

BHARAT FORGE



Patience
Matters

Perseverance
Counts

|
Growing the
sustainable way

ANNUAL REPORT
2020-21

Welcome to Our Annual Report 2020-21

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

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Bharat Forge Limited
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Read the report online at
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About the Report

Basis of Reporting

This is our second year of presenting the Report following the principles of Integrated Reporting <IR> as stated by International Integrated Reporting Council (IIRC). Such reporting has emerged as a global benchmark for best practice in corporate reporting for its transparency and disclosures beyond statutory norms. In this Report, we provide a holistic insight on our value creation process using six capitals – Financial, Manufactured, Human, Intellectual, Social & Relationship and Natural Capitals. We also cover information on material matters, governance, performance and prospects in context of external environment. This will 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. We have also followed the principles of <IR> as stated by International Integrated Reporting Council (IIRC).

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, 2020 to March 31, 2021.

Forward-looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Our Capitals



Financial Capital

It represents the capital employed in the business to support our operations and business strategy for generating surplus for the investors and shareholders.



Manufactured Capital

It represents the state-of-the-art manufacturing facilities and equipment in which we have invested financial capital to enable manufacturing of diverse range of products for customers.



Intellectual Capital

It represents our Research and Development (R&D) capabilities, technical excellence and digital readiness that provides us competitive edge in the industry.



Human Capital

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



Social and Relationship Capital

It represents the quality of relationship with our customers, business partners and the communities which enhances our reputation, and facilitates in business growth and giving back to the society.



Natural Capital

It represents the renewable and bring together please environmental resources that we use in our operations as well as the impact of our operations on the environment.

Unprecedented challenges and crises, like the one the world is going through now, tests both our patience and perseverance. And during these testing times, we need both inspiration and assurance.

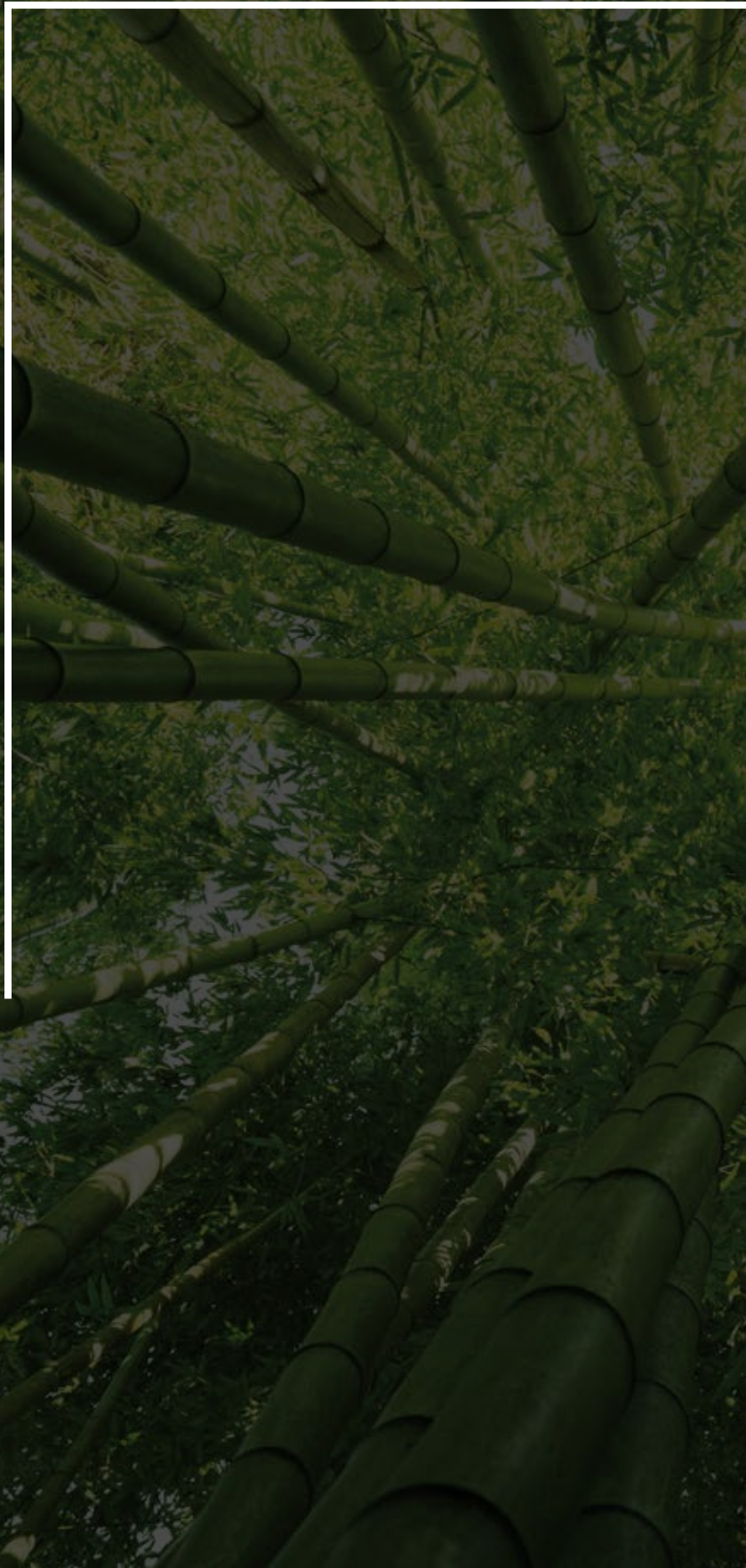
Perhaps nothing else in nature teaches us more valuable lessons in patience and perseverance than the humble Bamboo tree.

