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013 to the Audit Committee.

28. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 as amended from time to time and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy.

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

30. VIGIL MECHANISM

The Company has formulated a Whistle Blower Policy, wherein the Employees / Directors / Stakeholders of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. This mechanism provides safeguards against victimisation of Employees, who report under the said mechanism. During the year, the Whistleblower Policy was amended and adopted w.e.f. April 1, 2019 in line with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 enabling employees to report instances of leak of Unpublished Price Sensitive Information (UPSI).

During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at the link:

www.bharatforge.com/investors/corporate-governance/policies

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are appended as **Annexure "H"** to this report.

32. GREEN INITIATIVES

The Company supports and pursues the ''Green Initiative'' of the Ministry of Corporate Affairs, Government of India. The Company has effected electronic delivery of Notice of Annual General Meeting and Annual Report to those Members whose e-mail IDs are registered with the Company / Depository Participants. The Companies Act, 2013 and the underlying rules as well as Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, permit the dissemination of financial statements and annual report in electronic mode to the Members.

For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Your Directors are thankful to the Members for actively participating in the Green Initiative and seek your continued support for implementation of the green initiative.

33. COMPLIANCE WITH SECRETARIAL STANDARDS

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

34. ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

B. N. KALYANI
Chairman and Managing Director
Pune: June 21, 2019

Annexure "A"

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

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

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

2. PURPOSE AND APPLICABILITY

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

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

This Policy shall not apply to:

a) determination and declaration of dividend on preference shares, if any, issued or to be issued by the Company, since dividend on preference shares will always be as per the terms of issue approved by the Shareholders;

b) distribution of dividend in kind, i.e. by issuance of fully or partly paid-up bonus shares (whether equity or preference shares) or other securities;

c) distribution of cash (i) as an alternative to payment of dividend, if any, permissible under the Companies Act, 2013 ("The Act"); (ii) by way of buy-back of equity shares; (iii) reduction in share capital of the Company; and (iv) on account of fraction entitlement due to sub-division, split of securities or any other similar such corporate action by the Company.

3. DIVIDEND

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

4. STATUTORY/OTHER REQUIREMENTS

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

a) Companies Act, 2013 and applicable rules thereunder;

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time-to-time;

c) Any other applicable laws for the time being in force; and

d) Financial covenants as may be stipulated by lenders of the Company.

5. THE INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND

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

A. Internal Factors :

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

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

B. External Factors :

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

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

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

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

5.3 Financial parameters that shall be considered while declaring dividend :

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

6. MANNER OF DIVIDEND PAYOUT

6.1 Final Dividend :

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

6.2 Interim Dividend :

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

7. MANNER OF UTILISATION OF RETAINED EARNINGS

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

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

8. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

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

9. DISCLOSURES

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

10. SCOPE AND LIMITATION

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

11. AMENDMENTS AND UPDATIONS

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

12. REVIEW OF POLICY

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

13. DISCLAIMER

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

Annexure "B"

Form No. AOC-2

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

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

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

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019, which are not at arm's length basis.

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

a.	Name(s) of the related party and nature of relationship	Bharat Forge International Limited (Wholly owned subsidiary)	Kalyani Steels Limited
b.	Nature of contracts / arrangements / transactions	Sale of Goods, etc.	Purchase of Raw Material - Steel, Sale of Scrap etc.
c.	Duration of the contracts / arrangements / transactions	On ongoing basis	On ongoing basis
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	In tune with market parameters. Estimated annual value of ₹ 30,000 Million	In tune with market parameters. Estimated annual value of ₹ 20,000 Million
e.	Date(s) of approval by the Board, if any	May 27, 2014	May 27, 2014
f.	Amount paid as advances, if any	Nil	Nil

For Bharat Forge Limited

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

Annexure "C"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company*
1	Steel Forgings	2591	36%
2	Finished Machined Crankshafts	2930	30%
3	Front Axles assembly and components	2930	13%

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Global Holding GmbH (erstwhile CDP Bharat Forge GmbH)	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
2	Bharat Forge CDP GmbH(1)	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
3	Bharat Forge Holding GmbH(1)	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
4	Mecanique Generale Langroise(1)	Rue du Stade, 52200 Saints-Geosmes, France	N.A.	Subsidiary	100%	2(87)(ii)
5	Bharat Forge Kilsta AB(1)	Box 428 691 27 Karlskoga, Sweden	N.A.	Subsidiary	100%	2(87)(ii)
6	Bharat Forge Hong Kong Limited(1)	14th Floor, Hutchion House, 10, Harcourt Road, Central Hong Kong SAR, Hong Kong	N.A.	Subsidiary	100%	2(87)(ii)
7	Bharat Forge America Inc.	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
8	Bharat Forge Tennessee Inc.(2)	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
9	Bharat Forge PMT Technologie LLC(2)	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
10	Bharat Forge Daun GmbH(3)	Junius – Saxler – StarB 4 D 54550 Daun, Germany	N.A.	Subsidiary	100%	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
11	Bharat Forge CDP Trading(3)	OOO Bharat Forge CDP Trading Building 1 Uliza Twerskaja 16 125009 Moscow Russia	N.A.	Subsidiary	100%	2(87)(ii)
12	Bharat Forge Aluminiumtechnik GmbH(4)	Berthelsodorfer StraBe 809618 Brand – Erbisdorf, Germany	N.A.	Subsidiary	100%	2(87)(ii)
13	Bharat Forge International Limited	Boston House Business Centre, 69-75 Boston Manor Road, Brentford TW8 9JJ, United Kingdom	N.A.	Subsidiary	100%	2(87)(ii)
14	Indigenous IL Limited	House No. 2A, Kremenetski St., Tel Aviv, Israel	N.A.	Subsidiary	100%	2(87)(ii)
15	Analogic Controls India Limited	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad -500 014	U28932TG1996PLC024629	Subsidiary	100%	2(87)(ii)
16	BF Infrastructure Limited	Mundhwa, Pune Cantonment, Pune-411 036	U45203PN2010PLC136755	Subsidiary	100%	2(87)(ii)
17	BF Elbit Advanced Systems Private Limited	Mundhwa, Pune Cantonment, Pune-411 036	U29270PN2012PTC144268	Subsidiary	51%	2(87)(ii)
18	BF-NTPC Energy Systems Limited	14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi – 110 001	U40106DL2008PLC179793	Subsidiary	51%	2(87)(ii)
19	Kalyani Strategic Systems Limited	Mundhwa, Pune Cantonment, Pune-411 036	U31902PN2010PLC138025	Subsidiary	51%	2(87)(ii)
20	Kalyani Rafael Advanced Systems Private Limited(5)	Mundhwa, Pune Cantonment, Pune-411 036	U29270PN2015PTC156252	Subsidiary	50%	2(87)(ii)
21	Tork Motors Private Limited	Plot No. 4/25, Sector No.10, PCNTDA, Pune - 411026.	U34104PN2010PTC135855	Associate	45.30%	2(6)
22	TEVVA Motors (Jersey) Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St, Helier, Jersey JE1 1FW.	NA	Associate	35.26%	2(6)

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

(2) Subsidiary of Bharat Forge America Inc.

(3) Subsidiary of Bharat Forge CDP GmbH.

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

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding as on March 31, 2019

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,616,130	100	1,616,230	0.35	1,616,230	-	1,616,230	0.35	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	200,010,630	11,354,980	211,365,610	45.40	200,090,630	11,354,980	211,445,610	45.42	0.02
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**201,626,760**	**11,355,080**	**212,981,840**	**45.74**	**201,706,860**	**11,354,980**	**213,061,840**	**45.76**	**0.02**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**201,626,760**	**11,355,080**	**212,981,840**	**45.74**	**201,706,860**	**11,354,980**	**213,061,840**	**45.76**	**0.02**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	34,854,999	7,500	34,862,499	7.49	32,911,936	7,500	32,919,436	7.07	(0.42)
b) Banks/FI	17,673,219	15,800	17,689,019	3.80	18,419,277	15,800	18,435,077	3.96	0.16
c) Central Govt.	437,654	-	437,654	0.09	648,850	-	648,850	0.14	0.05
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	5,958,414	-	5,958,414	1.28	7,447,588	-	7,447,588	1.60	0.32
g) FIIs	641,910	140	642,050	0.14	429,419	140	429,559	0.09	(0.05)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
(i-i) Foreign bank	-	-	-	-	-	-	-	-	-
(i-ii) Foreign Portfolio Investor	99,422,984	-	99,422,984	21.35	89,718,690	-	89,718,690	19.27	(2.08)
Sub-total (B)(1):-	**158,989,180**	**23,440**	**159,012,620**	**34.16**	**149,575,760**	**23,440**	**149,599,200**	**32.13**	**(2.03)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	23,016,176	103,420	23,119,596	4.97	36,140,638	13,110	36,153,748	7.77	2.80
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share Capital up to ₹ 1 lakh	40,762,996	3,436,316	44,199,312	9.49	40,190,064	2,549,223	42,378,795	9.10	(0.39)
ii) Individual Shareholders holding nominal share Capital in excess of ₹ 1 lakh	13,686,486	483,690	14,170,176	3.04	14,435,747	483,690	14,919,437	3.28	0.24

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
c) Others (specify)									
(c-i) Clearing Member	895,857	-	895,857	0.19	726,013	-	726,013	0.16	(0.03)
(c-ii) Trusts	3,088,726	-	3,088,726	0.66	34,238	-	34,238	0.01	(0.65)
(c-iii) Non Resident Indian	2,532,642	22,610	2,555,252	0.55	3,508,688	21,875	3,530,563	0.76	0.21
(c-iv) HUF	5,545,168	-	5,545,168	1.19	4,804,606	-	4,804,606	1.03	(0.16)
(c-v) Foreign Nationals	1,685	-	1,685	-	1,300	-	1,300	-	-
Sub-total (B)(2):-	**89,529,736**	**40,46,036**	**93,575,772**	**20.10**	**99,841,294**	**3,067,898**	**102,909,192**	**22.11**	**2.01**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**248,518,916**	**4,069,476**	**252,588,392**	**54.26**	**249,417,054**	**3,091,338**	**252,508,392**	**54.24**	**(0.02)**
C. Shares held by Custodian for GDRs & ADRs	**18,400**	**-**	**18,400**	**-**	**18,400**	**-**	**18,400**	**-**	**-**
Grand Total (A+B+C)	**450,164,076**	**15,424,556**	**465,588,632**	**100**	**451,142,314**	**14,446,318**	**465,588,632**	**100**	**-**

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mr. B.N. Kalyani	78,050	0.02	-	78,150	0.02	-	-
2	Mr. Amit B. Kalyani	700,400	0.15	-	700,400	0.15	-	-
3	Mr. Gaurishankar N. Kalyani	690,440	0.15	-	690,440	0.15	-	-
4	Mrs. Sulochana N. Kalyani jointly with Mr. B. N. Kalyani	100	0.00	-	-	-	-	-
5	Ms. Sheetal G. Kalyani	22,980	0.00	-	22,980	0.00	-	-
6	Mrs. Rohini G. Kalyani	101,460	0.02	-	101,460	0.02	-	-
7	Kum. Viraj G. Kalyani	22,800	0.00	-	22,800	0.00	-	-
8	KSL Holding Pvt. Ltd.	46,285,740	9.94	-	46,285,740	9.94	-	-
9	Ajinkya Investment & Trading Company	19,637,850	4.22	-	19,637,850	4.22	-	-
10	Sundaram Trading and Investment Pvt. Ltd.	55,160,174	11.85	-	55,240,174	11.86	-	0.01
11	Kalyani Investment Company Limited	63,312,190	13.60	-	63,312,190	13.60	-	-
12	BF Investment Limited	15,614,676	3.35	-	15,614,676	3.35	-	-
13	Rajgad Trading Co. Pvt. Ltd.	1,325,520	0.28	-	1,325,520	0.28	-	-
14	Tanmarg Investment & Trading Pvt. Ltd.	776,000	0.17	-	776,000	0.17	-	-
15	Yusmarg Investment & Trading Pvt. Ltd.	1,644,000	0.35	-	1,644,000	0.35	-	-
16	Kalyani Consultants Pvt. Ltd.	657,000	0.14	-	657,000	0.14	-	-
17	Jannhavi Investment Pvt. Ltd.	4,435,140	0.95	-	4,435,140	0.95	-	-
18	Dronacharya Investment & Trading Pvt. Ltd.	141,430	0.03	-	141,430	0.03	-	-
19	Cornflower Investment & Finance Pvt. Ltd	494,000	0.11	-	494,000	0.11	-	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
20	Dandakaranya Investment & Trading Pvt. Ltd	1,025,000	0.22	-	1,025,000	0.22	-	-
21	Campanula Investment & Finance Pvt. Ltd.	688,890	0.15	-	688,890	0.15	-	-
22	Hastinapur Investment & Trading Pvt. Ltd.	168,000	0.04	-	168,000	0.04	-	-
	Total	**212,981,840**	**45.75**	**-**	**213,061,840**	**45.76**	**-**	**0.01**

iii) Change in Promoters' Shareholding:

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year (As on April 1, 2018)	212,981,840	45.75	212,981,840	45.75
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):				
3	Purchase of shares by Sundaram Trading and Investment Pvt. Ltd. on July 17, 2018	64,000	0.01	213,045,840	0.01
4	Purchase of shares by Sundaram Trading and Investment Pvt. Ltd. on July 18, 2018	6,000	0.00	213,051,840	45.76
5	Purchase of shares by Sundaram Trading and Investment Pvt. Ltd. on July 19, 2018	10,000	0.00	213,061,840	45.76
	At the end of the year (As on March 31, 2019)	213,061,840	45.76	213,061,840	45.76

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year (As on April 1, 2018)	100	0.00	100	0.00
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.): Sale of shares by Mrs. Sulochana Kalyani	(100)	0.00	0.00	0.00
	At the end of the year (As on March 31, 2019)	0.00	0.00	0.00	0.00

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year (As on April 1, 2018)	78,050	0.02	78,050	0.02
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.): Purchase of shares by Mr. B. N. Kalyani	100	0.00	78,150	0.02
	At the end of the year (As on March 31, 2019)	78,150	0.02	78,150	0.02

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

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2018)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Life Insurance Corporation of India Limited**					
	As on 01.04.2018				**16,811,029**	**3.61**
Less	06.04.2018	Market Sale	(899,500)	-0.19	15,911,529	3.42
Less	13.04.2018	Market Sale	(1,250,976)	-0.27	14,660,553	3.15
Less	20.04.2018	Market Sale	(139,823)	-0.03	14,520,730	3.12
Less	07.09.2018	Market Sale	(2,700)	0.00	14,518,030	3.12
Add	23.11.2018	Market Purchase	243,500	0.05	14,761,530	3.17
Add	30.11.2018	Market Purchase	393,064	0.08	15,154,594	3.25
Add	07.12.2018	Market Purchase	367,892	0.08	15,522,486	3.33
Add	14.12.2018	Market Purchase	664,580	0.14	16,187,066	3.48
Add	21.12.2018	Market Purchase	147,000	0.03	16,334,066	3.51
	As on 31.03.2019				**16,334,066**	**3.51**
2	**Reliance Capital Trustee Co Limited**					
	As on 01.04.2018				**12,089,194**	**2.60**
Add	06.04.2018	Market purchase	202,433	0.04	12,291,627	2.64
Less	13.04.2018	Market Sale	(818,000)	-0.18	11,473,627	2.46
Add	27.04.2018	Market purchase	100,000	0.02	11,573,627	2.49
Less	04.05.2018	Market Sale	(285,901)	-0.06	11,287,726	2.42
Less	11.05.2018	Market Sale	(254,099)	-0.05	11,033,627	2.37
Less	18.05.2018	Market Sale	(227,000)	-0.05	10,806,627	2.32
Add	25.05.2018	Market purchase	300,000	0.06	11,106,627	2.39
Add	01.06.2018	Market purchase	100,000	0.02	11,206,627	2.41
Add	08.06.2018	Market purchase	262,700	0.06	11,469,327	2.46
Less	15.06.2018	Market Sale	(100,000)	-0.02	11,369,327	2.44
Add	29.06.2018	Market purchase	60,000	0.01	11,429,327	2.45
Add	06.07.2018	Market purchase	150,000	0.03	11,579,327	2.49
Add	13.07.2018	Market purchase	25,000	0.01	11,604,327	2.49
Add	20.07.2018	Market purchase	65,000	0.01	11,669,327	2.51
Add	27.07.2018	Market purchase	25,000	0.01	11,694,327	2.51
Add	02.08.2018	Market purchase	885,500	0.19	12,579,827	2.70
Add	17.08.2018	Market purchase	540,000	0.12	13,119,827	2.82
Add	21.09.2018	Market purchase	179,800	0.04	13,299,627	2.86
Less	19.10.2018	Market Sale	(720,000)	-0.15	12,579,627	2.70
Less	26.10.2018	Market Sale	(423,000)	-0.09	12,156,627	2.61
Less	02.11.2018	Market Sale	(468,000)	-0.10	11,688,627	2.51
Less	23.11.2018	Market Sale	(90,000)	-0.02	11,598,627	2.49
Add	14.12.2018	Market purchase	100,000	0.02	11,698,627	2.51
Add	25.01.2019	Market purchase	100,000	0.02	11,798,627	2.53
Add	15.02.2019	Market purchase	180,000	0.04	11,978,627	2.57
Add	15.03.2019	Market purchase	500,000	0.11	12,478,627	2.68
	As on 31.03.2019				**12,478,627**	**2.68**
3	**Amansa Holdings Private Limited**					
	As on 01.04.2018				**5,000,000**	**1.07**
Add	25.05.2018	Market Purchase	83,949	0.018	5,083,949	1.09
Add	01.06.2018	Market Purchase	95,320	0.020	5,179,269	1.11
Add	22.06.2018	Market Purchase	311,507	0.067	5,490,776	1.18
Add	29.06.2018	Market Purchase	271,790	0.058	5,762,566	1.24
Add	20.07.2018	Market Purchase	267,333	0.057	6,029,899	1.30
Add	27.07.2018	Market Purchase	191,668	0.041	6,221,567	1.34
Add	12.10.2018	Market Purchase	477,388	0.103	6,698,955	1.44

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2018)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Add	19.10.2018	Market Purchase	191,000	0.041	6,889,955	1.48
Add	26.10.2018	Market Purchase	238,750	0.051	7,128,705	1.53
Add	07.12.2018	Market Purchase	712,500	0.153	7,841,205	1.68
Add	14.12.2018	Market Purchase	909,940	0.195	8,751,145	1.88
Add	11.01.2019	Market Purchase	1,157,701	0.249	9,908,846	2.13
Add	18.01.2019	Market Purchase	16,150	0.003	9,924,996	2.13
Add	01.02.2019	Market Purchase	222,574	0.048	10,147,570	2.18
Add	22.02.2019	Market Purchase	75,000	0.016	10,222,570	2.20
	As on 31.03.2019				**10,222,570**	**2.20**
4	**Hermes Investment Funds PLC On Behalf Of Hermes Global Emerging Markets Funds**					
	As on 01.04.2018				**5,744,550**	**1.23**
Add	24.08.2018	Market Purchase	330,166	0.071	6,074,716	1.30
Add	31.08.2018	Market Purchase	134,825	0.029	6,209,541	1.33
Add	07.09.2018	Market Purchase	1,114,379	0.239	7,323,920	1.57
Less	12.10.2018	Market Sale	(976,070)	-0.210	6,347,850	1.36
Less	02.11.2018	Market Sale	(425,509)	-0.091	5,922,341	1.27
Less	07.12.2018	Market Sale	(475,787)	-0.102	5,446,554	1.17
Add	01.03.2019	Market Purchase	318,810	0.068	5,765,364	1.24
	As on 31.03.2019				**5,765,364**	**1.24**
5	**Franklin Templeton Investment Funds**					
	As on 01.04.2018				**646,139**	**0.14**
Add	06.04.2018	Market Purchase	1,000,000	0.21	1,646,139	0.35
Add	13.04.2018	Market Purchase	452,703	0.10	2,098,842	0.45
Add	20.04.2018	Market Purchase	197,297	0.04	2,296,139	0.49
Add	11.05.2018	Market Purchase	87,418	0.02	2,383,557	0.51
Add	25.05.2018	Market Purchase	50,000	0.01	2,433,557	0.52
Add	08.06.2018	Market Purchase	22,531	0.00	2,456,088	0.53
Add	22.06.2018	Market Purchase	23,880	0.01	2,479,968	0.53
Add	29.06.2018	Market Purchase	102,754	0.02	2,582,722	0.55
Add	06.07.2018	Market Purchase	25,000	0.01	2,607,722	0.56
Less	13.07.2018	Market Sale	(6,062)	0.00	2,601,660	0.56
Add	20.07.2018	Market Purchase	111,656	0.02	2,713,316	0.58
Add	27.07.2018	Market Purchase	60,766	0.01	2,774,082	0.60
Add	02.08.2018	Market Purchase	54,762	0.01	2,828,844	0.61
Add	17.08.2018	Market Purchase	5,156	0.00	2,834,000	0.61
Add	24.08.2018	Market Purchase	125,000	0.03	2,959,000	0.64
Add	31.08.2018	Market Purchase	31,301	0.01	2,990,301	0.64
Add	07.09.2018	Market Purchase	26,000	0.01	3,016,301	0.65
Add	14.09.2018	Market Purchase	124,000	0.03	3,140,301	0.67
Add	21.09.2018	Market Purchase	150,000	0.03	3,290,301	0.71
Add	29.09.2018	Market Purchase	159,172	0.03	3,449,473	0.74
Add	05.10.2018	Market Purchase	282,049	0.06	3,731,522	0.80
Add	12.10.2018	Market Purchase	375,437	0.08	4,106,959	0.88
Add	19.10.2018	Market Purchase	125,079	0.03	4,232,038	0.91
Add	26.10.2018	Market Purchase	25,346	0.01	4,257,384	0.91
Add	02.11.2018	Market Purchase	3,708	0.00	4,261,092	0.92
Add	16.11.2018	Market Purchase	10,367	0.00	4,271,459	0.92
Add	23.11.2018	Market Purchase	15,820	0.00	4,287,279	0.92
Add	30.11.2018	Market Purchase	95,594	0.02	4,382,873	0.94
Add	07.12.2018	Market Purchase	159,172	0.03	4,542,045	0.98
Add	14.12.2018	Market Purchase	46,834	0.01	4,588,879	0.99

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2018)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Add	21.12.2018	Market Purchase	190	0.00	4,589,069	0.99
Add	31.12.2018	Market Purchase	145,639	0.03	4,734,708	1.02
Add	04.01.2019	Market Purchase	200,171	0.04	4,934,879	1.06
Add	11.01.2019	Market Purchase	50,217	0.01	4,985,096	1.07
Less	18.01.2019	Market Sale	(20,670)	0.00	4,964,426	1.07
Add	25.01.2019	Market Purchase	28,854	0.01	4,993,280	1.07
Add	01.02.2019	Market Purchase	11,885	0.00	5,005,165	1.08
Add	08.02.2019	Market Purchase	37,851	0.01	5,043,016	1.08
Add	15.02.2019	Market Purchase	4,789	0.00	5,047,805	1.08
Add	22.02.2019	Market Purchase	69,394	0.01	5,117,199	1.10
Less	01.03.2019	Market Sale	(3,034)	0.00	5,114,165	1.10
Add	15.03.2019	Market Purchase	295	0.00	5,114,460	1.10
Add	30.03.2019	Market Purchase	185	0.00	5,114,645	1.10
	As on 31.03.2019				**5,114,645**	**1.10**
6	**Gagandeep Credit Capital Pvt. Ltd.**					
	As on 01.04.2018				**4,069,964**	**0.87**
Add	15.03.2019	Market Purchase	50,000	0.01	4,119,964	0.88
	As on 31.03.2019				**4,119,964**	**0.88**
7	**Aditya Birla Sun Life Trustee Private Limited**					
	As on 01.04.2018				**2,432,000**	**0.52**
Add	13.04.2018	Market Purchase	581,185	0.12	3,013,185	0.65
Add	27.04.2018	Market Purchase	209,200	0.04	3,222,385	0.69
Add	25.05.2018	Market Purchase	242,400	0.05	3,464,785	0.74
Add	08.06.2018	Market Purchase	100,000	0.02	3,564,785	0.77
Add	29.06.2018	Market Purchase	50,000	0.01	3,614,785	0.78
Add	29.09.2018	Market Purchase	200,000	0.04	3,814,785	0.82
Less	09.11.2018	Market Sale	(3,000)	0.00	3,811,785	0.82
	As on 31.03.2019				**3,811,785**	**0.82**
8	**Nemish S Shah**					
	As on 01.04.2018				**3,600,000**	**0.77**
	As on 31.03.2019				**3,600,000**	**0.77**
9	**The New India Assurance Company Limited**					
	As on 01.04.2018				**3,495,625**	**0.75**
Less	20.04.2018	Market Sale	(88,381)	-0.02	3,407,244	0.73
Less	27.04.2018	Market Sale	(111,619)	-0.02	3,295,625	0.71
Less	04.05.2018	Market Sale	(8,000)	0.00	3,287,625	0.71
Less	01.06.2018	Market Sale	(12,500)	0.00	3,275,125	0.70
Less	08.06.2018	Market Sale	(27,677)	-0.01	3,247,448	0.70
Less	15.06.2018	Market Sale	(2,323)	0.00	3,245,125	0.70
Less	13.07.2018	Market Sale	(40,000)	-0.01	3,205,125	0.69
Less	10.08.2018	Market Sale	(8,000)	0.00	3,197,125	0.69
Less	31.08.2018	Market Sale	(20,418)	0.00	3,176,707	0.68
Less	07.09.2018	Market Sale	(1,582)	0.00	3,175,125	0.68
Add	08.03.2019	Market Purchase	30,000	0.01	3,205,125	0.69
Add	15.03.2019	Market Purchase	50,000	0.01	3,255,125	0.70
Add	22.03.2019	Market Purchase	50,000	0.01	3,305,125	0.71
Add	30.03.2019	Market Purchase	20,000	0.00	3,325,125	0.71
	As on 31.03.2019				**3,325,125**	**0.71**

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2018)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	**Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds**					
	As on 01.04.2018				**3,455,904**	**0.74**
Less	04.05.2018	Market Sale	(6,100)	0.00	3,449,804	0.74
Less	11.05.2018	Market Sale	(5,795)	0.00	3,444,009	0.74
Less	01.06.2018	Market Sale	(4,575)	0.00	3,439,434	0.74
Less	15.06.2018	Market Sale	(4,575)	0.00	3,434,859	0.74
Less	22.06.2018	Market Sale	(123,824)	-0.03	3,311,035	0.71
Less	29.06.2018	Market Sale	(37,818)	-0.01	3,273,217	0.70
Less	06.07.2018	Market Sale	(15,471)	0.00	3,257,746	0.70
Less	13.07.2018	Market Sale	(24,639)	-0.01	3,233,107	0.69
Add	16.11.2018	Market Purchase	(5,160)	0.00	3,238,267	0.70
Add	23.11.2018	Market Purchase	(13,416)	0.00	3,251,683	0.70
Add	07.12.2018	Market Purchase	6,536	0.00	3,258,219	0.70
Add	21.12.2018	Market Purchase	18,576	0.00	3,276,795	0.70
Less	31.12.2018	Market Sale	(144,590)	-0.03	3,132,205	0.67
Add	01.02.2019	Market Purchase	20,590	0.00	3,152,795	0.68
Add	08.02.2019	Market Purchase	64,555	0.01	3,217,350	0.69
Add	15.02.2019	Market Purchase	1,120	0.00	3,218,470	0.69
Add	30.03.2019	Market Purchase	8,165	0.00	3,226,635	0.69
	As on 31.03.2019				**3,226,635**	**0.69**

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. B. N. Kalyani				
	As on 01.04.2018	78,050	0.02	78,050	0.02
	As on 31.03.2019	78,150	0.02	78,150	0.02
2	Mr. Amit B. Kalyani				
	As on 01.04.2018	700,400	0.15	700,400	0.15
	As on 31.03.2019	700,400	0.15	700,400	0.15
3	Mr. P. H. Ravikumar				
	As on 01.04.2018	5,500	-	6,625	-
	As on 31.03.2019	5,500	-	6,625	-
4	Mr. S. M. Thakore				
	As on 01.04.2018	28,000	0.01	28,000	0.01
	As on 31.03.2019	28,000	0.01	28,000	0.01
5	Mr. G. K. Agarwal				
	As on 01.04.2018	4,910	-	4,910	-
	As on 31.03.2019	4,910	-	4,910	-
6	Mr. B. P. Kalyani				
	As on 01.04.2018	6,260	-	6,385	-
	As on 31.03.2019	6,260	-	6,385	-
7.	Mr. Kishore Saletore				
	As on 01.04.2018	Nil	-	900	-
	As on 31.03.2019	Nil	-	900	-

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

V. INDEBTEDNESS

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

(In ₹ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at April 1, 2018				
i) Principal Amount	4,721.76	20,375.69	0.04	25,097.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.71	53.40	-	57.11
Total (i+ii+iii)	**4,725.47**	**20,429.09**	**0.04**	**25,154.60**
Change in Indebtedness during the financial year*				
i) Addition	2,363.65	9,381.98	-	11,745.63
i) (Reduction)	(317.70)	(4,650.76)	-	(4,968.46)
Net Change	**2,045.95**	**4,731.22**	**-**	**6,777.17**
Indebtedness as at March 31, 2019				
i) Principal Amount	6,768.15	25,122.93	0.04	31,891.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.27	37.38	-	40.65
Total (i+ii+iii)	**6,771.42**	**25,160.31**	**0.04**	**31,931.77**

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager (In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager						Total Amount
		Mr. B. N. Kalyani*	Mr. G. K. Agarwal	Mr. Amit B. Kalyani*	Mr. B. P. Kalyani	Mr. S. E. Tandale	Mr. K. M. Saletore	
		Chairman and Managing Director	Deputy Managing Director	Executive Director	Executive Director	Executive Director	Executive Director	
1	Gross Salary							
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	77.26	32.98	32.83	18.25	20.13	16.16	197.61
	b. Value of perquisites under Section 17(2) Income-tax Act, 1961	7.51	3.11	3.11	1.34	1.44	0.81	17.32
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961							
2	Stock Option	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-
4	Commission:	110.00	23.00	24.00	28.25	28.75	21.00	235.00
	- As a % of Net Profit	1.03%	0.21%	0.22%	0.26%	0.27%	0.20%	2.19%
	- others, specify							
5	Others, please specify							
	Total A	**194.77**	**59.09**	**59.94**	**47.84**	**50.32**	**37.97**	**449.93**
Ceiling as per the Act								**1,535.19**

* Mr. B. N. Kalyani and Mr. Amit B. Kalyani received Director Fees of GBP 100,000 from Bharat Forge International Limited, U.K., for financial year 2018-19.

B. Remuneration to other Director

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mr. S. M. Thakore	Mr. P. G. Pawar	Mrs. Lalita D. Gupte	Mr. P. H. Ravikumar	Mr. Naresh Narad	Dr. T. Mukherjee	Mr. Vimal Bhandari	Mr. P. C. Bhalerao*	
1	Independent Directors / other non-executive Directors									
	- Fee for attending board /committee meetings	0.53	0.62	0.22	0.50	0.15	0.23	0.27	0.63	3.15
	- Commission	1.10	1.30	0.45	1.00	0.30	0.40	0.60	1.30	6.45
	- Others, please specify									
Total B		**1.63**	**1.92**	**0.67**	**1.50**	**0.45**	**0.63**	**0.87**	**1.93**	**9.60**
Total Managerial Remuneration (A) + (B)										**459.53**
Overall ceiling as per the Act										**153.51**

* Non-Executive Director

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

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. K. M. Saletore*	Ms. Tejaswini Chaudhari	
1	Gross Salary			
a.	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	2.80	2.80
b.	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	0.03	0.03
c.	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission:	-	-	-
	- As a % of Net Profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
Total		**-**	**2.83**	**2.83**

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

Annexure "D"

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

Sr. No.	Name of the Director	Designation	Ratio of remuneration of each director to the median remuneration of the employees of the Company	% Increase/(decrease) in the Remuneration
1	Mr. B.N. Kalyani	Chairman and Managing Director	268.93	25.43
2	Mr. S.M. Thakore	Independent Director	2.32	(2.90)
3	Mr. P.G. Pawar	Independent Director	2.45	(10.13)
4	Mr. P.C. Bhalerao	Non-Executive Director	2.59	(5.06)
5	Mrs. Lalita D. Gupte	Independent Director	0.93	0.00
6	Mr. P.H. Ravikumar	Independent Director	2.00	20.83
7	Mr. Naresh Narad*	Independent Director	0.62	(30.77)
8	Dr. T. Mukherjee*	Independent Director	0.97	7.69
9	Mr. G.K. Agarwal	Deputy Managing Director	78.91	22.47
10	Mr. Amit B. Kalyani	Executive Director	78.70	22.41
11	Mr. B.P. Kalyani	Executive Director	58.17	22.44
12	Mr. S.E. Tandale	Executive Director	61.60	22.50
13	Mr. Vimal Bhandari	Independent Director	1.07	(13.89)
14	Mr. Kishore Saletore	Executive Director and CFO	47.92	32.41
15	Ms. Tejaswini Chaudhari	Company Secretary	NA	15.16

** Note: Mr. Naresh Narad and Dr. T. Mukherjee, Independent Directors retired with effect from end of the day of March 31, 2019*

Annexure "E"

Statement under Section 197 (12) of the Companies Act, 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2019

Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹ 10,200,000/- (Rupees One Crore Two Lakhs only) per annum (if employed for a part of the financial year, was in receipt of remuneration for any part of that year, then ₹ 850,000/- (Rupees Eight Lakhs Fifty Thousand only) per month)

Sr. No.	Name of the employee	Designation	Remuneration received (₹)	Nature of employment	Qualification	Experience in Years	Date of commencement of employment	Age	Last Employment	Percentage of equity shares held
1.	Mr. B. N. Kalyani	Chairman and Managing Director	194,566,075	Permanent Employee	B.E. (Mech.) (Hons), MS (M.I.T.)	47	01.04.1972	70	-	0.0168
2.	Mr. Amit B. Kalyani	Executive Director	56,935,824	Permanent Employee	B.E.(M)	20	24.10.1999	44	Carpenter Technology	0.1504
3.	Mr. G.K. Agarwal	Deputy Managing Director	57,088,418	Permanent Employee	B.E.(Mech.), M.B.A.,	46	01.11.1976	68	Guest Keen Williams Ltd. Howrah	0.0011
4.	Mr. B.P. Kalyani	Executive Director	42,086,519	Permanent Employee	B.E.(P), MBA, MS	37	02.08.1982	57	-	0.0013
5.	Mr. S.E. Tandale	Executive Director	44,567,781	Permanent Employee	B.E.(M)	28	01.08.1991	51	-	0.0000
6.	Mr. K. M. Saletore	Executive Director and CFO	34,669,532	Permanent Employee	B.Com., C.A., PGDM	31	18.11.2011	53	Tata Realty & Infrastructure Ltd.	0.0000
7.	Mr. D.R. Moorthy	President Corporate Affairs and Infrastructure	18,280,167	Permanent Employee	B.Sc., LL.B.	43	29.04.1987	68	Buckau Wolf India Ltd., Pune	0.0004
8.	Mr. M. U. Takale	Executive Vice President and Director Engineering	20,088,973	Permanent Employee	B.E.(Mech.), MBA, MS	37	02.11.1982	58	-	0.0011
9.	Mr. R. S. Bhatia	President and CEO (I/C Defence Products)	22,911,746	Permanent Employee	B.E.(Civil), PGDBA (Symbiosis), MMS	45	03.05.2010	64	Larsen & Toubro Ltd., Powai, Mumbai	0.0000
10.	Mr. Krishnakumar Srinivasan	President, Strategic Business	36,333,081	Permanent Employee	B.E.(Mech.)/ MBA	32	02.03.2017	53	Eaton Industrial Systems Pvt. Ltd., China	0.0000
11.	Mr. S.B. Pustake	President, CAM- Baramati	17,817,297	Permanent Employee	B.E. (Met)	39	09.04.2009	62	Head Forging Unit, SEFORGE Ltd., Vadodara, Gujarat	0.0000
12.	Mr. V. M. Munje	President-Corporate & Group General Counsel	12,511,942	Permanent Employee	B.Com., LL.B., F.C.S., Dip in IPR (WIPO, Geneva)	25	25.07.2011	49	Tata Group, Corporate	0.0000
13.	Dr. S. V. Bhave	Director (HR&IR)	11,086,206	Permanent Employee	M.P.M., LL.B., L.L.M., Ph.D.	40	06.03.2006	65	Emcure Pharmaceuticals Ltd., Pune	0.0000

Notes:

1. Remuneration shown above includes Salary, Company's contribution towards Provident Fund and Superannuation Scheme, Allowances, Perquisites, Commission but excludes Gratuity unless paid/ payable.
2. The nature of employment in case of Chairman and Managing Director, Deputy Managing Director and Executive Directors is contractual and terms of remuneration are governed under the Board and Members' resolution.
3. None of the above Employee/Directors is related to any of the Directors, except Mr. B. N. Kalyani who is a father of Mr. Amit B. Kalyani, Executive Director and Mr. Amit B. Kalyani who is a son of Mr. B. N. Kalyani, Chairman and Managing Director of the Company.
4. Experience includes number of years of service elsewhere, wherever applicable.
5. Mr. B. N. Kalyani and Mr. Amit Kalyani have received Director Fees of GBP 100,000 each from Bharat Forge International Limited, U. K., for the financial year 2018-19.

Annexure "F"

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

and

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

To,
The Members,
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune- 411036

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2009 (as applicable till 8th November 2018) and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 effective from 09th November, 2018 **(not applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(not applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(not applicable to the Company during the Audit Period);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 – The in-house Investor Services Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) (Amendment) Regulations, 2016 **(not applicable to the Company during the Audit Period);** and

(h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 as applicable till 10th September, 2018 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 effective from 11th September, 2018 **(not applicable to the Company during the Audit Period).**

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

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

(i) Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and

(ii) The Listing Agreement entered into by the Company with Stock Exchanges pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

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

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

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

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

We further report that during the audit period,

1. The Company has entered into an Investment Agreement on 11th June, 2018 with Tevva Motor (Jersey) Limited (TEVVA), Bharat Forge International Limited, UK (a wholly-owned subsidiary of the Company) and existing shareholders of TEVVA. Pursuant to the said Agreement, the Company has acquired 34.53% and Bharat Forge International Limited, UK has acquired 0.73% stake in TEVVA, aggregating to combined stake of 35.26%.
2. BF-NTPC Energy Systems Limited, a 51:49 Joint Venture Company between Bharat Forge Limited and NTPC Limited, has initiated a voluntary liquidation process under Insolvency and Bankruptcy Code, 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.

Place: Pune
Date: May 20, 2019

For **SVD & Associates**
Company Secretaries

S. V. Deulkar
Partner
FCS No: 1321
C P No: 965

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

'ANNEXURE A'

To,
Members,
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune- 411036

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

Management's Responsibility

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

Auditor's Responsibility

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

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

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

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

Place: Pune
Date: May 20, 2019

For **SVD & Associates**
Company Secretaries

S. V. Deulkar
Partner
FCS No: 1321
C P No: 965

Annexure "G"

ANNUAL REPORT ON CSR ACTIVITIES

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

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

Details of expenditure on CSR activities are as follows:

(In ₹ Million)

Average net profit of the Company for the last three financial years i.e.2016–2017, 2017–2018 and 2018–2019	7,878.84
Prescribed CSR expenditure (2% of the average net profit computed above)	157.58
Total amount spent on CSR activities for the financial year 2018–19	107.63
Amount unspent, if any	49.99

Explanation for unspent amount:

The Company has incrementally added scale, increased scope and coverage of CSR projects. We spend the amount on the CSR projects as per the completion stages and desired results based on the requirement of the projects undertaken by the Company. Last year the Company had invested ₹ 21.33 Million, more than the stipulated amount on CSR projects.

During the year 2018-19, the Company has undertaken new villages under village development program with the existing villages. The needs of the villages have been assessed. The development programmes of these villages are under initial stages and will require more funds during the financial year 2019-20. Under skill development programme, the Company has developed industry specific course in collaboration with Government of Maharashtra in the year 2018-19. The assigned amount for the project i.e. fees of the training provider organization, stipend of the students etc. will be spent during the financial year 2019-20. CSR resources are deployed and project spend will be increased gradually over a period of time. Your Company continues to assess the project that benefits communities for the long term.

Manner in which amount spent in the financial year 2018-19 is detailed below:

(In ₹ Million)

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs 1. Local area or others 2. Specify the state and district where projects was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	(i) Akutai Kalyani Charitable Trust	Education	Pune, Maharashtra	-	-	403.45	Through implementing agency, however we are also personally monitoring the project
	(ii) Pratham Education Foundation		Pune, Maharashtra	4.73	4.73	17.32	
	(iii) Pradnya Vikas Program – Jnana Prabodhini		Pune, Maharashtra	1.05	0.87	4.35	

(In ₹ Million)

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs 1. Local area or others 2. Specify the state and district where projects was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
	(iv) Various Educational Initiatives - Sponsorship to Vidyarthi Sahayak Samiti, Nanhi Kali, Katalyst		Pune, Maharashtra	1.46	1.46	6.81	
	(v) Construction of toilets under Mission Sanitation of School [working with total 28 schools in & around Pune]		Pune, Maharashtra	5.11	3.78	16.35	Directly
	Infrastructural Development						
2	Changing Gears Finishing School]	Skill Development		0.10	0.01	0.08	Directly
	ITI, Khed, Bhor & Malegaon Training Program for ITI Instructors from Pune	Employment enhancing vocational skills development	Pune, Maharashtra	10.61	6.71	27.63	Directly
3	Community development center	Community Development & Women Empowerment	Pune, Maharashtra	0.70	0.35	2.84	Directly
	Anubhav Shala (Khelghar)	Community Development	Pune, Maharashtra	0.85	0.75	1.68	Directly
4	Health check-up camps, Awareness Camps for women, children & Sr. Citizens	Healthcare	Pune, Maharashtra	1.02	0.58	1.14	Directly
5	Village Development Working in 5 District - on 5 major Indicators - Water, Livelihood, Health, Eduacation & Internal Road	Village Development	Pune, Satara, Kolhapur, Ahmednagar & Solapur from Maharashtra	97.52	63.03	72.03	Directly
6	Jalyukta Shivar Abhiyan		Maharashtra	-	-	16.20	
7	Waste Management Project & Swachha Bharat Abhiyaan (Dept. CSR)	Environmental sustainability	Pune, Maharashtra	0.60	0.26	1.02	Directly
	Rain water Harvesting			-	-	0.12	
	Landscaping and Tree Planation at Keshavnagar			-	-	1.43	
	Tree Plantation		Pune, Maharashtra	2.74	2.54	2.54	Directly
	Swachhata Hi Seva Campaign			5.00	5.25	5.25	
8	Lakshya – Sports initiatives	Promotion of Sports	Pune, Maharashtra	3.19	2.14	10.87	Through implementing agency, however, we are monitoring the project
9	Queen Mary's Technical Institute (QMTI) for Disabled Soldiers	Benefit for armed forces	Pune, Maharashtra	0.36	0.19	1.08	Directly
10	Sponsorship of CSR Projects						
	2016-17			-	-	2.10	Indirect
	2017-18			-	-	23.30	
	following expenses for 2018-19						
	First Global India - Robotic Olympic	-	Pune, Maharashtra	0.50	0.50	0.50	Indirect
	Ruby Hall Clinic- USG Robotic arietta - Medical equipments	-	Pune, Maharashtra	4.40	4.40	4.40	
	Sponsorship for Indian School of Business [ISB] - 1st year	-	Pune, Maharashtra	1.00	1.00	1.00	
	Pune International Film Festival 2018	-	Pune, Maharashtra	2.00	2.00	2.00	

(In ₹ Million)

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs 1. Local area or others 2. Specify the state and district where projects was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
	Water coolers with filters - 2 to Anushri English Medium School, Lonikand, Pune		Pune, Maharashtra	0.10	0.10	0.10	
	Provided inverter for Hadapsar Traffic Police station		Pune, Maharashtra	0.02	0.02	0.02	
	The CSR Way to SDG's - CII CSR-CSO Bridge 2018		Pune, Maharashtra	0.10	0.10	0.10	
	Medical help to Mrs. Hemavati Kachi to conserve her child by IV F method		Pune, Maharashtra	0.30	0.30	0.30	
	Allocation of CSR fund for Ghorpadi gaon area of Ward No. VII of Pune - Bachat gat under women empowerment		Pune, Maharashtra	0.19	0.19	0.19	
	Provided 'Khekada Type Jammer + Pad lock given to traffic Police, Pune		Pune, Maharashtra	0.39	0.39	0.39	
	Sponsorship for 2 students for 2 years (ref. K Subhash)		Pune, Maharashtra	0.28	0.28	0.28	
	Support to 'Vedha Padasala' - Old Age Home (Chennai)		Hyderabad, Telangana	0.50	0.50	0.50	
	Payment to Support 'Roti Foundation, Mumbai' to provide Meals to children	-	Mumbai, Maharashtra	0.50	0.50	0.50	
	Providing Support to 'Annamrita Foundation' to provide Mid-Day Meal to school Children	-	Pune, Maharashtra	0.50	0.50	0.50	
	Lt. Gen. S K Singh (Retd.) for CSR Initiatives		Pune, Maharashtra	3.20	3.20	3.20	
11	Other incidental expenditure (Overhead)	-	-	0.36	0.36	1.61	Directly
12	Staff cost	-	-	0.65	0.65	3.19	
Total Amount				**150.04**	**107.63**	**636.37**	

The Responsibility Statement

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

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

B. N. KALYANI
Chairman and Managing Director

P. G. PAWAR
Chairman, CSR Committee

Annexure "H"

Information as per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2019

A. CONSERVATION OF ENERGY

I. Steps taken for Conservation of Energy:

- Use of new generation Burners and new re-generative furnaces.
- Use of LED Lamps.
- Use of natural gas instead of oil.
- On-line energy management system.
- Use of pyro bloc for furnace insulation.

II. Steps taken for utilising alternate source of energy:

- Use of power from wind

III. The Capital investment on energy conservation equipment:

Total investment committed for energy conservation is ₹ 374 Million which is being implemented progressively and will be completed during the current financial year. This will result in substantial savings.

B. TECHNOLOGY ABSORPTION:

I. Efforts made towards technology absorption:

- Additive manufacturing for metals.
- Development of precision forging (Near net shape forging).
- Development of Aerospace forgings for structural parts.
- Technology development for cold and precision forging.
- Development of forging parts for hybrid vehicle.
- Development of parts for electric vehicles through economical manufacturing process.
- Development of near net shape components for differential gear box.
- Development of Aluminum forgings for MPVs.
- Development of gear box assembly for large vehicles.
- Development of Planet carrier assembly for HCVs.
- Design of Remote Control Weapon System (RCWS).
- Design and development of Unmanned Ground Vehicles (UGV's).
- Design and development of Unmanned Aerial Vehicles (UAV's).
- In house capability development of pulsed plasma Nitriding of hot forging dies.
- Vibratory stress relieving technology development for die manufacturing cost and cycle time reduction.
- Design and development of hot forging process for Titanium Gas Bottle on forging press.
- Development of corrosion lab in KCTI for corrosion testing of various materials upto 10000C.
- E-mobility research and development centre setup in MIRA technology park, UK.

