




**Countering
Challenges.**
**Creating
Long-term Value.**

A lighthouse beam of light shines horizontally across a dark, star-filled night sky. The beam originates from the left side of the frame, where the top of a white lighthouse with a red base is visible. The background is a deep blue-black sky with numerous small, bright stars. The text is positioned in the center-right of the image, overlaid on the beam of light.

We think about the role of the lighthouse. Enduring and sure as it stands, its beam sweeps across the surrounding landscape and ocean, a beacon of hope for those who approach. A lighthouse has constancy, solidity and stability, representing reassurance and safety regardless of whether it is a calm, star-filled night or a storm-ravaged darkness.

Bharat Forge Limited (BFL), much like the lighthouse, has an unwavering focus on R&D and innovation to create technologically advanced engineered products and address all customer needs. This has led us to evolve from a single-product, single-location company to a diversified, multi-product, multi-location entity serving multiple sectors. Our evolution has helped us to build a robust business model that thrives in the up cycle and remains resilient in a down cycle. Our innovation capabilities and customer-first approach enable us to stand tall in the industry.

Bharat Forge Limited (BFL) is today a truly diversified and global company, with a business spanning 10 manufacturing locations across 5 countries.

From the very beginning, we have been focused on making a difference. Difference to customers, with our innovation, experience, expertise, and cutting-edge technology to develop sustainable relationships. To our investors and shareholders, by creating a business model that endeavors to deliver value in the long term. To the communities, where we undertake meaningful and sustainable development programs. And to our employees, for whom we have created an instructive and engaging workplace.

Our reputation has been built not just on the efficacy and the quality of our products, but also on the strength of our ethical and sustainable business practices. As we move through a changing world where companies are increasingly expected to think beyond business for the welfare of all stakeholders, our approach is now more relevant than ever. Taking our commitment further, we are now embedding broad-spectrum thinking on sustainability within our organizational culture.

This integrated annual report presents how we are efficiently leveraging six capitals i.e. Financial, Manufactured, Intellectual, Human, Social & Relationship, and Natural Capital to achieve this.

How Bharat Forge Limited has Stood Tall in the Past Decade



Wealth Creation (CAGR FY 2010-2020)



* before exchange gain/loss and exceptional items

How Bharat Forge Limited transformed in the last decade

Strengthened presence in the Industrial sector

2010



- 53% Commercial Vehicles
- 16% Passenger Vehicles
- 31% Industrial

Revenues

₹ 18,564
Million

2020



- 43% Commercial Vehicles
- 17% Passenger Vehicles
- 40% Industrial

Revenues

₹ 45,639
Million

New initiatives ventured to de-risk major business areas:

- Center for Lightweighting
- Aerospace
- Defence
- E-mobility
- Turbochargers / BS VI

Reduced leverage

Debt / Equity (Net)

1.07

Net Debt / EBITDA



3.74

Debt / Equity (Net)

0.25

Net Debt / EBITDA

1.31

	2010	2020
Geographic diversification and strong growth in export business	 <ul style="list-style-type: none"> 62% Domestic Revenues 38% Export Revenues 	 <ul style="list-style-type: none"> 42% Domestic Revenues 58% Export Revenues
Manufacturing excellence	<ul style="list-style-type: none"> No. of certifications for our manufacturing plants: 9 6 sigma projects implemented: 0 No. of VAVE projects: 18 Frequency rate: 1.47 	<ul style="list-style-type: none"> No. of certifications for our manufacturing plants: 27 6 sigma projects implemented: 45 No. of VAVE projects: 38 Frequency rate: 0.08 Industry 4.0 Center of Excellence (digital transformation, machine learning and artificial intelligence) Internet of Things (IoT)
Employee strength	<p>Engineers and PG's/PhD's (% of total)</p> <p>13%</p> <p>Diploma and ITI (% of total)</p> <p>37%</p> <p>Revenue/employee</p> <p>₹ 3.6 Million</p>	<p>Engineers and PG's/PhD's (% of total)</p> <p>26%</p> <p>Diploma and ITI (% of total)</p> <p>47%</p> <p>Revenue/employee</p> <p>₹ 8.9 Million</p>
Strengthening R&D capabilities	<p>Total Patents filed till date</p> <p>0</p> <p>Total Patents granted till date</p> <p>0</p> <p>R&D Expenses</p> <p>₹ 29 Million</p>	<p>Total Patents filed till date</p> <p>70</p> <p>Total Patents granted till date</p> <p>6</p> <p>R&D Expenses</p> <p>₹ 475 Million</p>

Contents

Welcome to our Annual Report 2019-20



Read the report online at
www.bharatforge.com

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. All logos and trademarks™ are the property of their respective owners.