Like any plant, it requires nurturing – water, fertile soil, sunshine. But unlike any other plant, we see no visible signs of life in the first year. In the second year, again, no growth above the soil. The third and the fourth year too pass, and still... nothing.

The patience of the grower is tested. By this time, the doubters begin to lose hope whether these efforts will ever be rewarded. But not the seasoned bamboo grower. He continues nurturing the plant – patiently and persistently.

And finally, in the fifth year the Bamboo tree shows signs of growth. And what growth it is – 80 feet in just six weeks.

But how is it possible? What was unseen is that in all these years, the Bamboo tree was growing a strong foundation under the ground. Had it not done this, it would not have sustained its life as it grew.



At Bharat Forge, we have been growing a strong foundation that will ensure sustained success.

In the past few years, we have seeded new verticals which we are nurturing by providing the right ingredients – capital to invest in technology & people and access to R&D set-up.

We are upskilling and reskilling our people in line with the requirements of the future.

No tangible benefits or progress of these efforts are visible yet. But what is unknown is that this extraordinary hard work, dedication and perseverance has created a solid foundation. And when the time is due in the medium term, these businesses will unleash growth that will change the dynamics of the Company.

We believe
Patience Matters.
Perseverance
Counts.

PATIENCE AND PERSEVERANCE

Building New Businesses Around Future Technologies

The future is going to be radically different than today. The new verticals have been conceived with this future in mind. Like the Bamboo tree, we have been nurturing them by investing in people, building capacities and competencies – with patience and perseverance. The foundation of these businesses is now strong and we are geared to capitalize on the mega opportunities that will arise.

LIGHT-WEIGHTING



Light-weighting of components has become an important focus area for automotive and industrial (aerospace, shipping, wind energy) companies to achieve their targets of operational efficiency and become more sustainable, reliable and cost-efficient. This is more so in case of automotive OEMs seeking to reduce emissions.

At Bharat Forge, we are enabling this through our Centre for Light-weighting Technologies (CLWT) facility in Nellore, Andhra Pradesh. The CLWT is a provider of complete-system light-weighting solutions. They have some of the largest and most advanced machines and expert teams to deliver products of highest quality.