Technical Papers:

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

1. Experimental characterization of laser cladding of Stellite 21 on H13 tool steel. (International Conference on Electron Beam Technologies EBT 2018, Varna, Bulgaria).
2. Elasto-Plastic Stress Analysis Methodology Establishment for Forging Dies. (2018- 9th International Conference on Mechanical and Aerospace Engineering).
3. Cylindrical Grinding Performance Evaluation. (2018-9th International Conference on Mechanical and Aerospace Engineering).
4. Effect of Sulphur Content on Fatigue Strength & Fracture Toughness of SAE 4140 Steel. (18th International Conference on New Trends in Fatigue and Fracture).
5. Cohesive zone model (CZM) for crack growth and damage analysis in microalloyed steel (38MnVS6). (New trends in fatigue and fracture - NT2F18, Lisbon – Portugal).
6. An investigation of performance of spray formed H13 tool steel. (Structural Integrity Conference & Exhibition (SICE - 2018)).
7. Effect of Temperature & cooling rates on $\alpha+\beta$ morphology of Ti6Al4V Alloy. (Structural Integrity Conference & Exhibition (SICE - 2018)).
8. Evaluation of Effect of Nitro – Carburizing on Performance of L6 Die Steel considering Thermal Fatigue and Low Cycle Fatigue Testing. (5th International conference on material science & smart materials (MSSM 2018)).
9. Electron beam surface hardening of aisi h13 tool steel. (MSSM2018, International conference on material science & smart materials).
10. Simulation of Die Heating for Forging Dies by Electric Heating Process. (MSSM2018, International conference on material science & smart materials).
11. Influence of residual stress due to shot peening. (MSSM2018, International conference on material science & smart materials).
12. Effect of Ni to Cu ratio on formation of oxide scale at high temperature. (Journal of Nanoscience & Nanotechnology Research (2018) (Vol.2 No.1:3 ISSN: 2471-9838)).
13. Microstructural Behavior of Ti6Al4V during Room Temperature deformation. (Journal of Nanoscience & Nanotechnology Research (2018) (Vol.2 No.1:1 ISSN: 2471-9838)).
14. Improvement in wear resistance of AISI H13 steel by pack boronizing method. (Journal of Nanoscience & Nanotechnology Research (2018) (Vol.2 No.1:1 ISSN: 2471-9838)).
15. Microstructure characterization and evaluation of mechanical properties for friction welded EN-24 alloy steel. (Materials Science and Technology 2018 (MS&T2018)).
16. SAE4330 wear life improvement by pulsed plasma nitriding and chromium plating and its comparison with raw material. (NMD-ATM 2018).
17. Analysis of strengthening mechanisms in plastically deformed Al6082 alloy. (NMD-ATM 2018).
18. Comparative study of mechanical properties of two micro alloyed steel. (NMD-ATM 2018).
19. Effect of billet manufacturing process on the fatigue strength of forged component. (NMD-ATM 2018).
20. Hot deformation behavior of super-alloys. (NMD-ATM 2018).
21. Comparison of Subcritical and Inter-critical annealing for spheroidization treatment. (NMD-ATM-2018).
22. Effect of Subcritical Annealing on Microstructure & Mechanical properties of Cold forged AISI 1552H steel. (NMD-ATM-2018).
23. Overview of Failure Modes of Pseudo Compositionally Graded Thermal Barrier Coatings and Remedies for Augmenting the Service Life of the Coated. (Journal Publication: American Scientific Publishers – 'Material Focus' Journal).
24. Analytical Modelling of Temperature in Cylindrical Grinding to Predict Grinding Burns. (International Journal of Precision Engineering and Manufacturing).
25. Understanding flow behavior and microstructure evolution during thermomechanical processing of mill annealed Ti-6Al-4V titanium alloy, 2019. (Materials Performance and Characterization).
26. Hot deformation behavior of Ti-6Al-4V alloy with a transformed microstructure: a multimodal.(Philosophical Magazine) https://doi.org/10.1080/14786435.2019.1584409.

27. Flow stress constitutive relationship between lamellar and equiaxed microstructure during hot deformation of Ti-6Al-4V. (J. Mater. Processing Tech., vol. 270 216-227).

IP Generation:

During the year 9 (Nine) patents were filed.

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

- Lightweight products with better strength to weight ratio.
- New processes developed.
- First time Quality with reduced development cycle time for new part development.
- Improved die life.
- Customer satisfaction.

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

Details of Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
Technology development on precision gears	2013	Completed	Technology established.
Additive manufacturing with metals	2014	Completed	Technology established.
Electron Beam Welding	2015	Completed	Electron beam welding for two parts have been established.
Metal Injection Molding	2015	Completed	Technology has been commercialized for several domestic and international components. Technology development for new components is under progress.
Unmanned Ground Vehicles (UGV's)	2016	In Progress	First prototype has been developed and tested by Indian Army. Based on Army's comments, further development to first prototype is in progress and second prototype developments are also in progress.
Unmanned Aerial Vehicles (UAV's)	2018	In Progress	Indigenous development of UAV – 1 prototype has been developed and development of Quad copters is under progress.
Electromagnetic Railgun	2018	In Progress	Design of 1st prototype has been developed and improvements in design are in progress.

IV. Expenditure on Research and Development:

In ₹ Million

Sr. No.	Particulars	Amount
i)	Capital	65.51
ii)	Recurring	482.00
iii)	Total R&D expenditure	547.51
iv)	Total Income	66,860.07
v)	Total R&D expenditure as a percentage of total income	0.82%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

   i. Company has made continuous significant inroads into the Passenger Car segment by ramping existing orders and getting new business awards from global OEMs.

   ii. In its efforts towards broadening product portfolio, Company has entered into new area – Aerospace.

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

   i. Total Foreign Exchange earnings: ₹ 37,442.53 Million

   ii. Total Foreign Exchange outgo: ₹ 7,518.37 Million

Report On Corporate Governance

I. CORPORATE GOVERNANCE PHILOSOPHY

Bharat Forge Limited has consistently aimed at developing a formalized system of Corporate Governance. We believe that it is imperative and non-negotiable for a world-class company to adopt transparent accounting policies, appropriate disclosure norms, best-in-class board practices and consistent high standards of corporate conduct towards its stakeholders.

Bharat Forge Limited is considered as a good model for Corporate Governance as it implements best-in-class actions by adopting practices as mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") under Corporate Governance and by establishing procedures and systems to be fully compliant with it. Periodic review of the procedures and systems are done in order to ensure continued relevance, effectiveness and responsiveness to the needs of the Shareholders.

Bharat Forge Limited discloses information regarding its financial position, performance and other vital matters with transparency, fairness and accountability on a timely basis and the Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations with regard to the Corporate Governance, applicable for the year 2018-19.

II. BOARD OF DIRECTORS

Composition of Board

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on March 31, 2019, Bharat Forge comprises of 14 (Fourteen) Directors. The Board consists of 6 (Six) Executive Directors (including Chairman and Managing Director, who is a Promoter Director) and 8 (Eight) Non-Executive Directors, 7 (Seven) of whom are Independent Directors. The composition of Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the composition of the Board of Directors is given in **Table 1**.

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

Number of Board Meetings

In 2018-19, the Board of the Company met 4 (Four) times on May 22, 2018, August 9, 2018, November 2, 2018 and February 13, 2019. The maximum gap between two Board Meetings was 102 (One Hundred and two) days and minimum time gap was of 79 (Seventy-nine) days.

Information Supplied to the Board

The Company provides the information as set-out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

Directors' Attendance Record and Directorships

The name and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2018-19, the last Annual General Meeting held on Thursday, August 9, 2018 and the number of Directorships and Committee Chairmanships/Memberships held by them in other Indian Public Limited Companies as on March 31, 2019, are given herein below:

Table 1: Composition of the Board of Directors etc. for the year 2018- 19

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2019*			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company	
		Held	Attended					
Mr. B. N. Kalyani (Chairman and Managing Director)	Executive	4	4	Yes	10	3	-	1. Hikal Limited (Non-Independent, Non-Executive) 2. Kalyani Steels Limited (Non-Independent, Non-Executive) 3. BF Utilities Limited (Non-Independent, Non-Executive) 4. Automotive Axles Limited (Non-Independent, Non-Executive)
Mr. S. M. Thakore	Independent	4	4	Yes	9	10	2	1. Prism Johnson Limited (Non-Independent, Non-Executive) 2. Sharda Cropchem Limited (Non-Independent, Non-Executive) 3. Morarjee Textiles Limited (Non-Independent, Non-Executive) 4. Alkyl Amines Chemicals Limited (Non-Independent, Non-Executive)
Mr. P. G. Pawar	Independent	4	4	Yes	15	5	2	1. Kirloskar Oil Engines Limited (Independent, Non-Executive) 2. Finolex Cables Limited (Independent, Non-Executive) 3. Force Motors Limited (Independent, Non-Executive)
Mr. P. C. Bhalerao	Non-Executive	4	4	Yes	1	2	1	-
Mrs. Lalita D. Gupte	Independent	4	4	Yes	6	6	2	1. Vedanta Limited (Independent, Non-Executive) 2. TVS Motor Company Limited (Independent, Non-Executive) 3. ICICI Lombard General Insurance Company Limited (Non-Independent, Non-Executive) 4. Godrej Properties Limited (Independent, Non-Executive) 5. India Infradebt Limited (Independent, Non-Executive)
Mr. P. H. Ravikumar	Independent	4	4	Yes	11	8	2	1. I G Petrochemicals Limited (Independent, Non-Executive) 2. Bharat Financial Inclusion Limited (Independent, Non-Executive) 3. Aditya Birla Capital Limited (Independent, Non-Executive) 4. Escorts Limited (Independent, Non-Executive)

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2019*			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company	
Mr. Naresh Narad**	Independent	4	3	No	2	-	-	-
Dr. T. Mukherjee**	Independent	4	4	Yes	4	1	-	1. TIL Limited (Non-Independent, Non-Executive)
Mr. Vimal Bhandari	Independent	4	4	Yes	7	3	-	1. Kalptaru Power Transmission Limited (Independent, Non-Executive) 2. JK Tyre& Industries Limited (Independent, Non-Executive) 3. DCM Shriram Limited (Independent, Non-Executive)
Mr. G. K. Agarwal	Executive	4	4	Yes	1	-	-	-
Mr. Amit B. Kalyani	Executive	4	4	Yes	8	1	-	1. Hikal Limited (Non-Independent, Non-Executive) 2. Kalyani Steels Limited (Non-Independent, Non-Executive) 3. BF Utilities Limited (Non-Independent, Non-Executive) 4. BF Investment Limited (Non-Independent, Non-Executive) 5. Kalyani Investment Company Limited (Non-Independent, Non-Executive)
Mr. B. P. Kalyani	Executive	4	4	Yes	1	-	-	-
Mr. S. E. Tandale	Executive	4	4	Yes	1	-	-	-
Mr. K. M. Saletore	Executive	4	4	Yes	10	1	-	-

*Other Directorships do not include Foreign Companies. In accordance with Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee in all Indian Public Limited Companies have been considered. The number of directorship(s), committee membership(s) of all Directors is within the respective limits prescribed under the Companies Act, 2013 and Listing Regulations.

** Retired by end of the day on March 31, 2019.

Independent Directors

In the opinion of the Board of Directors, the Independent Directors fulfill the conditions specified in the Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company viz., www.bharatforge.com.

During the year 2018-19, one meeting of Independent Directors was held on Tuesday, May 22, 2018. The Independent Directors, *inter-alia*, reviewed the performance of Non-independent Directors, and the Board as a whole.

The details of familiarization programme of the Independent Directors are available on the website of the Company and can be accessed at the link:

http://bharatforge.com/images/PDFs/Familiarisation%20Programme-BFL.PDF.

III. COMMITTEES OF THE BOARD

As on March 31, 2019 the Company has Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Finance and Risk Management Committee. The Board Committees are set-up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting. The Company Secretary acts as the secretary of all the Committees.

IV. Requirement of core skills/expertise/competencies for the Board of Directors as identified for Companies Business

To have board diversity, considering the business, the Company has identified the following skills or competencies for the members of the Board:

Areas of expertise Required	Description
Strategy & Planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities.
Board Diversity	Representation of Gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders worldwide.
Business operations	Experience in driving business success in the markets around the world with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.
Technology	A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Sales & Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance company reputation.
Finance Acumen	Ability to comprehend, interpret and guide on financial management, reporting, controls and analysis.
Governance and Risk Management	Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance.

The Board of Directors has the necessary skills/expertise/competencies in all above mentioned areas.

1. AUDIT COMMITTEE

The composition of the Audit Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. S. M. Thakore, Independent Director
3. Mr. P. H. Ravikumar, Independent Director
4. Mr. P. C. Bhalerao, Non-Executive Director

All the members of the Audit Committee possess accounting, economic, legal and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Annual General Meeting (AGM) held on Thursday, August 9, 2018 was attended by the Chairman of the Committee, Mr. P. G. Pawar, to answer shareholders' queries.

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

The Audit Committee met 6 (Six) times during the year 2018-19 on April 14, 2018, May 22, 2018, August 9, 2018, September 4, 2018, November 2, 2018, and February 13, 2019.

Table 2: Attendance record of Audit Committee members for 2018-19

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	6	6
Mr. S. M. Thakore	Independent	Member	6	5
Mr. P. H. Ravikumar	Independent	Member	6	6
Mr. P. C. Bhalerao	Non-Executive	Member	6	6

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

Powers of the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee *inter alia* includes the following:

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

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

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

d) Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:

   (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013.

   (ii) Changes, if any, in accounting policies and practices and reasons for the same.

   (iii) Major accounting entries involving estimates based on the exercise of judgment by management.

   (iv) Significant adjustments made in the Financial Statement arising out of audit findings.

   (v) Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legal requirements relating to Financial Statements.

   (vi) Disclosure of any related party transactions.

   (vii) Qualifications in the draft Audit Report.

e) Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;

f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public issue, rights issue and preferential issue etc. before submitting the same to Stock Exchanges;

g) Review and monitor the Auditor's independence and performance and effectiveness of audit process;

h) Approval or any subsequent modification of transactions of the Company with related parties;

i) Scrutiny of inter-corporate loans and investments;

j) Valuation of undertakings or assets of the Company, wherever it is necessary;

k) Evaluation of internal financial controls and risk management systems;

l) Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;

m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

n) Discussion with Internal Auditors of any significant findings and follow-up thereon;

o) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

p) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain the areas of concern, if any;

q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

r) To review the functioning of the Whistle Blower Mechanism;

s) Approval of appointment of CFO after assessing the qualifications, experience and background etc. of the candidate; and

t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by the Audit Committee:

a) Management discussion and analysis of financial condition and results of operations;

b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;

d) Internal audit reports relating to internal control weaknesses, if any;

e) The appointment, removal and terms of remuneration of the Internal Auditors is subject to review by the Audit Committee;

f) The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

g) Details of material individual transactions with related parties, which are not in the normal course of business;

h) Details of material individual transactions with related parties or others, which are not at arm's length basis, along with management's justification for the same;

i) Review and monitor the Auditor's independence and performance and effectiveness of audit process;

j) Approval or any subsequent modification of transactions of the Company with related parties;

k) Scrutiny of inter-corporate loans and investments;

l) Valuation of undertakings or assets of the Company, wherever it is necessary;

m) Evaluation of internal financial controls and risk management systems;

n) Compliances with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and verify that the systems for internal control for prevention of insider trading are adequate and are operating effectively; and

o) Utilisation of loans and/or advances from/investments made by the Company in the Subsidiary Company/ies.

2. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. S. M. Thakore, Independent Director
3. Mr. Vimal Bhandari, Independent Director
4. Mr. P. C. Bhalerao, Non-Executive Director

Terms of Reference:

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

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

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

d) To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

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

f) To devise a policy on diversity of Board of Directors.

The Nomination and Remuneration Committee met 3 (Three) times during the year 2018-19 on May 22, 2018, November 2, 2018 and on February 13, 2019.

Table 3:Attendance record of Nomination and Remuneration Committee for 2018-19

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	3	3
Mr. S. M. Thakore	Independent	Member	3	3
Mr. Vimal Bhandari	Independent	Member	3	3
Mr. P. C. Bhalerao	Non-Executive	Member	3	3

Performance Evaluation Criteria for Directors:

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including Independent Directors. The said criteria provides certain parameters like attendance, acquaintance with business, communicate inter-se with board members, effective Participation, Compliance with Code of Conduct etc. which is in compliance with applicable laws, regulations and guidelines.

Policy on Director's appointment and remuneration

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Companies Act, 2013 and SEBI Listing Regulations. The Policy is designed to guide the Board in relation to appointment, removal of Directors, Key Managerial Personnel and Senior Management and recommend to the Board on remuneration payable to them. It enable the Company to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The current amended policy is available on Company's website – www.bharatforge.com.

3. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the Corporate Social Responsibility (CSR) Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. B. N. Kalyani, Chairman and Managing Director
3. Mr. Amit B. Kalyani, Executive Director

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The CSR policy of the Company is disclosed on the Company's website at the link: www.bharatforge.com/investors/corporate-governance/policies

Terms of Reference:

a) To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Companies Act, 2013;

b) To recommend the amount of expenditure to be incurred on the CSR activities;

c) To monitor the CSR Policy of the Company from time to time; and

d) To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

The CSR Committee met during the year 2018-19 on May 22, 2018.

Table 4: Attendance record of Corporate Social Responsibility (CSR) Committee for 2018-19

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	1	1
Mr. B. N. Kalyani	Executive	Member	1	1
Mr. Amit B. Kalyani	Executive	Member	1	1

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee is as under:

1. Mr. P. C. Bhalerao, Non-Executive Director, Chairman
2. Mr. B. N. Kalyani, Chairman and Managing Director
3. Mrs. Lalita D. Gupte, Independent Director

Terms of Reference:

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

b) To consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.;

c) To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee;

d) Review measures taken for effective exercise of voting rights by shareholders;

e) Review of adherence to the service standards in respect of various services being rendered by the registrar and share transfer agent; and

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

The Stakeholders Relationship Committee met during the year 2018-19 on May 22, 2018.

Table 5:Attendance record of Stakeholders Relationship Committee for 2018-19

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. C. Bhalerao	Non-Executive	Chairman	1	1
Mr. B. N. Kalyani	Executive	Member	1	1
Mrs. Lalita D. Gupte	Independent	Member	1	1

Compliance Officer

Ms. Tejaswini Chaudhari, Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Table 6:Number and nature of complaints received and redressed during the year 2018-19

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2019
Non-receipt of shares lodged for transfer/transmission	1	1	Nil
Non-receipt of Bonus Shares	Nil	Nil	Nil
Non-receipt of Duplicate Share Certificate	1	1	Nil
Non-receipt of Dividend	Nil	Nil	Nil
Non-receipt of Sub-divided Shares	Nil	Nil	Nil
Non-receipt of Annual Report	1	1	Nil
Change of address	Nil	Nil	Nil

Designated Exclusive Email-ID

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

5. FINANCE AND RISK MANAGEMENT COMMITTEE

The composition of the Finance and Risk Management Committee is as under:

1. Mr. B. N. Kalyani, Chairman and Managing Director, Chairman
2. Mr. P. G. Pawar, Independent Director
3. Mr. Amit B. Kalyani, Executive Director
4. Mr. P. C. Bhalerao, Non-Executive Director

Terms of Reference:

a) To monitor and review risk management plan of the Company from time-to-time;

b) To formulate procedures and to inform Board members about the risk assessment and minimisation procedures of the Company;

c) To borrow money from Bank/Financial Institution, etc., upto limits specified by the Board;

d) To invest funds of the Company into shares, debentures, securities or any other instruments in subsidiary, associate and other group Companies upto limits specified by the Board;

e) To grant loans, advance monies or give guarantee or provide security in respect of any loans to subsidiary, associate and other group Companies upto limits specified by the Board;

f) To approve capital expenditure for purchase of plant & machinery, instruments, etc. upto limits specified by the Board;

g) To approve capital expenditure to purchase or to acquire on lease, land or any other immovable property upto the limits specified by the Board;

h) To sell land or building or other structures, etc. upto the limits specified by the Board; and

i) To open and close bank accounts of the Company and to authorise employees for operating bank accounts of the Company.

The Finance and Risk Management Committee met during the year 2018-19 on May 22, 2018.

Table 7:Attendance record of Finance and Risk Management Committee for 2018-19

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. B. N. Kalyani	Executive	Chairman	1	1
Mr. P. G. Pawar	Independent	Member	1	1
Mr. Amit B. Kalyani	Executive	Member	1	1
Mr. P. C. Bhalerao	Non-Executive	Member	1	1

FUNCTIONAL COMMITTEE

The Board is authorized to constitute one or more functional committees delegating thereto powers and duties with respect to specific purposes. Meetings of such Committees are held, as and when the need arises. Time schedule for holding the meetings of such Functional Committees are finalized in consultation with Committee Members.

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2019 is given below in **Table 8**:

Table 8:Remuneration paid or payable to Directors for the year ended March 31, 2019 and relationships of the Directors with each other

(In ₹)

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	Total
Mr. B. N. Kalyani (Chairman and Managing Director)	Father of Mr. Amit B. Kalyani	NA	77,251,975	7,514,100	110,000,000	194,766,075
Mr. S. M. Thakore	None	525,000	NA	NA	1,100,000	1,625,000
Mr. P. G. Pawar	None	625,000	NA	NA	1,300,000	1,925,000
Mr. P. C. Bhalerao	None	625,000	NA	NA	1,300,000	1,925,000
Mrs. Lalita D. Gupte	None	225,000	NA	NA	450,000	675,000

(In ₹)

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	Total
Mr. P. H. Ravikumar	None	500,000	NA	NA	1,000,000	1,500,000
Mr. Naresh Narad@	None	150,000	NA	NA	300,000	450,000
Dr. T. Mukherjee@	None	200,000	NA	NA	400,000	600,000
Mr. Vimal Bhandari	None	275,000	NA	NA	600,000	875,000
Mr. G. K. Agarwal	None	NA	32,979,368	3,109,050	23,000,000	59,088,418
Mr. Amit B. Kalyani	Son of Mr. B.N. Kalyani	NA	32,826,774	3,109,050	24,000,000	59,935,824
Mr. B. P. Kalyani	None	NA	18,246,239	1,340,280	28,250,000	47,836,519
Mr. S. E. Tandale	None	NA	20,130,301	1,437,480	28,750,000	50,317,781
Mr. K. M. Saletore	None	NA	16,163,852	805,680	21,000,000	37,969,532

Notes:

@ Retired w.e.f. March 31, 2019, after completion of working hours.

* Determined on the basis of criteria of Section 2(77) of the Companies Act, 2013.

** Sitting fees include payment of fees for attending Board and Committee meetings.

*** Commission proposed and payable after approval of accounts by the shareholders in the ensuing Annual General Meeting (AGM).

Further, Company would make all travelling and other arrangements for Directors for their participation in the Board and other committee meetings or reimburse such expenses, if any.

The Remuneration payments in the Company are made with an aim of rewarding performance, based on review of achievements. The remuneration levels are in consonance with the existing industry practices.

Payments to Non-Executive Directors are decided, based on multiple criteria of seniority/experience, number of years on the Board, Board/Committee meetings attended, Director's position on the Company's Board/Committees, other relevant factors and performance of the Company. There are no pecuniary relationships or transactions of the Non-Executive Directors vis-a-vis the Company.

Details of Equity Shares of the Company held by Directors as on March 31, 2019 are given below in **Table 9**:

Table 9:Details of equity shares of the Company held by Directors as on March 31, 2019

Name of the Director	Number of equity shares held of ₹ 2/- each
Mr. B. N. Kalyani	78,150
Mr. A. B. Kalyani	700,400
Mr. S. M. Thakore	28,000
Mr. B. P. Kalyani	6,385
Mr. G. K. Agarwal	4,910
Mr. Kishore Saletore	900
Mr. P. H. Ravikumar	6,625

Other Directors do not hold any equity share of the Company.

None of the Non-Executive Directors holds any Convertible Instruments as on March 31, 2019.

The tenure of office of the Managing Director and Whole-time Directors is for 5 (five) years. The Board has discretion to decide the notice period of the Managing Director and Whole-time Directors. There is no separate provision for Payment of severance fees.

V. GENERAL BODY MEETINGS

Annual General Meeting

Date, time and venue for the last 3 (Three) Annual General Meetings are given in **Table 10** below:

Table 10: Details of last three Annual General Meetings

Financial year	Date	Time	Venue	Special Resolutions Passed
2017-18	August 9, 2018	10:30 a.m. (I.S.T.)	Registered office of the Company	1. Re-appointment of Mr. B. N. Kalyani as the Managing Director of the Company 2. Re-appointment of Mr. G. K. Agarwal as the Deputy Managing Director of the Company
2016-17	August 10, 2017			None
2015-16	August 5, 2016			None

No Extraordinary General Meeting of the Members was held during the year 2018-19.

Postal Ballot

No resolution was passed through postal ballot during the year 2018-19.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution conducted through Postal Ballot.

VI. OTHER DISCLOSURES

1. **Related Party Transactions**

   All transactions entered into with related parties during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: www.bharatforge.com/investors/corporate-governance/policies.

   None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the Members is drawn to the disclosure set out in notes to Financial Statements.

2. **Details of non-compliance**

   Bharat Forge Limited has complied with all the requirements of regulatory authorities. There has been no instance of non-compliance by the Company on any matter related to capital market during the last 3 (Three) financial years and hence, no penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market during the last 3 (Three) financial years.

3. **Whistle Blower Policy**

   The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and Directors to report concerns about unethical behavior. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177(9) of the Companies Act, 2013. The policy comprehensively provides an opportunity for an employee and Director to report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and/or laws applicable to the Company and seek redressal. The Policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The Policy is being communicated to the employees and also posted on Company's intranet. The details of establishment of Whistle Blower Policy/Vigil Mechanism have been disclosed on the Company's website at the link:

   www.bharatforge.com/investors/corporate-governance/policies

4. **Policy on Determining "Material" Subsidiaries**

   This Policy is framed in accordance with the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory enactments/amendments thereof) and is intended to identify Material Subsidiaries and to establish a governance framework for such subsidiaries. The details of policy on determining "Material" subsidiaries have been disclosed on the Company's website at the link:

   www.bharatforge.com/investors/corporate-governance/policies

5. **Disclosure of Accounting Treatment**

   In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in

Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

6. **Risk Management**

Business risk evaluation and Management is an ongoing process within the Company. The assessment is periodically examined by the Board.

7. **Commodity Price Risk / Foreign Exchange Risk and Hedging activities**

The Company has managed the Foreign Exchange risk with appropriate hedging activities in accordance with the policies of the Company. The Company used Forward Exchange Contracts to hedge against its Foreign Currency exposures relating to firm commitments. There were no materially uncovered exchange rate risks in the context of the Company's Foreign Exchange exposures. The Company's exposure to market risks for commodities and currencies are detailed in Note No. 51 under the head 'Financial risk management objectives and policies', forming part of Notes to Financial Statements.

8. **CEO/MD and CFO Certification**

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Certificate is annexed and forms part of the Annual Report. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. **Certificate from Practicing Company Secretary**

A certificate from the Practicing Company Secretary stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Authority.

10. **Code of Conduct**

The Company has adopted a Code of Conduct ("the Code") for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website at the link: www.bharatforge.com/assets/pdf/investor/Code-of-Conduct.pdf

The Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained in this Annual Report.

11. **Subsidiary Companies**

The Audit Committee reviews the quarterly financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company has a policy for determining material subsidiaries which is disclosed on its website:

www.bharatforge.com/investors/corporate-governance/policies

12. **Disclosure by Management to the Board**

Disclosures relating to financial and commercial transactions where senior management may have personal interest that might have been in potential conflict with the interest of the Company are provided to the Board.

13. **Complaints pertaining to sexual harassment**

The details of complaints filed, disposed of and pending during the financial year pertaining to sexual harassment is provided in the Business Responsibility Report of this Annual Report.

14. **Details of total fees paid to Statutory Auditors**

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditors and all entries in the network firm/network entity of which the Statutory Auditors is a part are as follows:

(In ₹)

Sr. No.	Name of the Firm	Amount
1.	S.R.B.C. & Co. LLP	17,772,916
2.	E & Y India	5,326,907
3.	E & Y Sweden	4,285,415
Total		**27,385,238**

VII. COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

The Company has complied with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. **The Board**

   The Company has Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use of the Chairman.

2. **Shareholders Rights**

   Half yearly financial results are forwarded to the Stock Exchanges and uploaded on the website of the Company like Quarterly results.

3. **Audit Qualification**

   The Company is in the regime of unqualified/unmodified financial statement.

4. **Reporting of Internal Auditors**

   The Internal Auditors of the Company report to the Audit Committee periodically to ensure independence of the Internal Audit function.

VIII.MEANS OF COMMUNICATION

The Company puts-forth vital information about the Company and its performance, including quarterly results, official news releases and communication to investors and analysts on Company's website: www.bharatforge.com, regularly for the benefit of the public at large.

During the year, the quarterly, half-yearly and annual results of the Company's performance have been published in leading newspapers, such as Business Standard – English (all editions) and Loksatta – Marathi (Pune). News releases, Official news and media releases are sent to the Stock Exchanges.

1. **Website**

   The Company's website contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided on the Company's website: www.bharatforge.com and the same is updated from time-to-time.

2. **Presentations to Institutional Investors/Analysts**

   Detailed presentations are made to Institutional Investors and Financial Analysts on the un-audited quarterly financial results as well as the annual audited financial results of the Company.

3. **Filing with Stock Exchanges**

   Information to Stock Exchanges is now being filed online on NEAPS for NSE and BSE Listing Centre for BSE.

4. **Annual Report**

   Annual Report containing, *inter alia*, Audited Financial Statements, Consolidated Financial Statements, Board's Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report and Business Responsibility Report (BRR) forms part of the Annual Report and is displayed on the Company's website: www.bharatforge.com.

IX. GENERAL SHAREHOLDER INFORMATION

1. **Company Registration Details**

   The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is: **L25209PN1961PLC012046.**

2. Annual General Meeting

Day	:	Tuesday
Date	:	August 13, 2019
Time	:	10:30 a.m. IST
Venue	:	Registered Office of the Company, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

3. Financial Year

April 1, 2018 to March 31, 2019.

4. Book Closure

From Saturday, August 3, 2019 to Tuesday, August 13, 2019 (both days inclusive) as annual closure for payment of final dividend.

5. Financial Reporting Calendar (Tentative) for FY 2019-20

Quarter ending June 30, 2019	on or before August 9, 2019
Quarter ending September 30, 2019	on or before November 14, 2019
Quarter ending December 31, 2019	on or before February 15, 2020
Audited results for the financial year 2019-20	on or before May 30, 2020

6. Dividend

Pursuant to approval of the Board of Directors of the Company in the Board meeting held on Friday, November 2, 2018, the Company paid an Interim Dividend at the rate of ₹ 2.50 (Rupees Two and Paise Fifty only) per equity Share of ₹ 2/- each (125%) for the financial year ending on March 31, 2019 on Friday, November 30, 2018.

The Board has recommended a Final Dividend of ₹ 2.50 (Rupees Two and Paise Fifty only) per equity share of ₹ 2/- each (125%) for the year ended March 31, 2019, if approved, shall be paid on or before August 19, 2019.

7. Unclaimed Dividend/ Shares

Section 124 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 **('the Rules')** mandate that companies should transfer dividend that has remained unclaimed for a period of 7 (seven) consecutive years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the rules mandate that the shares on which dividend has not been paid or claimed for 7 (seven) consecutive years or more, be transferred to the IEPF. **Table 11** gives the details there below.

Table 11: Details of unclaimed dividends and their corresponding shares that would become eligible to be transferred to the IEPF on the dates mentioned below:

Financial Year	Type of Dividend	Dividend per share (₹)	Date of Declaration	Due date for transfer	Amount (₹)*
2011-12	Interim	1.50	March 3, 2012	April 3, 2019	933,382.50
2011-12	Final	2.50	August 10, 2012	September 9, 2019	1,930,612.50
2012-13	Interim	1.00	February 25, 2013	March 25, 2020	1,002,536.00
2012-13	Final	2.40	August 8, 2013	September 8, 2020	1,708,840.80
2013-14	Interim	2.00	February 4, 2014	March 4, 2021	1,583,744.00
2013-14	Final	2.50	September 4, 2014	October 4, 2021	2,052,355.00
2014-15	Interim	3.00	February 2, 2015	March 2, 2022	2,478,924.00
2014-15	Final	4.50	August 3, 2015	September 5, 2022	3,258,401.00
2015-16	Interim	3.00	February 9, 2016	March 9, 2023	2,299,080.00
2015-16	Interim	4.00	March 9, 2016	April 11, 2023	2,967,356.00
2015-16	Final	0.50	August 5, 2016	September 8, 2023	456,249.00
2016-17	Interim	2.50	February 8, 2017	March 28, 2024	2,104,707.50
2016-17	Final	5.00	August 10, 2017	September 10, 2024	3,776,435.00
2017-18	Interim	2.00	November 8, 2017	December 8, 2024	3,627,950.00
2017-18	Final	2.50	August 14, 2018	September 15, 2025	3,376,495.00
2018-19	Interim	2.50	November 30, 2018	December 29, 2025	3,367,752.50

* Amount unclaimed as on March 31, 2019.

The Company sends periodic intimation to the shareholders concerned, advising them to lodge their claims with respect to unclaimed dividends. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed back from IEPF following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

During the year, the Company has credited ₹ 2,220,113/- (Rupees Twenty-two Lakhs Twenty Thousand One Hundred and Thirteen only) on September 27, 2018 lying in the unpaid/unclaimed dividend account, to the IEPF.

Shares transferred to IEPF

In terms of Section 124(6) of the Companies Act, 2013 read with the Rules, the Company has sent the notice to the respective shareholders who have not claimed dividend for 7 (seven) consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2019-20. The newspaper advertisement stating the same has also been published in the newspapers. The list of equity shareholders whose shares are liable to be transferred to IEPF can be accessed on the website of the Company at the link: http://bharatforge.com/investors/unclaimed-dividend-html.

During the year, the Company has transferred 192,555 equity shares on November 14, 2018 to demat account of IEPF Authority. The equity shares transferred were on account of unclaimed dividend for 7 (seven) consecutive years.

Equity Shares in Suspense Account

In compliance with Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Particulars	No. of Shareholders	Number of Equity Shares of ₹ 2/- each
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on April 1, 2018	88	83,560
Shareholders who approached the Company for transfer of shares from suspense account during the year	06	7,570
Shareholders to whom shares were transferred from the suspense account during the year	06	7,570
Shares transferred to Demat Account of IEPF Authority during the year	18	9,770
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	64	66,220

The voting rights on the said shares shall remain frozen till the rightful owners of such shares claim the shares.

8. Listing on Stock Exchanges

Equity Shares of Bharat Forge Limited are listed on the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

BSE Script Code – 500493
NSE Trading Symbol – BHARATFORG
Equity ISIN: INE465A01025

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

9. Market Price Data

Table 12 below gives the monthly high and low prices and volumes at BSE & NSE during the year 2018-19.

Table 12: High and Low Prices and Trading Volumes on the BSE and NSE

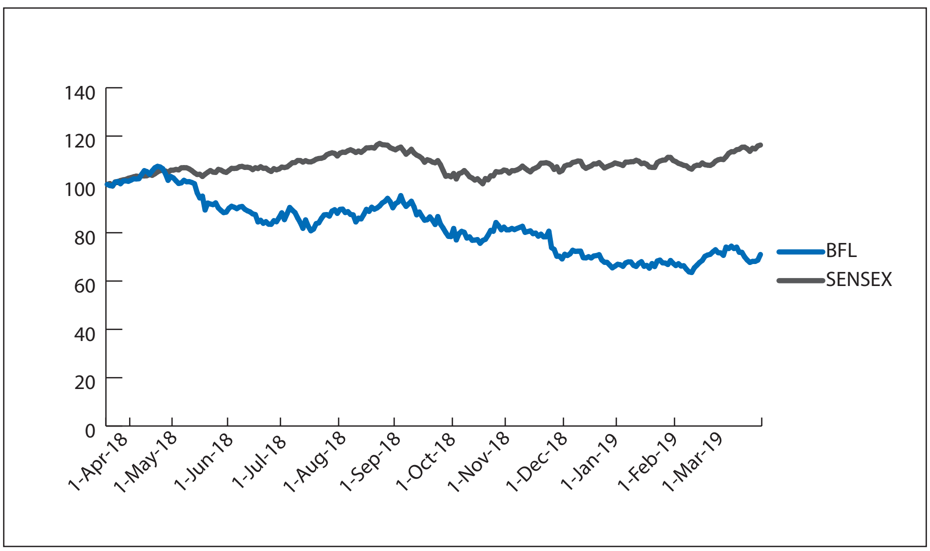
Month	BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
April 2018	781.40	699.45	2,155,132	782.20	698.60	22,090,600
May 2018	783.90	637.80	1,378,550	784.80	636.00	24,522,598
June 2018	669.00	590.20	1,310,385	668.85	591.00	19,534,643
July 2018	655.70	575.15	3,567,089	655.90	575.00	22,765,608
August 2018	684.00	605.95	2,307,424	685.00	605.20	31,253,963
September 2018	692.50	591.30	1,487,747	693.90	591.25	25,578,468
October 2018	629.30	541.10	1,470,928	629.45	541.05	26,200,048
November 2018	636.35	563.40	1,231,942	637.30	562.10	20,857,854
December 2018	587.00	489.40	3,009,951	587.60	488.05	44,839,322
January 2019	514.40	463.70	1,868,585	514.70	463.55	35,382,261
February 2019	518.00	452.00	1,585,749	518.00	456.10	30,180,076
March 2019	547.90	482.30	1,587,823	548.25	482.00	31,478,162

*Price in ₹ per Equity Share

10. Stock Performance

Chart 'A' plots the movement of Bharat Forge's equity shares adjusted closing prices compared to the BSE Sensex.

Chart A: Bharat Forge's Share Performance vs. BSE Sensex



Base 100 = April 1, 2018

11. Share Transfer Agents, Share Transfer and Demat System

Bharat Forge Limited has no share transfer agent. The Company itself is SEBI Registered Category-II Registrar to an Issue and Share Transfer Agent. All works relating to physical transfer, transmission, splitting of Share certificates, dematerialization and rematerialization processing, payment of dividend etc. is done in-house at the registered office of the Company. Bharat Forge's equity shares are traded on the Stock Exchanges compulsorily in Demat mode. The Board's Executive Committee meets as and when required for dealing with matters concerning securities of the Company.

In compliance with the SEBI circular dated December 27, 2002, requiring share registry in terms of both physical and electronic modes to be maintained at a single point, Bharat Forge has established direct connectivity with NSDL and CDSL, the two depositories. As such, the share registry work relating to both physical and electronic mode is being handled by the Secretarial Department of the Company.

12. Secretarial Audit for reconciliation of capital

In compliance with the requirements of SEBI, the Company has, at the end of every quarter, submitted a Certificate of Reconciliation of Share Capital reconciling the total shares held by both the depositories, NSDL and CDSL and in physical form, duly certified by a qualified Practicing Company Secretary, to the stock exchanges where the Company's securities are listed within 30 (Thirty) days of the end of each quarter and the certificate is also placed periodically before the Board of Directors of the Company at its Board Meetings.

13. Code of Conduct for Prevention of Insider Trading Practices

The Company has adopted a Comprehensive Code of Conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in the securities of the Company to its Directors, Promoters, Key Managerial Personnel and Designated Persons. This Code lays down guidelines for procedure to be followed and disclosures to be made by insiders while trading in securities of the Company. It also includes practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

14. Shareholding as on March 31, 2019

Table 13: Pattern of shareholding by ownership as on March 31, 2019

Category of Shareholder	No. of Shareholders	No. of Shares held (₹ 2/- each)	Shareholding %
Promoters[1]	22	213,061,840	45.76
Financial Institutions	5	16,910,864	3.63
Mutual Funds (including Unit Trust of India)	24	32,919,436	7.07
Insurance Companies	5	7,447,588	1.60
Nationalised Banks	10	1,463,208	0.31
Foreign Institutional Investors	3	429,559	0.09
Foreign Portfolio Investors	365	89,718,690	19.27
Bodies Corporate	1,643	36,153,748	7.77
Non-Resident Indians	4,256	3,530,563	0.76
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	3	1,300	0.00
Public[2]	135,727	63,951,836	13.74
Total	**142,063**	**465,588,632**	**100%**

1 and 2: For definition of Promoter's shareholding and Public shareholding, refer to Regulation 38 of the SEBI (Obligations and Disclosure Requirements) Regulations, 2015.

Table 14: Distribution Schedule as on March 31, 2019

Category (Shares)	Number of shareholders	Number of shares held of ₹ 2/- each	Shareholding %
1 to 5000	138,027	25,294,628	5.43
5001 to 10000	1,804	6,493,069	1.39
10001 to 20000	1,097	7,876,216	1.69
20001 to 30000	340	4,141,727	0.89
30001 to 40000	171	2,997,063	0.64
40001 to 50000	94	2,115,042	0.45
50001 to 100000	207	7,233,412	1.55
100001 and above	323	409,437,475	87.94
Total	**142,063**	**465,588,632**	**100%**

15. Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2019, dematerialized shares accounted for 96.90% (96.69% upto March 31, 2018) of total Equity share capital. The details of dematerialization are given in **Table 15** below.

Table 15: Dematerialization of Shares as on March 31, 2019

Sr. No.	Mode of holding	%
1	NSDL	92.12
2	CDSL	4.78
3	Physical	3.10
	Total	**100%**

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

Outstanding GDRs as on March 31, 2019 represent 18,400 equity shares of ₹ 2/- each of Company's paid-up equity Share Capital. Therefore, there will be no further impact on the Equity Share Capital of the Company.

Table 16: Details of public funding obtained in the last three years and its implication on paid up Equity Share Capital

Financial Year	Amount Raised through Public Funding (₹)	Effect on Paid up Equity Share Capital (₹)
2018-19	NIL	NIL
2017-18	NIL	NIL
2016-17	NIL	NIL

17. Plant Locations

- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India
- Gat No.635, Kuruli Village, Chakan, Tal- Khed, District Pune – 410 501, Maharashtra, India
- Opposite Jarandeshwar Railway Station, Post - Vadhuth, District Satara – 415 011, Maharashtra, India
- Tandulwadi & Wanjarwadi, Tal. Baramati, Dist. Pune – 413 206, Maharashtra, India

18. Investor Correspondence Address:

Secretarial Department,
Bharat Forge Limited.
Mundhwa, Pune Cantonment, Pune – 411 036
Maharashtra, India
Phones: +91-20–6704 2777/ 6704 2476
Fax: +91-20–2682 2163
Email: secretarial@bharatforge.com

19. Credit Rating

The Credit Ratings of the Company for all the credit facilities as on March 31, 2019 is as below:

Particulars	Rating
ECB	[ICRA]AA+(Stable); Reaffirmed
Fund-based Facilities	[ICRA]AA+ (Stable); Reaffirmed
Non-fund Based Facilities	[ICRA]A1+; Reaffirmed

20. Certificate by the Practising Company Secretary on Corporate Governance

Certificate from the Practising Company Secretary J B Bhave & Co., Company Secretaries, Pune confirming compliance with the conditions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached.

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, B. N. Kalyani, Chairman and Managing Director of Bharat Forge Limited hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended March 31, 2019, compliance with the Code of Conduct of the Company laid down for them.

B. N. KALYANI
Chairman and Managing Director

Pune: May 20, 2019

TO THE BOARD OF DIRECTORS OF BHARAT FORGE LIMITED CERTIFICATION BY CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

(Under Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements), 2015)

We the undersigned, in our respective capacities as Chairman and Managing Director and Chief Financial Officer of Bharat Forge Limited, ("the Company") to the best of our knowledge and belief certify that:

a) We have reviewed financial statements and the cash flow statement for the year 2018-19 and that to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2018-19 which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

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

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

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

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

K. M. SALETORE
Chief Financial Officer

B. N. KALYANI
Chairman & Managing Director

Pune: May 20, 2019

TO THE MEMBERS OF BHARAT FORGE LIMITED
CERTIFICATE BY THE PRACTISING COMPANY SECRETARY ON CORPORATE GOVERNANCE

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

I have examined all relevant records of Bharat Forge Limited for the purpose of certifying compliance of the conditions of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2019. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the above certification.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was carried out in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. My examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

On the basis of our examination of the records produced, explanations and information furnished, I certify that the Company has complied with the mandatory conditions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable and amended from time to time; for the financial year ended 31st March 2019.

For J B Bhave & Co.
Company Secretaries

Jayavant Bhave
Proprietor
FCS: 4266 CP: 3068

Place: Pune
Date: May 13, 2019

Business Responsibility Report

SECTION A- GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L25209PN1961PLC012046
2.	Name of the Company	Bharat Forge Limited
3.	Registered address	Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India
4.	Website	www.bharatforge.com
5.	E-mail id	secretarial@bharatforge.com
6.	Financial Year reported	2018-19
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	**NIC Code** / **Description** 1.3440 – Steel forging 29301 – Front Axle assembly and components
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Steel Forgings ii) Finished Machined Crankshafts iii) Front Axles assembly and components
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	(a) Germany, France, Sweden, United States and United Kingdom (b) **Registered Office:** Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India **Manufacturing locations:** Pune, Satara, Baramati, Chakan **Corporate Offices:** Delhi, Noida, Hyderabad, Bengaluru, Jamshedpur, Kolkata, Chennai, Nellore and Mumbai
10.	Markets served by the Company – Local/State/ National/International	India, North America (US, Canada and Mexico), South America (Brazil), European and Asia Pacific

SECTION B- FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 931.27 Million
2.	Total Turnover (INR)	₹ 65,199.90 Million
3.	Total profit after taxes (INR)	₹ 10,712.81 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.37% of average net profit of the Company was spent towards Corporate Social Responsibility during the financial year 2018-19
5.	List of activities in which expenditure in 4 above has been incurred:	(i) Village development (ii) Water Harvesting (iii) Environment sustainability (iv) Sanitation of Schools (v) Health, Hygiene & Nutrition (Children & Women) (vi) Community Development (Women Empowerment) (vii) Promotion of Education (viii) Skill development initiatives (ix) Promotion of nationally recognized sports

SECTION C- OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has 20 (Twenty) direct and indirect subsidiary companies as on March 31, 2019.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Given the current size and scale of operations, subsidiary companies, as of now, are not engaged in BR initiatives process of the Company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The other entities with which the Company does business with viz. suppliers, distributors, etc. are not directly included in the BR initiatives of the Company.