14
I thank all our
stakeholders for their
continued support.



pg 06-39 Company Overview

- 07 About the Report
- 08 About Bharat Forge Limited
- 10 Extensive Global Presence and Manufacturing Infrastructure
- 12 Our Robust Business Model
- 14 A Message from the Chairman and Managing Director
- 19 Board of Directors
- 20 Performance Highlights of the Year
- 22 **Financial Capital**
Optimizing Financial Resources for Value Creation
- 24 **Manufactured Capital**
Reinforcing Operational Excellence and Efficiency
- 26 **Intellectual Capital**
Investing in Cutting-Edge Technologies and Innovation
- 28 **Human Capital**
Honing People Capabilities
- 30 **Social and Relationship Capital**
Delighting Customers and Building Relationships
Working for the Betterment of Communities
- 38 **Natural Capital**
Drive for a Sustainable World

40

Financial Year (FY) 2020
has been a challenging year
for the Indian economy.



pg 40-131

Statutory Reports

- 40** Management Discussion and Analysis
- 57** Board's Report
- 94** Report on Corporate Governance
- 121** Business Responsibility Report



132

pg 132-424
Financial Statements

- 132** Standalone Financial Statements
- 261** Consolidated Financial Statements

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

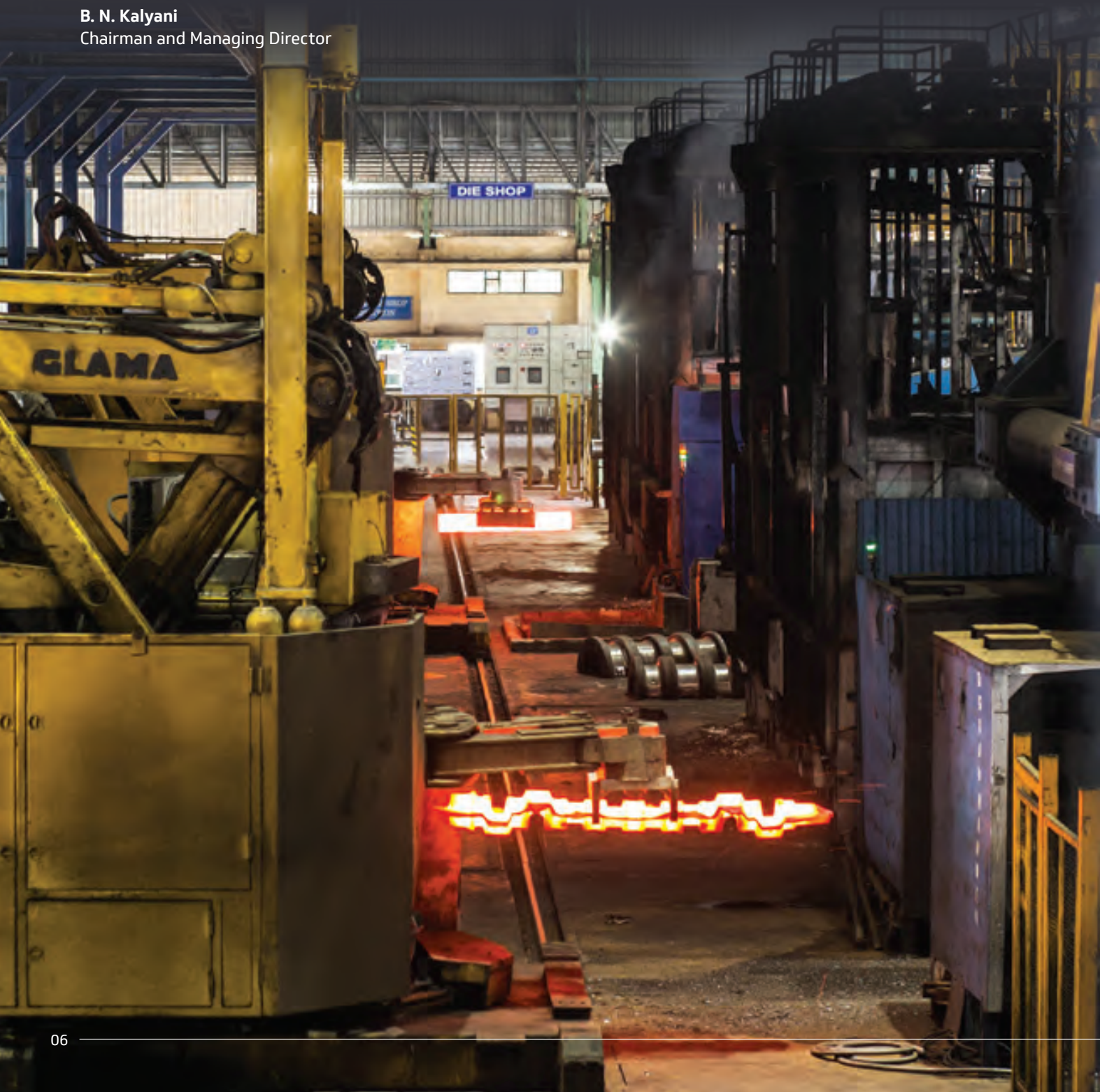
CIN: L25209PN1961PLC012046
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune - 411 036, Maharashtra, India.
Phone: +91 20 6704 2777 / 2476
Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com
Web: www.bharatforge.com

Starting FY 2020, Bharat Forge Limited has taken its first step towards Integrated Reporting <IR>. Through this report, we intend to provide information on how we are using the six capitals (financial, manufactured, human, intellectual, social & relationship and natural) to create value for our stakeholders.