The CLWT works closely with clients to imagine the future of the industry and leveraging its world-class R&D facilities towards converting conventional steel components and

subsystems into aluminum/magnesium/composites without compromising on the metallurgical properties of strength. This will help customers achieve their light-weighting targets with the same or even better system efficiencies.

We have started with aluminum die-casting and plan to add magnesium, composites and carbon fiber in the portfolio over time.

Opportunity: Stricter CO₂ emission regulation globally and the advent of electrification in the automotive industry is leading to an increase in usage of aluminum and other light-weight materials..

Outlook: We will focus on development of structural parts for customer globally across automotive and industrial sectors. We intend to be a one-stop shop for all light-weighting requirements.

FY 2018

- Commenced construction of a world-class CLWT facility at Mambattu in Nellore district spread across 100 acres with 100,000 sq. ft. of Die-casting Shop and 50,000 sq. ft of Machining Shop

FY 2019

- Installed the first CLWT machine, a 4200 T die-casting machine which is the biggest in India and the 5th largest in the world
- Acquired customers even before completing the plant construction of the CLWT plant

FY 2020

- Commissioning of CLWT

FY 2021

- Despite COVID-19 challenges, work continued round the clock to ensure timely deliveries to customers

E-MOBILITY



E-mobility is a mega trend that is disrupting the global automobile industry, given its efficiency and lower emissions. Bharat Forge ventured into this business in 2016 by forming a separate vertical and establishing a formal E-mobility strategy. We are targeting opportunities across 2W, 3W, 4W, bus and truck electrification, ranging from providing sub-systems to complete electric powertrains as well as light-weight structural components.

We offer a wide range of modular and customized solutions for the electric powertrains. Using best-in-class technologies, we developed products that are safe, reliable and economical. With our ability to integrate mechanical and electrical components, as well as complex hardware of various configurations and embedded software, we are a one-stop solution.

We have access to sophisticated development facilities – power electronics facility, Electric Drive Unit manufacturing facility and testing facilities – for almost all the components and sub-systems that go in any technologically advanced electric drive powertrain.

Opportunity: According to an independent study by CEEW Centre for Energy Finance (CEEW-CEF), the Indian EV market is predicted to be a USD 206 Billion opportunity by 2030.

This includes sales of BEVs, PHEVs, retrofitting of old ICE vehicles as well as the charging infrastructure. India Energy Storage Alliance (IESA) expects EV sales to grow at CAGR of 44% during the period of 2020 and 2027 to hit 6.34-million-unit, primarily led by 2W and 3Ws.

Outlook: We aim to achieve 5-6% market share by 2025 with the help of the strong expertise of Kalyani Powertrains Pvt. Ltd. (KPTL) in the key segments of 2W and 3W, commercial vehicles (buses and trucks). It will also align to the Company's vision of contributing to Atmanirbhar Bharat. In line with this vision, we have devised our business strategies around 'Making Locally but Selling Globally'. Our diverse portfolio of offerings can address the needs of all global customers, including the need to adhere to cleaner mobility or cost effective, safe, reliable and time-bound delivery of customized solutions.

FY 2018

- Acquired 45% stake in Pune-based Tork Motors which develops high performance electric motorcycle and electric powertrains for cargo and passenger 3Ws

FY 2019

- Acquired 35% strategic stake in the UK-based Tevva Motors which develops electric powertrain solutions for commercial vehicles with commercial rights to use its technologies in India
- Set-up 'Engineering and Development Centre' at MIRA, UK for tear down and benchmarking of EVs to expedite knowledge development
- Established a dedicated power-electronics division to develop in-house

design and manufacturing capabilities in motor controller, DC-DC converter and on-board charger components of EV

- Formed 50% JV with Germany's Refu Elektronik GmbH for the development, manufacturing and selling of onboard controllers and components – mainly drives, invertors, AC/DC converters, all kinds of auxiliary applications, and related power electronics – for hybrid and EVs

FY 2020

- Started localizing electric powertrain for intermediate and Light Commercial Vehicle (ILCV) and 9M Bus segment in India.