SECTION D- BR INFORMATION

1.	**Details of Director/Directors responsible for BR:** (a) Details of the Director/Director responsible for implementation of the BR policy/policies	
	No. Particulars	**Details**
	1. DIN Number	00037678
	2. Name	Mr. G. K. Agarwal
	3. Designation	Deputy Managing Director
	(b) Details of the BR head	
	No. Particulars	**Details**
	1 DIN Number (if applicable)	00037678
	2 Name	Mr. G. K. Agarwal
	3 Designation	Deputy Managing Director
	4 Telephone number	+91 20 6704 2448
	5 e-mail id	gkagarwal@bharatforge.com

2. Principle-wise (as per NVGs) BR Policy

The Company's policies are in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) which provides for the following (09) nine areas of Business Responsibility to be adopted by the organizations:-

Principle 1	Ethics, Transparency and Accountability	Principle 6	Environment
Principle 2	Products Sustainability	Principle 7	Public Policy
Principle 3	Employees' Well-being	Principle 8	Inclusive Growth
Principle 4	Stakeholder Engagement	Principle 9	Customer Relations
Principle 5	Human Rights		

a) Details of Compliances:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y The policy is embedded in the Company's Code of Conduct, Ethics and HR policies	Y	Y	Y	Y

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
3.	Does the policy conform to any National / International standards? If yes, specify? (50 words)	Yes, the policies are in line with international standards such as ISO 9001:2015, IATF 16949:2016, ISO 14001:2015, ISO 27001, and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also guidelines as per NVGs on social, environment and economic responsibility of business have been considered for formulation of some policies.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	NA	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6.	Indicate the link for the policy to be viewed online?	Policies on HR, ISO, CSR, Insider Trading, Related Party etc. are available on links such as: http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx http://portal.bharatforge.com/default.aspx http://www.bharatforge/investors/policies.html								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policies on Quality, Safety and Health and Environment are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

GOVERNANCE RELATED TO BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has been publishing the BR Report as a part of its Annual Report from last 3 (three) years which can be viewed at: http://bharatforge.com/investors/company-reports/annual-reports.html

SECTION- E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

(a)	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?	The "Code of Conduct" of BFL provides guidelines and policies on ethics, bribery and corruption. This Code is applicable to all BFL Employees including Executive Directors within all sectors, regions, areas and functions. The reference to 'Employee' shall mean and include: (a) Employees (b) Consultants / Advisors, Retainers, Agents, Representatives etc. to the extent applicable.
(b)	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the year under review, the Company has not received any complaints in connection with ethics, bribery or corruption.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

(a)	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Innovation has been the driving force behind our Company and is applied across every aspect of our business. Innovative application of latest technologies has helped the Company to develop critical, high value added products. We have strategically positioned our new businesses to support automotive industry in its transition towards more green and safe technologies. We have established Center of Light Weighting and E-Mobility businesses that will directly aid in reducing emissions as well as provide better alternate solution for emission free automotive industry. **a. Light-Weighting Program** The Company is working on introduction of innovative light-weighting concepts that can improve functional performance of vehicles, in terms of enhancing fuel efficiency and lowering emission levels. Front Axle Beam is one of the main parts of vehicle suspension system. The Company achieved about 9.5% weight reduction in Front Axle Beam by using high end FEA tools & our strong engineering database without affecting performance characteristics of Front Axle Beam. Both designs validated for stress and deflection levels and ensured that stress and deflection levels of optimized design are within acceptance limit.

The Company is also in the process of establishing a Center for Light Weight Technology ("the facility") in Nellore, Andhra Pradesh. The facility will cater to High Pressure Al. & Mg. Die Castings, metal matrix composites, special foam hydroforming and Carbon fiber components to position the Company as a light weight solution provider gearing the automotive industry towards greener and safer alternatives. The facility will also manufacture highly complex thin walled structural castings, powertrain and Electric Vehicle components for next generation vehicle platforms, which will help customers meet stringent emission targets and make safer vehicles. The facility will have state-of-the-art exhaust treatment systems that reduces the overall carbon footprint of the plant. It also has auxiliary power via roof-top solar panel systems alongwith rain water harvesting systems.

b. Crankshaft design innovation

The major product Crankshaft is supposed to be the heart of engine and its balancing characteristics are the major contributor in the performance of engine. The Company worked closely with OEMs as a co-development partner and carried out design innovation of Crankshaft and achieved required balancing characteristics. Due to this innovation, Crankshaft balancing is achieved with very less number of drilling holes, forging quality and machinability was good resulting into less wastage of material.

Further, the Company has innovated design from bolted counterweight to integral counterweight design. This innovation design is validated for the various design acceptance criteria's i.e. balancing & bending deflection by using FEA software. This product innovation resulted into Light Weight Crankshaft (9% weight reduction) with improved engine reliability. With this design innovation, wastage of material during machining process is reduced.

c. E-Mobility

To actively drive Government of India's electrification target, the Company has strategically invested in two companies, engaged in manufacturing of electric two wheeler, three wheeler and commercial vehicle powertrain. These companies have capabilities to design and manufacture key electric vehicle components like power electronics, battery management system and motor controllers indigenously.

This will help the Company in building a complete e-Mobility ecosystem of vertically integrated value chain thereby resulting in significant cost savings and build better products with minimal time to market. Further, with the capabilities of designing and manufacturing low voltage and high voltage electric powertrain, the Company will be placed uniquely to supply systems for fully electric private and commercial mobility, thereby becoming a leading provider of green technology solutions.

(b)	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	
	(i) Reduction during sourcing / production/ distribution achieved since the previous year throughout the value chain?	For heat treatment operation, energy consumption is reduced around 10%.
	(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Weight reduction for components re-engineered have come down by 9% to 10%.
(c)	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The Company's Supplier selection, assessment and evaluation process includes elements of Sustainability. This includes initial supplier survey, continuous risk assessments and audits. Also, there is communication to suppliers on BFL sustainability requirements and some of key suppliers like Steel suppliers, BFL has taken sign off on the same.
(d)	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Bharat Forge has a network of Medium Enterprises around its factory which complements our manufacturing capability. Quality of our final product depends on the capability of our inputs and therefore, due steps are taken to ensure quality of inputs received from Vendors by deploying our standard quality systems in their plant as well. The steps taken to improve the capability and capacity of local vendors include: • Providing training & new BFL requirements communications through supplier meet. This is done for critical suppliers. • Critical suppliers being evaluated periodically based on their criticality and subsequent actions are taken for improvements. • Hand-holding the vendors for developing Quality Management Systems for improving the product quality, reducing the wastages and sustainable development. • Providing technical help to vendors for up-gradation of their equipment which has helped in enhancing the capacity and capability.
(e)	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like: • Company is sending 100% forging flash to steel mills for recycling. • 100% re-use of treated industrial effluent for processing. • 30% to 40% waste heat is recovered using regenerative burners resulting in reducing the fuel combustion. • 50% of recycled water from sewage treatment plant is used for maintenance of greenery in the Plant. • Implementation of rain water harvesting. • 100% of hazardous waste sent to authorized party. • Recycling of packing boxes. • For heat treatment process, use of oil has been replaced with natural gas. This has resulted in 25% reduction in carbon emission, 100% reduction in transportation cost and 100% electricity cost. • Waste generated monitoring & reduction started.

Principle 3: Businesses should promote the wellbeing of all employees

(a)	Please indicate the Total number of employees	4,711 (Officers + Bargainable + CMD + Executive Directors)
(b)	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	601 Trainees / 1,625 Contract Labour / 1,390 YIT /NEEAM
(c)	Please indicate the Number of permanent women employees	46
(d)	Please indicate the Number of permanent employees with disabilities	Nil
(e)	Do you have an employee association that is recognized by management	Yes
(f)	What percentage of your permanent employees is members of this recognized employee association?	Approximately, 35.19% of permanent employees are members of the recognized employee association
(g)	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	See table below
(h)	What percentage of your above mentioned employees were given safety & skill upgradation training in the last year?	(i) Permanent Employees – 71.50% (ii) Permanent Women Employees – 75.00% (iii) Casual/Temporary/Contractual Employees – 92.00% (iv) Employees with Disabilities – NIL

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
i)	Child labour/forced labour/involuntary labour	NIL	NIL
ii)	Sexual harassment	NIL	NIL
iii)	Discriminatory employment	NIL	NIL

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

(a)	Has the company mapped its internal and external stakeholders? Yes/No	Yes, the principal stakeholders of the Company are its employees, shareholders, suppliers, customers, vendors, partners, government and regulatory authorities, trade union, associates, etc. These stakeholders are mapped in a structured manner through systematic communication platforms which helps us to understand the customer needs and the improvement opportunities for the Company in all prospects.
(b)	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	Yes, Company has identified marginalized and disadvantaged groups through need assessment in the nearby communities and the villages from 5 districts from Maharashtra. We work with the children from urban slums in education area to prevent dropping of school children. We provide vocational training to the rural youth and skills based trainings to the graduate engineers for their employability. For women empowerment we have special initiatives.
(c)	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	The Company has always made special efforts for the people and communities residing in the nearby vicinity of the plant locations to enable them to improve their way of living. The Company is involved in diverse activities to create a positive social impact by helping the disadvantaged, vulnerable and marginalized communities. The Company's varied activity primarily focuses on health, education, sanitation and environment protection. The Company closely works with various NGOs, trusts, charitable societies, etc. to meet its aim of contributing towards the society at large for promotion and development of rural areas, deprived people and communities.

Principle 5: Businesses should respect and promote human rights

(a)	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers/Contractors/NGOs/Others?	The Company does not have a stand-alone policy for human rights, however, the Company's internal policies on Code of Conduct, Ethics and CSR recognizes all the key aspects of human rights which lays down the acceptable behavior of the employees and provides for stringent disciplinary actions in case of violation of these policies.
(b)	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under review, the Company has not received any complaints from any stakeholders.

Principle 6: Business should respect, protect and make efforts to restore the environment

The Company believes in safeguarding the environment while executing its operations. The Company ensures to do business with the minimum environmental impact. The aim is of rational use of natural resources & reduced waste emissions.

(a)	Does the policy related to Principle 6 cover only the company or extends to the Group /Joint ventures / Suppliers /Contractors / NGOs/others	Yes, Company's environmental policy extends to its all interested parties which includes company employees, group companies, joint ventures, suppliers, contractors, NGOs, and others.
(b)	Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.	Yes, As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like: using bio fuels, modern regenerative combustion technology, recycled water, reduced cycle waste & adoption of eco-friendly waste disposal, implementation of scientific tree plantation to reduce atmospheric pollution etc. in its manufacturing operations. These initiatives can be viewed at: https://www.bharatforge.com/sustainability
(c)	Does the company identify and assess potential environmental risks? Y/N	Yes, Environmental risks are covered in the Company's principles that are based on ISO-14001 standards. Every unit or plant implements the following: (i) EHS risks and opportunities; (ii) Identification and evaluation of EHS aspects and requirements; (iii) Legal obligations and other requirements; (iv) EHS emergency management; and (v) Environmental management programmes are taken at high risk areas. Once risks are identified, steps are taken to measure and mitigate these risks through EHS management system approach.
(d)	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Yes, the Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects, water saving, waste reduction & CO2 reduction under sustainability development. However, we don't have any registration for Clean Development Mechanism projects.
(e)	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, several initiatives on clean technology, energy efficiency, renewable energy and sustainability development has been done like Solar power activities are initiated. Initiative can be viewed on: https://www.bharatforge.com/sustainability
(f)	Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, all emissions / waste generated are monitored daily / monthly / quarterly and ensured for within the permissible limit as per Maharashtra Pollution Control Board Consent norms.
(g)	Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	NIL

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

(a)	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is member of: (i) Confederation of Indian Industry (CII); (ii) World Economic Forum (WEF); (iii) Federation of Indian Chambers of Commerce and Industry (FICCI); (iv) Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA); and (v) Automotive Component Manufacturers Association of India (ACMA)
(b)	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	From time to time, the Company has joined hands with these associations for the betterment and advancement of the society at large. The Company has contributed in the areas of: (i) economic reforms (ii) corporate governance and transparency (iii) education and skill development (iv) women empowerment and child welfare (v) sanitation and hygiene and (vi) addressing issues pertaining to global warming, climate change, environment protection and pollution control.

Principle 8: Businesses should support inclusive growth and equitable development.

(a)	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	The details of the Projects undertaken by the Company are as under: **1. Village development Project** (i) The Company with the help of different NGOs and by forming the cross functional teams, is closely involved in developing villages. Our vision is to develop 100 villages. As most of the population from remote villages are far away from the growth process and Bharat Forge is making sincere efforts to include them in the growth process by working on 5 major indicators – Water (for Drinking & Agriculture), Livelihood, Internal Roads, Health, Hygiene and Education. The impact of the work done is tangible and is generating trust in the villagers. (ii) We have built internal roads for easy accessibility wherever it was not possible for the local governance. (iii) The Company has done several Water Harvesting projects to help the Government initiative of Jalyukta Shivar Abhiyan in terms of increasing water capacity and availability of drinking water for the villagers. (iv) The Company provided nutritional supplement food to the children from remote villages and urban slums in order to fight malnutrition and also conducted health awareness camps and medical checkup for them. (v) Initially villagers use to keep their cattle in their small houses leading to various health hazards. To tackle this, we made separate sheds for the domestic animals to maintain cleanliness and hygiene. (vi) Livelihood - Our land levelling work provided farming opportunities to the villagers who never cultivated their land before. It has helped in increasing their family income.

The project had helped in improving the quality of life of rural community.

2. Promotion of education

i) The Company through Pratham Education Foundation, Pune (NGO) provides non formal education to 25,000 underprivileged children from the slum areas of Pune belonging to 22 communities between the age group of 6 to 14 years.

ii) In association with Jnana Prabhodini, the Company provides special training and coaching to the underprivileged children under the Pradnya Vikas Programme.

iii) The Company has started "Anubhav Shala" for the children from slum areas with an objective to develop their creativity and skills by introducing enhancement programs thereby helping in their holistic performance and development.

iv) Bharat Forge Constructed 173 urinals & 101 WCs in 28 government schools and have made it functional for 6,804 school children. Ensured maintenance of the toilet since last 3 years. We have also done infrastructure developments in schools.

v) We had organized Swachha Sunder Shala Competition in 134 Government Schools – Essay writing, rallies, drawing competition Schools from 5 districts of Maharashtra to inculcate the habits of cleanliness and beautification of schools. We also impart training to teachers to ensure quality education to children.

vi) For higher education, we are supporting 30 engineering girl students from Vidhyarthi Sahayak Samittee and mentorship is provided to these students with the help of our technical team.

vii) The Company supports 92 girls from the weaker section of society for their primary education through K. C. Mahindra Education Trust under Nanhi Kali Programme.

3. Skill development initiatives

i) The Company runs an Industrial Training Institute (ITI) in Khed near Pune to promote employability of rural youth. The Company has also partnered with ITIs at Bhor and Malegaon from Pune for its infrastructure development and skill upgradation.

ii) Changing Gears - Bharat Forge in association with CII has started this initiative to develop the soft skills of 90 Graduate Engineers from rural areas from College of Engineering, Pune to support them for employability.

iii) Environment Sustenance - Tree Plantation Drive - We have planted 14,017 saplings at various locations in Maharashtra and also ensured their maintenance.

4. Women Empowerment

The Company runs three different community centers at Mundhwa, Hadapsar and Vadgaon Sheri for 900 women. Formed 4 Self Help groups of women and they are the vendors to our company.

5. Promotion of nationally recognized sports

The Company is sponsoring 7 players from Lakshya for different sports- Tennis, Badminton, Chess, Boxing, Go karting and Short gun shooter.

(b)	Are the programmes/projects undertaken through in-house team/own foundation / external NGO/government structures/any other organization?	The Company has separate in-house team for CSR activities to plan, implement, monitor and review various community development initiatives. The Company believes in a participatory approach towards implementing these initiatives and collaborates with NGOs, Government authorities/agencies to deliver the Programmes/ Projects. Pratham Education Foundation, Jnana Prabodhini, Pradnya Vikas Programme, Vidyarthi Sahayak Samiti, Pune, Lakshya Sports Institute, Pune, etc. are few of the key NGOs that the Company closely works.
(c)	Have you done any impact assessment of your initiative?	Yes, we have undertaken the impact assessment for most of our projects – i) Pratham Education Foundation Project, Pune has Pre, Mid and Post –test Evaluation of the children in order to measure the impact of our programmes. This is done with the help of our employees and the result is presented to the Company's Board. ii) The placement of ITI students from ITI Khed, Pune is 100% and evaluation is done from time to time by conducting exams. iii) Our work of toilet construction under Sanitation of Schools is self-inspected by the Pune Municipal Commissioner and was appreciated by him and Education Cell from Pune Municipal Corporation and Zillah Parishad. iv) Water storage capacities have been increased where we have done water harvesting work and the record of the same is maintained. The villagers could increase their family income due to this and now have assurance of water even in summers.
(d)	What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken	During the year, the Company has spent ₹ 107.63 Million towards various CSR activities. The project-wise details are provided in **Annexure - G** of Annual Report on CSR activities.
(e)	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	i) Village Development Project- The work done by Bharat Forge under Village Development Project in 69 villages from 5 districts of Maharashtra on five major indicators – Water (for Drinking & Agriculture), Livelihood, Internal Roads, Health, Hygiene and Education has helped to improve quality of life of the farmers. ii) The Company runs three Community Development Centers in three different areas namely Mundhwa, Hadapsar and Vadgaon Sheri, Pune. The beneficiaries are 900 women. Vocational Trainings and income generating activities for women like providing stitched uniforms and hand gloves for BFL requirement; Personality Development Programmes and various awareness sessions are conducted for the community women. iii) The Company is providing the non-formal education to 25,000 underprivileged children from 22 communities through Pratham Education Foundation, Pune initiative with the objective that "Every child is in the school and every Child learns" and the dropout rate is considerably decreased. iv) The Company has started "Anubhavshala" for the children from slum areas. It aims to develop children from deprived section of society with the objective of developing basic skills, creativity & awareness on Health & personal grooming of these 120 children. v) The seven players sponsored by Bharat Forge are doing well in their sports career.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a)	What percentage of customer complaints/ consumer cases are pending as on the end of financial year?	As on April 1, 2019, in case of :- **Forged parts:** 18 customer complaints were received and closed during the year. As per policy of the Company, after the corrective actions are implemented, the Company monitors the supplies for a minimum period of four months. **Machined Parts:** 66 complaints were received. Out of 66, actions are implemented for 64 complaints and are effectively closed. For remaining 2 complaints, corrective actions are already taken and the effectiveness of the same is under monitoring.
(b)	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)	Since the Company's products are OEM specific and as per OEM requirements, the Company displays product requirement on packaging as per the requirements of OEM and consistent with applicable laws. The typical information displayed on product includes details of manufacturer, heat code, process no. dispatch no., part no. etc.
(c)	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	No.
(d)	Did your company carry out any consumer Survey / consumer satisfaction trends?	Customer response and customer satisfaction are one of the most important factors of any business. The Company engages with its customers at various platforms to understand their expectations. The Company obtains the customer feedback directly or referring to customer portal on monthly basis and compile the "Voice of Customer Report" to identify areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer Satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

Independent Auditor's Report

To the Members of Bharat Forge Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Bharat Forge Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the 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, 2019, 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 accompanying 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.

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, 2019. 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 in relation to determination of point of time when revenue should be recognized *(refer note 2.2(e) (accounting policy) and note 24 (financial disclosures) to 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 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 of 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 movements making the price volatile including variable considerations. Due to judgments relating to determination of point of 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: • 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 and understood the Company's accounting policy for revenue recognition. • We obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point of time of transfer of control and pricing terms. • We tested on a sample basis sales invoices for identification of point of time for transfer of control and terms of contract with customers. Further, we have performed procedures on sales by testing on a sample basis to assess whether the control was passed for the sales made at or around the year end based on various supporting documents. • We also performed various analytical procedures to identify any unusual sales trends for further testing.
Significant estimate and judgement in Hedge accounting including valuations thereof *(refer note 2.2(r) (accounting policy) and note 9 and 49 (financial disclosures) to the Ind AS standalone financial statements)*	
The Company enters into derivative financial instruments which are mainly plain vanilla 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 1,982.94 million as at March 31, 2019. The net movement of cashflow hedge reserve for the year is INR 33.29 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 appropriate 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. 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: • 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 assessed Company's accounting policy for hedge accounting in accordance with Ind AS. • We tested the existence of hedging contracts by tracing to the 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 to assist in re-performing the year-end fair valuations 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 assessed the disclosure of hedge transactions in the financial statements.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Significant judgement relating to impairment of investments in subsidiaries, associates and joint ventures *(refer note 2.2 (n) (accounting policy) and note 6 (financial disclosures) to the standalone Ind AS financial statements)*	
The Company has major investments in subsidiaries, associates and joint ventures as at March 31, 2019. 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. 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 • 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 asset values as per audited financial statements. • With respect to cases where indicators of impairment were identified by management, we obtained and read the projections / future cash flows along with sensitivity analysis thereof with respect to the relevant investments. • We evaluated management's methodology, assumptions and estimates used in the calculations. • We evaluated the accounting and disclosure of investment impairments in the financial statements of the Company.

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 standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Independent Auditor's Report (Contd.):

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.

- 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 system 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 standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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, 2019 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.

Independent Auditor's Report (Contd.):

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 the Statement of 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;

   (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) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) 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;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 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;

   (h) 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 20 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 Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 20, 2019

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 six immovable properties aggregating gross block of INR 0.01 million and net block of INR 0.01 million as at March 31, 2019 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, 2019 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to two 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 one of its subsidiaries, wherein loans are repayable on demand. The Company has not demanded the repayment of such loans and payment of interest has not been regular.

(c) The Company has a sum of INR 6.73 million which is overdue for more than ninety days from a Company 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:

INR in million

Name of Company	Interest Overdue
BF Elbit Advanced Systems Private Limited*	6.73

* Amount has been converted to loan as on March 31, 2019

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

Independent Auditor's Report (Contd.):

(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 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, duty of excise, 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, undisputed dues in respect of provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, 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 relates	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	PY 2015-16, 2016-17 & 2017-18	Various dates	Not paid	-

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, 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
Income Tax Act, 1961	Non deduction of withholding taxes u/s 195 (INR 54.92 million)	-	AY 2014-15	ITAT
Property tax#	Demand received for various cases (INR 149.09 million paid under protest)	164.66	AY 2005-06 to 2016-2017	High Court
Central Excise Act, 1944	Demand received for various cases (INR 8.96 million paid under protest)	49.36	AY 2004-05 to 2016-2017	Commissioner Appeals / CESTAT/ High Court
Customs Act, 1962	Demand received for wrong availment of duty drawback (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

(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 and debenture holders.

Independent Auditor's Report (Contd.):

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of 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 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, 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, 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, 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.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 20, 2019

Independent Auditor's Report (Contd.):

Annexure 2 referred to in paragraph 2(f) 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, 2019 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

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

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 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

Independent Auditor's Report (Contd.):

and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that 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, 2019, 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 Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 20, 2019

Balance Sheet

as at March 31, 2019

In ₹ Million

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	26,104.46	25,146.07
(b) Capital work-in-progress		7,126.19	3,024.01
(c) Investment property	4	2.89	2.89
(d) Intangible assets	5	234.34	130.14
(e) Investment in subsidiaries, joint ventures and associates	6	7,738.69	5,761.91
(f) Financial assets			
(i) Investments	7	8,777.30	11,003.29
(ii) Loans	8	214.93	209.63
(iii) Trade receivables	12	-	233.77
(iv) Derivative instruments	9	1,175.97	476.63
(v) Other financial assets	10	1,354.61	1,132.24
(g) Income tax assets (net)		55.69	77.83
(h) Other assets	14	2,532.17	1,946.40
		55,317.24	**49,144.81**
II. Current assets			
(a) Inventories	11	7,604.20	5,380.54
(b) Financial assets			
(i) Investments	7	5,403.02	3,839.98
(ii) Loans	8	27.72	27.98
(iii) Trade receivables	12	22,583.59	17,908.03
(iv) Derivative instruments	9	806.97	1,245.80
(v) Cash and cash equivalent	13	1,960.56	1,341.84
(vi) Other bank balances	13	1,737.82	535.04
(vii) Other financial assets	10	1,215.57	1,408.99
(c) Other assets	14	2,733.93	2,826.50
		44,073.38	**34,514.70**
Total assets		**99,390.62**	**83,659.51**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	53,050.94	45,211.53
Total equity		**53,982.21**	**46,142.80**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	14,181.59	9,098.02
(ii) Other financial liabilities	19	1.10	153.66
(b) Provisions	20	250.98	194.59
(c) Deferred tax liabilities (net)	21	2,702.05	2,544.64
		17,135.72	**11,990.91**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	16,219.85	11,665.98
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		58.17	44.92
Dues to other than micro enterprises and small enterprises		8,060.57	6,843.74
(iii) Other financial liabilities	19	2,416.22	4,967.76
(b) Provisions	20	441.25	578.09
(c) Other liabilities	23	725.56	1,119.12
(d) Current tax liabilities (net)		351.07	306.19
		28,272.69	**25,525.80**
Total liabilities		**45,408.41**	**37,516.71**
Total equity and liabilities		**99,390.62**	**83,659.51**

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Statement of Profit and Loss

for the year ended March 31, 2019

In ₹ Million

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	24	65,199.90	53,729.44
Other income	25	1,660.17	1,186.93
Total income [i]		**66,860.07**	**54,916.37**
Expenses			
Cost of raw materials and components consumed	26	25,568.84	19,151.77
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(1,212.07)	(281.63)
Excise duty on sale of goods		-	569.80
Employee benefits expense	28	4,862.86	4,359.00
Depreciation and amortisation expense	29	3,466.31	3,067.49
Finance costs	30	1,024.05	848.38
Other expenses	31	16,919.30	14,562.81
Total expenses [ii]		**50,629.29**	**42,277.62**
Profit before exceptional items and tax [i - ii]		**16,230.78**	**12,638.75**
Exceptional items (loss)	32	-	(1,332.05)
Profit before tax		**16,230.78**	**11,306.70**
Tax expense	21		
Current tax		5,350.68	4,161.42
Deferred tax		167.29	72.33
Income tax expense		**5,517.97**	**4,233.75**
Profit for the year		**10,712.81**	**7,072.95**
Other comprehensive income			
Other Comprehensive Income to be reclassified to profit and loss in subsequent period (net of tax)			
- Movement on cash flow hedges	33	51.17	(1,692.51)
- Foreign Currency Monetary Items Translation Difference Account	33	21.02	181.92
		72.19	**(1,510.59)**
Income tax effect		(17.88)	580.08
[a]		**54.31**	**(930.51)**
Other Comprehensive Income not to be reclassified to profit and loss in subsequent period (net of tax)			
- Re-measurement (losses)/gains of defined benefit plans	33	(79.45)	55.71
- Loss/(gain) on FVTOCI equity securities	33	(69.56)	166.47
		(149.01)	**222.18**
Income tax effect		27.76	(19.47)
[b]		**(121.25)**	**202.71**
Other comprehensive income for the year (net of tax) [a+b]		**(66.94)**	**(727.80)**
Total comprehensive income for the year (net of tax)		**10,645.87**	**6,345.15**
Earning per equity share [nominal value per share ₹ 2/- (March 31, 2018: ₹ 2/-)]	34		
Basic		23.00	15.19
Diluted		23.00	15.19

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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Statement of Changes in Equity

for the year ended March 31, 2019

A. Equity share capital:

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

	No.	In ₹ Million
As at April 1, 2017	232,794,316	465.68
Add: Bonus shares issued during the period [Refer note 16(c)(ii)]	232,794,316	465.59
As at March 31, 2018	465,588,632	931.27
As at March 31, 2019	**465,588,632**	**931.27**

B. Other equity

In ₹ Million

	Reserves and Surplus [Refer note 16]					Items of OCI [Refer note 16]			
	Security premium	Capital reserves	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	Total
Balance at April 1, 2017	7,096.48	15.50	300.00	3,030.48	29,309.09	120.13	2,208.80	(226.84)	41,853.64
- Profit for the year	-	-	-	-	7,072.95	-	-	-	7,072.95
- Other Comprehensive Income	-	-	-	-	36.24	166.47	(1,112.43)	181.92	(727.80)
Total comprehensive income	**-**	**-**	**-**	**-**	**7,109.19**	**166.47**	**(1,112.43)**	**181.92**	**6,345.15**
Transfer from retained earnings	-	-	-	100.00	-	-	-	-	100.00
Utilised for issue of bonus shares	(165.59)	-	(300.00)	-	-	-	-	-	(465.59)
Transfer to general reserve	-	-	-	-	(100.00)	-	-	-	(100.00)
Transaction with owners in their capacity as owners									
- Equity dividend	-	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	-	(236.96)	-	-	-	(236.96)
- Interim equity dividend	-	-	-	-	(931.18)	-	-	-	(931.18)
- Tax on interim equity dividend	-	-	-	-	(189.56)	-	-	-	(189.56)
Balance as at March 31, 2018	**6,930.89**	**15.50**	**-**	**3,130.48**	**33,796.61**	**286.60**	**1,096.37**	**(44.92)**	**45,211.53**
Balance at April 1, 2018	**6,930.89**	**15.50**	**-**	**3,130.48**	**33,796.61**	**286.60**	**1,096.37**	**(44.92)**	**45,211.53**
- Profit for the year	-	-	-	-	10,712.81	-	-	-	10,712.81
- Other Comprehensive Income	-	-	-	-	(51.69)	(69.56)	33.29	21.02	(66.94)
Total comprehensive income	**-**	**-**	**-**	**-**	**10,661.12**	**(69.56)**	**33.29**	**21.02**	**10,645.87**
Transfer from retained earnings	-	-	-	100.00	-	-	-	-	100.00
Transfer to general reserve	-	-	-	-	(100.00)	-	-	-	(100.00)
Transaction with owners in their capacity as owners									
- Equity dividend	-	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	-	(239.26)	-	-	-	(239.26)
- Interim equity dividend	-	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on interim equity dividend	-	-	-	-	(239.26)	-	-	-	(239.26)
Balance as at March 31, 2019	**6,930.89**	**15.50**	**-**	**3,230.48**	**41,551.27**	**217.04**	**1,129.66**	**(23.90)**	**53,050.94**

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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Cash Flow Statement

for the year ended March 31, 2019

In ₹ Million

Particulars	March 31, 2019	March 31, 2018
Operating activities		
Profit before tax	**16,230.78**	**11,306.70**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	3,466.31	3,067.49
Unrealised foreign exchange loss/(gain)/MTM (net)	(139.01)	718.34
Interest income on fixed deposit and others	(179.47)	(149.41)
Interest income on loan to subsidiaries	(13.02)	(11.48)
Liabilities/provision no longer required written back	(30.13)	(19.60)
Provision for doubtful debts and advances (net) including expected credit loss	54.82	50.00
Bad debts/advances written off	62.37	50.61
Finance costs	1,024.05	848.38
(Gain) on sale of property, plant and equipment (net)	(134.01)	(34.17)
Dividend income from investments	(1.47)	(228.47)
Dividend income from subsidiary company	(79.36)	-
Net (gain) on sale of financial investments	(125.64)	(52.57)
Net (gain) on fair valuation of financial instruments (FVTPL)	(714.75)	(461.23)
Exceptional items	-	1,332.05
Operating profit before working capital changes	**19,421.47**	**16,416.64**
Working capital adjustments :		
(Increase) in trade receivable	(4,528.91)	(3,824.05)
(Increase) in inventories	(2,223.66)	(1,115.62)
(Increase)/Decrease in other financial assets	(245.14)	74.32
Decrease/(Increase) in other assets	104.25	(528.65)
(Decrease) in provisions	(178.97)	(13.09)
Increase in trade payables	1,296.28	2,272.91
(Decrease) in other financial liabilities	(2.27)	(3.18)
(Decrease) in other liabilities	(393.56)	(49.60)
Cash generated from operations	**13,249.49**	**13,229.68**
Income taxes paid (net of refunds)	(5,283.66)	(3,816.73)
Net cash flow from operating activities (A)	**7,965.83**	**9,412.95**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(8,846.56)	(3,935.87)
Proceeds from sale of property, plant and equipment and intangible assets	390.86	87.27
Investments in subsidiaries/joint venture/associates	(1,976.78)	(855.11)
Loan/amount recoverable/advance given to subsidiaries	(9.71)	(336.04)
Proceeds from loan given to subsidiaries	6.66	-
Loan given to employees	(48.58)	(66.68)
Proceeds from loan given to others	39.96	125.21
Investments in financial instruments	(38,098.74)	(50,977.37)
Proceeds from sale of financial instruments	38,317.54	48,584.82
Interest received	126.22	176.87
Dividends received	80.83	228.47
Net cash flows used in investing activities (B)	**(10,018.30)**	**(6,968.43)**

Cash Flow Statement

for the year ended March 31, 2019 (Contd.):

In ₹ Million

Particulars	March 31, 2019	March 31, 2018
Financing activities		
Dividend paid on equity shares	(2,327.94)	(2,095.14)
Tax on equity dividend paid	(478.52)	(426.52)
Interest paid	(797.12)	(655.55)
Proceeds from borrowings	56,788.62	46,404.99
Repayment of borrowings	(50,197.70)	(46,893.45)
Net cash flows from/(used) in financing activities (C)	**2,987.34**	**(3,665.67)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**934.87**	**(1,221.15)**
Cash and cash equivalents at the beginning of the year*	**1,025.63**	**2,246.78**
Cash and cash equivalents at the end of the year*	**1,960.50**	**1,025.63**

*Excluding earmarked balances (on unclaimed dividend accounts)

Cash and Cash equivalents for the purpose of cash flow statement

	March 31, 2019	March 31, 2018
Balances with banks:		
In cash credit and current accounts	1,434.90	1,010.97
Deposits with original maturity of less than three months	525.00	330.00
Cash on hand	0.66	0.87
Total	**1,960.56**	**1,341.84**
Less : cash credit	0.06	316.21
	1,960.50	**1,025.63**

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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Notes to Standalone Financial Statements

for the year ended March 31, 2019

1. Corporate information

Bharat Forge Limited ("the Company") is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956. 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 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 and Satara locations. The Company's CIN is L25209PN1961PLC012046. The financial statements were authorized for issue in accordance with a resolution of the board of directors on May 20, 2019.

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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

a. Current versus non-current classification (Contd.):

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 balance

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 ending 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 a 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 expenses 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 Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

b. Foreign currencies (Contd.):

Exchange differences (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 venture and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost less accumulated impairment.

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

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

d. Fair value measurement (Contd.):

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the 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 summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 49)
- Quantitative disclosures of fair value measurement hierarchy (note 47)
- Investment in unquoted equity shares (note 6 and 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 recognised 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".

Post Implementation of Goods and Service Tax (GST) w.e.f. July 1, 2017, "Revenue from operations" is required to be disclosed net of GST. Accordingly, the revenue from operations are inclusive of excise duty invoiced till June 30, 2017 and are not comparable with revenue for year ended March 31, 2018 to that extent.

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 recognised 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 effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Export incentives

Revenue 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

e. Revenue from contracts with customers (Contd.):

Tooling income

Revenue from tooling income is recognised at the point in time when the control of the die is transferred, which is on receipt of customer's approval as per the terms of the contract.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days maximum and hence revenue is recognized when products are sent to customer on which job work is done. 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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

f. Government grants (Contd.):

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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

g. Taxes (Contd.):

Deferred tax (Contd.):

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

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

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

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

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 non-cenvatable GST, 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:

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

h. Property, plant and equipment (Contd.):

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building- Factory	30	30
Buildings- Others (including roads)	5 to 60	5 to 60
Plant and machinery (including dies)	15	1 to 21
Plant and machinery- Windmill	25	19
Plant and machinery - Computers	3	3
Office equipment	5	5
Railway sidings	15	10
Electrical installation	10	10
Factory equipments	10	10
Furniture and fixtures	10	10
Vehicles	8	8
Aircrafts	20	6 to 18

Expenditure on power line is amortised 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. The Company has taken certain land on lease for a period of 99 years. Leasehold land is amortised on the straight line method over period of the lease.

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 measurements, the fair value measurement of investment property is disclosed in note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model recommended by recognised 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (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 recognised 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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

l. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the same is in line with inflation.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the same is in line with inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised 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 finished goods includes excise duty. 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 and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a weighted average basis.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

m. Inventories (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 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 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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

o. Provisions and contingent liabilities (Contd.):

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.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

p. Post-employment and other employee benefits (Contd.):

Gratuity (Contd.):

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 recognises related restructuring costs
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.
- The Company recognises 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 twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

p. Post-employment and other employee benefits (Contd.):

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 amortised 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 amortised 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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

q. Financial instruments (Contd.):

Debt instrument 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 FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The 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 instruments 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 instrument 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 instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a 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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

q. Financial instruments (Contd.):

Derecognition (Contd.):

- 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 17
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 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:

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

q. Financial instruments (Contd.):

Impairment of financial assets (Contd.):

- 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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

q. Financial instruments (Contd.):

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 recognised less cumulative amortisation.

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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

q. Financial instruments (Contd.):

Embedded derivatives (Contd.):

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 recognised 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 recognised asset or liability or an unrecognised 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 unrecognised 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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

r. Derivative financial instruments and hedge accounting (Contd.):

Initial recognition and subsequent measurement (Contd.):

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 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 or 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 Standalone Financial Statements

for the year ended March 31, 2019 (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 equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders 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 disclosures

a. Revenue from contract with customer

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

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

a. Revenue from contract with customer (Contd.):

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at April 1, 2018.

There is no impact of transition to Ind AS 115 on retained earnings as on April 1, 2018. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

b. Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Company's financial statements.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (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
Cost												
at April 1, 2017 [Refer Note (e)]	**173.39**	**70.82**	**4,156.85**	**21,903.68**	**53.67**	**0.02**	**178.81**	**393.95**	**125.06**	**2,524.22**	**6.17**	**29,586.64**
Additions	-	-	37.45	4,242.51	11.15	-	-	130.58	29.11	17.04	-	4,467.84
Disposals	-	-	-	(55.94)	-	-	-	-	(0.05)	(1.20)	-	(57.19)
Other adjustments												
- Borrowing costs	-	-	0.47	28.29	-	-	-	-	-	-	-	28.76
- Exchange differences	-	-	5.48	74.28	-	-	-	0.65	0.00	13.28	-	93.69
at March 31, 2018	**173.39**	**70.82**	**4,200.25**	**26,192.82**	**64.82**	**0.02**	**178.81**	**525.18**	**154.12**	**2,553.34**	**6.17**	**34,119.74**
Additions	233.75	-	264.34	3,417.48	24.11	-	1.70	248.10	39.55	16.53	-	4,245.56
Disposals	-	-	-	(141.22)	(4.17)	-	-	-	(13.59)	(0.05)	-	(159.03)
Other adjustments												
- Borrowing costs	-	-	-	2.36	-	-	-	0.03	-	-	-	2.39
- Exchange differences	-	-	19.85	132.51	-	-	-	2.18	-	9.87	-	164.41
at March 31, 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**
Depreciation and impairment												
at April 1, 2017 [Refer Note (e)]	-	1.59	233.62	5,159.94	12.89	-	64.15	93.85	32.13	372.43	6.17	5,976.77
Charge for the year	-	0.79	159.11	2,563.29	10.16	-	24.27	39.25	13.09	190.37	-	3,000.33
Disposals	-	-	-	(2.81)	-	-	-	-	(0.02)	(0.60)	-	(3.43)
at March 31, 2018	**-**	**2.38**	**392.73**	**7,720.42**	**23.05**	**-**	**88.42**	**133.10**	**45.20**	**562.20**	**6.17**	**8,973.67**
Charge for the year	-	0.79	145.59	2,943.83	12.71	-	21.83	55.49	16.36	191.53	-	3,388.13
Disposals	-	-	-	(81.41)	(3.63)	-	-	-	(8.14)	(0.01)	-	(93.19)
at March 31, 2019	**-**	**3.17**	**538.32**	**10,582.84**	**32.13**	**-**	**110.25**	**188.59**	**53.42**	**753.72**	**6.17**	**12,268.61**
Net block												
at March 31, 2018	**173.39**	**68.44**	**3,807.52**	**18,472.40**	**41.77**	**0.02**	**90.39**	**392.08**	**108.92**	**1,991.14**	**-**	**25,146.07**
at March 31, 2019	**407.14**	**67.65**	**3,946.12**	**19,021.11**	**52.63**	**0.02**	**70.26**	**586.90**	**126.66**	**1,825.97**	**-**	**26,104.46**

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2018: ₹ 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, 2019 was ₹ Nil (March 31, 2018: ₹ Nil).

(d) Assets include assets lying with third party amounting to ₹ 162.29 Million (March 31, 2018: ₹ 170.03 Million)

(e) As at transition date (i.e. April 1, 2015), the Company had elected to continue with the carrying value (for both gross block and accumulated amortization) of Property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed costs. However for disclosure purpose the Company continued to disclose cost and accumulate depreciation as per previous GAAP. In the current year, the Company has disclosed the carrying value of Property, plant and equipment on net basis (i.e. net block as at March 31, 2015 is shown as gross block of April 1, 2015). Accordingly, cost ans accumulated depreciation as at April 1, 2017 has been adjusted.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

4. Investment property

In ₹ Million

	Freehold land
Cost	
at April 1, 2017	2.89
Additions	-
Disposals	-
at March 31, 2018	**2.89**
Additions	-
Disposals	-
at March 31, 2019	**2.89**
Depreciation and impairment	
at April 1, 2017	-
Depreciation for the year	-
at March 31, 2018	-
Depreciation for the year	-
at March 31, 2019	-
Net block	
at March 31, 2018	**2.89**
at March 31, 2019	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2019	March 31, 2018
Rental income derived from investment properties (included in Rent in note 25)	2.80	2.69
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)	0.20	1.40
Profit arising from investment properties before depreciation and indirect expenses	2.60	1.29
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.60**	**1.29**

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

As at March 31, 2019 and March 31, 2018, the fair values of the properties are ₹ 2,445.00 million, ₹ 2,425.21 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 main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

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 realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. 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, 2017	2,425.21
Fair value difference	-
Purchases	-
at March 31, 2018	**2,425.21**
Fair value difference	19.79
Purchases	-
at March 31, 2019	**2,445.00**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

5. Intangible assets

In ₹ Million

	Computer software	Technology Licence	Total
Cost			
at April 1, 2017	173.72	37.12	210.84
Purchase	36.19	-	36.19
Exchange differences	0.01	-	0.01
at March 31, 2018	**209.92**	**37.12**	**247.04**
Purchase	61.85	120.40	182.25
Exchange differences	0.13	-	0.13
at March 31, 2019	**271.90**	**157.52**	**429.42**
Amortisation and impairment			
at April 1, 2017	49.74	-	49.74
Amortisation	65.33	1.83	67.16
at March 31, 2018	**115.07**	**1.83**	**116.90**
Amortisation	58.42	19.76	78.18
at March 31, 2019	**173.49**	**21.59**	**195.08**
Net block			
at March 31, 2018	**94.85**	**35.29**	**130.14**
at March 31, 2019	**98.41**	**135.93**	**234.34**

As at transition date (i.e. April 1, 2015), the Company has elected to continue with the carrying value (for both gross block and accumulated amortization) of Intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed costs. In the current year, the Company has shown the carrying value of Intangible assets on net basis (i.e. net block as at March 31, 2015 is shown as gross block of April 1, 2015). Accordingly, balances as at April 1, 2017 has been adjusted.

6. Investment in subsidiaries, joint venture and associates

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
At Cost		
Unquoted equity instruments (fully paid)		
- 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, 2018 : EUR 5,000,000)]		
Capital contribution credited in favour of Bharat Forge Limited [Refer note 6(a)]	4,962.84	3,978.98
[EUR 73,464,428 (March 31, 2018 : EUR 61,464,428)]		
	5,250.82	4,266.96
60 (March 31, 2018 : 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc.	831.91	831.91
USD 33,396,597 (March 31, 2018 : USD 33,396,597)		
64,000 (March 31, 2018 : 64,000) equity shares of £ 1/- each fully paid up in	304.78	304.78
Bharat Forge International Limited		
124,983,334 (March 31, 2018 : 124,983,334) equity shares of ₹ 10/- each fully paid up in	869.84	869.84
BF Infrastructure Limited [Refer note 6(b)(i)]		
Less : Provision for impairment in value of investments [Refer note 32(a)(i)]	869.84	869.84
	-	-
18,489,670 (March 31, 2018 : 18,489,670) equity shares of ₹ 10/- each fully paid up in	20.15	20.15
Analogic Controls India Limited [Refer note 6(c)]		
Less : Provision for impairment in value of investments	16.55	16.55
	3.60	3.60
carried over	6,391.11	5,407.25

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

6. Investment in subsidiaries, joint venture and associates (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	6,391.11	5,407.25
- Other subsidiaries where Company holds 51% or more of the equity share capital		
1,010,000 (March 31, 2018 : 1,010,000) equity shares of ₹ 10/- each fully paid up in	10.10	10.10
BF Elbit Advanced Systems Private Limited [Refer note 6(d)]		
18,417,678 (March 31, 2018 : 18,417,678) equity shares of ₹ 10/- each fully paid up in	184.17	184.17
Kalyani Strategic Systems Limited [Refer note 6(e)]		
- Investments in joint venture		
7,128,219 (March 31, 2018 : 7,128,219) equity shares of ₹ 10/- each fully paid up in	33.64	33.64
BF NTPC Energy Systems Limited [Refer note 6(f)]		
Less : Provision for impairment in value of investments [Refer note 32(a)(ii)]	33.64	33.64
	-	-
- Investments in associates		
12,313 (March 31, 2018 : 4,736) equity shares of ₹ 10/- each in	260.38	100.41
Tork Motors Private Limited [Refer note 6(g)(i)]		
777,840 (March 31, 2018 : Nil) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited	892.93	-
[GBP 9,910,000 (March 31, 2018 : Nil)] [Refer note 6(h)]		
Unquoted Preference shares (fully paid)		
- Investment in wholly owned subsidiaries		
21,814,050 (March 31, 2018 : 21,814,050) compulsorily convertible preference shares of ₹ 10/- each	-	-
in BF Infrastructure Limited [Refer note 6(b)(ii)]		
- Investments in associates		
Nil (March 31, 2018 : 2,841) compulsorily convertible preference shares of ₹ 10/- each in		
Tork Motors Private Limited [Refer note 6(g)(ii)]	59.98	59.98
Less : Converted into equity shares	59.98	-
	-	59.98
Total	**7,738.69**	**5,761.91**

(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, the Company has made further capital contribution to BFGH of ₹ 983.86 million (March 31, 2018 : ₹ 303.00 million).

(b) BF Infrastructure Limited (BFIL, India)

(i) During the previous year, the Company had made further investment in BFIL, India of ₹ 294.56 million by acquiring 29,455,640 equity shares of ₹ 10/- each.

Further in the previous year, the Company had impaired ₹ 869.84 million in investment in equity instrument of BFIL, India. The impairment was recognised as an exceptional item in the statement of profit and loss.

(ii) During the previous year, terms of the preference shares had been changed from redeemable to compulsorily convertible preference shares. The conversion in to equity shares took place in the ratio of 1:1 as per the terms of conversion. This investment was carried at fair value of ₹ Nil, as at April 1, 2015.

(c) Analogic Controls India Limited (ACIL)

During the previous year, the Company had made further investment in ACIL of ₹ 100.00 for acquiring 1,103,468 equity shares of ₹ 10/- each.

Further in the previous year 1,573,100 “0% Unsecured Compulsorily Convertible Debentures” of ₹ 100/- each was converted into 15,731,000 equity shares of ₹ 10/- each in accordance with the terms of issue, at fair value of ₹ 3.60 million as on conversion date. Subsequently ACIL became the wholly owned subsidiary of the Company.