In this report, we have tried to cover as many <IR> elements, however, we recognize that there still is a long way to go. As an institution with high regards for integrity and transparency, we remain committed to include more <IR> elements in subsequent reports to make it more holistic and aligned to the guidelines provided by the International Integrated Reporting Council.

B. N. Kalyani

Chairman and Managing Director



About the Report

Basis of Reporting

The Integrated Reporting <IR> principles have globally become a benchmark for best practice in corporate reporting for its transparency and disclosures beyond statutory norms. Starting this year, we, at Bharat Forge Limited, have taken our first step in our <IR> journey which is also in line with the Securities and Exchange Board of India's (SEBI) circular dated February 6, 2017 that recommends the top 500 listed entities to do so.

The report intends to serve as an all-inclusive communication to disclose our value creation process using financial and non-financial information – financial, manufactured, intellectual, human, social & relationship and natural capitals. We provide insights on our business models, performance and prospects in context of external environment to help stakeholders evaluate our performance and take an informed decision regarding their engagement with us.

Reporting Principle

We have prepared this report in accordance with the Companies Act, 2013 (and the Rules made thereunder), Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards. Over and above this, the principles of <IR> as stated by International Integrated Reporting Council (IIRC) has been followed.

Boundary and Scope of Reporting

The report covers financial and non-financial information and activities of Bharat Forge Limited, India for the period of April 1, 2019 to March 31, 2020.

Our Capitals



Financial Capital

The financial capital represents the amount of capital that we employ in the business to support our operations and drive our business strategy to generate surplus for the investors and shareholders.



Manufactured Capital

Manufactured capital represents our physical assets – state-of-the-art manufacturing facilities and equipment – that enable us to produce diverse range of products for customers.



Intellectual Capital

Intellectual capital represents our research and development (R&D), technical excellence and digital readiness that enable us to deliver innovative solutions in products and processes, and thus strengthen our competitiveness in the industry.



Human Capital

Human capital represents the competencies, experience and motivation of our people that enable us to innovative, run business smoothly, serve customers and achieve business strategy.



Social and Relationship Capital

Social and relationship capital represents the quality of relationship that we have with our customers and the communities. It helps us to enhance our reputation, grow business and give back to the society.



Natural Capital

Natural capital represents the renewable and non-renewable environmental resources that we use in our operations as well as the impact of our operations on the environment.

United Nations Sustainable Development Goals (SDGs) prioritized



About Bharat Forge Limited

Bharat Forge Limited is a global, technology-driven manufacturing company. We engineer and manufacture a wide range of high-performance, critical and safety components for diverse automotive and industrial applications. Having established our engineering excellence across wide spectrum of solutions, we are now working on enhancing our presence in the defence, aerospace and e-mobility space to strengthen our business model and maximize value creation for all stakeholders.

To deliver these solutions, we are continuously enhancing our engineering expertise, integration advantage, and innovation capabilities.

Our Reputation

- 1**

50+ years of manufacturing experience
- 2**

Global leadership in powertrain and chassis components
- 3**

Technology development partner for marquee clientele including Top 5 Commercial Vehicles and Passenger Vehicles manufacturers globally and leaders in various industrial sectors
- 4**

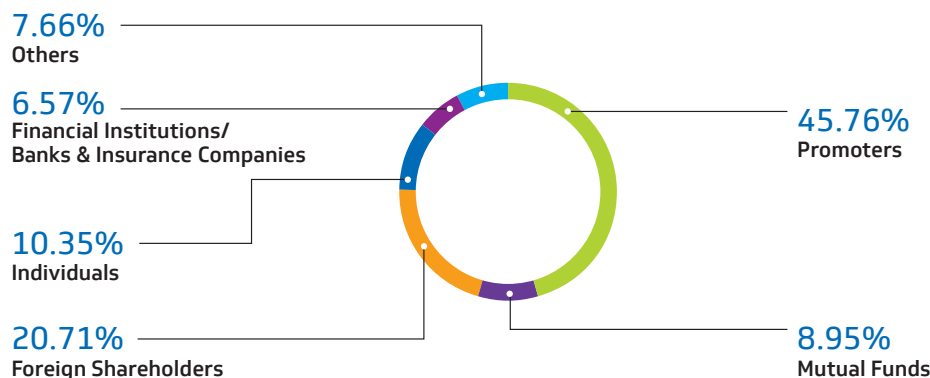
Multi-sectoral engineering expertise
- 5**

Innovative and customized solution provider
- 6**

Aligned with 'Make in India' initiative
- 7**

Full service supply capability backed by strong R&D focus

Ownership Structure*



* As at March 31, 2020