(d) BF Elbit Advanced Systems Private Limited (BFEASPL)

During the previous year, the Company had made further investment in BFEASPL of ₹ 10.00 million by acquiring 1,000,000 equity shares of ₹ 10/- each.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

6. Investment in subsidiaries, joint venture and associates (Contd.):

(e) Kalyani Strategic Systems Limited (KSSL)

During the previous year, the Company had made further investment in KSSL of ₹ 84.27 million by acquiring 8,427,078 equity shares of ₹ 10/- each.

(f) BF NTPC Energy Systems Limited (BFNTPCESL)

During the previous year, the Company had made further investment in BFNTPCESL of ₹ 2.89 million by acquiring 289,119 equity shares of ₹ 10/- each.

Further in the previous year, the Company had impaired of ₹ 26.45 million in investment in equity instrument of BFNTPCESL. The impairment was recognised as an exceptional item in the statement of profit and loss.

During the current 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.

(g) Tork Motors Private Limited (TMPL)

(i) During the current year, the Company has made an additional investment in TMPL of ₹ 99.99 million (March 31, 2018 : ₹ 100.41 million) by acquiring 4,736 equity shares of ₹ 10/- each.

(ii) Further in the previous year, the Company had made investment in TMPL of ₹ 59.98 million by acquiring 2,841 compulsority convertible preference shares of ₹ 10/- each. In the current year, the said 2,841 compulsorily convertible preference shares of ₹ 10/- each were converted into 2,841 equity shares of ₹ 10/- each in accordance with the terms of issue, at fair value of ₹ 59.98 million as on conversion date.

(h) Tevva Motors (Jersey) Limited (TMJL)

During the current year, the Company has made investment in TMJL ₹ 892.93 million by acquiring 777,840 ordinary shares of £ 0.00001 each.

7. Investments

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current investment		
(a) Investment 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, 2018 : 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	583.06	637.94
Equity instruments (quoted) (fully paid)		
- Investments in others		
613,000 (March 31, 2018 : 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) [Refer note 7(b)]	60.47	132.73
613,000 (March 31, 2018 : Nil) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) [Refer note 7(b)]	57.58	-
Total FVTOCI investments (a)	**701.11**	**770.67**
(b) Investments 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, 2018 : 504,432) equity shares of ₹ 10/- each in Gupta Energy Private Limited [Refer note 7(a)]	-	-
- Bonds (quoted)		
250 (March 31, 2018 : Nil) Secured redeemable non-convertible debentures of ₹ 1,000,000/- each in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-
carried over	268.67	-

Notes to Standalone Financial Statements
for the year ended March 31, 2019 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	268.67	-
- Investments in private equity fund (unquoted funds)		
1,179,546.87 (March 31, 2018 : 635,009.59) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	171.60	115.57
	440.27	**115.57**
- Investments in mutual funds (quoted funds)		
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OE (1153 days) - Direct Plan-Growth	23.13	21.47
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OG (1146 days) - Direct Plan-Growth	23.10	21.45
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Direct Plan-Growth	23.19	21.54
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OI (1120 days) - Direct Plan-Growth	23.14	21.49
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OK (1135 days) - Direct Plan-Growth	23.06	21.42
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	32.74	30.47
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	21.87	20.34
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	21.81	20.30
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	32.59	30.34
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	32.57	30.32
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	21.68	20.18
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series QG (1100 days) - Direct Plan-Growth	21.57	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth	20.18	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth	20.06	-
20,000 (March 31, 2018: 20,000) Units of ₹ 1,000 each of DHFL Pramerica Fixed Duration Fund - Series AE - Direct Plan - Growth Option	23.16	21.49
20,000 (March 31, 2018: 20,000) Units of ₹ 1,000 each of DHFL Pramerica Fixed Duration Fund - Series AH - Direct Plan - Growth Option	22.32	20.78
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 204 - 37M - Direct Plan - Growth	23.07	21.46
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 217 - 40M - Direct Plan - Growth	21.86	20.35
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 219 - 40M - Direct Plan - Growth	21.82	20.30
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 223 - 39M - Direct Plan - Growth	21.70	20.18
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of Franklin India Fixed Matuirity Plan - Series 2 - Plan A - Direct Plan - Growth	32.70	30.47
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Franklin India Fixed Matuirity Plan - Series 2 - Plan B - Direct Plan - Growth	21.85	20.34
carried over	529.17	434.69
carried over	440.27	115.57

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	440.27	115.57
brought over	529.17	434.69
Nil (March 31, 2018: 5,000,000) Units of ₹ 10 each of HDFC FMP 1107D March 2016 (1) Series 36 - Direct Option - Growth Option	-	58.84
Nil (March 31, 2018: 5,000,000) Units of ₹ 10 each of HDFC FMP 1114D March 2016 (1) Series 35 - Direct Option - Growth Option	-	58.88
5,000,000 (March 31, 2018: 5,000,000) Units of ₹ 10 each of HDFC FMP 1169D February 2017 (1) Series 37 - Direct Option - Growth Option	57.73	53.78
Nil (March 31, 2018: 5,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1115 Days Plan X Direct Plan Cumulative Option	-	58.76
Nil (March 31, 2018: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1130 Days Plan T Direct Plan Cumulative Option	-	23.51
Nil (March 31, 2018: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1135 Days Plan W Direct Plan Cumulative Option	-	23.48
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct Plan - Cumulative Option	34.68	32.18
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1194 Days Plan F - Direct Plan - Cumulative Option	34.76	32.27
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Direct Plan - Cumulative Option	34.80	32.29
5,000,000 (March 31, 2018: 5,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days Plan B - Direct Plan - Cumulative Option	54.86	50.91
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days Plan C - Direct Plan - Cumulative Option	21.92	20.33
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days Plan G - Direct Plan - Cumulative Option	21.86	20.29
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days Plan K - Direct Plan - Cumulative Option	21.82	20.26
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days Plan P - Direct Plan - Cumulative Option	20.01	-
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	21.67	20.19
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	21.55	20.08
Nil (March 31, 2018: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 191 - Direct - Growth	-	23.53
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 200 - Direct - Growth	23.10	21.48
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 214 - Direct - Growth	21.89	20.33
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 219 - Direct - Growth	21.73	20.17
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Kotak FMP Series 252-Direct - Growth	20.88	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Kotak FMP Series 267-Direct - Growth	20.00	-
Nil (March 31, 2018: 5,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 13 -Direct Growth Plan	-	59.05
Nil (March 31, 2018: 5,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 17 -Direct Growth Plan	-	58.80
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXII-Series 8 - Direct Growth Plan	34.69	32.19
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII-Series 1 - Direct Growth Plan	23.22	21.52
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII-Series 3 - Direct Growth Plan	23.17	21.51
carried over	1,063.51	1,239.32
carried over	440.27	115.57

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	440.27	115.57
brought over	1,063.51	1,239.32
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXV-Series 12 - Direct Growth Plan	21.90	20.37
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXVI-Series 1 - Direct Growth Plan	21.77	20.25
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXVI-Series 7 - Direct Growth Plan	21.65	20.15
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII-Series 4 - Direct Growth Plan	23.17	21.50
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXVIII- Series 1 - Direct Growth Plan	21.55	-
Nil (March 31, 2018: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series B - 35 (1131 Days) - Direct Growth	-	23.51
Nil (March 31, 2018: 5,000,000) Units of ₹ 10 each of SBI Debt Fund Series B - 36 (1131 Days) - Direct Growth	-	58.43
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	32.65	30.49
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	21.78	20.30
4,000,000 (March 31, 2018: 4,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	43.46	40.50
3,000,000 (March 31, 2018: 3,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	32.59	30.36
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	21.54	20.11
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth	20.12	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth	20.00	-
Nil (March 31, 2018: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXIV-VIII (1184 Days) Direct Growth Plan	-	23.60
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVI-VI (1146 Days)- Direct Growth Plan	23.09	21.46
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	21.81	20.30
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	21.76	20.26
2,000,000 (March 31, 2018: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	21.64	20.12
Total	**1,453.99**	**1,651.03**
- Investments in mutual funds (unquoted funds)		
236,778.737 (March 31, 2018: 236,778.737) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	488.97	454.79
10,397.238 (March 31, 2018: 10,397.238) Units of ₹ 1,000 each of Baroda Liquid Fund - Plan A Growth (erstwhile Baroda Pioneer Liquid Fund - Plan A)	22.24	20.68
Nil (March 31, 2018: 1,031,029.876) Units of ₹ 100 each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan (erstwhile Aditya Birla Sun Life Cash Plus)	-	286.87
1,523,751.157 (March 31, 2018: 1,865,798.957) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	562.47	637.93
Nil (March 31, 2018: 951,545.771) Units of ₹ 100 each of DHFL Pramerica Insta Cash Plus Fund - Growth	-	214.09
carried over	1,073.68	1,614.36
carried over	1,453.99	1,651.03
carried over	440.27	115.57

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	440.27	115.57
brought over	1,453.99	1,651.03
brought over	1,073.68	1,614.36
11,406,860.077 (March 31, 2018: 11,406,860.077) Units of ₹ 10 each of DSP Low Duration Fund - Regular Plan - Growth	155.06	143.91
141,714.320 (March 31, 2018: 141,714.320) Units of ₹ 1,000 each of DSP Liquidity Fund - Regular Plan - Growth	376.76	350.60
33,604.190 (March 31, 2018: 134,219.074) Units of ₹ 1000 each of HDFC Liquid Fund - Regular Plan - Growth	123.00	457.76
22,206,252.778 (March 31, 2018: 26,053,398.004) Units of ₹ 10 each of HDFC Floating Rate Debt Fund - Wholesale Option Regular Plan Growth Option (erstwhile HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option)	721.78	787.95
10,387,261.324 (March 31, 2018: 10,387,261.324) Units of ₹ 10 each of ICICI Prudential Corporate Bond Fund - Growth (erstwhile ICICI Prudential Ultra Short Term Plan)	198.40	185.10
1,072,105.216 (March 31, 2018: 1,422,546.019) Units of ₹ 100 each of ICICI Prudential Savings Fund - Growth (erstwhile ICICI Prudential Flexible Income)	384.60	474.16
480,066.719 (March 31, 2018: 1,821,685.402) Units of ₹ 100 each of ICICI Prudential Liquid Fund - Growth (erstwhile ICICI Prudential Liquid Plan)	132.22	467.06
91,128.217 (March 31, 2018: 91,128.217) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	205.72	191.68
7,724,376.960 (March 31, 2018: 7,724,376.960) Units of ₹ 10 each of IDFC Low Duration Fund - Growth - (Regular Plan) (erstwhile IDFC Ultra Short Term Fund)	204.68	190.22
Nil (March 31, 2018: 1,881,206.436) Units of ₹ 10 each of JM High Liquidity Fund - Growth	-	89.12
9,527,430.568 (March 31, 2018: 9,527,430.568) Units of ₹ 10 each of Kotak Savings Fund - Growth (Regular Plan) (erstwhile Kotak Treasury Advantage Fund)	285.55	264.80
118,258.886 (March 31, 2018: 118,258.886) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	301.99	280.96
35,516.374 (March 31, 2018: 35,516.374) Units of ₹ 1,000 each of LIC MF Liquid Fund-Regular Plan-Growth	119.59	111.37
14,224,483.194 (March 31, 2018: 14,224,483.194) Units of ₹ 10 each of Reliance Floating Rate Fund - Growth Plan (erstwhile Reliance Floating Rate Fund - Short Term Plan)	415.81	389.82
2,103.546 (March 31, 2018: 109,856.125) Units of ₹ 1,000 each of Reliance Money Market Fund - Growth Plan-Growth Option (erstwhile Reliance Liquidity Fund)	5.94	286.23
14,945,083.484 (March 31, 2018: 24,236,087.005) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund - Growth Plan	201.29	303.85
77,649.317 (March 31, 2018: 77,649.317) Units of ₹ 1,000 each of Invesco India Liquid Fund - Growth	198.91	185.09
Nil (March 31, 2018: 84,283.317) Units of ₹ 1,000 each of SBI Liquid Fund - Regular Plan - Growth (erstwhile SBI Premier Liquid Fund)	-	228.88
125,142.393 (March 31, 2018: 150,819.939) Units of ₹ 1,000 each of SBI Magnum Low Duration Fund-Regular Plan - Growth (erstwhile SBI Ultra Short Term Debt Fund)	302.68	338.11
5,108,954.240 (March 31, 2018: 5,108,954.240) Units of ₹ 10 each of Sundaram Money Fund - Regular Growth	200.41	186.43
42,289.555 (March 31, 2018: 42,289.555) Units of ₹ 1,000 each of Tata Treasury Advantage Fund Regular Plan - Growth (erstwhile Tata Ultra Short Term Fund)	120.13	111.39
Nil (March 31, 2018: 54,955.591) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	-	175.40
20,209.652 (March 31, 2018: 80,850.584) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan (erstwhile UTI Liquid Cash Plan - Institutional Plan)	61.63	229.36
152,078.521 (March 31, 2018: 176,364.274) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth (erstwhile UTI Treasury Advantage Fund Institutional Plan)	392.10	422.41
	6,181.93	**8,466.02**
Total FVTPL investments (Non-current) (b)	**8,076.19**	**10,232.62**
Total [(a) + (b)]	**8,777.30**	**11,003.29**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Current investments		
Investments at fair value through profit or loss (FVTPL)		
- Investments in mutual funds (quoted funds)		
5,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of HDFC FMP 1107D March 2016 (1) Series 36 - Direct Option - Growth Option	62.98	-
5,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of HDFC FMP 1114D March 2016 (1) Series 35 - Direct Option - Growth Option	63.25	-
5,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1115 Days Plan X Direct Plan Cumulative Option	63.21	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1130 Days Plan T Direct Plan Cumulative Option	25.29	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1135 Days Plan W Direct Plan Cumulative Option	25.26	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Kotak FMP Series 191 - Direct - Growth	25.28	-
5,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 13 -Direct Growth Plan	63.47	-
5,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 17 -Direct Growth Plan	63.18	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of SBI Debt Fund Series B - 35 (1131 Days) - Direct Growth	25.26	-
5,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of SBI Debt Fund Series B - 36 (1131 Days) - Direct Growth	62.78	-
2,000,000 (March 31, 2018: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXIV-VIII (1184 Days) Direct Growth Plan	25.38	-
Total	**505.34**	**-**
- Investments in mutual funds (unquoted funds)		
1,533,235.563 (March 31, 2018: 1,385,986.227) Units of ₹ 100 each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan (erstwhile Aditya Birla Sun Life Cash Plus)	458.44	385.63
342,047.800 (March 31, 2018: Nil) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	126.26	-
53,877.569 (March 31, 2018: 171,440.333) Units of ₹ 1,000 each of Franklin India Liquid Fund - Super Institutional Plan - Growth (erstwhile Franklin India Treasury Management Account - Super Institutional Plan)	150.22	444.17
242,865.282 (March 31, 2018: 173,620.842) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth	888.96	592.15
3,847,145.226 (March 31, 2018: Nil) Units of ₹ 10 each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option (erstwhile HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option)	125.04	-
Nil (March 31, 2018: 28,995.193) Units of ₹ 1,000 each of HSBC Cash Fund- Growth	-	50.03
2,432,148.573 (March 31, 2018: 2,481,867.160) Units of ₹ 100 each of ICICI Prudential Liquid Fund - Growth (erstwhile ICICI Prudential Liquid Plan)	669.86	636.32
350,440.803 (March 31, 2018: Nil) Units of ₹ 100 each of ICICI Prudential Savings Fund - Growth (erstwhile ICICI Prudential Flexible Income Plan)	125.71	-
119,462.058 (March 31, 2018: 118,140.1068) Units of ₹ 1,000 each of Kotak Liquid Regular Plan Growth	450.69	415.01
Nil (March 31, 2018: 21,069.831) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	-	50.06
9,291,003.521 (March 31, 2018: Nil) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund - Growth Plan	125.14	-
109,856.125 (March 31, 2018: 174,483.674) Units of ₹ 1,000 each of Reliance Money Market Fund - Growth Plan - Growth (erstwhile Reliance Liquidity Fund)	310.15	454.61
10,971.803 (March 31, 2018: Nil) Units of ₹ 1,000 each of Reliance Liquid Fund - Direct Plan - Growth Plan	50.05	-
carried over	3,480.52	3,027.98
carried over	505.34	-

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	505.34	-
brought over	3,480.52	3,027.98
276,801.604 (March 31, 2018: 201,872.390) Units of ₹ 1,000 each of SBI Liquid Fund - Regular Plan - Growth (erstwhile SBI Premier Liquid Fund)	807.24	548.20
25,677.546 (March 31, 2018: Nil) Units of ₹ 1,000 each of SBI Magnum Low Duration Fund-Regular Plan - Growth	62.10	-
36,188.722 (March 31, 2018: Nil) Units of ₹ 1,000 each of SBI Magnum Ultra Short Duration Fund - Regular Plan - Growth	150.06	-
109,881.737 (March 31, 2018: 92,991.121) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan (erstwhile UTI Liquid Cash Plan - Institutional Plan)	335.13	263.80
24,285.753 (March 31, 2018: Nil) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Regular Plan - Growth	62.63	-
Total	**4,897.68**	**3,839.98**
Total FVTPL investments (Current)	**5,403.02**	**3,839.98**
Aggregate book value of quoted investments	**2,031.07**	**1,640.24**
Aggregate market value of quoted investments	**2,288.47**	**1,783.76**
Aggregate value of unquoted investments	**11,891.85**	**13,059.51**

(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, as at April 1, 2015.

(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, 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 order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited. KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company has 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. is 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.

8. Loans

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current (Unsecured, considered good)		
Loans to related parties		
Loans to subsidiaries	179.92	183.50
Other loans		
Loans to employees	35.01	26.13
Total	**214.93**	**209.63**
Current (Unsecured, considered good)		
Other loans		
Loans to employees	27.72	27.98
Total	**27.72**	**27.98**

No loans 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 for loan to BF Elbit Advanced Systems Private Limited. Refer notes 39 & 42 for further details.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

8. Loans (Contd.):

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 party.

9. Derivative instruments

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,097.84	476.63
Fair value hedges (FVTPL)		
Cross currency swap	78.13	-
Total	**1,175.97**	**476.63**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	650.59	1,245.80
Fair value hedges (FVTPL)		
Foreign currency forward contracts	156.38	-
Total	**806.97**	**1,245.80**

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).

10. Other financial assets

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Government grants*	966.91	695.86
Security deposits	387.67	345.35
Receivable for sale of property, plant and equipment	-	91.00
Deposits with original maturity for more than twelve months #	0.03	0.03
Total	**1,354.61**	**1,132.24**
Current		
Government grants*	961.14	1,021.17
Energy credit receivable - windmills	6.33	6.69
Interest accrued on fixed deposits etc.	84.42	5.31
Receivable for sale of property, plant and equipment	-	100.00
Recoverable from subsidiaries [Refer note 39]	163.68	275.82
Total	**1,215.57**	**1,408.99**

* 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.

\# ₹ 0.03 million (March 31, 2018 : ₹ 0.03 million) in non-current portion pledged with the sales tax department.

11. Inventories

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Raw materials and components [includes items lying with third parties]	2,185.20	1,329.02
Work-in-progress [includes items lying with third parties]	3,232.55	2,471.29
Finished goods [includes items in transit]	892.76	524.97
Stores, spares and loose tools	1,062.55	907.14
Dies and dies under fabrication	151.93	114.08
Scrap	79.21	34.04
Total	**7,604.20**	**5,380.54**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

11. Inventories (Contd.)

During the year ended March 31, 2019: ₹ 33.11 million (March 31, 2018: ₹ 28.76 million) was recognised as an expense for inventories carried at net realisable value.

12. Trade receivables

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured		
Considered good	-	233.77
Total	**-**	**233.77**
Current		
Secured		
Considered good	68.49	157.98
	68.49	**157.98**
Unsecured		
Considered good (including related party receivables)	22,598.87	17,812.67
Significant increase in credit risk	-	-
Credit impaired	87.61	108.25
	22,686.48	**17,920.92**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	87.61	108.25
Unsecured (Considered good)	83.77	62.62
	171.38	**170.87**
Total	**22,583.59**	**17,908.03**

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.

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.

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, 2019	As at March 31, 2018
Transferred receivables	13,834.10	10,592.08
Associated secured borrowing **[bank loans - refer note 18]**	13,835.20	10,594.78

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

13. Cash and bank balances

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	1,434.90	1,010.97
Deposits with original maturity of less than three months	525.00	330.00
Cash on hand	0.66	0.87
Total	**1,960.56**	**1,341.84**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	37.82	36.04
Deposits with original maturity of less than twelve months	1,700.00	499.00
Total	**1,737.82**	**535.04**

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

	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	2,001.88	1,381.61
Balances with government authorities	377.85	564.79
Other advances ***	152.44	-
Total	**2,532.17**	**1,946.40**
Current		
Balances with government authorities	1,766.47	2,031.07
Advance to suppliers	452.46	436.64
Other advances ***	515.00	358.79
Total	**2,733.93**	**2,826.50**

*** Includes ₹ 152.44 million as advance for investment in equity shares of subsidiary and 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.

Break up of financial assets carried at amortised cost

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Loans [Refer note 8]	242.65	237.61
Other financial assets [Refer note 10]	2,570.18	2,541.23
Trade receivables [Refer note 12]	22,583.59	18,141.80
Cash and cash equivalents [Refer note 13]	1,960.56	1,341.84
Other bank balances [Refer note 13]	1,737.82	535.04
Total	**29,094.80**	**22,797.52**

Break up of financial assets carried at fair value through OCI

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Investments [Refer note 7]	701.11	770.67
Derivative instruments [Refer note 9]	1,748.43	1,722.43
Total	**2,449.54**	**2,493.10**

Notes to Standalone Financial Statements
for the year ended March 31, 2019 (Contd.):

Break up of financial assets carried at fair value through profit and loss

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Investments [Refer note 7]	13,479.21	14,072.60
Derivative instruments [Refer note 9]	234.51	-
Total	**13,713.72**	**14,072.60**

15. Equity share capital

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Authorized shares (No.)		
975,000,000 (March 31, 2018 : 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2018 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2018 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2018 : 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2018 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2018 : 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2018: 15,010) of ₹ 2/- each (amount partly paid In ₹ 1/- each) and 157,830 equity shares (March 31, 2018 : 157,830) of ₹ 2/- each (amount partly paid In ₹ 0.50 each)	0.09	0.09
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.

In the event of liquidation of the 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.

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

Equity shares	As at March 31, 2019		As at March 31, 2018	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	465,588,63	931.18	232,794,316	465.59
Issued during the year **[Refer note 16(c)(ii)]**	-	-	232,794,316	465.59
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

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

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

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

	Year ended March 31, 2019	Year ended March 31, 2018
	No.	No.
Equity shares alloted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316	232,794,316

Notes to Standalone Financial Statements
for the year ended March 31, 2019 (Contd.):

15. Equity share capital (Contd.):

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

Name of the Shareholder*	As at March 31, 2019		As at March 31, 2018	
	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	55,160,174	11.85
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 [Refer note 16(c)(ii)]

	As at March 31, 2019	As at March 31, 2018
	No.	No.
4,680 (March 31, 2018 : 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, 2018 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2018 : 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, 2018 : 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.

16. Other equity

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
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**
Capital redemption reserve [Refer note 16(c)(i)]		
Balance as per the last financial statements	-	300.00
Less: Utilised for bonus share issue **[Refer note 16(c)(ii)]**	-	300.00
Closing balance	**-**	**-**
Securities premium [Refer note 16(d)]		
Balance as per the last financial statements	6,930.89	7,096.48
Less: Utilised for bonus share issue **[Refer note 16(c)(ii)]**	-	165.59
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	(44.92)	(226.84)
Add: Arising during the year (loss)	(197.19)	(18.26)
Less: Adjusted during the year	(218.21)	(200.18)
Closing balance	**(23.90)**	**(44.92)**
carried over	6,922.49	6,901.47

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

16. Other equity (Contd.):

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	6,922.49	6,901.47
Hedge reserve [Refer note 2.2(r)]		
Balance as per the last financial statements	1,096.37	2,208.80
Add: Arising during the year	827.37	282.15
Less: Adjusted during the year	794.08	1,394.58
Closing balance	**1,129.66**	**1,096.37**
General reserve		
Balance as per the last financial statements	3,130.48	3,030.48
Add: Amount transferred from surplus balance in the statement of profit and loss	100.00	100.00
Closing balance	**3,230.48**	**3,130.48**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**34,083.21**	**29,429.22**
Add:		
- Net profit for the year	10,712.81	7,072.95
- Items of OCI :		
(1) Re-measurement of defined benefit obligations	(51.69)	36.24
(2) Equity Instruments through Other Comprehensive Income	(69.56)	166.47
	10,591.56	**7,275.66**
Less:		
- Final equity dividend of previous year	1,163.97	1,163.97
- Tax on final equity dividend of previous year	239.26	236.96
- Interim equity dividend	1,163.97	931.18
- Tax on interim equity dividend	239.26	189.56
- Transfer to general reserve	100.00	100.00
	2,906.46	**2,621.67**
Closing balance	**41,768.31**	**34,083.21**
Total	**53,050.94**	**45,211.53**

(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 form 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) Capital redemption reserve:

(i) Capital redemption reserve was created by amount setting aside on redemption of preference shares.

(ii) During the previous year, the Company had issued bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity share of ₹ 2/- each for every 1 (one) fully paid-up equity share held (including GDR holders) which was approved by the shareholders of the Company on September 24, 2017 through Postal Ballot/e-voting. Consequently, on October 03, 2017, the Company had allotted 232,794,316 Equity shares of ₹ 2/- each fully paid-up, to the shareholders of the Company as at the record date by transferring equivalent amount from "Capital redemption reserve" and "Securities premium account" to "Share capital".

(d) Securities premium account:

Securities premium account is utilised for issue of bonus equity shares. The same was utilised in accordance with the provisions of the Companies Act, 2013.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

17. Distribution made and proposed to be made

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2018 : ₹ 2.50 per share (March 31, 2017 : ₹ 5.00 per share)	1,163.97	1,163.97
DDT on final dividend	239.26	236.96
Interim dividend		
For the year ended on March 31, 2019 : ₹ 2.50 per share (March 31, 2018 : ₹ 2.00 per share)	1,163.97	931.18
DDT on interim dividend	239.26	189.56
Proposed dividend on equity shares :		
Final dividend		
For the year ended on March 31, 2019 : ₹ 2.50 per share (March 31, 2018 : ₹ 2.50 per share)	1,163.97	1,163.97
DDT on proposed dividend	239.26	239.26

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

18. Borrowings

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current borrowings		
- Term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis [Refer note 18(a)]	3,472.35	4,237.19
On bilateral basis [Refer note 18(a)]	10,706.56	4,857.48
- Other loans (secured)		
GITA R&D project loan [Refer note 18(c)]	2.68	3.35
Total	**14,181.59**	**9,098.02**
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis [Refer note 18(a)]	1,023.05	3,898.88
On bilateral basis [Refer note 18(a)]	465.91	-
Buyers line of credit for import of goods [Refer note 18(b)]	-	434.58
- Current maturity of other loans (secured)		
GITA R&D project loan [Refer note 18(c)]	0.67	-
- From banks		
Foreign currency loans		
Preshipment packing credit (secured) [Refer note 18(d)(i)]	361.68	149.77
Preshipment packing credit (unsecured) [Refer note 18(d)(i)]	97.51	-
Bill discounting with banks (secured) [Refer note 18(d)(ii)]	3,269.85	2,807.75
Bill discounting with banks (unsecured) [Refer note 18(d)(ii)]	4,598.68	6,506.31
Rupee loans		
Cash credit (secured) [Refer note 18(d)(iii)]	0.06	316.21
Preshipment packing credit (secured) [Refer note 18(d)(i)]	1,475.40	485.11
Preshipment packing credit (unsecured) [Refer note 18(d)(i)]	450.00	120.11
Bill discounting with banks (secured) [Refer note 18(d)(ii)]	1,657.81	959.57
Bill discounting with banks (unsecured) [Refer note 18(d)(ii)]	4,308.86	321.15
Total	**17,709.48**	**15,999.44**
Less: Amount disclosed in other current financial liabilities [Refer note 19]	1,489.63	4,333.46
Total	**16,219.85**	**11,665.98**
Total secured loans	6,768.15	4,721.76
Total unsecured loans	25,122.92	20,375.70
	31,891.07	**25,097.46**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings (Contd.):

Changes in liabilities arising from financing activities

In ₹ Million

	Current borrowings	Non-current borrowings
Balance as on April 1, 2017	**16,321.30**	**7,903.47**
Net cash flows	(5,488.23)	5,154.90
Foreign exchange differences	832.91	323.81
Regroup from non-current to current	4,345.83	(4,345.83)
Others	(12.37)	61.67
Balance as on March 31, 2018	**15,999.44**	**9,098.02**
Net cash flows	(124.63)	6,399.40
Foreign exchange differences	332.67	206.26
Regroup from non-current to current	1,503.98	(1,503.98)
Others	(1.98)	(18.11)
Balance as on March 31, 2019	**17,709.48**	**14,181.59**

(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 + 115 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

	Repayment schedule			
	As at March 31, 2019		As at March 31, 2018	
Date of repayment	**USD in Million**	**In ₹ Million**	**USD in Million**	**In ₹ Million**
From				
- October 2017 (3 half yearly)	-	-	45.00	2,933.44
- March 2019 (3 yearly)	35.00	2,420.60	50.00	3,259.38
- August 2021 (3 yearly)	30.00	2,074.80	30.00	1,955.63
- October 2021 (3 yearly)	50.00	3,458.00	50.00	3,259.38
	EUR in Million	**In ₹ Million**	**EUR in Million**	**In ₹ Million**
- August 2020 (3 yearly)	20.00	1,553.04	20.00	1,616.36
- May 2022 (3 yearly)	40.00	3,106.08	-	-
- February 2020 (5 yearly)	40.00	3,106.08	-	-

(b) Buyers line of credit for import of goods from banks (Unsecured)

Balance outstanding USD Nil (₹ Nil) (March 31, 2018 : USD 6.67 Million (₹ 434.58 million))

Repaid fully with interest @ LIBOR + 115 bps p.a.

(c) 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 from March 2020, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

(d) Working Capital Loans

(i) Preshipment packing credit

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

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

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 10 bps to LIBOR 90 bps p.a.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings (Contd.):

(ii) Bill discounting with banks

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

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 at 7.50% p.a. and LIBOR + 10 bps to LIBOR 125 bps p.a. and EURIBOR + 10 bps to EURIBOR 60 bps p.a respectively.

(iii) Cash credits (secured)

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

Cash credit is repayable on demand and carries interest @ 8.35% to 14.00% p.a.

19. Other financial liabilities

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Other non-current financial liabilities		
Voluntary retirement scheme compensation (at amortised cost)	1.10	1.98
Derivative liability *	-	151.68
Total	**1.10**	**153.66**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	40.65	57.10
Payables for capital goods	755.81	444.91
Security deposits	85.28	84.98
Directors commission	6.45	6.25
Current maturities of long term loans [Refer note 18]	1,489.63	4,333.46
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	37.48	35.70
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	0.88	5.32
Total	**2,416.22**	**4,967.76**

* Derivative instruments as fair value through profit or loss reflect change in fair value of those instruments that are not designated in hedge relationships, but are, neverthless intended to reduce the level of foreign currency risk expected on repayment.

includes unpaid due to litigation

20. Provisions

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Provision for gratuity [Refer note 37(a)]	115.09	143.57
Provision for special gratuity [Refer note 37(b)]	104.03	51.02
Provision for employees' provident fund [Refer note 37(c)]	31.86	-
Total	**250.98**	**194.59**
Current		
Provision for gratuity [Refer note 37(a)]	99.50	94.00
Provision for special gratuity [Refer note 37(b)]	9.42	10.62
Provision for leave benefits	301.42	263.47
Provision for expected losses [Refer note 32(a)(i)]	30.91	210.00
Total	**441.25**	**578.09**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are :

Statement of profit and loss :

In ₹ Million

Profit or loss section	March 31, 2019	March 31, 2018
Current income tax :		
Current income tax charge	5,350.68	4,161.42
Deferred tax		
Relating to origination and reversal of temporary differences	167.29	72.33
Income tax expense reported in the statement of profit and loss	**5,517.97**	**4,233.75**

In ₹ Million

OCI section	March 31, 2019	March 31, 2018
Deferred tax related to items recognised in OCI:		
Net loss/(gain) on revaluation of cash flow hedges	17.88	(580.08)
Net (gain)/loss on re-measurement of defined benefit plans	(27.76)	19.47
Income tax charged to OCI	(9.88)	(560.61)

In ₹ Million

Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for March 31, 2019 and March 31, 2018	March 31, 2019	March 31, 2018
Accounting profit before tax from operations	16,230.78	11,306.70
Applicable income tax rate of 34.944% (March 31, 2018: 34.608%)	5,671.68	3,913.02
Exempt income	-	(53.98)
Tax allowances	(122.90)	(82.36)
Exceptional items	-	460.93
Difference due to change in applicable statutory tax rate	-	19.04
Other disallowances	(30.81)	(22.90)
At the effective income tax rate of 34.00% (March 31, 2018: 37.44%)	**5,517.97**	**4,233.75**
Income tax expense reported in the statement of profit and loss	**5,517.97**	**4,233.75**

Major components of deferred tax as at March 31, 2019, March 31, 2018:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation	2,720.71	2,556.30
Fair valuation of cash flow hedges	606.78	588.90
Other deductible temporary differences	(625.44)	(600.56)
Net deferred tax liabilities	**2,702.05**	**2,544.64**

Major components of deferred tax for the year ended March 31, 2019 and March 31, 2018:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	164.41	216.14
Other deductible temporary differences	2.87	(143.81)
Deferred tax expense	**167.28**	**72.33**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes (Contd.):

In ₹ Million

Reflected in the balance sheet as follows	March 31, 2019	March 31, 2018
Deferred tax assets	(635.61)	(612.29)
Deferred tax liabilities	3,337.66	3,156.93
Deferred tax liabilities (net)	**2,702.05**	**2,544.64**

In ₹ Million

Reconciliation of deferred tax liabilities (net)	March 31, 2019	March 31, 2018
Opening balance	**2,544.64**	**3,032.92**
Tax income during the period recognised in profit or loss	167.29	72.33
Tax (expense) during the period recognised in OCI	(9.88)	(560.61)
Closing balance	**2,702.05**	**2,544.64**

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

(b) During the year ended March 31, 2019 and March 31, 2018, 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 Company has tax losses which arose due to capital loss of ₹ 199.60 million (March 31, 2018: ₹ 148.21 million) that are available for offsetting for eight years against future taxable profits of the companies in which the losses arose. This loss will expire in eight years from the end of the respective year to which it pertains.

(d) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of loss on sale of investment and there are no other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 69.75 million (March 31, 2018 : ₹ 51.79 million).

22. Trade payables

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Trade payables (including acceptances)		
Dues to micro enterprises and small enterprises [Refer note 43]	58.17	44.92
Dues to other than micro enterprises and small enterprises (including related parties payables)	8,060.57	6,843.74
Total	**8,118.74**	**6,888.66**

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.

The above amount of trade payables is net off certain advances given to suppliers amounting to ₹ 2,070.00 million (March 31, 2018 : ₹ 1,820 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

	As at March 31, 2019	As at March 31, 2018
Current		
Contract liabilities (Advance from customers) $	380.44	685.58
Employee contributions and recoveries payable	74.53	62.02
Statutory dues payable including tax deducted at source #	255.11	359.68
Others*	15.48	11.84
Total	**725.56**	**1,119.12**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

23. Other liabilities (Contd.):

$ 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 GST, LBT, Gram Panchayat Tax, With holding taxes, provident fund etc.

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

In ₹ Million

Break up of the financial liabilities at fair value through profit and loss	As at March 31, 2019	As at March 31, 2018
Other non-current financial liabilities **[Refer note 19]**	-	151.68

In ₹ Million

Break up of the financial liabilities at amortized cost	As at March 31, 2019	As at March 31, 2018
Borrowings (Non-current) **[Refer note 18]**	14,181.59	9,098.02
Borrowings (Current) **[Refer note 18]**	16,219.85	11,665.98
Other non-current financial liabilities **[Refer note 19]**	1.10	1.98
Other current financial liabilities **[Refer note 19]**	2,416.22	4,967.76
Trade payables **[Refer note 22]**	8,118.74	6,888.66
Total financial liabilities carried at amortized cost	**40,937.50**	**32,622.40**

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

24. Revenue from operations

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products (including excise duty)*		
- Sale of goods#	60,502.75	50,198.15
- Tooling income#	131.70	105.54
Total sale of products	**60,634.45**	**50,303.69**
Sale of services		
- Job work charges	313.84	327.22
Other operating revenues		
- Manufacturing scrap (including excise duty)*#	2,529.15	1,851.17
- Government grants - export incentives [Refer note 10]	1,673.77	1,176.63
- Sale of electricity/REC - Windmills	48.69	70.73
	4,251.61	**3,098.53**
Total	**65,199.90**	**53,729.44**
Geographical Markets		
- Within India	27,941.46	24,017.71
- Outside India	37,258.44	29,711.73
Revenue from operations	**65,199.90**	**53,729.44**

* Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2019 is not comparable with March 31, 2018.

Revenue from operations net of excise duty for previous year was ₹ 51,585.06 million.

Sale of products includes excise duty collected from customers of ₹ Nil (March 31, 2018 : ₹ 569.80 million).

Sale of goods includes F.O.B. value of export of ₹ 36,848.84 million (March 31, 2018 : ₹ 29,321.31 million).

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

24. Revenue from operations (Contd.):

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2019
Amounts included in contract liabilities at the beginning of the year	611.74
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, 2019
Revenue from operations	65,199.90
Less: Adjustments	
- Government grants - export incentives	1,673.77
	63,526.13
Add: Adjustments	
- Sale of property, plant and equipment	153.93
Revenue from contract with customers	**63,680.06**
Less: Adjustments	459.10
Revenue as per contracted price	**63,220.96**

25. Other income

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income from investments	1.47	228.47
Dividend income from subsidiary company	79.36	-
Net gain on fair valuation of financial instruments (FVTPL)	714.75	461.23
Net gain on sale of financial instruments	125.64	52.57
Government grant *	97.51	62.56
Liabilities / provisions no longer required written back	30.13	19.60
Interest income on		
- Fixed deposits and others**	179.47	149.41
- Loans to subsidiaries	13.02	11.48
Rent (Refer note 35(b))	8.64	4.61
Gain on sale/discard of property, plant and equipments (net)	134.01	34.17
Miscellaneous income ***	276.17	162.83
Total	**1,660.17**	**1,186.93**

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas and also includes government grant on preshipment 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 recovery etc.

26. Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventory at the beginning of the year [Refer note 11]	1,329.02	721.87
Add: Purchases	26,425.02	19,758.92
Less: Inventory as at end of the year [Refer note 11]	2,185.20	1,329.02
Cost of raw materials and components consumed	**25,568.84**	**19,151.77**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

27. (Increase) in inventories of finished goods, work-in-progress, dies and scrap

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,232.55	2,471.29
Finished goods [includes items in transit]	892.76	524.97
Dies and dies under fabrication	151.93	114.08
Scrap	79.21	34.04
	4,356.45	**3,144.38**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	2,471.29	2,190.87
Finished goods [includes items in transit]	524.97	535.65
Dies and dies under fabrication	114.08	117.90
Scrap	34.04	18.33
	3,144.38	**2,862.75**
Total	**(1,212.07)**	**(281.63)**

28. Employee benefits expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus (including managing and whole time director's remuneration)	4,149.49	3,728.48
Contributions to provident and other funds / scheme #	188.51	173.20
Gratuity expense [Refer note 37(a)]	65.46	54.59
Special gratuity expense [Refer note 37(b)]	4.85	6.33
Employee voluntary retirement scheme compensation	-	1.31
Staff welfare expenses	454.55	395.09
Total	**4,862.86**	**4,359.00**

Other funds/scheme includes contribution towards early retirement scheme and ESI scheme.

29. Depreciation and amortization expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on tangible assets [Refer note 3]	3,388.13	3,000.33
Amortization on intangible assets [Refer note 5]	78.18	67.16
Total	**3,466.31**	**3,067.49**

30. Finance costs

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on bank facilities *	766.17	594.63
Exchange differences regarded as an adjustment to borrowing costs **	224.31	176.51
Others #	33.57	77.24
Total	**1,024.05**	**848.38**

* Includes unwinding impact of transactions 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 interest on advance from customers, net interest expense on defined benefit plans [Refer note 37] etc.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

31. Other expenses

In ₹ Million

	Year ended March 31, 2019		Year ended March 31, 2018
Consumption of stores, spares and tools		3,298.04	2,881.80
Machinings / Subcontracting charges		2,306.87	1,530.37
Power, fuel and water	4,710.87		3,819.93
Less: Credit for energy generated	82.38		44.25
		4,628.49	**3,775.68**
Repairs and maintenance			
- Building repairs and road maintenance		121.00	112.65
- Plant and machinery		553.85	520.94
Rent (Refer note 35)		53.62	46.60
Rates and taxes		31.17	29.69
Insurance		86.99	75.06
CSR expenditure (Refer note 45)		107.63	218.45
Legal and professional fees		753.55	628.49
Commission		49.79	44.51
Donations		166.73	12.58
Packing material		1,039.95	871.32
Freight forwarding charges		1,061.71	891.54
Directors' fees and travelling expenses		3.50	3.73
Commission to directors other than managing and whole time directors		6.45	6.25
Provision for doubtful debts and advances (includes expected credit loss)		54.82	50.00
Bad debts / advances written off		62.37	50.61
Exchange difference (net) *		(300.12)	394.73
Payment to auditors (Refer note 31(a))		17.77	15.49
Miscellaneous expenses **		2,815.12	2,402.32
Total		**16,919.30**	**14,562.81**

* Includes MTM (gain)/loss on derivatives amounting to ₹ (230.00) million (March 31, 2018 : ₹ 151.68 million) and foreign exchange (gain)/loss amounting to ₹ 61.08 million (March 31, 2018 : ₹ 256.45 million) on account of differential reinstatement of foreign exchange loans.

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

(a) Payment to auditors

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor:		
- Audit fee	10.83	10.75
- Limited review	3.50	3.30
- Others (including certification fees)	2.92	0.62
Reimbursement of expenses	0.52	0.82
Total	**17.77**	**15.49**

(b) Capitalization 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

	March 31, 2019	March 31, 2018
Salaries, wages and bonus	24.94	21.86
Consumption of stores and spares	4.61	3.45
Others	4.69	2.82
	34.24	**28.13**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

32. Exceptional items

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Provision for diminution in value of investment in subsidiary and joint venture [Refer note 32]	-	(896.29)
Provision for advance to subsidiary [Refer note 32]	-	(225.76)
Provision for expected losses [Refer note 32(a)]	-	(210.00)
Total	**-**	**(1,332.05)**

(a) Provision for diminution in value of investments in subsidiary and joint venture (JV), advances and expected losses

(i) BF Infrastructure Limited (BFIL, India) - Subsidiary

BFIL had invested, as a minority partner, in two Oil Block exploration contracts awarded by the Government of India. Minimum work program (MWP) as well as testing of explored wells was completed during the previous year. Based on testing result of the wells and its techno-economic viability, BFIL had decided not to proceed beyond MWP stage and had provided for all expenditure (including intangible under development) pertaining to MWP in the previous year.

Accordingly, considering the financial position of the subsidiary, the Company had provided an amount of ₹ 869.84 million towards diminution in carrying cost of its investments and ₹ 225.76 million towards diminution in carrying cost of its advances given in the previous year.

Further, the Company had provided for a loss of ₹ 210.00 million relating to additional and final MWP payment to be made for the said oil block exploration contracts by the subsidiary.

(ii) BF NTPC Energy Systems Limited (BFNTPCESL) - JV

Considering BFNTPCESL had proceeded with liquidation of business, the Company had provided an amount of ₹ 26.45 million towards diminution in carrying cost of its investments in previous year.

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, 2019	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	-	-	21.02	-	-	21.02
Currency forward contracts	1,271.78	-	-	-	(444.41)	827.37
Reclassified to statement of profit or loss	(1,220.61)	-	-	-	426.53	(794.08)
Gain / (Loss) on FVTOCI financial assets	-	(69.56)	-	-	-	(69.56)
Re-measurement gains / (losses) on defined benefit plans	-	-	-	(79.45)	27.76	(51.69)
Total	**51.17**	**(69.56)**	**21.02**	**(79.45)**	**9.88**	**(66.94)**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

33. Components of Other Comprehensive Income (OCI) (Contd.):

In ₹ Million

During the year ended March 31, 2018	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference acount	Retained earnings	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	181.92	-	-	181.92
Currency forward contracts	440.13	-	-	-	(157.98)	282.15
Reclassified to statement of profit or loss	(2,132.64)	-	-	-	738.06	(1,394.58)
Gain / (Loss) on FVTOCI financial assets	-	166.47	-	-	-	166.47
Re-measurement gains (losses) on defined benefit plans	-	-	-	55.71	(19.47)	36.24
Total	**(1,692.51)**	**166.47**	**181.92**	**55.71**	**560.61**	**(727.80)**

34. Earnings per equity share

		Year ended March 31, 2019	Year ended March 31, 2018
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	10,712.81	7,072.95
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)	23.00	15.19
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	(A/C)	23.00	15.19

35. Leases

(a) Operating leases : Company as lessee

The Company has entered into agreements in the nature of lease/leave and license agreement with different lessors/licensors for the purpose of establishment of office premises/residential accommodations etc. These are generally in the nature of operating lease/ leave and license. There are no transactions in the nature of sublease. Period of agreements is between 1 to 10 years and renewal at the options of the lessee. There are no restrictions placed upon the Company by entering into these leases.

The lease rentals charged during the period are as under:

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Minimum lease payments recognised in the statement of profit and loss during the year		
On cancellable leases	40.84	34.16
On non-cancellable leases	12.78	12.44
Total	**53.62**	**46.60**

The Company has entered into non-cancellable operating leases for building, with lease term of 3 years. The Company has an option to extend the lease by mutual consent. The lease includes escalation clause. Future minimum rentals payable under non-cancellable operating leases as at March 31 are, as follows:

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Minimum lease payments to be recognised in the statement of profit and loss during the year		
Within one year	14.06	13.21
After one year but not more than five years	15.47	30.51
More than five years	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Leases (Contd.):

(b) Operating leases : 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 & building. These are generally in the nature of operating lease. Period of agreements/arrangement are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

The lease rentals received during the period are as under:

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Minimum lease rentals recognised in the statement of profit and loss during the year		
On cancellable leases	8.64	4.61
On non-cancellable leases	-	-
Total	**8.64**	**4.61**

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. 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.

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 has 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd,):

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:

	As at March 31, 2019	As at March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.70%
Expected rate of return on plan assets	7.70%	7.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	12.22	7.44
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	8.00%

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

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the beginning of the period	855.00	799.68
Interest expense	64.84	55.90
Current service cost	65.46	54.59
Benefits (paid)	(25.76)	(46.52)
Remeasurements on obligation [Actuarial (Gain) / Loss]	1.46	(8.65)
Closing defined benefit obligation	**961.00**	**855.00**

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

	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	617.43	529.65
Interest income	50.38	39.84
Contributions	99.50	94.00
Benefits paid	(25.76)	(46.52)
Remeasurements	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	4.86	0.46
Closing fair value of plan assets	**746.41**	**617.43**
Actual return on plan assets	55.25	40.30

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	64.84	55.90
Interest (Income) / Expense – Plan assets	(50.38)	(39.84)
Net Interest (Income) / Expense for the period	**14.46**	**16.06**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd,):

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

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	17.01	(24.58)
Demographic (Gain) / Loss on plan liabilities	(15.55)	-
Financial (Gain) / Loss on plan liabilities	-	15.92
Experience (Gain) / Loss on plan assets	(1.59)	(3.77)
Financial (Gain) / Loss on plan assets	(3.27)	3.32

Amount recognised in statement of Other Comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	1.46	(8.65)
Remeasurement for the period-Plan assets (Gain)/Loss	(4.86)	(0.46)
Total Remeasurement cost/(credit) for the period recognised in OCI	**(3.40)**	**(9.11)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the end of the period	(961.00)	(855.00)
Fair value of plan assets as at the end of the period	746.41	617.43
Net asset / (liability) to be recognised in balance sheet	**(214.59)**	**(237.57)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	65.46	54.59
Net Interest (Income) / Expense (Refer note 30)	14.46	16.06
Net periodic benefit cost recognised in the statement of profit and loss	**79.92**	**70.65**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(237.57)	(270.03)
Company's contributions	99.50	94.00
Expense recognised for the year	(79.92)	(70.65)
Amount recognised in OCI	3.40	9.11
Net asset / (liability) recognised at the end of the period	**(214.59)**	**(237.57)**

The Company expects to contribute ₹ 99.50 million to gratuity fund in the next year (March 31, 2018 : ₹ 94.00 million)

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

	As at March 31, 2019	As at March 31, 2018
Funds managed by insurer	100.00%	100.00%

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (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, 2019	As at March 31, 2018
Decrease by 1%	1,042.46	904.80
Increase by 1%	889.87	810.03

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, 2019	As at March 31, 2018
Decrease by 1%	896.49	816.77
Increase by 1%	1,033.26	896.49

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, 2019	As at March 31, 2018
Decrease by 1%	962.95	854.28
Increase by 1%	959.49	855.77

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 followings are the expected benefit payments to the defined benefit plan in future years : In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Within one year	136.01	177.15
After one year but not more than five years	313.75	392.02
After five years but not more than ten years	507.58	461.88

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.88 years.

(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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

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 financials 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:

	Year ended March 31, 2019	Year ended March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.70%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	12.43	7.17
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	8.00%

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the beginning of the period	61.64	60.40
Interest expense	4.61	4.09
Current service cost	4.85	6.33
Benefits (paid)	(3.57)	(7.18)
Remeasurements on obligation [Actuarial (Gain) / Loss]	45.92	(2.00)
Closing Defined Benefit Obligation	**113.45**	**61.64**

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	4.61	4.09
Interest (Income) / Expense – Plan assets	-	-
Net Interest (Income) / Expense for the period	**4.61**	**4.09**

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

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	43.93	(3.38)
Demographic (Gain) / Loss on plan liabilities	1.99	-
Financial (Gain) / Loss on plan liabilities	-	1.38
Experience (Gain) / Loss on plan assets	-	-
Financial (Gain) / Loss on plan assets	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	45.92	(2.00)
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**45.92**	**(2.00)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the end of the period	(113.45)	(61.64)
Fair value of plan assets as at the end of the period	-	-
Net Asset / (liability) to be recognised in balance sheet	**(113.45)**	**(61.64)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	4.85	6.33
Net Interest (Income) / Expense (Refer note 30)	4.61	4.09
Net periodic benefit cost recognised in the statement of profit and loss	**9.46**	**10.42**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(61.64)	(60.40)
Company's contributions	-	-
Benefits directly paid by Company	3.57	7.18
Expense recognised for the year	(9.46)	(10.42)
Amount recognised in OCI	(45.92)	2.00
Net asset / (liability) recognised at the end of the period	**(113.45)**	**(61.64)**

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Within one year	9.42	9.80
After one year but not more than five years	23.87	35.59
After five years but not more than ten years	50.63	64.35

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 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, 2019	Year ended March 31, 2018
Decrease by 1%	126.43	65.74
Increase by 1%	102.46	57.99

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (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, 2019	Year ended March 31, 2018
Decrease by 1%	103.25	58.46
Increase by 1%	125.24	65.14

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, 2019	Year ended March 31, 2018
Decrease by 1%	113.49	61.47
Increase by 1%	113.41	61.80

(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.

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

	Year ended March 31, 2019	Year ended March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.70%
Interest rate declared by EPFO for the year	8.65%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	12.85*	7.54*
Withdrawal rate		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	8.00%

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of expected Interest rate shortfall as at the beginning of the period	17.14	58.53
Interest cost	1.32	4.21
Current service cost	1.84	3.50
Actuarial (Gain) / Loss on obligations	32.54	(49.10)
Present value of expected Interest rate shortfall as at the end of the period	**52.84**	**17.14**

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets as at the beginning of the period (Surplus Account)	23.55	26.42
Interest income	1.82	1.89
Amount transferred to cover shortfall	-	(0.26)
Actuarial Gain / (Loss) on plan assets	(4.39)	(4.50)
Fair value of plan assets as at the end of the period (Surplus Account)	**20.98**	**23.55**

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	1.32	4.21
Interest (Income) / Expense – Plan assets	(1.82)	(1.89)
Net Interest (Income) / Expense for the period	**(0.50)**	**2.32**

Actuarial gain / loss recognised

In ₹ Million

Salary increment rate	Year ended March 31, 2019	Year ended March 31, 2018
Actuarial (Gain) / Loss for the period – Obligation	32.54	(49.10)
Actuarial (Gain) / Loss for the period – Plan assets	4.39	4.50
Total (Gain) / Loss for the period	**36.93**	**(44.60)**
Actuarial (Gain) / Loss recognised in the period	**36.93**	**(44.60)**

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of expected Interest rate shortfall as at the end of the period	52.84	17.14
Fair value of the plan assets as at the end of the period (Surplus Account)	20.98	23.55
Surplus / (Deficit)	**(31.86)**	**6.41**
Net asset / (liability) recognised in the balance sheet	(31.86)	6.41#

The Company has not recognised the plan asset in the books based on the concept of prudence in previous year.

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	32.54	(49.10)
Remeasurement for the period-Plan assets (Gain)/Loss	4.39	4.50
Total Remeasurement cost/(credit) for the period recognised in OCI	**36.93**	**(44.60)**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	1.84	3.50
Net Interest (Income) / Expense (Refer note 25/30)	(0.50)	2.32
Net periodic benefit cost recognised in the statement of profit and loss	**1.34**	**5.82**

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, 2019	Year ended March 31, 2018
Decrease by 0.50%	99.10	44.59
Increase by 0.50%	9.26	-

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, 2019	Year ended March 31, 2018
Decrease by 0.50%	8.91	-
Increase by 0.50%	96.76	43.60

38. Contingent liabilities

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Guarantees given by the Company on behalf of other companies (Refer Note 38(a)		
Balance outstanding	1,674.38	1,715.48
(Maximum amount)	(1,674.38)	(1,715.48)
Claims against the Company not acknowledged as Debts - to the extent ascertained (Refer Note 38(b)	237.14	216.02
Excise/Service tax demands - matters under dispute (Refer Note 38(c)	275.68	253.78
Customs demands - matters under dispute (Refer Note 38(d)	73.93	50.97
Sales tax demands - matters under dispute (Refer Note 38(e)	17.09	27.62
Income tax demands - matters under dispute (Refer Note 38(f)	54.92	54.92

(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 scheme, 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, but not probable, that the action will succeed.

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

Provident Fund

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order.

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 ₹ 174.97 million (March 31, 2018: ₹ 277.82 million).

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

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 (w.e.f. January 18, 2018)
Step down subsidiaries	Bharat Forge CDP GmbH Bharat Forge CDP Trading 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 Bharat Forge Daun GmbH Kalyani Rafael Advanced Systems Private Limited Mecanique Generale Langroise

Related parties with whom transactions have taken place during the period	
Joint venture	BF NTPC Energy Systems Limited
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited
Associates	Tork Motors Private Limited (w.e.f. February 27, 2018) Hospet Bellary Highways Pvt. Ltd. Tork Motors (UK) Ltd. Lycan Electric Pvt. Ltd. Talbahn GmbH Tevva Motors (Jersey) Limited (w.e.f. June 11, 2018)
Other related party	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 Daimler India Commercial Vehicles Private Limited (from May 19, 2016 up to November 19, 2017)
Key management personnel	Mr. B. N. Kalyani (Chairman and Managing Director) Mr. A. B. Kalyani (Executive 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)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

Related parties where control exists	
Key management personnel	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 (Independent Director) Mr. N. K. Narad (Independent Director) (up to March 31, 2019) Dr. T. Mukherjee (Independent Director) (up to March 31, 2019) Mr. V. R. Bhandari (Independent Director)
Relatives of key management personnel	Smt. S. N. Kalyani Mr. G. N. Kalyani Mrs. A. G. Agarwal Mrs. S. S. Tandale Mr. P. S. Kalyani Mrs. V. B. Kalyani
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 party and nature of relationship	Year ended	
			March 31, 2019	March 31, 2018
1	Purchase of raw materials, components, stores, spares $	**Subsidiaries**		
		Analogic Controls India Limited	-	17.17
			-	**17.17**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	100.43	-
		Bharat Forge PMT Technologie LLC	3.46	-
		Bharat Forge Daun GmbH	0.30	0.17
			104.19	**0.17**
		Other related party		
		Kalyani Steels Limited	6,812.96	5,384.32
		Others	0.66	0.15
			6,813.62	**5,384.47**
			6,917.81	**5,401.81**
2	Staff welfare expenses	**Other related party**		
		Institute for Prostrate Cancer	1.09	-
			1.09	**-**
3	Other expenses			
	- Machinings/subcontracting charges	**Subsidiaries**		
		Analogic Controls India Limited	294.63	-
			294.63	**-**
	- Power, fuel and water	**Other related party**		
		BF Utilities Limited	148.99	71.71
			148.99	**71.71**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
	- Rent	**Other related party**		
		Automotive Axles Limited	-	0.16
		United Metachem Private Limited	3.97	-
			3.97	**0.16**
		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	43.43	48.74
		Bharat Forge America Inc.	103.37	102.51
		Bharat Forge International Limited	55.34	42.34
			202.14	**193.59**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	20.85	6.32
		Bharat Forge CDP GmbH	0.67	-
		Mecanique Generale Langroise	0.95	-
			22.47	**6.32**
	- Donations	**Other related party**		
		Harmony Electoral Trust	150.50	-
			150.50	**-**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.63	0.57
		Mr. S. M. Thakore	0.59	0.57
		Mrs. L. D. Gupte	0.23	0.23
		Mr. P. H. Ravikumar	0.50	0.40
		Mr. P. C. Bhalerao	0.63	0.63
		Mr. N. K. Narad	0.15	0.15
		Dr. T. Mukherjee	0.43	0.25
		Mr. V. R. Bhandari	0.34	0.25
			3.50	**3.05**
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.30	1.15
		Mr. S. M. Thakore	1.10	1.15
		Mrs. L. D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	1.00	0.95
		Mr. P. C. Bhalerao	1.30	1.25
		Mr. N. K. Narad	0.30	0.30
		Dr. T. Mukherjee	0.40	0.50
		Mr. V. R. Bhandari	0.60	0.50
			6.45	**6.25**
	- Finance costs : Others	**Subsidiaries**		
		Bharat Forge International Limited	4.79	10.24
			4.79	**10.24**
			837.62	**291.50**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
4	Sale of goods, manufacturing scrap and tooling income (net of returns, rebate etc.)	**Subsidiaries**		
		Bharat Forge International Limited	22,435.26	11,612.07
		Anologic Controls India Limited	2.76	8.95
		BF Elbit Advanced Systems Private Limited	72.28	-
		Kalyani Strategic System Limited	3.81	-
			22,514.11	**11,621.02**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	95.34
			-	**95.34**
		Other related party		
		Daimler India Commercial Vehicles Private Limited	-	318.84
		Automotive Axles Limited	420.07	418.41
		Others	22.23	13.45
			442.30	**750.70**
			22,956.41	**12,467.06**
5	Sale of Services	**Other related party**		
		Automotive Axles Limited	210.98	210.44
			210.98	**210.44**
6	Other income - Dividend income	**Subsidiaries**		
		Bharat Forge International Limited	79.36	-
			79.36	**-**
	- Rent	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	0.48	0.48
			0.48	**0.48**
		Other related party		
		Kalyani Maxion Wheels Private Limited	0.10	-
			0.10	**-**
	- Miscellaneous income	**Subsidiaries**		
		Bharat Forge America Inc.	1.38	1.30
		BF Elbit Advanced Systems Private Limited	4.00	-
			5.38	**1.30**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	6.99	7.27
			6.99	**7.27**
	- Sale/discard of property, plant and equipments	**Subsidiaries**		
		Kalyani Strategic Systems Limited	-	73.71
			-	**73.71**
		Other related party		
		Automotive Axles Limited	4.29	-
			4.29	**-**
			17.24	**82.76**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
7	**Purchase of property, plant and equipments, intangible assets (including CWIP)**	**Other related party**		
		BF Utilities Limited	-	118.00
			-	**118.00**
8	**Finance provided:**			
	- Investment	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	983.86	303.00
		BF Infrastructure Limited	-	294.56
		Kalyani Strategic Systems Limited	-	84.27
		Others	-	13.60
			983.86	**695.43**
		Joint ventures		
		BF NTPC Energy Systems Limited	-	2.89
			-	**2.89**
		Associates		
		Tork Motors Private Limited	99.99	160.39
		Tevva Motors (Jersey) Limited	892.93	-
			992.92	**160.39**
		Other related party		
		Khed Economic Infrastructure Private Limited	(54.88)	-
		(Includes fair valuation impact)		
			(54.88)	**-**
	- Loans	**Subsidiaries**		
		Bharat Forge Global Holding GmbH		
		[includes exchange (loss)/gain]	(3.16)	11.67
		BF Elbit Advanced Systems Private Limited	3.05	27.41
			(0.11)	**39.08**
			1,921.79	**897.79**
9	**Advance given**	**Subsidiaries**		
		BF Infrastructure Limited	-	428.20
			-	**428.20**
10	**Loan received**	**Other related party**		
		BF Utilities Limited	-	75.00
			-	**75.00**
11	**Interest income**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	2.81	2.87
		BF Elbit Advanced Systems Private Limited	10.21	8.61
			13.02	**11.48**
		Other related party		
		Kalyani Steels Limited	-	21.08
		BF Utilities Limited	-	5.65
			-	**26.73**
			13.02	**38.21**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
12	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	194.77	185.93
		Mr. A. B. Kalyani	59.94	54.51
		Mr. G. K. Agarwal	59.09	54.61
		Mr. S. E. Tandale	50.32	42.38
		Mr. B. P. Kalyani	47.84	39.87
		Mr. K. M. Saletore	37.97	32.89
		Ms. T. R. Chaudhari	2.83	2.46
			452.76	**412.65**
13	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.39	0.35
		Mr. A. B. Kalyani	3.50	3.15
		Mr. G. K. Agarwal	0.02	-
		Mr. B. P. Kalyani	0.02	0.03
		Mr. S. M. Thakore	0.14	0.13
		Mr. P. H. Ravikumar	0.03	0.02
			4.10	**3.68**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	3.45	3.11
		Others	0.75	0.67
			4.20	**3.78**
			8.30	**7.46**
14	Provision for diminution in value of investment	**Subsidiaries**		
		BF Infrastructure Limited	-	869.84
			-	**869.84**
		Joint Ventures		
		BF NTPC Energy Systems Limited	-	26.45
			-	**26.45**
			-	**896.29**
15	Provision for diminution in value of advance	**Subsidiaries**		
		BF Infrastructure Limited	-	225.76
			-	**225.76**
16	Provision for doubtful debts and advances	**Subsidiaries**		
		BF Infrastructure Limited	50.00	-
			50.00	**-**
17	Provision for expected losses	**Subsidiaries**		
		BF Infrastructure Limited	-	210.00
			-	**210.00**
18	Contributions paid *	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	214.27	190.60
			214.27	**190.60**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
		Gratuity fund		
		Bharat Forge Company Limited Employees Group		
		Gratuity fund	37.50	39.00
		Bharat Forge Company Limited Officer's Group		
		Gratuity fund	62.00	55.00
			99.50	**94.00**
		Superannuation fund		
		Bharat Forge Company Limited Officer's		
		Superannuation scheme	24.33	24.67
			24.33	24.67
			338.10	**309.27**

$ Including Goods and Service Tax

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

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2019	As at March 31, 2018
1	**Trade payables**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	57.68	124.35
		Bharat Forge International Limited	126.89	136.94
		Analogic Controls India Limited	52.42	6.61
		Bharat Forge America Inc.	14.06	23.70
			251.05	**291.60**
		Step down subsidiaries		
		Bharat Forge Daun GmbH	-	0.14
		Bharat Forge Kilsta AB	65.03	13.30
			65.03	**13.44**
		Other related party		
		Kalyani Steels Limited* [Refer note 22]	965.60	1,027.08
		BF Utilities Limited	18.29	14.45
		Kalyani Maxion Wheels Private Limited	0.42	0.42
			984.31	**1,041.95**
			1,300.39	**1,346.99**
2	**Trade receivable**	**Subsidiaries**		
		Bharat Forge International Limited	12,566.33	5,798.08
		BF Elbit Advanced Systems Private Limited	90.01	-
		Bharat Forge CDP GmbH	14.35	-
		Kalyani Strategic Systems Limited	4.00	-
			12,674.69	**5,798.08**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	59.41
			-	**59.41**

* Net of advance given amounting to ₹ 470.00 million (March 31, 2018 : ₹ 470.00 million)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2019	As at March 31, 2018
		Other related party		
		Automotive Axles Limited	114.43	171.11
		Kalyani Steels Limited	2.89	0.75
		Kalyani Maxion Wheels Private Limited	1.13	-
		BF Utilities Limited	0.07	-
			118.52	**171.86**
			12,793.21	**6,029.35**
3	**Payables for capital goods**	**Other related party**		
		BF Utilities Limited	-	34.24
			-	**34.24**
4	**Interest accrued but not due on borrowings**	**Subsidiaries**		
		Bharat Forge International Limited	-	1.25
			-	**1.25**
5	**Non-current investments**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	5,250.82	4,266.96
		Bharat Forge America Inc.	831.91	831.91
		BF Infrastructure Limited	869.84	869.84
		Others	519.20	519.20
			7,471.77	**6,487.91**
		Joint ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	**33.64**
		Associates		
		Tork Motors Private Limited	260.38	160.39
		Tevva Motors (Jersey) Limited	892.93	-
			1,153.31	**160.39**
		Other related party		
		Khed Economic Infrastructure Private Limited (including fair value)	583.06	637.94
			583.06	**637.94**
			9,241.78	**7,319.88**
6	**Loans given**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	77.64	80.80
		BF Elbit Advanced Systems Private Limited	102.28	99.23
			179.92	**180.03**
7	**Receivables from subsidiaries**	**Subsidiaries**		
		BF Infrastructure Limited	-	202.44
		Bharat Forge International Limited	71.19	-
			71.19	**202.44**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	83.90	73.06
		Kalyani Rafael Advanced Systems Private Limited	8.59	0.32
			92.49	**73.38**
			163.68	**275.82**
8	**Other advances**	**Subsidiaries**		
		BF Infrastructure Limited	152.44	-
			152.44	**-**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2019	As at March 31, 2018
9	Security deposits given	**Other related party**		
		BF Utilities Limited	210.00	210.00
		United Metachem Private Limited	0.94	-
			210.94	**210.00**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	0.15	-
			0.15	**-**
			211.09	**210.00**
10	Advance to suppliers	**Subsidiaries**		
		Analogic Controls India Limited	24.53	115.00
			24.53	**115.00**
11	Interest accrued	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	0.68	3.47
			0.68	**3.47**
12	Advance from customers	**Subsidiaries**		
		Bharat Forge International Limited	-	315.64
			-	**315.64**
		Other related party		
		Automotive Axles Limited	3.48	4.20
			3.48	**4.20**
			3.48	**319.84**
13	Managerial remuneration payable **	**Key management personnel**		
		Mr. B. N. Kalyani	110.00	109.80
		Mr. A. B. Kalyani	24.00	21.00
		Mr. G. K. Agarwal	23.00	21.00
		Mr. S. E. Tandale	28.75	23.00
		Mr. B. P. Kalyani	28.25	22.50
		Mr. K. M. Saletore	21.00	17.70
			235.00	**215.00**
14	Commission to directors other than managing and whole time directors	**Other Directors and Relatives**		
		Mr. P. G. Pawar	1.30	1.15
		Mr. S. M. Thakore	1.10	1.15
		Mrs. L. D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	1.00	0.95
		Mr. P. C. Bhalerao	1.30	1.25
		Mr. N. K. Narad	0.30	0.30
		Dr. T. Mukherjee	0.40	0.50
		Mr. V. R. Bhandari	0.60	0.50
			6.45	**6.25**
15	Provision for diminution in value of investment	**Subsidiaries**		
		BF Infrastructure Limited	869.84	869.84
		Analogic Controls India Limited	16.55	16.55
			886.39	**886.39**
		Joint Ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	**33.64**
			920.03	**920.03**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Related Party disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2019	As at March 31, 2018
16	Provision for expected losses	**Subsidiaries**		
		BF Infrastructure Limited	30.91	210.00
			30.91	**210.00**

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

Outstanding balances at the year end are unsecured with a short term duration and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above. 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.

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

For details of guarantees given to related parties refer note 46.

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.

40. Capital and other commitments

In ₹ Million

		As at March 31, 2019	As at March 31, 2018
(a)	Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 4,250 million (March 31, 2018: ₹ 4,250 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.	2,149.12	2,385.15
(b)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	3,210.70	2,262.39
(c)	Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	64.78	119.26
(d)	For commitments relating to lease agreements, please refer note 35		

41. Deferral/Capitalisation of exchange differences

On the date of transition to Ind AS, the Company has 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

	As at March 31, 2019	As at March 31, 2018
Cost of the assets / capital work-in-progress	(162.30)	(15.04)
FCMITDA	(197.19)	(18.26)
Amortized in the current year	(218.21)	(200.18)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

42. Loans and advances in the nature of loans given to subsidiaries and firms/companies in which directors are interested

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Bharat Forge Global Holding Gmbh*		
Balance outstanding	77.64	84.27
Maximum amount outstanding during the year	84.27	84.27
BF Infrastructure Limited (advance)*		
Balance outstanding	152.44	202.44
Maximum amount outstanding during the year	202.44	428.20
BF Utilities Limited #		
Balance outstanding	-	-
Maximum amount outstanding during the year	-	75.00
BF Elbit Advanced Systems Private Limited *		
Balance outstanding	102.28	99.23
Maximum amount outstanding during the year	102.28	99.23

* Receivable on demand. Further the effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

Receivable in 3 years from the date of origination of loan.

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

	Year ended March 31, 2019	Year ended March 31, 2018
Principal amount due to suppliers under MSMED Act, 2006 *	58.17	44.92
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	566.55	426.56
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	0.07	0.14
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	4.44	4.41

* Amount includes due and unpaid of ₹ Nil (March 31, 2018: ₹ 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. Expenditure on research and development

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
On revenue account	482.00	367.77
On capital account	65.51	6.49
Total research and development expenditure *	**547.51**	**374.26**

*Above expenditure does not include research expenditure incurred by the Company which are not eligible as per DSIR guidelines and the ones which are incurred outside the approved R&D Centre.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

45. CSR expenditure

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Gross amount required to be spent by the Company during the year	**196.64**	**197.12**

In ₹ Million

(b) Amount spent during the year ending on	**Amount paid**	**Amount yet to be paid ***	**Total**
- March 31, 2019			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	107.63	-	107.63
	107.63	**-**	**107.63**
- March 31, 2018			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	217.98	0.47	218.45
	217.98	**0.47**	**218.45**

* Paid subsequently in the following month

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, 2019	Year ended March 31, 2018
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50% #	77.64	84.27
BF Elbit Advanced Systems Private Limited	Working Capital *	10.00%	102.28	99.23

For the loan given in FY 2010-11 for which no terms has changed thereafter.

* Receivable on demand.

- All loans are unsecured
- Details of investments made are given in Note 6 and 7
- Guarantee given on behalf of
  - Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,397.74 million (March 31, 2018: ₹ 1,454.73 million) for working capital requirement which was renewed during the current year.
  - Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 276.64 million (March 31, 2018: ₹ 260.75 million) for term loan or loans towards investment in stepdown subsidiaries.

47. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

In ₹ Million

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2019:	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	-	-	583.06
KPIT Technologies Limited [Refer note 47(b)]	57.58	-	-
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	60.47	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

47. Fair value hierarchy (Contd.):

In ₹ Million

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2019:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative instruments at fair value through OCI			
Cash flow hedges	-	1,748.43	-
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	-	234.51	-
Unquoted funds			
Investments in private equity fund	-	171.60	-
Investments in mutual funds	-	11,079.61	-
Quoted funds/bonds			
Investments in mutual funds	1,959.33	-	-
Secured reddemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-	-

In ₹ Million

Quantitative disclosure fair value measurement hierarchy for assets/ liabilities as at March 31, 2018:	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	-	-	637.94
Quoted equity instruments			
KPIT Technologies Limited	132.73	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	1,722.43	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [Refer note 47(a)]	-	-	-
Unquoted funds			
Investments in private equity fund	-	115.57	-
Investments in mutual funds	-	12,306.00	-
Quoted funds			
Investments in mutual funds	1,651.03	-	-
Financial liability at FVTPL			
Derivative liability		151.68	

There have been no transfers between level 1 and Level 2 during the year ended March 31, 2019 and March 31, 2018.

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, 2019 and March 31, 2018 are as shown below

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

47. Fair value hierarchy (Contd.):

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited	Cost method	Estimated realization rates for developed land and Land under development	**March 31, 2019:** ₹ 9.90 million to ₹ 12.60 million/acre **(March 31, 2018:** ₹ 9.70 million to ₹ 12.60 million/acre)	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.49 (March 31, 2018: ₹ 1.58 Million)
		Estimated realization 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 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 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. Pusuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

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

Pursuant to the Scheme, the Company has 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. is 56.64% to 43.36%.

Further on January 24, 2019; the resultant entity shares were delisted at ₹ 98.65. Subsequentlt the said shares were listed on April 22, 2019 with slightly higher price than on January 24, 2019. Accordingly, the investment in shares has been classified under level 1 of the fair value hierarchy.

(c) Bharat Forge Infrastructure Limited (BFIL, India)

During the previous year, Preference shares of BFIL, India had been converted in to compulsarily convertible preference shares in the ratio of 1:1. Accordingly the same has been classified as investment in the nature of equity and carried at fair value on the date of conversion which is subsequently considered as its cost.

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, 2019; other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Investments	8,777.30	11,003.29	8,777.30	11,003.29
Loans	214.93	209.63	214.93	209.63
Trade receivables	-	233.77	-	233.77
Derivative instruments	1,175.97	476.63	1,175.97	476.63
Other non-current financial assets	1,354.61	1,132.24	1,354.61	1,132.24
Total financial assets	**11,522.81**	**13,055.56**	**11,522.81**	**13,055.56**
Borrowings	14,181.59	9,098.02	14,181.59	9,098.02
Other non-current financial liabilities	1.10	153.66	1.10	153.66
Total financial liabilities	**14,182.69**	**9,251.68**	**14,182.69**	**9,251.68**

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Financial instruments by category (Contd.):

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 the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The 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, 2019 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 nonperformance risk as at March 31, 2019 and March 31, 2018 was assessed to be insignificant.

Reconciliation of fair value measurement of financial assets classified as FVTOCI & FVTPL: In ₹ Million

	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited *	Compulsorily convertible debentures in Analogic Controls India Limited
As at April 1, 2018	**524.71**	**-**	**3.60**
Remeasurement recognised in OCI	113.23	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	-	-	-
Sales	-	-	-
Converted in to equity shares	-	-	(3.60)
As at March 31, 2018	**637.94**	**-**	**-**
Remeasurement recognised in OCI	(54.88)	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	-	-	-
Sales	-	-	-
As at March 31, 2019	**583.06**	**-**	**-**

* Refer note 47(a)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (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) Significant judgements is required to apply lease accounting rules under appendix C to Ind AS 17 Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Company with its various sub-contractors regarding providing of certain services, the Company has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Company has concluded that the arrangements do not meet the definition of lease as specified under appendix C to Ind AS 17.

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) Operating lease commitments - The Company has entered into land leases on its investment property portfolio. The Company has determined, based on evaluation of the terms and conditions of the arrangements such as the lease term not continuing a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risk and rewards of ownership of these properties and account for the contract/arrangements as operating leases.

4) Revenue from contracts with customers

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

   I. Identifying contract 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 for quantity to be supplied is separately agreed through purchase orders. Management has excercised judgment to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

   II. Identifying performance obligation

   The Company enters into contract with customers for goods and tooling income. The Company determined that both the tooling income and the goods are capable of being distinct. The fact that the Company regularly sell these goods on a standalone basis indicate 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 tooling income and goods 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 judgment in determining the point in time when the control of the tooling income and goods are transferred based on the criteria mentioned in the standard read 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

49. Significant accounting judgements, estimates and assumptions (Contd.):

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 judgment in identification of the point in time where the tools are deemed to have been accepted by the customer.

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. 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 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.

B. 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.

C. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques 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.

D. 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.

E. 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

49. Significant accounting judgements, estimates and assumptions (Contd.):

F. Provision for Inventories

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

G. Current / Non-Current Classification

The 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 forseeable future of upto one year. Accordingly, the Company has classified major portion of its investment in mutual funds as non-current.

H. 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. Management 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.

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.

In ₹ Million

Particulars	March 31, 2019		March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	1,748.25	-	1,722.43	-

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, 2019		March 31, 2018	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	612.37	45,396.79	656.37	47,293.09
Forward Contracts	EUR	Hedging of highly probable sales	142.20	13,014.68	161.05	13,959.25

The cash flow hedges of the expected future sales during the year ended March 31, 2019 were assessed to be highly effective and a net unrealised gain of ₹ 1,736.44 million (March 31, 2018: ₹ 1,685.27 million), with a deferred tax liability of ₹ 606.78 million (March 31, 2018: ₹ 588.90 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, Revenue from operations (highly probable forecast sales) as an adjustment for the year ended March 31, 2019 as detailed in Note 33, totalling ₹ 1,220.61 million (gross of deferred tax) (March 31, 2018: ₹ 2,132.64 million). The amounts retained in OCI at March 31, 2019 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2022.

Fair value hedges

At March 31, 2019, the Company had a cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2018. 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

50. Hedging activities and derivatives (Contd.):

Also as at March 31, 2019, the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying trade receivables. No such contracts existed as at March 31, 2018.

The impact of the derivative instrument on the balance sheet as at March 31, 2019 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 2019
Cross currency swap	EURO 25.52	78.13	Derivative instruments	Nil
Forward Contracts	USD 49.09	128.86	Derivative instruments	Nil
Forward Contracts	EURO 9.69	27.52	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2018 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 2018
Cross currency swap	EURO 25.52	(151.68)	Derivative instruments	Nil
Forward contracts	-	-	-	-
Forward contracts	-	-	-	-

The impact of the hedged item on the balance sheet as at March 31, 2019 is, as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2019
Non-current borrowings	USD 30.00	NIL
Trade receivables	USD 49.09	NIL
Trade receivables	EURO 9.69	NIL

The impact of the hedged item on the balance sheet as at March 31, 2018 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2018
Non-current borrowings	USD 30.00	NIL
Trade receivables	-	-
Trade receivables	-	-

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.

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Financial risk management objectives and policies (Contd.):

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

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, 2019 and comparatively as at March 31, 2018.

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, 2019 and March 31, 2018 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.

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.

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 2019, the Company's entire long term borrowings are at a floating rate of interest (March 31 2018: 100%).

Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2019 was ₹ 1,024.05 million (March 31, 2018: ₹ 848.38 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, 2019		
USD	50	29.39
EUR	+50	45.16
EUR	-50	(27.29)
March 31, 2018		
USD	50	32.87
EUR	+50	3.19
EUR*	-50	(4.79)

* 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 in to EURO borrowings through cross currency swap.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Financial risk management objectives and policies (Contd.):

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.

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 up to 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, 2019	USD/INR - 1	601.58	59.87
	EUR/INR - 1	139.58	12.32
	EUR/USD – 0.01	17.65	
March 31, 2018	USD/INR - 1	656.37	
	EUR/INR - 1	161.05	
	EUR/USD – 0.01		17.65

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, 2019	USD 1	18.98
	EUR 1	129.09
March 31, 2018	USD 1	141.97
	EUR 1	11.90

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the 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 arrangement.

Commodity price sensitivity

The Company has a back to back pass through arrangements for volatility in raw material prices for most of the customers. However in few cases there may be lag effect in case of such pass through arrangements and might have some effect on the 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 or 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Financial risk management objectives and policies (Contd.):

Equity price risk (Contd.):

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 812.24 million (March 31, 2018: ₹ 753.51 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 ₹ 60.46 million (March 31, 2018: ₹ 132.73 million). A decrease of 10% on the NSE market index could have an impact of approximately ` 6.05 million (March 31, 2018: ₹ 13.27 million) on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities could have impact of approximately ₹ 6.05 million (March 31, 2018: ₹ 13.27 million) on OCI and equity. These changes would not have an effect on profit or 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 in such investments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, the 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 ₹ 33.27 million (March 31, 2018: ₹ 34.89 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 relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2019, receivable from Company's top 5 customers accounted for approximately 37% (March 31, 2018: 34%) 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 in to 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, 2019 and March 31, 2018 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.

Liquidity risk

Cash flow forecasting is performed by 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 ₹ 13,038.94 million (March 31, 2018: ₹ 13,957.03 million) and other liquid assets of ₹ 3,929.23 million (March 31, 2018: ₹ 1,840.84 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Financial risk management objectives and policies (Contd.):

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, 2019				
Borrowings	16,219.85	12,939.33	1,242.26	30,401.44
Future interest payable	364.07	640.17	0.42	1,004.66
Trade and other payables	8,118.74	-	-	8,118.74
Other financial liabilities	2,416.22	1.10	-	2,417.32
Total	**27,118.88**	**13,580.60**	**1,242.68**	**41,942.16**
March 31, 2018				
Borrowings	11,665.98	7,012.02	2,086.00	20,764.00
Future interest payable	298.15	617.29	27.10	942.54
Trade and other payables	6,888.66	-	-	6,888.66
Other financial liabilities	4,967.76	153.66	-	5,121.42
Total	**23,820.55**	**7,782.97**	**2,113.10**	**33,716.62**

52. Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital, share 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)

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings	31,891.07	25,097.46
Less: Cash and other liquid assets	16,968.17	15,797.87
Net debt	**14,922.90**	**9,299.59**
Equity	**53,982.21**	**46,142.80**
Net debt /equity Ratio	**0.28**	**0.20**

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, 2018.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

53. Standards issued but not yet effective

Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers etc.) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees' will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Standards issued but not yet effective (Contd.):

Ind AS 116 Leases (Contd.):

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from April 1, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

Other Standards

Standard	Impact
Ind AS 109 : Prepayment Features with Negative Compensation	These amendments are unlikely to affect the Company's financial statements
Ind AS 28 : Long-term interests in associates and joint ventures	These amendments are unlikely to affect the Company's financial statements

Annual Improvements

Standard	Impact
Amendments to Ind AS 12: Income Taxes	The Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.
Amendments to Ind AS 23: Borrowing Costs	The Company's current practice is in line with these amendments, the Company does not expect any effect on its 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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Independent Auditor's Report

To the Members of Bharat Forge Limited
Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint venture comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information hereinafter referred to as "the consolidated Ind AS financial statements".

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint venture as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
Completeness of revenue in relation to determination of point of time when revenue should be recognized *(refer note 2.3.F (accounting policy) and note 24 (financial disclosures) to the consolidated Ind AS financial statements)*	
The Group has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Group manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the production schedules from the customers. The Group recognizes revenue from sale of finished goods at a point of 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 movements making the price volatile including variable considerations. Due to judgments relating to determination of point of 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: • We and other auditors focused on our understanding of the Group's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. • We and other auditors read and understood the Group's accounting policy for revenue recognition. • We and other auditors obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point of time of transfer of control and pricing terms. • We and other auditors tested on a sample basis sales invoices for identification of point of time for transfer of control and terms of contract with customers. Further, we have performed procedures on sales by testing on a sample basis to assess whether the control was passed for the sales made at or around the year end based on various supporting documents • We and other auditors also performed various analytical procedures to identify any unusual sales trends for further testing.
Significant estimate and judgement in Hedge accounting including valuations thereof *(refer note 2.3.T (accounting policy) and note 9 and 35 (financial disclosures) to the consolidated Ind AS financial statements)*	
The Holding Company enters into derivative financial instruments which are mainly plain vanilla 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 1,982.94 million as at March 31, 2019. The net movement of cashflow hedge reserve for the year is INR 33.29 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. 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: • We obtained understanding of the Holding Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls. • We assessed the Holding Company's accounting policy for hedge accounting in accordance with Ind AS. • We tested the existence of hedging contracts by tracing to the confirmations obtained from respective banks. • We tested management's hedge documentation and contracts, on a sample basis. • We tested on a sample basis the fair values of derivative financial instruments recorded by the Holding Company with the independent balance confirmations obtained from banks. • We involved our valuation specialists to assist in re-performing the year-end fair valuations of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Holding Company including assessing the valuation methodology and key assumptions used therein. • We assessed the disclosure of hedge transactions in the financial statements.

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
Significant judgement relating to impairment of investments in associates *(refer note 2.3.P (accounting policy) and note 6 (financial disclosures) to the consolidated Ind AS financial statements)*	
The Holding Company has investments in associates as at March 31, 2019. 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 Holding Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows. 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 • We obtained understanding of the Holding Company's policy on assessment of impairment of investment in associates 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 associates with their respective net asset values as per audited financial statements. • With respect to cases where indicators of impairment were identified by management, we obtained and read the projections / future cashflows along with sensitivity analysis thereof with respect to the relevant investments. • We evaluated management's methodology, assumptions and estimates used in the calculations. • We evaluated the accounting and disclosure of investment in the financial statements.

Other Information

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

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint venture and for preventing and detecting frauds and other irregularities; selection and application

Independent Auditor's Report (Contd.)

of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system 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 ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern.

Independent Auditor's Report (Contd.)

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the Ind AS financial statements and other Ind AS financial information, in respect of nineteen subsidiaries, whose Ind AS financial statements include total assets of INR 39,436.73 million as at December 31, 2018 and March 31, 2019, and total revenues of INR 59,114.77 million and net cash outflows of INR 380.72 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which Ind AS financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss (before other comprehensive income) of INR 12.29 million for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of two associates (including one subsidiary of an associate) and two joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.

(b) The accompanying consolidated Ind AS financial statements also include the Group's share of net loss (before other comprehensive income) of INR 101.46 million for the year ended December 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate (including its subsidiary), whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial

Independent Auditor's Report (Contd.)

information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate (including its subsidiary), and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate (including its subsidiary), is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these unaudited financial statements and other unaudited financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

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

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

Independent Auditor's Report (Contd.)

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer Note 41 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 20 to the Consolidated Ind AS Financial Statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India during the year ended March 31, 2019.

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

per **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 20, 2019

Independent Auditor's Report (Contd.):

Annexure 1 referred to in paragraph (f) under the heading "Reporting on Other Legal and Regulatory Requirements" of our report of even date.

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

In conjunction with our audit of the consolidated Ind AS financial statements of Bharat Forge Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Bharat Forge Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A

Independent Auditor's Report (Contd.)

company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated 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 consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting With Reference to these In Consolidated Ind AS Financial Statements

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31,2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to its five subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associate incorporated in India.

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

per **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 20, 2019

Consolidated Balance Sheet

As at March 31, 2019

In ₹ Million

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	35,609.04	34,393.36
(b) Capital work-in-progress		8,306.79	3,437.76
(c) Investment property	4	2.89	2.89
(d) Goodwill	5	348.87	429.14
(e) Other intangible assets	5	285.21	171.65
(f) Investment in associates and joint ventures	6	1,056.31	160.16
(g) Financial assets			
(i) Investments	7	8,777.30	11,011.21
(ii) Loans	8	180.00	26.13
(iii) Trade receivables	12	-	233.77
(iv) Derivative instruments	9	1,175.97	476.63
(v) Other financial assets	10	1,364.36	1,144.04
(h) Deferred tax assets (net)	21	639.58	396.55
(i) Income tax assets (net)		92.81	114.69
(j) Other assets	14	3,194.20	2,357.57
		61,033.33	**54,355.55**
II. Current assets			
(a) Inventories	11	18,446.66	13,598.89
(b) Financial assets			
(i) Investments	7	5,403.02	3,839.98
(ii) Loans	8	27.72	426.76
(iii) Trade receivables	12	21,478.40	19,371.41
(iv) Derivative instruments	9	806.97	1,245.80
(v) Cash and cash equivalents	13	2,862.17	2,346.03
(vi) Other bank balances	13	1,892.44	694.61
(vii) Other financial assets	10	1,174.87	1,245.87
(c) Other assets	14	3,296.76	3,039.31
		55,389.01	**45,808.66**
Total assets		**116,422.34**	**100,164.21**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	52,829.29	45,585.84
Equity attributable to equity holders of the parent		**53,760.56**	**46,517.11**
Non-controlling interests		298.36	294.20
Total equity		**54,058.92**	**46,811.31**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	16,785.16	11,262.31
(ii) Other financial liabilities	19	1.10	153.66
(b) Provisions	20	1,342.94	1,320.88
(c) Deferred tax liabilities (net)	21	2,702.05	2,543.70
(d) Other liabilities	23	444.02	533.57
		21,275.27	**15,814.12**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	20,943.31	15,848.17
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		124.31	46.87
Dues to other than micro enterprises and small enterprises		13,540.06	13,220.98
(iii) Other financial liabilities	19	3,687.92	6,127.37
(b) Provisions	20	725.62	632.05
(c) Other liabilities	23	1,479.31	1,294.05
(d) Current tax liabilities (net)		587.62	369.29
		41,088.15	**37,538.78**
Total liabilities		**62,363.42**	**53,352.90**
Total equity and liabilities		**116,422.34**	**100,164.21**

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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

In ₹ Million

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	24	101,457.33	84,146.72
Other income	25	2,027.93	1,420.07
Total income [i]		**103,485.26**	**85,566.79**
Expenses			
Cost of raw materials and components consumed	26	42,386.06	31,776.34
Purchase of traded goods		3,511.01	2,299.35
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(3,753.70)	(1,264.47)
Excise duty on sale of goods		-	569.80
Employee benefits expense	28	12,462.98	10,891.99
Depreciation, amortisation and impairment expense	29	5,207.94	4,668.80
Finance costs	30	1,272.15	1,065.31
Other expenses	31	26,295.26	22,643.80
Total expenses [ii]		**87,381.70**	**72,650.92**
Profit before share of (loss) of associates, joint ventures, exceptional items and tax [i - ii]		**16,103.56**	**12,915.87**
Share of (loss) of associates and joint ventures		(120.33)	(4.10)
Income tax expense		(6.58)	(0.32)
Share of (loss) of associates and joint ventures		**(113.75)**	**(3.78)**
Profit before exceptional items and tax		**15,989.81**	**12,912.09**
Exceptional items (loss)	32	-	(954.48)
Profit before tax		**15,989.81**	**11,957.61**
Income tax expense			
Current tax		5,742.68	4,318.49
Deferred tax		(78.83)	99.44
Income tax expense		**5,663.85**	**4,417.93**
Profit for the year		**10,325.96**	**7,539.68**
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods (net of tax)			
- Net movement on cash flow hedges	33	51.17	(1,692.51)
- Foreign Currency Monetary Items Translation Difference Account	33	21.02	181.92
- Foreign Currency Translation reserve	33	(207.98)	918.95
		(135.79)	**(591.64)**
Income tax effect		(17.88)	580.08
(A)		**(153.67)**	**(11.56)**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement (losses)/gains of defined benefit plans	33	(74.38)	126.39
- Net (loss)/gain on FVTOCI equity securities	33	(69.56)	166.47
- Share of other comprehensive income in associates and joint ventures	33	(0.22)	0.09
		(144.16)	**292.95**
Income tax effect		25.94	(41.80)
(B)		**(118.22)**	**251.15**
Other comprehensive income for the year (net of tax) [A+B]		**(271.89)**	**239.59**
Total comprehensive income for the year (net of tax)		**10,054.07**	**7,779.27**

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019 (contd.)

In ₹ Million

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Of the total comprehensive income above,			
Attributable to:			
Owners of the parent		10,049.91	7,864.07
Non-controlling interests		4.16	(84.80)
Of the total comprehensive income above,			
Profit for the year			
Attributable to:			
Equityholders of the parent		10,321.73	7,624.44
Non-controlling interests		4.23	(84.76)
Of the total comprehensive income above,			
Other comprehensive income for the year			
Attributable to:			
Equityholders of the parent		(271.82)	239.63
Non-controlling interests		(0.07)	(0.04)
Earnings per share [nominal value per share ₹ 2/- (March 31, 2018: ₹ 2/-)]	34		
Basic		22.17	16.38
Diluted		22.17	16.38

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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Consolidated statement of changes in equity

for the year ended March 31, 2019

A. Equity share capital:

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

Particulars	No. of shares	In ₹ Million
As at March 31, 2017	232,794,316	465.68
Add: Bonus shares issued during the period [Refer note 16(c)(ii)]	232,794,316	465.59
As at March 31, 2018	465,588,632	931.27
As at March 31, 2019	465,588,632	931.27

B. Other equity

In ₹ Million

Particulars	Reserves and Surplus					Items of OCI				Non Controlling interests	Total
	Security premium account	Capital reserves	Capital redemption Reserve	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
Balance at the April 1, 2017	7,096.48	15.50	300.00	2,948.42	28,373.17	(137.67)	120.13	2,208.80	(226.84)	100.40	**40,798.39**
- Profit for the year	-	-	-	-	7,624.44		-	-	-	(84.76)	**7,539.68**
- Other Comprehensive Income	-	-	-	-	84.72	918.95	166.47	(1,112.43)	181.92	(0.04)	**239.59**
	-	**-**	**-**	**-**	**7,709.16**	**918.95**	**166.47**	**(1,112.43)**	**181.92**	**(84.80)**	**7,779.27**
Transfer from retained earnings	-	-	-	100.00	-	-	-	-	-	-	**100.00**
Adjustment for the year	-	-	-	82.06	(71.02)	-	-	-	-	(11.04)	**-**
Utilised for issue of bonus shares	(165.59)	-	(300.00)	-	-	-	-	-	-	-	**(465.59)**
Acquisition of additional shares	-	-	-	-	-	-	-	-		289.64	**289.64**
Transfer to general reserve	-	-	-	-	(100.00)	-	-	-	-	-	**(100.00)**
Transaction with owners in their capacity as owners											
- Equity dividend	-	-	-	-	(1,163.97)	-	-	-	-	-	**(1,163.97)**
- Tax on Equity dividend	-	-	-	-	(236.96)	-	-	-	-	-	**(236.96)**
- Interim equity dividend	-	-	-	-	(931.18)	-	-	-	-	-	**(931.18)**
- Tax on Interim equity dividend	-	-	-	-	(189.56)	-	-	-	-	-	**(189.56)**
Balance as at March 31, 2018	**6,930.89**	**15.50**	**-**	**3,130.48**	**33,389.64**	**781.28**	**286.60**	**1,096.37**	**(44.92)**	**294.20**	**45,880.04**

Consolidated statement of changes in equity

for the year ended March 31, 2019 (contd.)

B. Other equity (contd.)

In ₹ Million

Particulars	Reserves and Surplus					Items of OCI				Non Controlling interests	Total
	Security premium account	Capital reserves	Capital redemption Reserve	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
Balance at the April 1, 2018	**6,930.89**	**15.50**	**-**	**3,130.48**	**33,389.64**	**781.28**	**286.60**	**1,096.37**	**(44.92)**	**294.20**	**45,880.04**
- Profit for the year	-	-	-	-	10,321.73	-	-	-	-	4.23	**10,325.96**
- Other Comprehensive Income	-	-	-	-	(48.59)	(207.98)	(69.56)	33.29	21.02	(0.07)	**(271.89)**
	-	-	-	-	10,273.14	(207.98)	(69.56)	33.29	21.02	4.16	**10,054.07**
Transfer from retained earnings	-	-	-	100.00	-						**100.00**
Transfer to general reserve	-	-	-	-	(100.00)	-	-	-	-	-	**(100.00)**
Transaction with owners in their capacity as owners											
- Equity dividend	-	-	-	-	(1,163.97)	-	-	-	-	-	**(1,163.97)**
- Tax on equity dividend	-	-	-	-	(239.26)	-	-	-	-	-	**(239.26)**
- Interim equity dividend	-	-	-	-	(1,163.97)	-	-	-	-	-	**(1,163.97)**
- Tax on interim equity dividend	-	-	-	-	(239.26)	-	-	-	-	-	**(239.26)**
Balance as at March 31, 2019	**6,930.89**	**15.50**	**-**	**3,230.48**	**40,756.32**	**573.30**	**217.04**	**1,129.66**	**(23.90)**	**298.36**	**53,127.65**

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Cash Flow Statement

for the year ended March 31, 2019

In ₹ Million

Particulars	March 31, 2019	March 31, 2018
Operating activities		
Profit before tax	**15,989.81**	**11,957.61**
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	**(113.75)**	**(3.78)**
	16,103.56	**11,961.39**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	5,207.94	4,668.80
Unrealised foreign exchange loss/(gain)/MTM etc. (net)	(142.17)	730.01
Interest income on fixed deposit and others	(217.98)	(168.05)
Liabilities/provision no longer required written back	(131.98)	(71.14)
Provision for doubtful debts and advances (net) including expected credit loss	45.46	64.85
Bad debts/advances written off	106.27	50.60
Finance costs	1,272.15	1,065.31
(Profit) on sale of property, plant and equipment (net)	(103.15)	(33.24)
Dividend income from investments	(1.47)	(228.47)
Net (gain) on sale of investment	(125.64)	(52.57)
Net (gain) on fair valuation of financial instruments (FVTPL)	(714.75)	(461.23)
Exceptional items	-	954.48
Effects of consolidation	65.56	(902.92)
Operating profit before working capital changes	**21,363.80**	**17,577.82**
Movements in working capital :		
(Increase) in trade receivable	(2,032.52)	(5,688.41)
(Increase) in inventories	(4,847.77)	(2,846.86)
(Increase)/Decrease in other financial assets	(292.00)	136.81
(Increase) in other assets	(251.91)	(470.12)
Increase in provisions	22.20	201.61
Increase in trade payables	564.57	4,879.82
(Decrease) in other financial liabilities	(4.93)	(169.63)
Increase/(Decrease) in other liabilities	95.71	(21.95)
Cash generated from operations	**14,617.15**	**13,599.09**
Direct taxes paid (net of refunds)	(5,502.47)	(3,925.47)
Net cash flow from operating activities (A)	**9,114.68**	**9,673.62**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(11,770.96)	(5,849.71)
Proceeds from sale of property, plant and equipment and intangible assets	453.45	165.94
Investments in associates/joint ventures	(1,001.98)	(160.03)
Loan given to associates/others	(48.58)	(280.89)
Proceeds from loan given to associates/others	243.75	125.21
Investments in financial instruments	(38,098.74)	(51,144.86)
Proceeds from sale of financial instruments	38,322.49	48,584.83
Interest received	148.24	189.47
Dividends received	1.47	228.47
Net cash (used) in investing activities (B)	**(11,750.86)**	**(8,141.57)**

Cash Flow Statement (Contd.)

for the year ended March 31, 2019

In ₹ Million

Particulars	March 31, 2019	March 31, 2018
Financing activities		
Dividend paid on equity shares	(2,327.94)	(2,095.14)
Tax on equity dividend paid	(478.52)	(426.52)
Interest paid	(1,037.83)	(874.67)
Proceeds from borrowings	57,718.45	46,855.90
Repayment of borrowings	(50,197.70)	(46,893.45)
Equity infused by minority shareholders	-	289.64
Net cash from /(used) in financing activities (C)	**3,676.46**	**(3,144.24)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**1,040.28**	**(1,612.19)**
Cash and cash equivalents at the beginning of the year*	2,029.82	2,723.06
Foreign currency translation reserve movement	(207.99)	918.95
Cash and cash equivalents at the end of the year*	**2,862.11**	**2,029.82**
Balances with banks:		
In cash credit and current accounts	2,296.35	1,942.70
Deposits with original maturity of less than three months	564.41	401.22
Cash on hand	1.41	2.11
Total	**2,862.17**	**2,346.03**
Less : Cash credit	0.06	316.21
	2,862.11	**2,029.82**

* Excluding earmarked balances (on unclaimed dividend accounts)

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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019

1. Corporate information

The consolidated financial statements comprise financial statements of Bharat Forge Limited ("the Company") and its subsidiaries (collectively, the Group) for the year ended March 31, 2019. Bharat Forge Limited ("the Company") is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing and selling of products comprising of forging, finished machined crankshafts, front axle assembly and ring rolling. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company's CIN is L25209PN1961PLC012046. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors on May 20, 2019.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2019 and March 31, 2018 respectively. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

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

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

The consolidated financial statements in respect of overseas subsidiaries and associate including its subsidiaries (other than Bharat Forge International Limited) are drawn for the year ended December 31, 2018 and December 31, 2017, whereas the financial statements of the Company are drawn for the year ended March 31, 2019 and March 31, 2018. As per the statutory requirements of the Country of incorporation the overseas components with non-coterminous periods, the year-end has been considered as of December 31, 2018 and December 31, 2017. The effect of significant transactions and other events that occur between January 1, 2019 and March 31, 2019 and January 01, 2018 to March 31, 2018 are considered in the consolidated financial statements if it is material in nature. The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2019 and March 31, 2018. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2019 and March 31, 2018.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

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

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary

- Derecognises the carrying amount of any non-controlling interests

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Summary of significant accounting policies

A. Business combinations

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

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

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

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

B. Investment in associates and joint ventures

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

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

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

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

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

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

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

C. Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

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

D. Foreign currencies

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

Transactions and Balance

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently recognised in the financial statements upto the period ended March 31, 2016.

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

Exchange Differences

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

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

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

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

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

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

E. Fair value measurement

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

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

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

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

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

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

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

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

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

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

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

F. Revenue from contracts with customers

Revenue from contracts with customers is recognised 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".

Post Implementation of Goods and Service Tax (GST) w.e.f. July 1, 2017, "Revenue from operations" is required to be disclosed net of GST. Accordingly, the revenue from operations are inclusive of excise duty invoiced till June 30, 2017 and are not comparable with revenue for year ended March 31, 2018 to that extent.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

Sale of goods

Revenue from sale of goods is recognised 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 effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer, if any.

Export incentives

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

Tooling income

Revenue from tooling income is recognised at the point in time when the control of the die is transferred, which is on receipt of customer's approval as per the terms of the contract. The credit period is generally between 30 to 210 days.

Sale of services

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

Interest income

For all debt instruments measured either at 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-S Financial instruments – initial recognition and subsequent measurement.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs the obligation as per the contract.

G. Government grants

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

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

H. Taxes

Current income tax

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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:

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included.

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

I. Non-current assets held for sale/ distribution to owners and discontinued operations

The Group classifies non-current assets and disposal Group's as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group's), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group);
- An active programme to locate a buyer and complete the plan has been initiated (if applicable);
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification ; and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal group's are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

J. Property, plant and equipment

Property, plant and equipment, are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured, plant and equipment are capitalized at cost, including non-creditable indirect taxes, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment/ investment property are 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 Group 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 decommissioning 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 Group 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 assets	Useful life estimated by management (years)
Building - Factory	8 – 50
Buildings – Others	5 – 60
Plant and machinery (including dies)	1 – 21
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Plant and machinery - computer	3
Office equipment	3 – 11
Railway sidings	10
Power Line	6
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 9
Aircraft	6 – 18

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

Freehold land is carried at cost. The Group has taken certain land on lease for a period of 99 years. Leasehold land is amortised on the straight line method over period of the lease.

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.

K. Investment Properties

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

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

L. 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 the 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 net carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

Type of Asset	Useful life estimated by management (years)
Software	3 – 5
Development costs	10
Patents	10
Technology license	5

Research and development costs

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

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

M. 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. borrowing taken on or after April 1, 2016.

N. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the same is in line with inflation.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

O. Inventories

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

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

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

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

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

Scrap is valued at net realizable value.

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

P. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Intangible assets under development are tested for impairment annually.

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

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

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

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

Q. Provisions and contingent liabilities

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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

R. Post-employment and other employee benefits

Provident fund

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

The eligible employees of the Company 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 Group Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

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

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

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Gratuity

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

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

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

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

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

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

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

Superannuation

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

Privilege leave benefits

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

Termination benefits

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

Other long-term employee benefits

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

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

S. 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 and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- Equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

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

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

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at 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 instrument at FVTOCI

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On 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 amortised cost or as FVTOCI, is classified as at FVTPL.

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Equity investments

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

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

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

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of financial assets

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

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

b) Lease receivables under Ind AS 17

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

d) Financial assets that are measured at FVTOCI

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

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it 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 Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to 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 Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

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

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are 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 Group does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit and loss

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the 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 Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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.

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 Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised 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 consolidated 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 realize the assets and settle the liabilities simultaneously.

T. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially 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 the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedge item affects the statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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 recognised asset or liability or an unrecognised 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 unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving 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 a charge.

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.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the 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 the statement of profit and loss.

Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a 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 Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the statement of profit and loss. Refer to note 50 for more details.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Amounts recognised as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is 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.

U. Cash and cash equivalents

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

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

V. Dividend to equity holders of the Group

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. 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.

W. 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.

X. 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

2.4 Changes in accounting policies and disclosures

I. Revenue from contract with customer

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at April 1, 2018.

There is no impact of transition to Ind AS 115 on retained earnings as on April 1, 2018. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

II. Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Group's financial statements.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

3. Property, plant and equipment

In ₹ Million

	Freehold land	Leasehold land	Buildings (Notes a, b)	Plant and machinery (Notes d)	Plant and machinery on Finance Lease	Railway sidings	Office equipments	Sub Total (A)
Cost								
At April 1, 2017 (Refer note g)	433.88	147.18	6,763.36	29,036.18	343.54	0.02	103.96	**36,828.12**
Foreign Currency Translation Reserve	24.50	(0.23)	248.35	825.35	40.60	-	7.42	**1,145.99**
Additions	2.17	-	193.38	5,293.35	-	-	12.55	**5,501.45**
Disposals	(0.40)	-	(33.98)	(133.97)	-	-	-	**(168.35)**
Other adjustments								**-**
- Borrowing cost	-	-	0.47	28.29	-	-	-	**28.76**
- Exchange differences	-	-	5.48	74.28	-	-	-	**79.76**
- Others (Refer note e)	-	-	-	22.20	-	-	(22.20)	**-**
As at March 31, 2018	**460.15**	**146.95**	**7,177.06**	**35,145.68**	**384.14**	**0.02**	**101.73**	**43,415.73**
Foreign Currency Translation Reserve	(2.04)	0.32	5.41	(126.43)	(4.04)	-	2.02	**(124.76)**
Additions	319.93	3.13	512.84	4,905.66	2.74	-	30.81	**5,775.11**
Disposals	(10.46)	-	(39.17)	(265.65)	-	-	(4.17)	**(319.45)**
Other adjustments								
- Borrowing cost	-	-	-	2.36	-	-	-	**2.36**
- Exchange differences	-	-	19.85	132.51	-	-	-	**152.36**
As at March 31, 2019	**767.58**	**150.40**	**7,675.99**	**39,794.13**	**382.84**	**0.02**	**130.39**	**48,901.35**
Depreciation								
At April 1, 2017 (Refer note g)	-	6.69	582.73	7,349.73	155.81	-	14.01	**8,108.97**
Foreign Currency Translation Reserve	-	-	47.02	302.37	21.23	-	6.09	**376.71**
Charge for the year	-	0.91	326.02	3,607.81	46.04	-	13.68	**3,994.46**
Impairment (Refer note f)	-	-	-	17.73	-	-	-	**17.73**
Disposals	-	-	(6.76)	(80.37)	-	-	-	**(87.13)**
Other adjustments								**-**
- Others (Refer note e)	-	-	-	-	-	-		**-**
At March 31, 2018	**-**	**7.60**	**949.01**	**11,197.27**	**223.08**	**-**	**33.78**	**12,410.74**
Foreign Currency Translation Reserve	-	0.02	(4.80)	(66.35)	(2.86)	-	0.47	**(73.52)**
Charge for the year	-	1.74	340.81	4,063.54	48.23	-	16.85	**4,471.17**
Disposals	-	-	(6.96)	(178.49)	-	-	(3.63)	**(189.08)**
Other adjustments								
- Others (Refer note e)	-	(5.09)	-	-	-	-	-	**(5.09)**
At March 31, 2019	**-**	**4.27**	**1,278.06**	**15,015.97**	**268.45**	**-**	**47.47**	**16,614.22**
Net block								
As at March 31, 2018	**460.15**	**139.35**	**6,228.05**	**23,948.41**	**161.06**	**0.02**	**67.95**	**31,004.99**
As at March 31, 2019	**767.58**	**146.13**	**6,397.93**	**24,778.16**	**114.39**	**0.02**	**82.92**	**32,287.13**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

3. Property, plant and equipment (contd.)

In ₹ Million

	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)
Cost							
At April 1, 2017 (Refer note g)	178.81	1,692.37	128.56	2,536.29	6.17	**4,542.20**	**41,370.32**
Foreign Currency Translation Reserve	-	151.97	-	(8.09)	-	**143.88**	**1,289.87**
Additions	-	293.44	35.01	17.73	-	**346.18**	**5,847.63**
Disposals	-	(33.82)	(0.07)	(1.69)	-	**(35.58)**	**(203.93)**
Other adjustments							-
- Borrowing cost	-	-	-	-	-	**-**	**28.76**
- Exchange differences	-	0.65	-	13.28	-	**13.93**	**93.69**
- Others (Refer note e)	-	-	-	2.84	-	**2.84**	**2.84**
At March 31, 2018	**178.81**	**2,104.61**	**163.50**	**2,560.36**	**6.17**	**5,013.45**	**48,429.18**
Foreign Currency Translation Reserve	-	(21.66)	-	(0.20)	-	**(21.86)**	**(146.62)**
Additions	1.70	431.20	39.56	29.70	-	**502.16**	**6,277.27**
Disposals	-	(43.85)	(13.59)	(6.33)	-	**(63.77)**	**(383.22)**
Other adjustments							
- Borrowing cost	-	0.03	-	-	-	**0.03**	**2.39**
- Exchange differences	-	2.18	-	9.87	-	**12.05**	**164.41**
- Others (Refer note e)	-	-	-	4.32	-	**4.32**	**4.32**
As at March 31, 2019	**180.51**	**2,472.51**	**189.47**	**2,597.72**	**6.17**	**5,446.38**	**54,347.73**
Depreciation							
At April 1, 2017 (Refer note g)	64.15	565.03	32.53	383.94	6.17	**1,051.82**	**9,160.79**
Foreign Currency Translation Reserve	-	76.44	-	(9.26)	-	**67.18**	**443.89**
Charge for the year	24.27	304.85	13.91	191.40	-	**534.43**	**4,528.89**
Impairment (refer note f)	-	-	-	-	-	**-**	**17.73**
Disposals	-	(30.88)	(0.02)	(0.60)	-	**(31.50)**	**(118.63)**
Other adjustments							
- Others (Refer note e)	-	-	0.31	2.84	-	**3.15**	**3.15**
At March 31, 2018	**88.42**	**915.44**	**46.73**	**568.32**	**6.17**	**1,625.08**	**14,035.82**
Foreign Currency Translation Reserve	-	(12.00)	-	-	-	**(12.00)**	**(85.52)**
Charge for the year	21.83	325.88	17.33	192.19	-	**557.23**	**5,028.40**
Disposals	-	(39.88)	(8.14)	(2.14)	-	**(50.16)**	**(239.24)**
Other adjustments							
- Others (Refer note e)	-	-	-	4.32	-	**4.32**	**(0.77)**
At March 31, 2019	**110.25**	**1,189.44**	**55.92**	**762.69**	**6.17**	**2,124.47**	**18,738.69**
Net block							
As at March 31, 2018	**90.39**	**1,189.17**	**116.77**	**1,992.04**	**-**	**3,388.37**	**34,393.36**
As at March 31, 2019	**70.26**	**1,283.07**	**133.55**	**1,835.03**	**-**	**3,321.91**	**35,609.04**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

3. Property, plant and equipment (contd.)

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2018: ₹ 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, 2019 was ₹ Nil (March 31, 2018: ₹ Nil).

(d) Assets include assets lying with third party amounting to ₹ 162.29 (March 31, 2018: ₹ 170.03).

(e) Other adjustments are related to reclassification within block of assets.

(f) During the current year certain items of property, plant and equipment have been retired from active use due to non-usability on account of obsolescence. Accordingly, the Group has provided for impairment on such assets.

(g) As at transition date (i.e. April 1, 2015), the Group has elected to continue with the carrying value (for both gross block and accumulated amortization) of Property, Plant and Equipment and intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed costs. However, for disclosure purpose the group had continued to disclose carrying amount of cost and accumulated depreciation as per previous GAAP. In the current year, the Group has disclosed the carrying value of Property, Plant and Equipment on net basis (i.e. net block as at March 31, 2015 is shown as gross block of April 1, 2015). Accordingly, the cost and accumulated depreciation balances as on April 01, 2017 have been adjusted. This change has no impact on the carrying value of property, plant and equipments or depreciation as disclosed in financial statements.

4. Investment property

In ₹ Million

	Total
Cost	
at April 1, 2017	2.89
Additions	-
Disposals	-
at March 31, 2018	**2.89**
Additions	-
Disposals	-
at March 31, 2019	2.89
Depreciation and impairment	
at April 1, 2017	-
Depreciation for the year	-
at March 31, 2018	-
Depreciation for the year	-
at March 31, 2019	-
Net block	
at March 31, 2018	**2.89**
at March 31, 2019	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2019	March 31, 2018
Rental income derived from investment properties (included in Rent in note 25)	2.80	2.69
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)	0.20	1.40
Profit arising from investment properties before depreciation and indirect expenses	**2.60**	**1.29**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.60**	**1.29**

As at March 31, 2019 and March 31, 2018, the fair values of the properties are ₹ 2,445.00 million, ₹ 2,425.21 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 main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

4. Investment property (contd.)

The Company has no restrictions (other than the land for which matter is being sub-judice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan. Freehold land parcel includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being sub-judice, the 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
Opening balance as at April 1, 2017	2,425.21
Fair value difference	-
Purchases	-
Opening balance as at March 31, 2018	**2,425.21**
Fair value difference	19.79
Purchases	-
Closing balance as at March 31, 2019	**2,445.00**

5. Intangibles Assets

In ₹ Million

	Goodwill	Computer Software	Development cost	Patents	Technology License	Total
Cost						
at April 1, 2017 [Refer note 5(a)]	424.18	219.77	126.52	2.05	-	**772.52**
Foreign Currency Translation Reserve	53.33	13.03	15.90	-		**82.26**
Additions	-	70.14	-	-	37.12	**107.26**
Disposals	-	(0.66)	-	-	-	**(0.66)**
Other adjustments				-		
- Exchange differences	-	0.01	-	-	-	**0.01**
at March 31, 2018	**477.51**	**302.29**	**142.42**	**2.05**	**37.12**	**961.39**
Foreign Currency Translation Reserve	(4.98)	(1.21)	(1.48)	-	-	**(7.67)**
Additions	-	96.14	-	0.59	120.41	**217.14**
Disposals	-	(0.94)	-	-	-	**(0.94)**
Other adjustments					-	**-**
- Exchange differences	-	0.13	-	-	-	**0.13**
at March 31, 2019	**472.53**	**396.41**	**140.94**	**2.64**	**157.53**	**1,170.05**
Depreciation/ Amortisation						
at April 1, 2017 [Refer note 5(a)]	-	84.98	126.52	2.05	-	**213.55**
Foreign Currency Translation Reserve	4.24	5.18	15.90	-	-	**25.32**
Charge for the year	-	76.22	-	-	1.83	**78.05**
Impairment	44.13					**44.13**
Disposals	-	(0.45)	-	-	-	**(0.45)**
at March 31, 2018	**48.37**	**165.93**	**142.42**	**2.05**	**1.83**	**360.60**
Foreign Currency Translation Reserve	(1.03)	(0.72)	(1.48)	-	-	**(3.23)**
Charge for the year	-	83.37	-	0.09	19.76	**103.22**
Impairment	76.32	-	-	-	-	**76.32**
Disposals	-	(0.94)	-	-	-	**(0.94)**
at March 31, 2019	**123.66**	**247.64**	**140.94**	**2.14**	**21.59**	**535.97**
Net Block (Refer note 5(a))						
at March 31, 2018	**429.14**	**136.36**	**-**	**-**	**35.29**	**600.79**
at March 31, 2019	**348.87**	**148.77**	**-**	**0.50**	**135.94**	**634.08**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

5. Intangibles (contd.)

(a) As at transition date (i.e. April 1, 2015), the Group has elected to continue with the carrying value (for both gross block and accumulated amortization) of Intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed costs. In the current year, the Group has shown the carrying value of Intangible Assets on net basis (i.e. net block as at March 31, 2015 is shown as gross block of April 1, 2015). Accordingly, balances as on April 01, 2017 have been adjusted.

Impairment of Goodwill:

The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU to which goodwill has been allocated. MGL is involved in machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL'. The carrying amount of goodwill as at March 31, 2019 is ₹ 348.87 million (March 31, 2018 : ₹ 429.18 million) net of impairment. The Group performed its annual impairment test for year ended December 31, 2018 and December 31, 2017 in February 2019 and February 2018, respectively. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. As at February 2019, due to market conditions, indicating a potential impairment of goodwill, the management has provided for additional impairment of ₹ 76.32 million for the year ended March 31, 2019 (March 31, 2018: ₹ 44.13 million).

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) befor tax (Discount rate) : 10.9% (March 31, 2018 : 11.1%)

Terminal growth rate : 1.9% (March 31, 2018 : 1.7%)

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

6. Investment in associates and joint ventures*

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
At cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahn GmbH (note 6 (a))	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
49,000 (March 31, 2018: 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited (Refer note 39)	-	0.07
3,500 (March 31, 2018: 3,500) equity shares of ₹ 10/- each fully paid up in Hospet Bellary Highways Private Limited (Refer note 39)	0.05	0.05
12,313 (March 31, 2018: 4,736) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited Refer note 6 (b)(i), 6 (b)(ii) and note 39)	247.57	100.01
794,217 (March 31, 2018 : Nil) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited [GBP 10,094,948 (March 31, 2018 : Nil)] (Refer note 6 (c)) and note 39)	808.67	-
- Investments in jointly owned entities		
7,128,219 (March 31, 2018: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) (Refer note 6(d) and note 38)	-	-
100,000 (March 31, 2018: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPESPL) (Refer 6(e) and note 38)	0.02	0.05
Unquoted Preference shares		
- Investments in associates (fully paid)-		
Nil (March 31, 2018: 2,841) compulsorily convertible preference shares of ₹ 10/- each in		
Tork Motors Private Limited [Refer note 6(b)(ii)]	59.98	59.98
Less : Converted into equity shares	59.98	-
	-	59.98
Total	**1,056.31**	**160.16**

* Disclosed at carrying value (Investment less Share of losses)

a. Not included in the consolidation based on materiality

b. (i) During the current year, the Group has made further investment in Tork Motors Private Limited of ₹ 99.99 million (March 31, 2018: ₹ 100.41 million) by acquiring 4,736 (March 31, 2018: 4,736) equity shares of ₹ 10/- each.

(ii) During the previous year, the Group had made investment in Tork Motors Private Limited of ₹ 59.98 million by acquiring 2,841 compulsorily convertible preference shares of ₹ 10/- each. In the current year said 2,841 "compulsorily convertible preference shares" of ₹ 10/- each was converted into 2,841 equity shares of ₹ 10/- each in accordance with the terms of issue, at fair value of ₹ 59.98 million as on conversion date.

c. During the current year, the Group has made investment in Tevva Motors (Jersey) Limited ₹ 902.21 million by acquiring 786,717 ordinary shares of £ 0.00001 each.

d. During the previous year, the Group had made further investment in BFNTPCESL of ₹ 2.89 million by acquiring 289,119 equity shares of ₹ 10/- each.

During the current year the shareholders of BF-NTPC Energy Systems Limited 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. Accordingly, the Group has decided not to consolidate the said JV from the date of aforementioned application.

e. During the previous year, the Group had made further investment in BFPESPL of ₹ 0.50 million by acquiring 50,000 equity shares of ₹ 10/- each.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current investment		
(a) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))		
- Equity instruments (unquoted)		
- Investments in others (Company holds 5% or more of the share capital) fully paid		
38,384,202 (March 31, 2018: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	583.06	637.94
613,000 (March 31, 2018: Nil) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) (Refer note 7(b))	57.58	-
- Equity instruments (quoted)		
613,000 (March 31, 2018: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) (Refer note 7(b))	60.47	132.73
Total FVTOCI Investments (a)	**701.11**	**770.67**
(b) Investments at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted)		
Investments in others		
504,432 (March 31, 2018: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note 7(c))	-	-
Nil (March 31, 2018: 7,500) equity shares fully paid up in Tevva Motors (Jersey) Limited	-	7.92
Bonds (quoted)		
250 (March 31, 2018 : Nil) Secured redeemable non-convertible debentures of ₹ 1,000,000/- each in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-
Investments in private equity fund (unquoted funds)		
1,179,546.87 (March 31, 2018 : 635,009.59) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	171.60	115.57
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)	1,453.99	1,651.03
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)	6,181.93	8,466.02
Total FVTPL Investments (b)	**8,076.19**	**10,240.54**
Total (a) + (b)	**8,777.30**	**11,011.21**
Current investments		
Investments at fair value through profit or loss (fully paid)		
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)	505.34	-
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)	4,897.68	3,839.98
Total	**5,403.02**	**3,839.98**
Aggregate book value of quoted investments	**2,031.07**	**1,640.24**
Aggregate market value of quoted investments	**2,288.47**	**1,783.76**
Aggregate value of unquoted investments	**11,891.85**	**13,067.43**

(a) These equity shares are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group. Thus disclosing their fair value fluctuation in profit and loss will not reflect the purpose of holding.

(b) Birlasoft Limited and KPIT Technologies Limited

The Group had invested in 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited, however, the Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composit 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 order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited" and KPIT Engineering Limited has been renamed as "KPIT Technologies Limited"

Pursuant to the Scheme, the Company has 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 is 56.64% to 43.36%.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments (contd.)

(c) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited have been pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil, as at April 1, 2015.

(d) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 51 for determination of their fair values.

(e) Investments at fair value through statement of profit and loss (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 51 for determination of their fair values.

8. Loans

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current (Unsecured, considered good)		
Other loans		
Loan to employees	35.01	26.13
Loan to related parties (Refer note 45, 47)	327.41	-
Less: Provision for diminution in value of loan	(182.42)	-
	144.99	-
Total	**180.00**	**26.13**
Current (Unsecured, considered good)		
Loan to related parties (Refer note 45, 47)	-	357.51
Less: Provision for diminution in value of loan (Refer note 32)	-	(132.42)
	-	**225.09**
Loan to Others		
Loan to employees	27.72	27.97
Other loans	-	173.70
Total	**27.72**	**426.76**

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

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

9. Derivative instruments

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	1,097.84	476.63
Fair value hedges (FVTPL)		
Cross currency swap	78.13	-
Total	**1,175.97**	**476.63**
Current		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	650.59	1,245.80
Fair value hedges (FVTPL)		
Foreign exchange forward contracts	156.38	-
Total	**806.97**	**1,245.80**

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).

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

10. Other financial assets

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Government grants*	966.91	695.86
Security deposits	397.42	357.12
Receivable for sale of property, plant and equipment	-	91.00
Deposits with original maturity for more than twelve months**	0.03	0.03
Other receivables***	-	0.03
Total	**1,364.36**	**1,144.04**
Current		
Government grants*	1,033.20	1,072.49
Energy credit receivable - windmills	6.33	6.69
Interest accrued on fixed deposits etc.	92.62	6.04
Receivable for sale of property, plant and equipment	-	115.32
Security deposits	1.43	16.26
Other receivables***	41.29	29.07
Total	**1,174.87**	**1,245.87**

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

** ₹ 0.03 million (March 31, 2018: ₹ 0.03 million) in non-current portion pledged with the sales tax department.

***Other receivables includes sundry balances receivable

11. Inventories

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Raw materials and components [includes items lying with third parties]	3,418.46	2,527.03
Work-in-progress [includes items lying with third parties]	6,045.36	4,808.04
Finished goods [includes items in transit]	6,112.91	3,866.54
Stock of traded goods [includes items in transit]	817.41	631.58
Stores, spares and loose tools	1,820.22	1,617.58
Dies and dies under fabrication	153.09	114.08
Scrap	79.21	34.04
Total	**18,446.66**	**13,598.89**

During the year ended March 31, 2019 ₹ 78.45 million (March 31, 2018: 66.45 million) was recognised as an expense for inventories carried at net realisable value.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

12. Trade receivables

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured		
Considered good	-	233.77
Total	**-**	**233.77**
Current		
Secured		
Considered good	68.49	120.87
	68.49	**120.87**
Unsecured		
Considered good (including related party receivables)	21,519.68	19,364.76
Credit impaired	96.37	108.25
	21,616.05	**19,473.01**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	(96.37)	(108.25)
Unsecured (Considered good)	(109.77)	(114.22)
	(206.14)	**(222.47)**
Total	**21,478.40**	**19,371.41**

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

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

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

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

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

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

In ₹ Million

Particulars	As at March 31, 2019	As at March 31, 2018
Transferred receivables	2,455.98	4,120.28
Associated borrowing [bank loans - refer note 18]	2,469.58	4,122.98

13. Cash and bank balances

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	2,296.35	1,942.70
Deposits with original maturity of less than three months	564.41	401.22
Cash on hand	1.41	2.11
Total	**2,862.17**	**2,346.03**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	37.83	36.04
Deposits with original maturity of less than twelve months	1,854.61	658.57
Total	**1,892.44**	**694.61**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

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

14. Other assets

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	2,275.51	1,410.52
Balances with government authorities	483.09	616.61
Advances to suppliers	393.52	330.42
Others*	42.08	0.02
Total	**3,194.20**	**2,357.57**
Current		
Balances with government authorities	1,894.26	2,199.54
Advance to suppliers	781.51	287.86
Others*	620.99	551.91
Total	**3,296.76**	**3,039.31**

* Includes prepaid expenses, sundry debit balances etc.

There are no advances which 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.

Break up of financial assets carried at amortised cost

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Loans [Refer note 8]	207.72	452.89
Other financial assets [Refer note 10]	2,539.23	2,389.91
Trade receivables [Refer note 12]	21,478.40	19,605.18
Cash and cash equivalents [Refer note 13]	2,862.17	2,346.03
Other bank balances [Refer note 13]	1,892.44	694.61
Total	**28,979.96**	**25,488.62**

Break up of financial assets carried at fair value through OCI

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Investments [Refer note 7]	701.11	770.67
Derivative instruments [Refer note 9]	1,748.43	1,722.43
Total	**2,449.54**	**2,493.10**

Break up of financial assets carried at fair value through profit and loss

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Investments [Refer note 7]	13,479.21	14,080.52
Derivative instruments [Refer note 9]	234.51	-
Total	**13,713.72**	**14,080.52**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

15. Equity share capital

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Authorized shares (No.)		
975,000,000 (March 31, 2018 : 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2018 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2018 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2018 : 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2018 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2018 : 172,840) forfeited equity shares comprising of 15,010 equity shares	0.09	0.09
(March 31, 2018: 15,010) of ₹ 2/- each (amount partly paid In ₹ 1/- each) and 157,830 equity shares		
(March 31, 2018 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)[Also Refer note 15(f)]		
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms / rights attached to equity shares

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

In the event of liquidation of the 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.

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

Equity shares	As at March 31, 2019		As at March 31, 2018	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	465,588,632	931.18	232,794,316	465.59
Issued during the year [Refer note 16(c)(ii)]	-	-	232,794,316	465.59
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

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

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

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

	Year ended March 31, 2019	Year ended March 31, 2018
	No.	No.
Equity shares alloted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316	232,794,316

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

15. Equity share capital (contd.)

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

	As at March 31, 2019		As at March 31, 2018	
	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	55,160,174	11.85
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 [Refer note 16(c)(ii)]

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
	No.	No.
4,680 (March 31, 2018 : 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2018 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2018 : 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, 2018 : 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.

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Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

16. Other equity

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
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**
Capital redemption reserve [Refer note 16(c)(i)]		
Balance as per the last financial statements	-	300.00
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	-	(300.00)
Closing balance	**-**	**-**
Securities premium account [Refer note 16(d)]		
Balance as per the last financial statements	6,930.89	7,096.48
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	-	(165.59)
Closing balance	**6,930.89**	**6,930.89**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.3 (d)]		
Balance as per the last financial statements	(44.92)	(226.84)
Add: Arising during the year (loss)	(197.19)	(18.26)
Less: Adjusted during the year	(218.21)	(200.18)
Closing balance	**(23.90)**	**(44.92)**
Hedge reserve [Refer note 2.3 (t)]		
Balance as per the last financial statements	1,096.37	2,208.80
Add: Arising during the year	827.37	282.15
Less: Adjusted during the year	794.08	1,394.58
Closing balance	**1,129.66**	**1,096.37**
General reserve		
Balance as per the last financial statements	3,130.48	2,948.42
Add: Amount transferred from surplus balance in the statement of profit and loss	100.00	100.00
Less: Adjusted during the year [Refer note 21(a)]	-	(82.06)
Closing balance	**3,230.48**	**3,130.48**
Foreign currency translation reserve (FCTR)		
Balance as per the last financial statements	781.28	(137.67)
Movement during the year	(207.98)	918.95
Closing balance	**573.30**	**781.28**
carried over	11,855.93	11,909.60

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

16. Other equity (Contd.)

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
brought over	11,855.93	11,909.60
Surplus in the statement of profit and loss		
Balance as per the last financial statements	33,676.24	28,493.30
Add:		
- Net profit for the year	10,321.73	7,624.44
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	(48.59)	84.72
(2) Equity Instruments through other comprehensive income	(69.56)	166.47
	10,203.58	**7,875.63**
Less:		
- Final equity dividend of previous year	1,163.97	1,163.97
- Tax on final equity dividend of previous year	239.26	236.96
- Interim equity dividend	1,163.97	931.18
- Tax on interim equity dividend	239.26	189.56
- Transfer to general reserve	100.00	100.00
- Other adjustments	-	71.02
	2,906.46	**2,692.69**
Closing balance	**40,973.36**	**33,676.24**
Total	**52,829.29**	**45,585.84**

(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 form 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) Capital redemption reserve:

(i) Capital redemption reserve was created by amount set aside on redemption of preference shares.

(ii) During the previous year, the Company issued the bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity share of ₹ 2/- each for every 1 (one) fully paid-up equity share held (including GDR holders) which was approved by the shareholders of the Company on September 24, 2017 through Postal Ballot/e-voting. Consequently, on October 03, 2017, the Company had allotted 232,794,316 Equity shares of ₹ 2/- each fully paid-up, to the shareholders of the Company as at the record date by transferring equivalent amount from "Capital redemption reserve" and "Securities premium account" to "Share capital".

(d) Securities premium account:

Securities premium account was utilised for issue of bonus equity shares. The same was utilised in accordance with the provisions of the Companies Act, 2013.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

17. Distribution made and proposed to be made

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2018 : ₹ 2.50 per share (March 31, 2017 : ₹ 5.00 per share)	1,163.97	1,163.97
DDT on final dividend	239.26	236.96
Interim dividend		
For the year ended on March 31, 2019: ₹ 2.50 per share (March 31, 2018: ₹ 2.00 per share)	1,163.97	931.17
DDT on interim dividend	239.26	189.56
Proposed dividend on equity shares :		
Final cash dividend		
For the year ended on March 31, 2019: ₹ 2.50 per share (March 31, 2018 : ₹ 2.50 per share)	1,163.97	1,163.97
DDT on proposed dividend	239.26	239.26

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

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Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current borrowings		
- Term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer note18 a]	2,312.60	1,779.66
Foreign currency term loans (other than Rupee loans) (unsecured)		
On syndication basis [Refer note18 a]	9,648.15	4,237.19
On bilateral basis [Refer note18 a]	4,717.81	5,114.59
- Other loans (secured)		
GITA R&D project loan (Refer note 18 b)	2.68	3.35
Finance lease obligations [Refer note18(c)] [Refer note 43 (c)]	103.92	127.52
Total	**16,785.16**	**11,262.31**
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer note18 a]	913.53	1,069.08
Foreign currency term loans (other than Rupee loans) (unsecured)		
On syndication basis [Refer note18 a]	1,023.04	3,898.88
On bialateral basis [Refer note18 a]	558.04	0.58
Buyers line of credit for import of goods [Refer note18 d]	-	434.58
- Current maturity of other loans (secured)		
GITA R&D project loan (Refer note 18 b)	0.67	-
Finance lease obligations [Refer note18(c)] [Refer note 43 (c)]	69.31	56.04
- From banks		
- Foreign currency loans		
Preshipment packing credit (secured) [Refer note18 e(i)]	361.68	149.77
Preshipment packing credit (unsecured) [Refer note18 e(i)]	97.51	-
Bill discounting with banks (secured) [Refer note18 e(ii)]	3,269.85	2,807.75
Bill discounting with banks (unsecured) [Refer note18 e(ii)]	4,598.68	6,506.31
Overdraft facility (secured) [Refer note18 e(iii)]	4,691.11	3,786.83
- Rupee loans		
Cash credit (secured) [Refer note18 e(iv)]	20.21	694.87
Preshipment packing credit (secured) [Refer note18 e(i)]	1,475.40	485.11
Preshipment packing credit (unsecured) [Refer note18 e(i)]	450.00	120.11
Bill discounting with banks (secured) [Refer note18 e(ii)]	1,657.81	959.57
Bill discounting with banks (unsecured) [Refer note18 e(ii)]	4,308.86	321.15
Letter of credit discounting facility with bank [Refer note18 e(v)]	9.73	2.97
Loans from companies (unsecured) [Refer note18 e(vi)]	2.47	13.73
Total current borrowings	**23,507.90**	**21,307.33**
Less: Amount clubbed in other current financial liabilities (Refer note 19)	**2,564.59**	**5,459.16**
Net current borrowings	**20,943.31**	**15,848.17**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings (contd.)

In ₹ Million

Particulars	Current borrowings	Non-current borrowings	Finance lease obligation - current	Finance lease obligation - non current
Changes in liabilities arising from financing activities				
Balance as on April 1, 2017	**20,587.64**	**10,430.09**	**62.29**	**160.61**
Net cash flows	(5,886.01)	5,495.15	(67.35)	-
Foreign exchange management	1,146.52	563.39	7.82	20.19
Regroup from non-current to current	5,415.51	(5,415.51)	53.28	(53.28)
Others	(12.37)	61.67	-	-
Balance as on March 31, 2018	**21,251.29**	**11,134.79**	**56.04**	**127.52**
Net cash flows	(620.64)	7,842.96	(55.46)	47.03
Foreign exchange management	300.26	231.24	(0.58)	(1.32)
Regroup from non-current to current	2,509.64	(2,509.64)	69.31	(69.31)
Others	(1.96)	(18.11)	-	-
Balance as on March 31, 2019	**23,438.59**	**16,681.24**	**69.31**	**103.92**

(a) **Term loans**

(i) **Foreign currency term loans on bilateral basis (Secured & unsecured)**

Repayable in monthly/quarterly/half yearly / yearly installments from date of start of repayment, along with interest ranging from LIBOR + 65 bps to LIBOR + 225 bps and from EURIBOR + 95 bps to EURIBOR + 355 bps.

	Repayment schedule			
	As at March 31, 2019		As at March 31, 2018	
	USD in Million	**In ₹ Million**	**USD in Million**	**In ₹ Million**
From				
- October, 2017 (3 half yearly)	-	-	45.00	2,933.44
- March, 2019 (3 yearly)	35.00	2,420.60	50.00	3,259.38
- August, 2021 (3 yearly)	30.00	2,074.80	30.00	1,955.63
- October, 2021 (3 yearly)	50.00	3,458.00	50.00	3,259.38
- March, 2017 (29 monthly)	0.57	39.27	3.40	221.15
- November, 2018 (32 monthly)	4.45	307.81	5.00	325.22
- August, 2019 (8 quarterly)	5.00	345.86	-	-
- November, 2019 (3 yearly)	4.00	279.17	4.00	255.71
	EUR in Million	**In ₹ Million**	**EUR in Million**	**In ₹ Million**
From				
- August, 2020 (3 yearly)	20.00	1,553.04	20.00	1,616.36
- May, 2022 (3 yearly)	40.00	3,106.08	-	-
- February, 2020 (5 yearly)	40.00	3,106.08	-	-
- December 2019 (10 half yearly)	6.00	478.68	-	-
- December 2019 (10 half yearly)	10.00	797.81	-	-
- December 2018 (4 yearly)	-	-	6.00	483.73
- December 2018 (3 yearly)	-	-	8.00	644.98
- December 2014 (28 quarterly)	1.69	135.02	2.00	161.25
- September 2014 (60 monthly)	0.87	69.14	1.22	98.51
- April 2014 (60 monthly)	1.04	82.72	1.35	108.90
- February 2016 (60 monthly)	0.53	42.56	0.70	56.19
- September 2019 (19 quarterly)	9.20	733.82	-	-
- September 2018 (6 quarterly)	2.19	174.71	-	-
- September 2015 (18 quarterly)	-	-	3.53	284.60
- December 2014 (28 quarterly)	-	-	0.88	70.93
- June 2012 (24 quarterly)	-	-	0.17	14.07
- March 2017 (60 monthly)	-	-	0.61	48.87
- December 2012 (72 monthly)	0.02	1.24	0.04	3.58
- August 2013 (84 monthly)	0.12	9.49	0.19	15.50
- July 2014 (84 monthly)	0.10	8.33	0.14	11.31
- September 2015 (50 monthly)	0.02	1.67	0.04	3.13
- May 2014 (84 monthly)	0.02	1.39	0.02	1.99
	GBP in Million	**In ₹ Million**	**GBP in Million**	**In ₹ Million**
From				
- December, 2016 (28 monthly)	-	-	3.30	301.18

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings (contd.):

(a) (ii) Term loans are secured against general fixed assets and specific fixed assets of the Group

(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). Repayable in 5 yearly instalments from March 2020, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

(c) Finance lease obligations (Secured)

Finance lease is secured by hypothecation of relevant assets. The finance lease is due for repayment over a period of 6 years.

(d) Buyers line of credit for import of goods from banks (Unsecured)

Balance outstanding USD Nil (March 31, 2018 : USD 6.67 Million (₹ 434.58 million))

Repaid fully with interest @LIBOR + 115 bps

(e) Working capital loans

(i) Preshipment packing credit

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

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

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 10 bps to LIBOR 90 bps p.a.

(ii) Bill discounting with banks

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

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

Rupee and foreign bill discounting (secured and unsecured) with banks carries interest rate @ 7.50% p.a. to 8.35% p.a. and LIBOR + 10 bps to LIBOR + 125 bps p.a. and EURIBOR + 10 bps to EURIBOR + 60 bps p.a. respectively

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

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

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

(iv) Cash credits (Rupee) (secured)

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

Cash credit is repayable on demand and carries interest @ 8.35% to 14.00% per annum.

(v) Letter of credit discounting (secured)

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

(vi) Loans from companies (unsecured)

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

19. Other financial liabilities

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Other non-current financial liabilities		
Voluntary retirement scheme compensation	1.10	1.98
Derivative liability*	-	151.68
	1.10	**153.66**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	68.36	77.42
Payables for capital goods	924.83	458.39
Security deposits	85.29	84.98
Directors commision	6.45	6.25
Current maturities of long term loans (Refer note 18)	2,495.28	5,403.12
Current maturities of finance lease obligations (Refer note 18)	69.31	56.04
Investor Education and Protection Fund (as and when due) **		
- Unpaid dividend	37.48	35.70
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	0.88	5.32
Others ***	-	0.11
	3,687.92	**6,127.37**

* Derivative instruments as fair value through profit or loss reflect change in fair value of those instruments that are not designated in hedge relationships, but are, nevertheless intended to reduce the level of foreign currency risk expected on repayment.

** Includes unpaid due to litigation

*** Other include commission payable and other liabilities.

20. Provisions

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Provision for employees benefits		
Non-current		
Provision for gratuity (Refer note 40)	116.62	144.73
Provision for special gratuity (Refer note 40)	104.03	51.02
Provision for pension and similar obligation (Refer note 40)	984.90	1,015.24
Provision for jubilee scheme	71.97	60.65
Provision for early retirement	33.56	49.24
Provision for employee's provident fund (Refer note 40)	31.86	-
	1,342.94	**1,320.88**
Current		
Provision for gratuity (Refer note 40)	99.55	94.05
Provision for special gratuity (Refer note 40)	9.42	10.62
Provision for leave benefits	564.53	527.38
Provision for pension and similar obligation (Refer note 40)	26.68	-
Provision for early retirement	25.44	-
	725.62	**632.05**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are :

Statement of profit and loss :

In ₹ Million

Profit or loss section	Year ended March 31, 2019	Year ended March 31, 2018
Current income tax :		
Current income tax charge (including taxes for earlier years)	5,742.68	4,318.49
Deferred tax		
Relating to origination and reversal of temporary differences	(78.83)	99.44
Tax expense reported in the statement of profit and loss	**5,663.85**	**4,417.93**

In ₹ Million

OCI section	Year ended March 31, 2019	Year ended March 31, 2018
Deferred tax related to items recognised in OCI:		
Net loss/(gain) on revaluation of cash flow hedges	17.88	(580.08)
Net (gain)/loss on re-measurement of defined benefit plans	(25.94)	41.77
Net loss on re-measurement of defined benefit plans (share in joint venture and associates)	-	0.03
Tax charged to OCI	**(8.06)**	**(538.28)**

In ₹ Million

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax from operations	15,989.81	11,957.61
Accounting profit before income tax		
At India's statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	5,587.48	4,138.29
Exempt income	-	(53.98)
Tax allowances	(122.90)	(82.36)
Exceptional items	-	385.71
Effect of lower tax rates	(40.88)	(25.40)
Difference due to change in applicable statutory tax rate	-	19.04
Other disallowances (including consolidation adjustments)	240.15	36.63
At the effective income tax rate of 35.29% (March 31, 2018: 36.95%)	**5,663.85**	**4,417.93**
Income tax expense reported in the statement of profit and loss	**5,663.85**	**4,417.93**

Major components of deferred tax as at March 31, 2019 and March 31, 2018:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	2,702.80	2,556.30
Fair valuation of cash flow hedges	606.78	588.90
Other deductible temporary differences	(607.53)	(601.50)
Net deferred tax liabilities	**2,702.05**	**2,543.70**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes (contd)

In ₹ Million

Deferred tax asset (net)	Balance Sheet	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	5.98	62.64
Other deductible temporary differences	(211.17)	(196.02)
Unrealised profit on inventory	(434.39)	(263.17)
Net deferred tax asset	**(639.58)**	**(396.55)**

Major components of deferred tax for the year ended March 31, 2019 and March 31, 2018:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	89.84	251.86
Unrealised profit on inventory	(171.22)	22.77
Other deductible temporary differences	2.55	(175.19)
Deferred tax expense/(income)	**(78.83)**	**99.44**

In ₹ Million

Reflected in the balance sheet as follows	March 31, 2019	March 31, 2018
Deferred tax assets	(607.53)	(601.50)
Deferred tax liabilities	3,309.58	3,145.20
Deferred tax liabilities (net)	**2,702.05**	**2,543.70**
Deferred tax assets	(645.56)	(459.19)
Deferred tax liabilities	5.98	62.64
Deferred tax assets (net)*	**(639.58)**	**(396.55)**

*Relates to temporary differences arising in different tax jurisdiction

In ₹ Million

Reconciliation of deferred tax liabilities (net)	March 31, 2019	March 31, 2018
Opening balance	2,543.70	3,031.82
Tax (expense) during the period recognised in profit or loss	168.23	71.96
Tax income during the period recognised in OCI	(9.88)	(560.08)
Closing balance	**2,702.05**	**2,543.70**
Reconciliation of deferred tax assets (net)		
Opening balance	(396.55)	(425.63)
Tax income/(expense) during the period recognised in profit or loss	(247.06)	27.48
Tax (expense)/income during the period recognised in OCI	1.82	(21.77)
Other adjustments	2.21	23.37
Closing balance	**(639.58)**	**(396.55)**

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

(b) During the year ended March 31, 2019 and March 31, 2018, the Group has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes (contd):

(c) The Group has tax losses which arose due to capital loss and carried forward business losses in India of ₹ 199.60 million and ₹ 1,507.17 million (March 31, 2018: ₹ 148.21 million and ₹ 1,490.98 million) that are available for offsetting for eight years against future taxable profits of the Company under the head capital gains and income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

(d) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 1,989.76 million (March 31, 2018: ₹ 1,930.54) that are available for offsetting for twenty years and ₹ 81.52 million that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose These losses will expire in various years between tax years 2026 and 2037. The tax cut and jobs act reduces the corporate tax rate to 21% effective January 1, 2018.

(e) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 1,648.35 million (March 31, 2018: ₹ 1,382.44 million,) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose.

(f) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of loss on sale of investment and carried forward business losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 1,244.13 million (March 31, 2018: ₹ 1,125.43 million)

(g) Certain subsidiaries of the group have undistributed earnings of ₹ 1,083.19 million (March 31, 2018: ₹ 799.71 million) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from this subsidiary and is not expected to distribute these profits in the foreseeable future.

22. Trade payables

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Dues to micro enterprises and small enterprises	124.31	46.87
Dues to other than micro enterprises and small enterprises	13,540.06	13,220.98
Total	**13,664.37**	**13,267.85**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms

- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days.

- For terms and conditions with related parties, refer note 48

The above amount of trade payables is net off certain advances given to suppliers amounting to ₹ 1,820.00 million (March 31, 2018 : ₹ 1,820 million) for which 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

23. Other liabilities

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Government grant*	442.54	529.41
Others**	1.48	4.16
	444.02	**533.57**
Current		
Contract liabilities (Advance from customers)***	381.58	376.94
Employee contributions and recoveries payable	203.78	259.20
Statutory dues payable including tax deducted at source ****	401.81	404.72
Government grant*	80.02	81.71
Others **	412.12	171.48
	1,479.31	**1,294.05**

* Government grants include grants and subsidies for investments in fixed assets. There are no unfulfilled conditions or contingencies attached to these grants.

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

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

**** Includes balances with respect to various taxes and duties

Government grant - investment subsidies and grants

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening balance	611.12	620.20
Add: Received during the year	-	-
Less: Released to the statement of profit and loss	(83.36)	(79.42)
Less: Foreign currency transaction reserve	(5.20)	70.34
Closing balance	**522.56**	**611.12**

Break up of the financial liabilities at fair value through profit and loss

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Other non-current financial liabilities **[Refer note 19]**	-	151.68

Break up of the financial liabilities at amortised cost

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Borrowings **[Refer note 18]**	37,728.47	27,110.48
Other financial liabilities **[Refer note 19]**	3,689.02	6,129.35
Trade payables **[Refer note 22]**	13,664.37	13,267.85
Total financial liabilities carried at amortized cost	**55,081.86**	**46,507.68**

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

24. Revenue from operations

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products (including excise duty)*		
- Sale of goods #	94,791.99	79,622.43
- Tooling income #	474.57	244.60
Total sale of products	**95,266.56**	**79,867.03**
Sale of services		
- Job work charges	836.63	356.40
Other operating revenues		
- Manufacturing scrap (including excise duty)*#	3,631.68	2,675.93
- Government grants (Refer note 10)	1,673.77	1,176.63
- Sale of electricity / REC - Windmills	48.69	70.73
	5,354.14	**3,923.29**
Total	**101,457.33**	**84,146.72**

Sale of goods includes excise duty collected from customers of ₹ Nil (March 31, 2018: ₹ 569.80 million).

#Revenue from operations net of excise duty for previous year was ₹ 81,809.07 million

* Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations year ended March 31, 2019 is not comparable with March 31, 2018

In ₹ Million

Particulars	Year ended March 31, 2019
Amounts included in contract liabilities at the beginning of the year	303.11
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, 2019
Revenue from operations	101,457.33
Less: Adjustments	
- Government grants - export incentives	(1,673.77)
	99,783.56
Add: Adjustments	
- Sale of property, plant and equipments	153.93
	153.93
Revenue from contract with customers	**99,937.49**
Less: Adjustments (debit notes, credit notes, foreign exchange etc.)	390.96
Revenue as per contracted price	**99,546.53**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

25. Other income

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income from investments	1.47	228.47
Net gain on fair valuation of financial instruments (FVTPL)	714.75	461.23
Net gain on sale of financial investments	125.64	52.57
Government grant *	180.87	141.99
Provision for doubtful debts and advances written back	12.97	1.23
Liabilities / provisions no longer required written back	131.98	71.14
Interest income on		
- Fixed deposits and others**	217.98	168.05
Rent (Refer note 43(b))	8.16	4.12
Gain on sale/discard of property, plant and equipments (net)	137.50	33.93
Miscellaneous income ***	496.61	257.34
Total	**2,027.93**	**1,420.07**

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, investment grants and subsidies released to the statement of profit and loss with respect to investments in fixed assets for one of the subsidiaries and also includes 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 scrap sale, discount received, miscellaneous recoveries etc.

26. Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventory at the beginning of the year [Refer note 11]	2,527.03	1,538.59
Add: Purchases	43,277.49	32,764.78
Less: Inventory as at end of the year [Refer note 11]	3,418.46	2,527.03
Cost of raw materials and components consumed	**42,386.06**	**31,776.34**

27. (Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	6,045.36	4,808.04
Finished goods [includes items in transit]	6,112.91	3,866.54
Stock of traded goods [includes items in transit]	817.41	631.58
Dies and dies under fabrication	153.09	114.08
Scrap	79.21	34.04
	13,207.98	**9,454.28**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	4,808.04	4,113.57
Finished goods [includes items in transit]	3,866.54	3,449.90
Stock of traded goods [includes items in transit]	631.58	488.95
Dies and dies under fabrication	114.08	119.06
Scrap	34.04	18.33
	9,454.28	**8,189.81**
Total	**(3,753.70)**	**(1,264.47)**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

28. Employee benefits expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus (including managing and whole time director's remuneration)	10,336.57	8,968.73
Contributions to provident and other funds / scheme#	758.51	724.86
Gratuity expense [Refer note 40(a,f)]	65.74	54.77
Special gratuity expense [Refer note 40(b)]	4.85	6.33
Employee voluntary retirement scheme compensation	-	1.31
Staff welfare expenses	1,297.31	1,135.99
Total	**12,462.98**	**10,891.99**

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

29. Depreciation, amortization and impairment expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on tangible assets (Refer note 3)	5,028.40	4,528.89
Amortisation on intangible assets (Refer note 5)	103.22	78.05
Impairment of tangible assets (Refer note 3)	-	17.73
Impairment of intangible assets (Refer note 5)	76.32	44.13
Total	**5,207.94**	**4,668.80**

30. Finance costs

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on bank facilities *	973.68	765.33
Exchange differences regarded as an adjustment to borrowing costs **	224.31	176.51
Others ***	74.16	123.47
Total	**1,272.15**	**1,065.31**

* Includes unwinding impact of transactions cost on borrowings

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

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

31. Other expenses

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores, spares and tools	4,529.51	3,832.97
Machining/subcontracting charges	3,975.62	3,335.40
Power, fuel and water*	6,001.26	4,959.77
Less: Credit for energy generated	(82.38)	(44.25)
	5,918.88	**4,915.52**
Repairs and maintenance		
- Building repairs and road maintenance	249.18	223.27
- Plant and machinery	1,497.97	1,471.33
Rent (Refer note 43 (a))	346.85	280.23
Rates and taxes	99.11	79.72
Insurance	174.68	156.09
CSR Expenditure	107.63	218.45
Legal and professional fees	840.59	671.85
carried over	17,740.02	15,184.83

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

31. Other expenses (contd.):

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
brought over	17,740.02	15,184.83
Commission	154.29	139.27
Donations	166.77	12.60
Packing material	1,047.36	878.04
Freight and forwarding charges	2,905.09	1,954.08
Directors' fees and travelling expenses	3.50	3.73
Commission to directors other than managing and whole time directors	6.45	6.25
Loss on sale/discard of property, plant and equipment (Net)	34.35	0.69
Provision for doubtful debts and advances (includes expected credit loss)	58.43	66.08
Bad debts / advances written off	106.27	50.60
Exchange difference (net)**$	(272.05)	556.86
Payment to Auditors***	69.14	53.73
Miscellaneous expenses ****	4,275.64	3,737.04
Total	**26,295.26**	**22,643.80**

*Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 160.10 million (March 31, 2018: ₹ 152.37 million)

**Includes MTM (gain)/loss of ₹ (405.06) million (March 31, 2018: ₹ 151.68 million)

$ Includes Foreign Exchange (gain) / loss amounting to ₹ 148.18 million (March 31, 2018 : ₹ 303.33 million) on amount of differential restatement of foreign exchange loan.

***Includes ₹ 51.37 million (March 31, 2018: ₹ 38.24 million) paid to subsidiary auditors

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

Capitalization of expenditure

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

In ₹ Million

	March 31, 2019	March 31, 2018
Salaries, wages and bonus	115.98	21.86
Material consumed	207.06	
Consumption of stores and spares	4.61	3.45
Others	4.69	2.82
	332.34	28.13
Less: Interest income earned	-	(0.97)
	332.34	**27.16**

32. Exceptional items

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Provision for diminution in value of investment in oil block project (Refer note 32(a))	-	(822.06)
Provision for diminution in value of loan to associate (Refer note 32(b))	-	(132.42)
Total	**-**	**(954.48)**

(a) Provision for diminution in value of investment in Oil block project and onerous contracts for Minimum Work Program

The Group had invested, as a minority partner, in two Oil Block exploration contracts awarded by the Government of India. Minimum work program as well as testing of explored wells had been completed during the previous financial year. Based on testing results of the wells and its techno-economic viability, the Group decided not to proceed beyond MWP stage and has made provision for impairment of intangible assets under development and onerous contacts pertaining to MWP in the previous financial year.

(b) Provision for diminution in value of loan to associate

The Group had undertaken EPC activities of laying railway tracks in a associate company Ferrovia Transrail Solutions Private Limited (Ferrovia). Considering the closure of significant part of operations and losses incurred by Ferrovia, during the previous year, the Group had provided for diminution in carrying cost of loan given to Ferrovia.

The above items are non-core, one time activities and do not impact the regular operation of the Group in any manner whatsoever

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (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, 2019	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	21.02	-	-	-	21.02
Currency forward contracts	1,271.78	-	-	-	-	(444.41)	827.37
Reclassified to statement of profit and loss	(1,220.61)	-	-	-	-	426.53	(794.08)
(Loss) on FVTOCI financial assets	-	(69.56)	-	-	-	-	(69.56)
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	(74.60)	-	25.94	(48.66)
Foreign exchange translation difference	-	-	-	-	(207.98)	-	(207.98)
	51.17	**(69.56)**	**21.02**	**(74.60)**	**(207.98)**	**8.06**	**(271.89)**

In ₹ Million

During the year ended March 31, 2018	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	181.92	-	-	-	181.92
Currency forward contracts	440.13	-	-	-	-	(157.98)	282.15
Reclassified to statement of profit and loss	(2,132.64)	-	-	-	-	738.06	(1,394.58)
Gain on FVTOCI financial assets	-	166.47	-	-	-	-	166.47
Re-measurement gains /(losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	126.48	-	(41.80)	84.68
Foreign exchange translation difference	-	-	-	-	918.95	-	918.95
	(1,692.51)	**166.47**	**181.92**	**126.48**	**918.95**	**538.28**	**239.59**

34. Earnings per equity share

		Year ended March 31, 2019	Year ended March 31, 2018
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	**(A)**	10,321.73	7,624.44
Denominator for basic EPS [Refer note 16(c)(ii)]			
Weighted average number of equity shares for basic EPS	**(B)**	465,588,632	465,588,632
Denominator for diluted EPS [Refer note 16(c)(ii)]			
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)**	22.17	16.38
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	**(A/C)**	22.17	16.38

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions

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

Judgements

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

1) Significant judgement is required to apply lease accounting rules under appendix C to Ind AS 17 Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Group with its various sub-contractors regarding providing of certain services, the Group has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Group has concluded that the arrangements do not meet the definition of lease as specified under appendix C to Ind AS 17.

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

3) Operating lease commitments - The Group has entered into land leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements such as the lease term not continuing a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risk and rewards of ownership of these properties and account for the contract/arrangements as operating leases.

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

Revenue from contracts with customers

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

I. Identifying contract with customers

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

II. Identifying performance obligation

The Group enters into contract with customers for tooling income and goods. The Group determined that both the tooling income and the goods are capable of being distinct. The fact that the Group regularly sell these goods on a stand-alone basis indicate

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions (contd.):

that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

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

The Group concluded that tooling income and goods is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Group has applied judgment in determining the point in time when the control of the tooling income and goods are transferred based on the criteria mentioned in the standard read 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 of prototypes or sample production. Management has used judgment in identification of the point in time where the tools are deemed to have been accepted by the customer.

Estimates and assumptions

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

1. Impairment of non-financial assets including tangible assets and goodwill

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

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

2. Defined benefit plans

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions (contd.):

a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

3. Fair value measurement of financial instruments

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

4. Impairment of financial assets

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

5. 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.

Further details on taxes are disclosed in note 21.

6. Provision for Inventories

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

7. Current / Non-Current Classification

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

8. Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Management 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions (contd.):

outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

9. **Intangibles under development**

The Group capitalises intangible asset under development in accordance with the accounting policy. Initial capitalisation of cost is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amount to be capitalised, management makes assumptions regarding the expected future cash generation of the project, determination of attributable cost and the expected period of benefits. The innovative nature of the product gives rise to some uncertainty as to performance parameters stated in the project model would be satisfied.

36. Group information

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

Name	Principal activities	Principal place of business	% equity interest March 31, 2019	% equity interest March 31, 2018	Financial year ended on
Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries	Holding	Germany	100%	100%	December 31
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries	Holding	Germany	100%*	100%*	December 31
a) Bharat Forge Aluminiumtechnik GmbH (BFAT)	Forging	Germany	100%*	100%*	December 31
ii. Bharat Forge Kilsta AB	Forging	Sweden	100%*	100%*	December 31
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary	Forging	Germany	100%*	100%*	December 31
a) Bharat Forge Daun GmbH	Die Manufacturing	Germany	100%*	100%*	December 31
b) Bharat Forge CDP Trading	Others	Russia	100%*	100%*	December 31
iv. Mecanique Generale Langroise	Machining	France	100%*	100%*	December 31
v. Bharat Forge Hong Kong Limited	Others	Hong Kong	100%*	100%*	December 31
Bharat Forge International Limited	Forging	U.K.	100%	100%*	March 31
Bharat Forge America Inc. and its wholly owned subsidiaries	Holding	U.S.A	100%	100%	December 31
i. Bharat Forge PMT Technologie LLC	Forging	U.S.A	100%*	100%*	December 31
ii. Bharat Forge Tennessee Inc.	Others	U.S.A	100%*	100%*	December 31
BF Infrastructure Limited and its subsidiary	Others	India	100%	100%	March 31
i. BFIL-CEC JV	Projects	India	100%*	100%*	March 31
Kalyani Strategic Systems Limited and its subsidiary	Others	India	51%	51%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
Analogic Controls India Limited	Others	India	100%	100%	March 31
BF Elbit Advanced Systems Private Limited**	Others	India	51%	51%	March 31
Indigenous IL Limited ***	Others	Israel	NA	NA	December 31

* held through subsidiaries

** based on control assessment as per Ind AS 110

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

36. Group information (contd.):

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

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2019	March 31, 2018	
Talbahn GmbH**	Others	Germany	35%*	35%*	December 31
Ferrovia Transrail Solutions Private Limited	Projects	India	49%*	49%*	March 31
Hospet Bellary Highways Private Limited	Projects	India	35%*	35%*	March 31
Tork Motors Private Limited (from February 28, 2018)	Others	India	45.30%	30.37%	March 31
i) Lycan Electric Private Limited	Others	India	100.00%	NA	March 31
ii) Tork Motors (UK) Limited***	Others	UK	100.00%	NA	March 31
Tevva Motors (Jersey) Limited (from June 11, 2018)	Others	Jersey	35.26%	NA	December 31
i) Tevva Motors Limited	Others	UK	100.00%	100.00%	December 31

* held through subsidiaries

** Not included in consolidation based on materiality

*** not consolidated as the Company has not yet invested in Tork Motors (UK) Limited and operations are not yet commenced

Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2019	March 31, 2018	
BF Premier Energy Systems Private Limited	Others	India	50%*	50%*	March 31
BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31

* held through subsidiaries

** Refer note 38

37. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation	% equity interest March 31, 2019	% equity interest March 31, 2018
Kalyani Strategic Systems Limited	India	49%	49%
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%

Information regarding non-controlling interest

(In ₹ Million)

	March 31, 2019	March 31, 2018
Accumulated balances of material non-controlling interest:		
Kalyani Strategic Systems Limited	163.21	158.92
BF Elbit Advanced Systems Limited	(41.57)	(37.22)
Kalyani Rafael Advanced Systems Private Limited	176.72	172.50
Profit/(loss) allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	4.28	(11.32)
BF Elbit Advanced Systems Limited	(4.35)	(46.92)
Kalyani Rafael Advanced Systems Private Limited	4.23	(26.52)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Material partly owned subsidiaries (contd.):

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

Summarised statement of profit and loss for the year ended March 31, 2019:

(In ₹ Million)

	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Revenue	3.99	1,024.43	64.74
Other income	3.05	16.57	-
Cost of raw materials and components consumed	-	628.99	76.28
Purchase of stock in trade	5.25	262.58	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	(3.81)	(0.14)	(15.44)
Employee benefits expense	-	20.94	-
Depreciation and amortisation expense	1.81	36.00	-
Finance costs	0.05	0.50	11.33
Other expenses	1.57	83.59	1.44
Profit before tax	**2.17**	**8.54**	**(8.87)**
Income tax	(0.67)	-	-
Profit for the year	**1.50**	**8.54**	**(8.87)**
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Re-measurement gain/(losses) on defined benefit plans	-	(0.10)	-
Other comprehensive income for the year, net of tax	-	(0.10)	-
Total comprehensive income	**1.50**	**8.44**	**(8.87)**
Share in profit and loss of associate/joint venture	**(0.03)**	**-**	**-**
Attributable to non-controlling interests**	4.28	4.23	(4.35)
Dividends paid to non-controlling interests	-	-	-

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2018:

(In ₹ Million)

	Analogic Controls India Limited*	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Revenue	57.32	6.84	10.09	0.54
Cost of raw material and components consumed	13.42	5.05	6.69	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	1.75	-	-	-
Employee benefits expense	5.71	-	5.77	-
Depreciation and amortisation expense	0.93	0.01	18.64	0.07
Finance costs	20.44	0.02	0.22	9.60
Other expenses	11.91	3.31	25.93	4.46
Profit before tax	**3.16**	**(1.55)**	**(47.16)**	**(13.59)**
Income tax	(1.44)	(0.48)	-	-
Profit for the year	**1.72**	**(2.03)**	**(47.16)**	**(13.59)**
Other Comprehensive Income:				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)				
Re-measurement gain/(losses) on defined benefit plans	0.49	-	(0.05)	-
Other comprehensive income for the year, net of tax	**0.49**	**-**	**(0.05)**	**-**
Total comprehensive income	**2.21**	**(2.03)**	**(47.21)**	**(13.59)**
Share in profit and loss of associate/joint venture	**-**	**(0.44)**	**-**	**-**
Attributable to non-controlling interests	-	(11.32)	(26.52)	(46.92)
Dividends paid to non-controlling interests	-	-	-	-

* Analogic Controls India Limited financial information is upto September 2017, as it has become a wholly owned subsidiary of the Group with effect from September 2017 and the same is based on unaudited management accounts.

Summarised balance sheet as at March 31, 2019:

(In ₹ Million)

	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Trade receivables, inventories and cash and bank balances (current)	28.54	463.37	102.24
Property, plant and equipment and other non-current financial and non-financial assets	330.46	245.88	17.69
Trade and other payables (current)	(5.68)	(355.82)	(204.76)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	-	-	-
Total equity	**353.32**	**353.43**	**(84.83)**
Attributable to:			
Equity holders of parent	190.11	176.71	(43.26)
Non-controlling interest*	163.21	176.72	(41.57)

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

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

37. Material partly owned subsidiaries (contd.)

Summarised balance sheet as at March 31, 2018:

(In ₹ Million)

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Trade receivables, inventories and cash and bank balances (current)	20.69	177.41	14.44
Property, plant and equipment and other non-current financial and non-financial assets	332.95	176.21	20.26
Trade and other payables (current)	(1.81)	(8.35)	(110.66)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(0.01)	(0.28)	-
Total equity	**351.82**	**344.99**	**(75.96)**
Attributable to:			
Equity holders of parent	192.88	172.50	(38.74)
Non-controlling interest	158.92	172.50	(37.22)

Summarised cash flow information for the year ended March 31, 2019:

(In ₹ Million)

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Operating	(0.91)	58.19	5.90
Investing	(1.83)	6.11	-
Financing	(1.01)	(0.50)	(0.48)
Net increase/(decrease) in cash and cash equivalents	**(3.75)**	**63.80**	**5.42**

Summarised cash flow information for the year ended March 31, 2018:

(In ₹ Million)

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Operating	49.55	(4.93)	1.01
Investing	(222.83)	(281.23)	(0.02)
Financing	164.35	288.34	13.43
Net increase/(decrease) in cash and cash equivalents	**(8.93)**	**2.18**	**14.42**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

38. Interest in Joint Ventures

1. BF NTPC Energy Systems Limited

The Group has 51% interest in BF-NTPC Energy Systems Limited, a joint venture incorporated in India and had a plan of manufacturing of castings, forgings, fittings and high Pressure piping, required for Power and other industries, Balance of Plant (BOP) equipment for the power sector etc. During the current year the shareholders of BF-NTPC Energy Systems Limited decided to voluntarily liquidate the said joint venture. Accordingly, with effect from October 9, 2018, the Group ceases to exercise joint control and hence the Group's interest in BF-NTPC Energy Systems Limited is accounted for using the equity method upto abovementioned date in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements:

Summarised balance sheet

(In ₹ Million)

	March 31, 2019	March 31, 2018
Current assets	-	50.53
Non-current assets	-	-
Current liabilities	-	(0.95)
Non-current liabilities	-	-
Equity	**-**	**49.58**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership		51%
Carrying amount of the investment*	-	-

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

(In ₹ Million)

	October 9, 2018	March 31, 2018
Income		
Other income	0.02	-
	0.02	-
Expenses		
Employee benefits expense	0.57	1.15
Depreciation	-	-
Other expenses	0.48	12.69
	1.05	13.84
Loss before tax	(1.03)	(13.84)
Tax expenses	-	-
Loss for the year	(1.03)	(13.84)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(1.03)	(13.84)
Group's share of loss for the year*	-	(2.89)
Group's share of other comprehensive income for the year	-	

* Since the losses during the current year exceed the carrying value of investment, the share of loss of associate has been restricted to the extent of the carrying value of investment.

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

38. Interest in Joint Ventures (contd.)

2. **BF Premier Energy Systems Private Limited**

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

Summarised balance sheet

(In ₹ Million)

	March 31, 2019	March 31, 2018
Current assets	0.15	0.17
Non-current assets	-	0.01
Current liabilities	(0.12)	(0.10)
Non-current liabilities	-	-
Equity	**0.03**	**0.08**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	0.02	0.05

Summarised statement of profit and loss for the year ended:

(In ₹ Million)

	March 31, 2019	March 31, 2018
Income		
Other income	-	-
	-	-
Expenses		
Employee benefits expense	-	-
Depreciation	0.01	0.01
Other expenses	0.04	0.06
	0.05	**0.07**
Loss before tax	(0.05)	(0.07)
Tax expenses	-	-
Loss for the year	**(0.05)**	**(0.07)**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**(0.05)**	**(0.07)**
Group's share of loss for the year	**(0.03)**	**(0.03)**
Group's share of other comprehensive income for the year	**-**	**-**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Investment in an associate

1. Ferrovia Transrail Solutions Private Limited

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

Summarised Balance sheet

(In ₹ Million)

	March 31, 2019	March 31, 2018
Current assets	68.06	109.87
Non-current assets	137.15	151.25
Current liabilities	(214.87)	(260.68)
Non-current liabilities	(0.18)	(0.26)
Equity	**(9.84)**	**0.18**
Share of the Group in the capital commitment, contingent liabilities of associates*	**169.11**	**169.11**
Proportion of the Group's ownership	**49%**	**49%**
Carrying amount of the investment	**-**	**0.07**

Summarised statement of profit and loss for the year ended:

(In ₹ Million)

	March 31, 2019	March 31, 2018
Income		
Revenue from operations	38.32	-
Other income	2.95	1.46
	41.27	**1.46**
Expenses		
Project expenses	6.26	15.73
Employee benefits expense	1.22	1.46
Finance costs	3.35	44.31
Depreciation	0.69	1.34
Other expenses	39.86	71.79
	51.38	134.63
Profit before exceptional items and tax	**(10.11)**	**(133.17)**
Exceptional Items - Gain	-	132.41
Profit before tax	(10.11)	(0.76)
Tax expenses	0.04	0.65
Profit for the year	**(10.07)**	**(0.11)**
Other comprehensive income	**0.05**	**0.12**
Total comprehensive income for the year	**(10.02)**	**0.01**
Group's share of profit for the year *	**(0.07)**	**(0.05)**

* Since the losses during the current year exceed the carrying value of investment, the share of loss in the associate has been restricted to the extent of the carrying value.

2. Hospet Bellary Highways Private Limited

The Group has 35% interest in Hospet Bellary Highways Private Limited through wholly owned subsidiary. Hospet Bellary Highways Private Limited is involved in road construction activities. The Group's interest in Hospet Bellary Highways Private Limited is accounted for using the equity method in the consolidated financial statements. The group has decided not to consolidate the associate for the current year on materiality.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Investment in an associate (contd.)

3. Tork Motors Private Limited

The Group holds 45.30% interest in Tork Motors Private Limited (TMPL) as at March 2019. TMPL has two wholly owned subsidiaries viz. Lycan Electric Private Limited and Tork Motors (UK) Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in TMPL based on its consolidated Ind AS financial statements:

Summarised Balance sheet

(In ₹ Million)

	March 31, 2019	March 31, 2018
Current assets	55.38	83.51
Non-current assets	140.82	35.59
Current liabilities	(15.09)	(4.39)
Non-current liabilities	(1.51)	-
Equity	**179.60**	**114.71**
Share of the Group in the capital commitment, contingent liabilities of associates	-	-
Proportion of the Group's ownership	**45.30%**	**30.37%**
Carrying amount of the investment	**247.57**	**159.99**

The Group has invested an amount of ₹ 260.38 million (March 31, 2018: ₹ 100.41 million) in equity shares and ₹ Nil (March 31, 2018: ₹ 59.98 million) in compulsory convertible prefrence shares. Group's share of equity is ₹ 81.36 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 166.21 million.

Summarised statement of profit and loss for the year ended:

(In ₹ Million)

	March 31, 2019	March 31, 2018
Income		
Revenue from operations	-	-
Other income	2.52	0.19
	2.52	**0.19**
Expenses		
Employee benefit expenses	12.84	5.75
Finance cost	0.12	0.02
Depreciation and amortization	3.21	1.07
Other expenses	20.21	8.91
Loss before tax	**(33.86)**	**(15.56)**
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Loss for the year	**(33.86)**	**(15.56)**
Other comprehensive income	**(0.48)**	**-**
Total comprehensive income for the year	**(34.34)**	**(15.56)**
Group's share of loss for the period	**(12.05)**	**(0.39)**
Group's share of other comprehensive income for the period	**(0.22)**	**-**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Investment in an associate (contd.)

4. Tevva Motors (Jersey) Limited

The Group has acquired 35.26% interest in Tevva Motors (Jersy) Limited (TMJL) in June 2018. TMJL has a wholly owned subsidiary viz. Tevva Motors Limited which is involved in research and development and manufacturing of electric range extended mid-sized trucks. The Group's interest in TMJL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in TMJL based on its consolidated Ind AS financial statements:

Summarised Balance sheet

(In ₹ Million)

	December 31, 2018
Current assets	511.96
Non-current assets	170.02
Current liabilities	(85.39)
Non-current liabilities	-
Equity	**596.59**
Share of the Group in the capital commitment, contingent liabilities of associates	**-**
Proportion of the Group's ownership	**35.30%**
Carrying amount of the investment	**808.67**

The Group has invested an amount of ₹ 892.93 million in equity shares. Group's share of equity is ₹ 210.60 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 598.07 million*.

Summarised statement of profit and loss for the period ended*:

(In ₹ Million)

	December 31, 2018
Income	
Revenue from operations	-
Other income	41.46
	41.46
Expenses	
Employee benefit expenses	122.19
Finance cost	0.20
Depreciation and amortization	7.96
Other expenses	304.68
Loss before tax	**(393.57)**
Income tax expense	
Current tax	18.54
Deferred tax	-
Loss for the year	**(375.03)**
Other comprehensive income	**-**
Total comprehensive income for the year	**(375.03)**
Group's share of loss for the period*	**(101.57)**
Group's share of other comprehensive income for the period	**-**

* The goodwill and share of loss has been calculated based on unaudited management accounts of the associate as of May 31, 2018. The summarised statement of profit and loss has been prepared based on unaudited management accounts as adjusted for the financials as of May 31, 2018.

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans

Company

(a) Gratuity plans

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. 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 takes on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the 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. 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

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

Particulars	As at March 31, 2019	As at March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Expected rate of return on plan assets	7.70%	7.80%
Rate of increase in compensation levels	7.00%	6.00%
Expected average remaining working lives (in years)	12.22	7.48
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	8.00%

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the beginning of the period	855.00	799.68
Interest expense	64.84	55.90
Current service cost	65.46	54.59
Benefits (paid)	(25.76)	(46.52)
Remeasurements on obligation [Actuarial Loss/(Gain)]	1.46	(8.65)
Closing defined benefit obligation	**961.00**	**855.00**

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	617.43	529.65
Interest income	50.38	39.84
Contributions	99.50	94.00
Benefits paid	(25.76)	(46.52)
Remeasurements		
Return on plan assets, excluding amount recognized in Interest Income - Gain	4.86	0.46
Closing fair value of plan assets	**746.41**	**617.43**
Actual return on plan assets	55.25	40.30

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	64.84	55.90
Interest (Income) / Expense – Plan assets	(50.38)	(39.84)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Net Interest (Income) / Expense for the period	**14.46**	**16.06**

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

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	17.01	(24.58)
Demographic (Gain) / Loss on plan liabilities	(15.55)	-
Financial (Gain) / Loss on plan liabilities	-	15.92
Experience (Gain) / Loss on plan assets	(1.59)	(3.77)
Financial (Gain) / Loss on plan assets	(3.27)	3.32

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	1.46	(8.65)
Remeasurement for the period-Plan assets (Gain)/Loss	(4.86)	(0.46)
Total Remeasurement cost/(credit) for the period recognised in OCI	**(3.40)**	**(9.11)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the end of the period	(961.00)	(855.00)
Fair value of plan assets as at the end of the period	746.41	617.43
Net Asset / (liability) to be recognised in balance sheet	**(214.59)**	**(237.57)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	65.46	54.59
Net Interest (Income) / Expense (Refer note 30)	14.46	16.06
Net periodic benefit cost recognised in the statement of profit and loss	**79.92**	**70.65**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(237.57)	(270.03)
Company's contributions	99.50	94.00
Expense recognised for the year	(79.92)	(70.65)
Amount recognised in OCI	3.40	9.11
Net asset / (liability) recognised at the end of the period	**(214.59)**	**(237.57)**

The Company expects to contribute ₹ 99.50 million to gratuity fund in the next year (March 31, 2018: ₹ 99.00 million)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

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

	As at March 31, 2019	As at March 31, 2018
Funds managed by insurer	100.00%	100.00%

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, 2019	Year ended March 31, 2018
Decrease by 1%	1,042.46	904.80
Increase by 1%	889.87	810.03

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, 2019	Year ended March 31, 2018
Decrease by 1%	896.49	816.77
Increase by 1%	1,033.26	896.49

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, 2019	Year ended March 31, 2018
Decrease by 1%	962.95	854.28
Increase by 1%	959.49	855.77

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

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

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

In ₹ Million

Particulars	As at March 31, 2019	As at March 31, 2018
Within one year	136.01	177.15
After one year but not more than five years	313.75	392.02
After five years but not more than ten years	507.58	461.88

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.88 years.

(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 five / one months based on last drawn basic salary. The scheme is unfunded.

1) Liability risks

a) Asset-liability mismatch risk

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

b) Discount rate risk

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

c) Future salary escalation and inflation risk

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

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 financials 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:

Salary increment rate	Year ended March 31, 2019	Year ended March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.70%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	12.43	7.17
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	8.00%

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the beginning of the period	61.64	60.40
Interest expense	4.61	4.09
Current service cost	4.85	6.33
Benefits (paid)	(3.57)	(7.18)
Remeasurements on obligation [Actuarial (Gain) / Loss]	45.92	(2.00)
Closing Defined Benefit Obligation	**113.45**	**61.64**

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	4.61	4.09
Net Interest (Income) / Expense for the period	**4.61**	**4.09**

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

In ₹ Million

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	43.93	(3.38)
Demographic (Gain) / Loss on plan liabilities	1.99	-
Financial (Gain) / Loss on plan liabilities	-	1.38

Amount recognised in statement of Other Comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	45.92	(2.00)
Total Remeasurement cost/(credit) for the period recognised in OCI	**45.92**	**(2.00)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the end of the period	(113.45)	(61.64)
Net asset / (liability) to be recognised in balance sheet	**(113.45)**	**(61.64)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	4.85	6.33
Net Interest (Income) / Expense (Refer note 30)	4.61	4.09
Net periodic benefit cost recognised in the statement of profit and loss	**9.46**	**10.42**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(61.64)	(60.40)
Company's contributions	-	-
Benefits directly paid by Company	3.57	7.18
Expense recognised for the year	(9.46)	(10.42)
Amount recognised in OCI	(45.92)	2.00
Net asset / (liability) recognised at the end of the period	**(113.45)**	**(61.64)**

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Within one year	9.42	9.80
After one year but not more than five years	23.87	35.59
After five years but not more than ten years	50.63	64.35

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.73 years

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Sensitivity analysis

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

Discount rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	126.43	65.74
Increase by 1%	102.46	57.99

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

In ₹ Million

Salary increment rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	103.25	58.46
Increase by 1%	125.24	65.14

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

In ₹ Million

Withdrawal rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	113.49	61.47
Increase by 1%	113.41	61.80

(c) Provident fund

In accordance with the law, all employees of the Group are entitled to receive benefits under the provident fund. The Group 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 Group 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

c) Future salary escalation and inflation risk

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

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

	Year ended March 31, 2019	Year ended March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.70%
Interest rate declared by EPFO for the year	8.65%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	12.85*	7.54*
Withdrawal rate		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	8.00%

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

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of expected Interest rate shortfall as at the beginning of the period	17.14	58.53
Interest cost	1.32	4.21
Current service cost	1.84	3.50
Actuarial Loss / (Gain) on obligations	32.54	(49.10)
Present value of expected Interest rate shortfall as at the end of the period	**52.84**	**17.14**

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets as at the beginning of the period (Surplus Account)	23.55	26.42
Interest Income	1.82	1.89
Amount transferred to cover shortfall	-	(0.26)
Actuarial Gain / (Loss) on plan assets	(4.39)	(4.50)
Fair value of plan assets as at the end of the period (Surplus Account)	**20.98**	**23.55**

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	1.32	4.21
Interest (Income) / Expense – Plan assets	(1.82)	(1.89)
Net Interest (Income) / Expense for the period	**(0.50)**	**2.32**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Actuarial gain / loss recognised

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Actuarial (Gain) / Loss for the period – Obligation	32.54	(49.10)
Actuarial (Gain) / Loss for the period – Plan assets	4.39	4.50
Total (Gain) / Loss for the period	**36.93**	**(44.60)**
Actuarial (Gain) / Loss recognised in the period	**36.93**	**(44.60)**

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of expected Interest rate shortfall as at the end of the period	52.84	17.14
Fair value of the plan assets as at the end of the period (Surplus Account)	20.98	23.55
Surplus / (Deficit)	**(31.86)**	**6.41**
Net asset / (liability) recognised in the balance sheet#	(31.86)	6.41

The Company has not recognised the plan asset in the books based on the concept of prudence in previous year.

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	32.54	(49.10)
Remeasurement for the period-Plan assets (Gain)/Loss	4.39	4.50
Total Remeasurement cost/(credit) for the period recognised in OCI	36.93	(44.60)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	1.84	3.50
Net Interest (Income) / Expense (Refer note 30)	(0.50)	2.32
Net periodic benefit cost recognised in the statement of profit and loss	**1.34**	**5.82**

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, 2019	Year ended March 31, 2018
Decrease by 0.50%	99.10	44.59
Increase by 0.50%	9.26	-

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, 2019	Year ended March 31, 2018
Decrease by 0.50%	8.91	-
Increase by 0.50%	96.76	43.60

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Overseas subsidiaries

(d) Pension plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees to have left the organisation. The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year

The following table summarises the components of net benefit expense recognised in the Statement of profit and loss and amounts recognised in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

	As at March 31, 2019	As at March 31, 2018
Mortality table	Heubeck 2018 G	Heubeck 2005 G
Discount rate	1.60% to 2.31%	1.30% to 2.24%
Expected rate of return on plan assets		
Rate of increase in compensation levels	1.00% to 2.00%	1.00% to 2.00%
Expected average remaining working lives (in years)	0.00%	0.00%

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening defined benefit obligation	1,036.39	885.82
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(11.04)	175.36
Interest expense	20.33	19.21
Current service cost	15.24	19.64
Benefits paid	(21.16)	(19.69)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(7.13)	(43.96)
Closing defined benefit obligation	**1,032.63**	**1,036.39**

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	21.15	19.45
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(0.23)	1.56
Interest income	0.35	0.33
Contributions	-	0.61
Benefits paid	(0.42)	(1.03)
Remeasurements-Actuarial gains / (losses)	0.20	0.22
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Closing fair value of plan assets	**21.05**	**21.15**
Actual return on plan assets	0.55	0.56

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	20.33	19.21
Interest (Income) / Expense – Plan assets	(0.35)	(0.33)
Net Interest (Income) / Expense for the period	**19.98**	**18.88**

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

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Financial (Gain) / Loss on plan liabilities	(7.21)	(40.10)

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	(7.13)	(40.10)
Remeasurement for the period-Plan assets (Gain)/Loss	(0.20)	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**(7.33)**	**(40.30)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligations	(1,032.63)	(1,036.39)
Fair value of plan assets	21.05	21.15
Net Asset / (liability) to be recognised in balance sheet	**(1,011.58)**	**(1,015.24)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	15.24	19.64
Net Interest (Income) / Expense	19.98	19.21
Net periodic benefit cost recognised in the statement of profit & loss	**35.22**	**38.85**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(1,015.24)	(866.37)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	10.81	(173.80)
Company's contributions	-	0.61
Benefits directly paid by the Group	20.74	18.66
Expense recognised for the year	(35.22)	(38.52)
Amount recognised in OCI	7.33	44.18
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Net asset / (liability) recognised at the end of the period	**(1,011.58)**	**(1,015.24)**

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

	As at March 31, 2019	As at March 31, 2018
Funds managed by insurer	100%	100%

Sensitivity analysis

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

In ₹ Million

Discount rate	As at March 31, 2019	As at March 31, 2018
Decrease by 0.50%	95.72	97.57
Increase by 0.50%	(84.17)	(86.76)

The pension scheme pertains to employees who have already left the organisation. Hence the impact of change in salary increase rate and withdrawl rate is nil and hence not disclosed.

The followings are the expected contributions to the defined benefit plan in future years :

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Within the next 12 months (next annual	26.68	26.63
reporting period)	-	-
Between 2 and 5 years	125.61	121.03
Beyond 5 and 10 years	198.64	192.38
Beyond 10 years	1,435.36	1,405.31
Total expected payments	**1,786.29**	**1,745.35**

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 59.00 million (March 31, 2018: ₹ 49.24 million) and jubilee scheme as governed by the local laws amounting to ₹ 71.97 million (March 31, 2018: ₹ 60.65 million).

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Indian subsidiaries

(F) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded with insurance companies in the form of qualifying insurance policy.

Risk exposure and asset liability matching

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

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the 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 has a sovereign guarantee and has 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. 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 plan.

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

	As at March 31, 2019	As at March 31, 2018
Mortality table	IALM(2012-14) ult	IALM 2006-08 Ult
Discount rate	7.00% - 8.00%	7.60% - 8.10%
Expected rate of return on plan assets	7.43% - 7.60%	7.71% - 8.25%
Rate of increase in compensation levels	4.00% - 6.00%	4.00% - 6.00%
Expected average remaining working lives (in years)	16.50	17.32
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	1% to 20%	3.00%
Age 31 - 44 years	1% to 20%	3.00%
Age 45 - 50 years	1% to 20%	3.00%
Age above 50 years	1% to 20%	3.00%

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening defined benefit obligation	3.07	3.00
Adjustment to defined benefit obligation	-	0.84
Interest expense	0.08	0.16
Current service cost	0.28	0.18
Benefits paid	(0.62)	(0.26)
Remeasurements on obligation [Actuarial (Gain) / Loss]	0.60	(0.85)
Acquisition (credit)/cost	0.15	-
Closing defined benefit obligation	**3.56**	**3.07**

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	1.86	1.80
Adjustment to fair value of plan asset	-	-
Interest Income	0.02	0.14
Contributions	0.45	0.18
Benefits paid	(0.35)	(0.26)
Remeasurements-Actuarial gains / (losses)	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Closing fair value of plan assets	**1.98**	**1.86**
Actual return on plan assets	0.49	0.14

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	0.08	0.16
Interest (Income) / Expense – Plan assets	(0.02)	(0.14)
Net Interest (Income) / Expense for the period	**0.06**	**0.02**

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

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	0.15	(0.77)
Demographic (Gain) / Loss on plan liabilities	-	(0.10)
Financial (Gain) / Loss on plan liabilities	0.45	(0.07)
Experience (Gain) / Loss on plan assets	-	(0.01)
Financial (Gain) / Loss on plan assets	-	-

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Opening amount recognised in OCI outside profit and loss account	-	-
Remeasurement for the period-Obligation (Gain)/Loss	0.60	(0.85)
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	0.60	(0.85)
Closing amount recognised in OCI outside profit and loss account	**0.60**	**(0.85)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Present value of defined benefit obligations	(3.56)	(3.07)
Fair value of plan assets	1.98	1.86
Net Asset / (liability) to be recognised in balance sheet	**(1.58)**	**(1.21)**

In case of certain Indian subsidiaries, acturial liability is determined based on estimates amounting to ₹ 0.72 million for previous year.

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	0.28	0.18
Net Interest (Income) / Expense	0.06	0.02
Net periodic benefit cost recognised in the statement of profit & loss	**0.34**	**0.20**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(1.21)	(1.20)
Adjustment to opening balance	-	(0.84)
Contributions	0.45	0.18
Benefits paid by the Group	0.27	-
Expense recognised for the year	(0.34)	(0.20)
Amount recognised in OCI	(0.06)	0.85
Acquisition (credit)/cost	(0.15)	-
Net asset / (liability) recognised at the end of the period	**(1.04)**	**(1.21)**

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

	As at March 31, 2019	As at March 31, 2018
Funds managed by insurer	100.00%	100.00%

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Sensitivity analysis

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

In ₹ Million

Discount rate	As at March 31, 2019	As at March 31, 2018
Increase by 1%	1.75	1.35
Decrease by 1%	1.93	1.64

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

In ₹ Million

Salary increament rate	As at March 31, 2019	As at March 31, 2018
Increase by 1%	1.93	1.56
Decrease by 1%	1.75	1.43

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

In ₹ Million

Withdrawl rate	As at March 31, 2019	As at March 31, 2018
Increase by 1%	1.79	1.46
Decrease by 1%	1.84	1.51

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

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

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Year ending March 31		
Within one year	0.58	0.37
After one year but not more than five years	-	-
After five years but not more than ten years		
Total expected payments	**0.58**	**0.37**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

41. Contingent liabilities

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Claims against the Group not acknowledged as Debts - to the extent ascertained (Refer note a, c, d and f)	1,007.14	220.10
Excise/Service tax demands - matters under dispute (Refer note f)	277.03	255.13
Customs demands - matters under dispute (Refer note g)	73.93	50.97
Sales tax demands - matters under dispute (Refer note h)	180.77	28.17
Income tax demands - matters under dispute (Refer note i)	54.92	54.92
Others (Refer note b and e)	3.32	4.86

(a) The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

(b) Includes:

- contingent liability to employees as per agreed terms

- One of the subsidiaries has availed exemption from stamp duty and accordingly was required to start the activities within a period of three years from the date of agreement. The Group will be liable to pay the whole of the stamp duty amounting to ₹ 3.32 Million and applicable penalty in the event it is unable to fulfill this condition. The management believes that the Group will be able to fulfill this condition comfortably and hence cash outflow on that account is highly unlikely.

(C) The Group has disputed certain amounts claimed by its suppliers/customers which the Group believes to be not payable as per the underlying contracts. The Group has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

(d) The amount of claim is arbitral award passed by arbitrator against one of the subsidiary on May 10, 2019 in the matter of arbitration proceddings concerning termination of Share purchase agreement dated December 18, 2010 by the subsidiary, directing the subsidiary to pay ₹ 770.00 million to the claimant. In the opinion of the Group and the legal advisor, said award is biased and perverse. The subsidiary is in the process of filing an appeal against said award before the Delhi High Court.

(e) One of the subsidiaries is in the process of setting manufacturing facility at additional Jejuri area, MIDC Jejuri District Pune. The subsidiary has applied to MIDC for extention of timeline for completion of construction up to March 31, 2020. The application made by the subsidiary is under active consideration by MIDC. The Management is confident of getting the requisite permission from MIDC, soon. The Management does not expect any outgo of resources for obtaining the requisite permission.

(f) Includes amount pertaining to incentive received under Government scheme, etc.

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

(h) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc

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

Provident Fund

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Group to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 174.97 million (March 31, 2018: ₹ 277.82 million).

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

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint venture and associates.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

42. Capital and other commitments

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
(a) Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 4,250 million (March 31, 2018: ₹ 4,000 million) for contracts undertaken by the Group and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	2,149.12	2,386.03
(b) Guarantees given by the Company on behalf of Group Companies	2,638.24	1,715.48
(c) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	4,576.33	2,271.50
(d) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	64.78	119.26
(e) Bank Guarantees extended for Project / Oil Business	159.65	208.43
(f) For commitments relating to lease agreements, please refer note 43	-	-

43. Leases

(a) Operating leases : Group as lessee

The Group has entered into agreements in the nature of lease/leave and license agreement with different lessors/licensors for the purpose of establishment of office premises/residential accomodations, company cars, forklifts, etc. These are generally in the nature of operating lease/leave and license. There are no transactions in the nature of sub lease. Period of agreements are generally between 1 to 10 years and renewal at the options of the lessee. There are no escalation clauses or restrictions placed upon the Group by entering into these leases.

The lease rentals charged during the period are as under:

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Minimum lease payments recognised in the statement of profit and loss during the year		
On cancellable leases	269.48	248.23
On non-cancellable leases	77.36	32.00
	346.85	**280.23**

The Group has entered into non-cancellable operating leases for building, with lease term of 4 years. The Group has an option to extend the lease by mutual consent. The lease includes escalation clause. Future minimum rentals payable under non-cancellable operating leases as at March 31 , 2019 are, as follows:

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Minimum lease payments to be recognised in the statement of profit and loss		
Within one year	33.75	22.30
After one year but not more than five years	29.42	31.35
More than five years	-	-

(b) Operating leases : Group as lessor

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

43. Leases (contd.)

The lease rentals received during the period is as under

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Lease rentals received during the year		
On cancellable leases	8.16	4.12
	8.16	**4.12**

(c) Finance leases : Group as lessee

The Group has finance leases for various items of plant and machinery. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

In ₹ Million

	March 31, 2019		March 31, 2018	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	72.60	69.31	59.01	56.04
After one year but not more than five years	107.23	103.92	131.60	127.52
Total	**179.83**	**173.23**	**190.61**	**183.56**
Less: Finance charges	6.60	-	7.05	-
Present value of Minimum Lease Payments	**173.23**	**173.23**	**183.56**	**183.56**

44. Deferral/Capitalisation of exchange differences

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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Cost of the assets / capital work in progress	(162.30)	(15.04)
FCMITDA	(197.19)	(18.26)
Amortised in the current year	(218.21)	(200.18)

45. Loans and advances in the nature of loans given to associates and firms/companies in which directors are interested

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
BF Utilities Limited #		
Balance outstanding as at March 31	-	-
Maximum amount outstanding during the year	-	75.00
Ferrovia Transrail Solutions Pvt Ltd*		
Balance outstanding as at March 31	144.99	225.09
Maximum amount outstanding during the year	225.09	317.00

Receivable in 3 years from the date of origination of loan.

* Net of provision for diminuation in the value of loan.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

46. Expenditure on research and development

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
On revenue account	482.00	367.77
On capital account	65.51	6.49
Total research and development expenditure *	**547.51**	**374.26**

*Above expenditure does not include research expenditure incurred by the Company which are not eligible as per DSIR guidelines and the ones which are incurred outside the approved R&D Centre.

47. Disclosures required under Sec 186(4) of the Companies Act, 2013

The Company has given guarantees to banks on behalf of the following group companies:

-Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,397.74 million (March 31, 2018: ₹ 1,454.73 million) for working capital requirements which was renewed during the current year.

-Bharat Forge America Inc, wholly owned subsidiary company, of ₹ 276.64 million (March 31, 2018: ₹ 260.75 million) for term loan which was used for acquisition of stepdown subsidiaries.

48. Related party disclosures

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

Related parties with whom transactions have taken place during the period.	
Associates	Ferrovia Transrail Solutions Private Limited (Investment through wholly owned subsidiary), India
	Hospet Bellary Highways Private Limited (Investment through wholly owned subsidiary), India
	Tork Motors Private Limited, India (w.e.f. February 28, 2018)
	Talbahn GmbH (Investment through wholly owned subsidiary), Germany
	Tevva Motors (Jersey) Limited, Jersey (w.e.f. June 11, 2018)
Joint Ventures	BF NTPC Energy Systems Limited, India
	BF Premier Energy Systems Private Limited, India
Subsidiaries of associates	Lycan Electric Private Limited, India
	Tork Motors (UK) Limited, UK
	Tevva Motors Limited, UK
Other related parties	Kalyani Steels Limited, India
	BF Utilities Limited, India
	Automotive Axles Limited, India
	Khed Economic Infrastructure Private Limited, India
	Kalyani Maxion Wheels Private Limited, India
	Institute for Prostate Cancer, India
	United Metachem Private Limited, India
	Harmony Electoral Trust, India
	Daimler India Commercial Vehicles Private Limited, India (w.e.f May 19, 2016 and up to November 19, 2017)
	Tirupati Engineers, India
	M J Risbud & Co., India (w.e.f. February 28, 2018)
	H M Risbud & Co., India (w.e.f. February 28, 2018)
	Irbaris LLP, UK (w.e.f. June 11, 2018)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

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

Minority holders	Elbit Systems Land and C4I Limited, India
	Rafael Advanced Defence Systems Limited, Israel
Joint venture partners	NTPC Limited
	Premier Explosives Limited
Key management personnel (including subsidiaries/ associates/joint ventures)	Mr. B. N. Kalyani (Chairman & Managing Director)
	Mr. A. B. Kalyani (Executive 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 (Independent Director)
	Mr. N. K. Narad (Independent Director) (up to March 31, 2019)
	Mr. T. Mukherjee (Independent Director) (up to March 31, 2019)
	Mr. V. R. Bhandari (Independent Director)
	Mr. R. Jadeja
	Mr. P. Kanugo (w.e.f. May 15, 2018)
	Mr. R. B. Reddy (w.e.f. December 14, 2018)
	Mr. T. Mishra (w.e.f. December 14, 2018)
	Mr. S. Kapoor
	Mr. R. Gogia
	Ms. S. Modi
	Mr. M. Kapoor (w.e.f. February 15, 2019)
	Mr. Vineet (up to September 07, 2018)
	Mr. P. Puranik
	Mr. S. Ligam
	Mr. Y. Thakar
	Ms. J. Chhabada (w.e.f. February 13, 2018)
	Mr. K. Shelke (w.e.f. February 27, 2018)
	Mr. P. Risbud (w.e.f. February 27, 2018)
Key management personnel (including subsidiaries/ associates/joint ventures)	Mr. P. Choudhary
	Mr. V. Neginal
	Ms. P. Verma
	Mr. R. Nirgudkar
	Mr. S. Shivakumar (Up to February 28 , 2018)
	Mr. A. Singh (Up to September 21 , 2017)
Relatives of directors and other directors	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. A. G. Agarwal
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani
	Mr. C. Shelke (w.e.f. February 27, 2018)
Post employment benefit trust	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officers Group Gratuity Fund
	Bharat Forge Company Limited Officers Superannuation Scheme

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(ii) Related party transactions

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
1	**Purchase of raw materials / stores, spares $**	**Other related party**		
		Kalyani Steels Limited	6,812.96	5,384.32
		Others	0.66	0.15
			6,813.62	**5,384.47**
2	**Staff welfare expenses**	**Other related party**		
		Institute for Prostate Cancer	1.09	-
			1.09	**-**
3	**Other expenses**			
	- Power, fuel and water	**Other related party**		
		BF Utilities Limited	148.99	71.71
			148.99	**71.71**
	- Rent	**Other related party**		
		Automotive Axles Limited	-	0.16
		United Metachem Private Limited	3.97	-
			3.97	**0.16**
		Associates		
		Tirupati Engineers	2.03	-
			2.03	**-**
		Relatives of directors and other directors		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	- Donations	**Other related party**		
		Harmony Electoral Trust	150.50	
			150.50	**-**
	-Directors' fees and travelling expenses	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	0.63	0.57
		Mr. S. M. Thakore	0.59	0.57
		Mrs. Lalita D. Gupte	0.23	0.23
		Mr. P. H. Ravikumar	0.50	0.40
		Mr. P. C. Bhalerao	0.63	0.63
		Mr. Vimal Bhandari	0.34	0.25
		Mr. Naresh Narad	0.15	0.15
		Dr. T. Mukherjee	0.43	0.25
			3.50	**3.05**
	-Commission to directors other than managing and whole time directors	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.30	1.15
		Mr. S. M. Thakore	1.10	1.15
		Mrs. Lalita D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	1.00	0.95
		Mr. P. C. Bhalerao	1.30	1.25
		Mr. Naresh Narad	0.30	0.30
		Dr. T. Mukherjee	0.40	0.50
		Mr. Vimal Bhandari	0.60	0.50
			6.45	**6.25**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
	- Legal and professional fees	**Other related party**		
		Rafael Advanced Defence Systems Limited	49.27	-
		PNC Infratech Limited	-	0.32
		Tirupati Engineers	3.93	0.12
		M J Risbud & Co.	-	0.13
		H M Risbud & Co.	0.03	0.10
		Irbaris LLP	39.88	-
			93.11	**0.67**
			408.73	**82.02**
4	Sale of goods / manufacturing scrap (net of returns, rebates etc.)	**Other related party**		
		Daimler India Commercial Vehicles Private Limited	-	318.84
		Automotive Axles Limited	420.07	418.41
		Rafael Advanced Defence Systems Limited	1,024.43	6.75
		Others	22.23	13.45
			1,466.73	**757.45**
5	Sale of services	**Other related party**		
		Automotive Axles Limited	210.98	210.44
			210.98	**210.44**
6	Other income			
	-Rent	**Other related party**		
		Kalyani Maxion Wheels Limited	0.10	0.05
			0.10	**0.05**
	-Management Consultancy Services	**Associates**		
		Ferrovia Transrail Solutions Private Limited	3.20	3.20
			3.20	**3.20**
	- Sale/discard of property, plant and equipments	**Other related party**		
		Automotive Axles Limited	4.29	
			4.29	-
			7.59	**3.25**
7	Purchase of tangible and intangible assets (including CWIP)	**Other related party**		
		BF Utilities Limited	-	118.00
		Rafael Advanced Defence Systems Limited	49.16	-
		Others	1.55	-
			50.71	**118.00**
8	Finance provided:	**Other related party**		
	- Investments by Group			
		Khed Economic Infrastructure Private Limited	(54.88)	-
		(includes fair value impact)		
			(54.88)	**-**
		Associates		
		Tork Motors Private Limited	99.99	160.39
		Tevva Motors (Jersey) Limited	892.93	
			992.92	**160.39**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
		Joint ventures		
		BF NTPC Energy Systems Limited	-	2.89
		BF Premier Energy Systems Private Limited	-	0.50
			-	**3.39**
	- Investments by joint venture partner and minority holders			
		Minority holders		
		Rafael Advanced Defence Systems Limited	-	95.02
		Others	-	9.61
			-	**104.63**
		Joint ventures		
		NTPC Limited	-	2.78
		Premier Explosives Limited	-	0.50
			-	**3.28**
	- Loan given	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	40.51
			-	**40.51**
			938.04	**312.20**
9	**Interest income**	**Other related party**		
		Kalyani Steels Limited	-	21.08
		BF Utilities Limited	-	5.65
			-	**26.73**
		Associates		
		Ferrovia Transrail Solutions Private Limited	2.29	41.05
			2.29	**67.78**
10	**Advance from customers**	**Other related party**		
		Automotive Axles Limited	-	4.20
			-	**4.20**
11	**Advance given to vendors**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	191.76	221.86
			191.76	**221.86**
12	**Managerial remuneration**	**Key management personnel**		
		Mr. B. N. Kalyani	194.77	185.93
		Mr. A. B. Kalyani	59.94	54.51
		Mr. G. K. Agarwal	59.09	54.61
		Mr. S. E. Tandale	50.32	42.38
		Mr. B. P. Kalyani	47.84	39.87
		Mr. K. M. Saletore	37.97	32.89
		Others	12.67	4.91
			462.60	**415.10**
13	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.39	0.35
		Mr. A. B. Kalyani	3.50	3.15
		Mr. G. K. Agarwal	0.02	-
		Mr. B. P. Kalyani	0.02	0.03
		Mr. S. M. Thakore	0.14	0.13

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
		Mr. P. H. Ravikumar	0.03	0.02
			4.10	**3.68**
		Relatives of directors and other directors		
		Mr. G. N. Kalyani	3.45	3.11
		Others	0.75	0.67
			4.20	**3.78**
			8.30	**7.46**
14	**Loans received / adjusted**	**Other related party**		
		BF Utilities Limited	-	75.00
			-	**75.00**
15	**Repayment of loan**	**Associate**		
		Ferrovia Transrail Solutions Private Limited	30.10	-
			30.10	**-**
16	**Contributions paid***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	214.27	190.60
			214.27	**190.60**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	37.50	39.00
		Bharat Forge Company Limited Officer's Group Gratuity fund	62.00	55.00
			99.50	**94.00**
		Superannuation fund		
		Bharat Forge Company Limited Officer's Superannuation scheme	24.33	24.67
			24.33	**24.67**
			338.10	**309.27**
17	**Provision for diminution in value of loan to associate**			
		Associates		
		Ferrovia Transrail Solutions Private Limited	50.00	132.42
			50.00	**132.42**

*The Above disclosure does not include on behalf payments done by any related party to each other. For closing balances of above employee benefit trusts refer note 40.

$ including goods and service tax.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
1	**Trade payables**	**Other related party**		
		Kalyani Steels Limited (net of advance ₹ 470.00 million (March 31, 2018 : ₹ 470.00 million)	965.60	1,027.08
		BF Utilities Limited	18.29	14.45
		Kalyani Maxion Wheels Private Limited	0.42	0.42
		Rafael Advanced Defence Systems Limited	93.50	-
		Tirupati Engineers	4.03	0.51
		H M Risbud & Co.	0.01	-
		M J Risbud & Co.	-	0.13
			1,081.85	**1,042.59**
		Enterprises having common Key Management Personnel		
		PNC Infratech Limited	-	0.29
			-	0.29
			1,081.85	**1,042.88**
2	**Trade receivable**	**Other related party**		
		Automotive Axles Limited	114.43	238.83
		Kalyani Steels Ltd.	2.89	0.74
		Kalyani Maxion Wheels Private Limited	1.13	0.61
		Rafael Advanced Defence Systems Limited	192.77	-
		Others	0.07	-
			311.29	**240.18**
3	**Payables for capital goods**	**Other related party**		
		BF Utilities Limited	-	34.24
			-	**34.24**
4	**Non-current investments**	**Other related party**		
		Khed Economic Infrastructure Private Limited (including fair value)	583.06	637.94
			583.06	**637.94**
		Joint ventures		
		BF NTPC Energy Systems Limited	-	33.64
		BF Premier Energy Systems Pvt. Ltd.	0.02	0.05
			0.02	**33.69**
		Associates		
		Tork Motors Private Limited	247.70	160.39
		Tevva Motors (Jersey) Limited	808.67	-
		Ferrovia Transrail Solutions Private Limited	-	0.07
		Hospet Bellary Highways Private Limited	0.05	0.05
		Talbahn GmbH	-	-
			1,056.42	**160.51**
5	**Loans**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	194.99	225.09
			194.99	**225.09**
6	**Security deposits**	**Other related party**		
		BF Utilities Limited	210.00	210.00
		Others	0.94	0.95
			210.94	**210.95**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
		Relatives of key management personnel		
		Mrs. S. S. Tandale	0.15	0.15
			0.15	**0.15**
			211.09	**211.10**
7	**Advance to suppliers**	**Other related party**		
		Elbit Systems Land and C4I Limited	17.67	18.21
			17.67	**18.21**
8	**Advance from customers**	**Other related party**		
		Automotive Axles Limited	3.48	4.20
			3.48	**4.20**
9	**Managerial remuneration payable***	**Key management personnel**		
		Mr. B. N. Kalyani	110.00	109.80
		Mr. A. B. Kalyani	24.00	21.00
		Mr. G. K. Agarwal	23.00	21.00
		Mr. S. E. Tandale	28.75	23.00
		Mr. B. P. Kalyani	28.25	22.50
		Mr. K. M. Saletore	21.00	17.70
		Others	-	0.10
			235.00	**215.10**
10	**Commission to directors other than managing and whole time directors**	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.30	1.15
		Mr. S. M. Thakore	1.10	1.15
		Mrs. Lalita D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	1.00	0.95
		Mr. P. C. Bhalerao	1.30	1.25
		Mr. Naresh Narad	0.30	0.30
		Dr. T. Mukherjee	0.40	0.50
		Mr. Vimal Bhandari	0.60	0.50
			6.45	**6.25**
11	**Provision for diminution in value of loan to associate**	Ferrovia Transrail Solutions Private Limited	**(182.42)**	**(132.42)**
			(182.42)	**(132.42)**

Notes

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

Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2019 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2018 : 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.

All transactions were made on normal commercial terms and conditions and at market rates.

For Details of guarantees to related parties refer note 47

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

49. Segment information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sector. Others primarily includes various new intiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

In ₹ Million

Sr. No.		March 31, 2019	March 31, 2018
1	**Segment revenue**		
	Revenue from external customers		
a	Forgings	98,428.76	83,993.47
b	Others	3,123.44	153.97
	Total	**101,552.20**	**84,147.44**
	Less - Intersegment revenue	**(76.09)**	
	Total	**101,476.11**	**84,147.44**
	Adjustments and eliminations *	(18.78)	(0.72)
	Revenue from operations	**101,457.33**	**84,146.72**
2	**Segment results**		
a	Forgings	16,779.11	14,578.89
b	Others	420.46	(128.34)
	Total segment profit (before interest and tax from each reportable segment	**17,199.57**	**14,450.55**
	Less: Finance cost	1,272.15	1,065.31
	Less: Other unallocable expenditure net off unallocable income	51.36	473.15
	Total profit before tax and exceptional items	**15,876.06**	**12,912.09**
	Add: Exceptional items (loss)		(954.48)
	Profits before tax and adjustments	**15,876.06**	**11,957.61**
	Adjustments and eliminations *	113.75	-
	Profit before tax	**15,989.81**	**11,957.61**
3	**Segment income/(expense)**		
3.1	**Segment Depreciation, amortisation and impairment expense**		
a	Forgings	5,093.13	4,573.18
b	Others	118.99	96.31
	Total	**5,212.12**	**4,669.49**
	Adjustments and eliminations *	(4.18)	(0.69)
	Depreciation, amortisation and impairment expense	**5,207.94**	**4,668.80**
3.2	**Segment Income tax expense**		
a	Forgings	5,644.78	4,414.40
b	Others	12.47	3.21
	Total	**5,657.25**	**4,417.61**
	Adjustments and eliminations *	6.60	0.32
	Income tax expense	**5,663.85**	**4,417.93**
3.3	**Share of (loss) of associates and joint ventures**		
a	Forgings		-
b	Others	(113.75)	(3.78)
	Total share of (loss) of associates and joint ventures	**(113.75)**	**(3.78)**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

49. Segment information (contd.):

In ₹ Million

Sr. No.		March 31, 2019	March 31, 2018
4	**Segment assets**		
a	Forgings	90,792.53	78,907.99
b	Others	4,580.66	1,785.70
c	Unallocable assets including unutilised fund	21,479.13	19,660.52
	Total	**116,852.32**	**100,354.21**
	Adjustments and eliminations *	(429.98)	(190.00)
	Total assets	**116,422.34**	**100,164.21**
5	**Segment liabilities**		
a	Forgings	18,204.36	17,192.70
b	Others	507.60	383.80
c	Unallocable	3,337.56	3,119.84
	Total	**22,049.52**	**20,696.34**
	Adjustments and eliminations *	(47.53)	(64.80)
	Total liabilities	**22,001.99**	**20,631.54**
	Capital employed	**94,420.35**	**79,532.67**
6	**Other disclosures**		
6.1	**Investments in associates and joint ventures**		
a	Forgings	-	-
b	Others	1,056.31	160.16
	Total	**1,056.31**	**160.16**
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	**1,056.31**	**160.16**
6.2	**Increase in non-current and non-financial asset for the year**		
a	Forgings	11,376.45	5,507.69
b	Others	1,182.18	144.67
	Total	**12,558.63**	**5,652.36**
	Adjustments and eliminations *	(53.79)	(0.02)
	Increase in non-current non-financial asset for the year	**12,504.84**	**5,652.34**
7	**Information in respect of geographical areas**		
7.1	**Segment revenue from external customers**		
a	Within India	27,917.49	22,916.04
b	Outside India	73,539.84	61,230.68
	Europe	35,401.15	31,531.02
	USA	34,994.15	27,952.23
	Others	3,144.54	1,747.43
	Subtotal	**73,539.84**	**61,230.68**
	Total	**101,457.33**	**84,146.72**
	The revenue information above is based on location of the customers		
7.2	**Segment non-current assets**		
a	Within India	36,814.90	42,676.65
b	Outside India	11,639.24	10,376.58
	Total	**48,454.14**	**53,053.23**

Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

50. Hedging activities and derivatives

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Particulars	March 31, 2019		March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	1,748.25	-	1,722.43	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit and loss. Amounts of outstanding forward contracts are as as follows:

In ₹ Million

Nature of instrument	Currency	Purpose	March 31, 2019		March 31, 2018	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	612.37	45,396.79	656.37	47,293.09
Forward Contracts	EUR	Hedging of highly probable sales	142.20	13,014.68	161.05	13,959.25

The cash flow hedges of the expected future sales during the year ended March 31, 2019 were assessed to be highly effective and a net unrealised gain of ₹ 1,736.44 million (March 31, 2018: ₹ 1,685.27 million), with a deferred tax liability of ₹ 606.78 million (March 31, 2018: ₹ 588.90 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, revenue from operations (highly probable forecast sales) as an adjustment for the year ended March 31, 2019 as detailed in Note 33, totalling ₹ 1,220.61 (gross of deferred tax) (March 31, 2018: ₹ 2,132.64 million). The amounts retained in OCI at March 31, 2019 are expected to mature and affect the statement of profit and loss till year ended March 31, 2022.

Fair value hedge

At March 31, 2019, the Group had an cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2018. 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, 2019, the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying trade receivables. No such contracts existed as at March 31, 2018.

The impact of the derivative instrument on the balance sheet as at March 31, 2019 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 2019
Cross currency swap	EURO 25.52	78.13	Derivative instruments	Nil
Forward Contracts	USD 49.09	128.86	Derivative instruments	Nil
Forward Contracts	EURO 9.69	27.52	Derivative instruments	Nil

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

50. Hedging activities and derivatives (contd.)

The impact of the derivative instrument on the balance sheet as at March 31, 2018 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 2018
Cross currency swap	EURO 25.52	(151.68)	Derivative instruments	Nil
Forward Contracts	-	-	-	-
Forward Contracts	-	-	-	-

The impact of the hedged item on the balance sheet as at 31 March 2019 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2019
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 49.09	Nil
Trade receivables	EUR 9.69	Nil

The impact of the hedged item on the balance sheet as at 31 March 2018 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2018
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 49.09	Nil
Trade receivables	EUR 9.69	Nil

Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2019.

Financial Instruments by category

In ₹ Million

	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	-	-	583.06
KPIT Technologies Limited (Refer note 51 (b))	57.58	-	-
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	60.47	-	-
Derivative instruments			
Cash flow hedges	-	1,748.43	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
Derivative instruments			
Fair value hedges	-	234.51	-
Unquoted funds			
Investments in private equity fund	-	171.60	-
Investments in mutual funds	-	11,079.61	-
Quoted funds/bonds			
Investments in mutual funds	1,959.33	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-	-

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

51. Fair value hierarchy (contd.)

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2018:

(In ₹ Million)

	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	-	-	637.94
Gupta Energy Private Limited (Refer note 55 (a))	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	132.73	-	-
Derivative instruments			
Cash flow hedges	-	1,722.43	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited (Refer note 55 (a))	-	-	
Unquoted funds			
Investments in private equity fund	-	115.57	-
Investments in mutual funds	-	12,306.00	-
Quoted funds			
Investments in mutual funds	1,651.03	-	-
Financial liablities at FVTPL			
Derivative liability	-	151.68	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2019 and March 31, 2018.

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, 2019 and March 31, 2018 are as shown below:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited	Cost method	Estimated realization rates for developed land and Land under development	**March 31, 2019:** ₹ 9.90 million to ₹ 12.60 million / acre **March 31, 2018:** ₹ 9.70 million to ₹ 12.60 million / acre	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.49 (March 31, 2018: ₹ 1.58).
		Estimated realization rates for undeveloped Land	Not Applicable	

a) The Company has an investment in equity instrument of GEPL. The same is classified as 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 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Fair value hierarchy (contd.)

(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 order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company has 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. is 56.64% to 43.36%.

Further on January 24, 2019; the resultant entity shares were delisted at ₹ 98.65/-. Subsequent the said shares were listed on April 22, 2019 with slightly higher price than on January 24, 2019. Accordingly, the investment in shares has been classified under level 1 of the fair value hierarchy.

Investment in unquoted shares of KPIT Technologies Limited are valued at fair value through OCI as at the reporting date and falls under level 3 of the fair value hierarchy. Subsequently the said shares were listed on April 22, 2019 and management has considered such valuation on the date of listing to measure the instrument as on March 31, 2019 as it has an insignificant change in the value since the reporting date. Accordingly, the investment in shares has been classified under level 1 of the fair value hierarchy.

c) The investment in equity shares of Tevva Motors (Jersey) Limited has been made in January 2018 based on fair valuation. Management does not expect substantial change in the significant unobservable inputs considered for valuation. Further the investment amount is insignificant. Hence, the sensitivity analysis is not disclosed.

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

In ₹ Million

	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited	Unquoted equity shares in Tevva Motors (Jersey) Limited
As at March 31, 2017	**524.71**	**-**	**-**
Remeasurement recognised in OCI	113.23	-	-
Purchases	-	-	7.92
As at March 31, 2018	**637.94**	**-**	**7.92**
Remeasurement recognised in OCI	(54.88)	-	-
Other adjustments [Refer note 6 (c)]			(7.92)
As at March 31, 2019	**583.06**	**-**	**-**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

52. Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2019 and March 31, 2018, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(i) Investments	8,777.30	11,011.21	8,777.30	11,011.21
(ii) Loans	180.00	26.13	180.00	26.13
(iii) Trade receivables	-	233.77	-	233.77
(iv) Derivative instruments	1,175.97	476.63	1,175.97	476.63
(v) Other non-current financial assets	1,364.36	1,144.04	1,364.36	1,144.04
Total financial assets	**11,497.63**	**12,891.78**	**11,497.63**	**12,891.78**
(i) Borrowings	16,785.16	11,262.31	16,785.16	11,262.31
(ii) Other non-current financial liabilities	1.10	153.66	1.10	153.66
Total financial liabilities	**16,786.26**	**11,415.97**	**16,786.26**	**11,415.97**

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 and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2019, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required. The own nonperformance risk as at March 31, 2019 and March 31, 2018 was assessed to be insignificant.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

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, 2019.

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, 2019 and March 31, 2018 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

The Group avails short term debt in foreign currency 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.

The Group has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

reference to an agreed-upon notional principal amount. As at March 31, 2019, the Group's majority long term borrowings are at a floating rate of interest.

Interest rate sensitivity

The Group's total interest cost the year ended March 31, 2019 was ₹ 1,272.15 million and for year ended March 31, 2018 was ₹ 1,065.31 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit 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 (₹ million)
March 31 2019		
USD	+/-50	34.25
EUR	+50	57.83
EUR*	-50	(27.29)
March 31 2018		
USD	+/-50	53.44
EUR	+50	21.98
EUR*	-50	7.21
GBP	+50	1.52

*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 in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Group manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on rolling basis and the Group keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Group may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

The Group avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

Particulars	Change in rate	Effect on OCI (In ₹ million)	Effect on profit (In ₹ million)
March 31, 2019	USD/INR – 1	601.58	59.87
	EUR/INR – 1	139.58	12.32
	EUR/USD – 0.01	17.65	
March 31, 2018	USD/INR – 1	656.37	
	EUR/INR – 1	161.05	
	EUR/USD – 0.01		17.65

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in FC/INR rate	Effect on Profit before tax and equity (₹ million)	Effect on other comprehensive income (₹ million)
March 31, 2019			
	USD 1	19.97	28.31
	EUR 1	129.09	72.97
March 31, 2018			
	USD 1	107.68	23.94
	EUR 1	20.94	64.10

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

The Group has a back to back pass through arrangements for volatility in raw material prices for most of the customers. However in few cases there may be lag effect in case of such pass through arrangements and might have some effect on the Group's profit and equity.

Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 812.24 (March 31, 2018: ₹ 761.43 million). Sensitivity analysis of major investments has been provided in Note 51.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 60.46 million (March 31, 2018:₹ 132.73 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 6.05 million (March 31, 2018: ₹ 13.27 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

Other price risk

The Group invests its surplus funds in mutual funds and zero coupon bonds which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 32.60 million (March 31, 2018: ₹ 34.89 million)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31 2019, receivable from the Group's top 5 customers accounted for approximately 43% (March 31, 2018: 35%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 and March 31, 2018 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respective to financial derivative instruments refer note 50.

Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Company and individual component level by respective treasury functions to ensure availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 13,038.94 million (March 31, 2018: ₹ 13,957.03 million) and other liquid assets of ₹ 4,754.61 million (March 31, 2018: ₹ 3,040.64 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of loan.

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

The table below summarises the maturity profile of the Group's financial liabilities (in ₹ million)

Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
March 31, 2019				
Borrowings	20,943.31	15,408.61	1,376.55	37,728.47
Trade and other payables	13,664.37	-	-	13,664.37
Other financial liabilities	3,687.92	1.10	-	3,689.02
	38,295.60	**15,409.71**	**1,376.55**	**55,081.86**
March 31, 2018				
Borrowings	15,848.17	11,249.90	12.41	27,110.48
Trade and other payables	13,267.86	-	-	13,267.86
Other financial liabilities	6,127.37	153.66	-	6,281.03
	35,243.40	**11,403.56**	**12.41**	**46,659.37**

The management believes that the probability of any outflow on account of financial guarantees issued by the Group being called on is remote. Hence the same has not been included in the above table.

54. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt equity ratio below 1.00. The Group includes within its borrowings net debt and interest bearing loans less cash and cash equivalents

(in ₹ million)

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings	40,293.07	32,569.66
Less: Cash and other liquid assets	17,755.72	16,961.63
Net debt	**22,537.35**	**15,608.03**
Equity	**54,058.92**	**46,811.30**
Net debt / equity Ratio	**0.42**	**0.33**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

55. Statutory Group Information

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2019	100.41	53,982.21	103.75	10,712.81	24.62	(66.94)	105.89	10,645.87
Balance as at 31 March, 2018	99.20	46,142.80	93.81	7,072.95	(303.77)	(727.80)	81.56	6,345.15
Subsidiaries								
Indian								
1) B F Infrastructure Limited								
Balance as at 31 March, 2019	(1.04)	(559.77)	(0.07)	(7.39)	(0.10)	0.26	(0.07)	(7.13)
Balance as at 31 March, 2018	(1.19)	(552.65)	(13.90)	(1,047.98)	0.01	0.02	(13.47)	(1,047.96)
2) Kalyani Strategic Systems Limited								
Balance as at 31 March, 2019	0.66	353.31	0.01	1.50	-	-	0.01	1.50
Balance as at 31 March, 2018	0.76	351.81	(0.03)	(2.04)	-	-	(0.03)	(2.04)
3) Kalyani Rafael Advanced Systems Private Limited								
Balance as at 31 March, 2019	0.66	353.43	0.08	8.55	0.04	(0.10)	0.08	8.45
Balance as at 31 March, 2018	0.74	344.98	(0.57)	(43.03)	(0.02)	(0.05)	(0.55)	(43.08)
4) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2019	(0.16)	(84.83)	(0.09)	(8.87)	-	-	(0.09)	(8.87)
Balance as at 31 March, 2018	(0.16)	(75.96)	(0.18)	(13.59)	-	-	(0.17)	(13.59)
5) Analogic Controls India Limited								
Balance as at 31 March, 2019	0.10	51.93	0.67	69.44	0.15	(0.41)	0.69	69.03
Balance as at 31 March, 2018	(0.04)	(17.10)	0.05	3.45	0.41	0.98	0.06	4.43
6) BFIL - CEC JV								
Balance as at 31 March, 2019	(0.01)	(3.12)	(0.03)	(3.21)	-	-	(0.03)	(3.21)
Balance as at 31 March, 2018	0.00	0.09	0.00	0.01	-	-	0.00	0.01
Foreign								
1) Bharat Forge Global Holding GmbH								
Balance as at 31 December, 2018	16.10	8,655.57	(1.81)	(186.53)	0.60	(1.62)	(1.87)	(188.15)
Balance as at 31 December, 2017	17.99	8,370.59	3.33	251.30	(7.88)	(18.89)	2.99	232.41
2) Bharat Forge CDP GmbH								
Balance as at 31 December, 2018	5.97	3,211.39	0.12	12.14	(0.93)	2.53	0.15	14.67
Balance as at 31 December, 2017	6.95	3,230.71	(0.15)	(11.41)	26.25	62.89	0.66	51.48
3) Bharat Forge Holding GmbH								
Balance as at 31 December, 2018	1.91	1,025.20	-	-	-	-	-	0.00
Balance as at 31 December, 2017	1.01	471.66	-	-	-	-	-	0.00

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

55. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
4) Bharat Forge Aluminiumtechnik GmbH								
Balance as at 31 December, 2018	3.71	1,995.25	0.35	36.22	0.01	(0.04)	0.36	36.18
Balance as at 31 December, 2017	3.04	1,415.78	(0.04)	(2.67)	0.07	0.17	(0.03)	(2.50)
5) Bharat Forge Kilsta AB								
Balance as at 31 December, 2018	(0.02)	(11.85)	(3.04)	(313.55)	0.11	(0.29)	(3.12)	(313.84)
Balance as at 31 December, 2017	(0.23)	(105.36)	(2.22)	(167.09)	7.51	17.99	(1.92)	(149.10)
6) Bharat Forge Hong Kong Limited								
Balance as at 31 December, 2018	0.00	0.13	(0.05)	(4.72)	-	-	(0.05)	(4.72)
Balance as at 31 December, 2017	0.01	4.47	(0.03)	(2.27)	-	-	(0.03)	(2.27)
7) Bharat Forge Daun GmbH								
Balance as at 31 December, 2018	0.51	275.46	0.05	5.08	(0.58)	1.59	0.07	6.67
Balance as at 31 December, 2017	0.58	271.70	0.02	1.85	1.58	3.79	0.07	5.64
8) Mécanique Générale Langroise								
Balance as at 31 December, 2018	0.41	221.81	(0.19)	(19.93)	(0.52)	1.41	(0.18)	(18.52)
Balance as at 31 December, 2017	0.52	242.66	(1.35)	(101.74)	(0.10)	(0.25)	(1.31)	(101.99)
10) Bharat Forge CDP Trading								
Balance as at 31 December, 2018	(0.00)	(0.85)	(0.05)	(5.15)	-	-	(0.05)	(5.15)
Balance as at 31 December, 2017	0.01	3.04	(0.06)	(4.85)	-	-	(0.06)	(4.85)
11) Bharat Forge International Limited								
Balance as at 31 March, 2019	2.03	1,090.44	3.06	315.66	-	-	3.14	315.66
Balance as at 31 March, 2018	1.73	806.52	1.49	112.10	-	-	1.44	112.10
12) Bharat Forge America Inc.								
Balance as at 31 December, 2018	1.63	878.76	0.69	71.20	-	-	0.71	71.20
Balance as at 31 December, 2017	1.59	738.33	1.55	116.93	-	-	1.50	116.93
13) Bharat Forge PMT Technologie LLC								
Balance as at 31 December, 2018	2.56	1,378.17	(0.08)	(8.50)	-	-	(0.08)	(8.50)
Balance as at 31 December, 2017	2.73	1,270.34	0.79	59.54	-	-	0.77	59.54
14) Bharat Forge Tennessee Inc.								
Balance as at 31 December, 2018	0.93	499.81	0.09	9.55	-	-	0.09	9.55
Balance as at 31 December, 2017	0.96	448.88	0.33	24.70	-	-	0.32	24.70
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2019	0.55	298.36	0.04	4.23	0.03	(0.07)	0.04	4.16
Balance as at 31 March, 2018	0.63	294.20	(1.12)	(84.76)	(0.02)	(0.04)	(1.09)	(84.80)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

55. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Associates								
(accounting as per the equity method)								
1) Ferrovia Transrail Solutions Private Limited								
Balance as at 31 March, 2019		(9.84)	(0.00)	(0.07)	0.00	(0.01)	(0.00)	(0.08)
Balance as at 31 March, 2018		0.18	(0.00)	(0.05)	0.02	0.06	0.00	0.01
2) Hospet Bellary Highways Private Limited								
Balance as at 31 March, 2019		-	-	-	-	-	-	-
Balance as at 31 March, 2018		(129.40)	-	-	-	-	-	-
3) Tork Motors Private Limited (including subsidiaries)								
Balance as at 31 March, 2019		179.60	(0.12)	(12.05)	0.08	(0.22)	(0.12)	(12.27)
Balance as at 31 March, 2018		114.71	(0.01)	(0.39)	-	-	(0.01)	(0.39)
4) Tevva Motors Jersey (including subsidiaries)								
Balance as at 31 December, 2018		596.60	(0.98)	(101.57)	-	-	(1.01)	(101.57)
Balance as at 31 December, 2017		-	-	-	-	-	-	-
Joint Ventures								
(accounting as per the equity method)								
1) BF NTPC Energy Systems Limited*								
Balance as at 31 March, 2019		-	-	-	-	-	-	-
Balance as at 31 March, 2018		49.58	(0.04)	(2.89)	-	-	(0.04)	(2.89)
2) BF Premier Energy Systems Pvt. Limited*								
Balance as at 31 March, 2019		0.03	(0.00)	(0.05)	-	-	(0.00)	(0.05)
Balance as at 31 March, 2018		0.08	(0.01)	(0.45)	-	-	(0.01)	(0.45)
Adjustments arising out of consolidation								
March 31, 2019	(36.92)	(19,850.25)	(3.39)	(350.40)	76.49	(207.98)	(5.55)	(558.38)
March 31, 2018	(36.85)	(17,140.38)	18.33	1,382.06	375.94	900.72	29.34	2,282.78
Total after elimination on account of consolidation-2019	**100.00**	**53,760.56**	**100.00**	**10,325.96**	**100.00**	**(271.89)**	**100.00**	**10,054.07**
Total after elimination on account of consolidation-2018	**100.00**	**46,517.11**	**100.00**	**7,539.68**	**100.00**	**239.59**	**100.00**	**7,779.27**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

56. Standards issued but not yet effective

Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers etc.) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group continues to evaluate the available transition methods and its lease contractual arrangements. The ultimate impact resulting from the application of Ind AS 116 will be subject to assessments that are dependent on terms of lease contractual arrangements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

56. Standards issued but not yet effective (contd.)

Other Standards

Standard	Impact
Ind AS 109 : Prepayment Features with Negative Compensation	These amendments are unlikely to affect the Group's financial statements
Ind AS 28 : Long-term interests in associates and joint ventures	These amendments are unlikely to affect the Group's financial statements

Annual Improvements

Standard	Impact
Amendments to Ind AS 12: Income Taxes	The Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.
Amendments to Ind AS 23: Borrowing Costs	The Group's current practice is in line with these amendments, the Group does not expect any effect on its 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 **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 20, 2019

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: May 20, 2019

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

Annex - 1

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Holding
1	Bharat Forge Global Holding GmbH	Jan 18 to Dec 18	EUR	79.78	398.90	6,990.31	9,522.60	2,133.39	7,318.30	328.52	59.44	288.84	(229.40)	-	100%
2	Bharat Forge CDP GmbH	Jan 18 to Dec 18	EUR	79.78	39.89	3,324.33	8,435.70	5,071.47	123.66	15,334.05	540.69	-	540.69	-	100%
3	Bharat Forge Holding GmbH	Jan 18 to Dec 18	EUR	79.78	1.99	1,023.21	2,282.82	1,257.61	1,360.36	-	(5.98)	-	(5.98)	-	100%
4	Bharat Forge Aluminiumtechnik Gmbh	Jan 18 to Dec 18	EUR	79.78	662.18	1,299.66	5,978.67	4,016.83	-	5,033.75	266.07	-	266.07	-	100%
5	Bharat Forge Kilsta AB	Jan 18 to Dec 18	SEK	7.85	157.00	(52.86)	4,109.33	4,005.19	-	7,473.36	(350.34)	34.38	(384.72)	-	100%
6	Bharat Forge Hong Kong Ltd	Jan 18 to Dec 18	USD	69.79	1,235.50	(1,235.37)	0.80	0.67	-	0.00	(4.81)	-	(4.81)	-	100%
7	Bharat Forge Daun GmbH	Jan 18 to Dec 18	EUR	79.78	3.99	282.20	1,085.90	799.70	-	1,429.12	131.54	-	131.54	-	100%
8	Mecanique Generale Langroise	Jan 18 to Dec 18	EUR	79.78	47.87	161.10	334.40	125.44	-	430.02	11.76	-	11.76	-	100%
9	Bharat Forge America Inc.	Jan 18 to Dec 18	USD	69.79	-	878.76	1,548.74	669.98	1,140.68	-	72.69	(0.00)	72.69	-	100%
10	Bharat Forge PMT Technologie LLC	Jan 18 to Dec 18	USD	69.79	6.80	1,371.37	1,963.68	585.51	-	3,461.60	(8.72)	-	(8.72)	-	100%
11	Bharat Forge Tennessee Inc.	Jan 18 to Dec 18	USD	69.79	0.00	499.81	580.68	80.87	270.93	-	8.24	(1.51)	9.75	-	100%
12	Bharat Forge International Limited	Apr 18 to Mar 19	USD	69.17	7.25	1,083.19	16,881.27	15,790.83	12.80	25,213.59	386.35	73.92	312.42	-	100%
13	BF Infrastructure Limited	Apr 18 to Mar 19	INR	1.00	1,249.83	(1,809.61)	313.73	873.51	0.08	-	(7.38)	(0.26)	(7.12)	-	100%
14	Kalyani Strategic Systems Limited	Apr 18 to Mar 19	INR	1.00	361.13	(7.82)	359.00	5.69	200.01	3.99	2.17	0.67	1.50	-	51%
15	Kalyani Rafeal Advanced Systems Private Limited	Apr 18 to Mar 19	INR	1.00	398.03	(44.60)	709.25	355.82	-	1,024.43	8.55	-	8.55	-	50%
16	BF Elbit Advanced Systems Private Limited	Apr 18 to Mar 19	INR	1.00	19.80	(104.64)	119.93	204.77	-	64.74	(8.87)	-	(8.87)	-	51%
17	Analogic Controls India Limited	Apr 18 to Mar 19	INR	1.00	184.90	(132.96)	132.21	80.27	-	227.58	87.57	18.13	69.44	-	100%
18	BFIL-CEC JV	Apr 18 to Mar 19	INR	1.00	-	(3.12)	11.22	14.34	-	-	(3.21)	-	(3.21)	-	100%

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

In ₹ Million

S.N.	Name of Associates/Joint Ventures	Ferro via Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited	BF NTPC Energy Systems Limited #	Tevva Motors (Jersey) Limited	Tork Motors Private Limited
1	Latest audited Balance Sheet Date	March 31, 2019	March 31, 2019	October 09, 2018	Note B	March 31, 2019
2	Shares of Associate/Joint Ventures held					
	by the company on the year end					
i	Nos.	4,900	100,000	7,128,219	794,217	12,313
ii	Amount of Investment in Associates/Joint Venture	0.05	1.00	71.28	892.93	260.38
iii	Extend of Holding %	49%	50%	51%	35.26%	45.30%
3	Description of how there is significant influence	Note-A	Note-A	Note-A	Note-A	Note-A
4	Reason why the associate/joint venture is not consolidated	Consolidated by	Consolidated by	Loss exceeds carrying	Consolidated by	Consolidated by
		equity method	equity method	value of investment	equity method	equity method
5	Net worth attributable to Shareholding as per					
	latest audited Balance Sheet	(4.82)	0.01	24.77	210.36	81.36
6	Profit / Loss for the year					
i	Considered in Consolidation	(0.07)	(0.03)	-	(101.46)	(12.06)
ii	Not Considered in Consolidation	(10.00)	(0.03)	(1.03)	(186.28)	(21.80)

Note:

A. There is significant influence due to percentage(%) of Share Capital.

B. The Group has acquired 35.26% interest in Tevva Motors (Jersey) Limited in June 2018. The figures with respect to the year ended March 31, 2019 have been considered on the basis of the unaudited management certified accounts of the associates for proportionate period.

\# During the current year the shareholders of BF-NTPC Energy Systems Limited decided to voluntarily liquidate the said joint venture. Accordingly, with effect from October 9, 2018, the Group ceases to exercise joint control and hence the Group’s interest in BF-NTPC Energy Systems Limited is accounted for using the equity method upto above mentioned date in the consolidated financial statements.

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: May 20, 2019

Place: Pune
Date: May 20, 2019

BHARAT FORGE

KALYANI

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