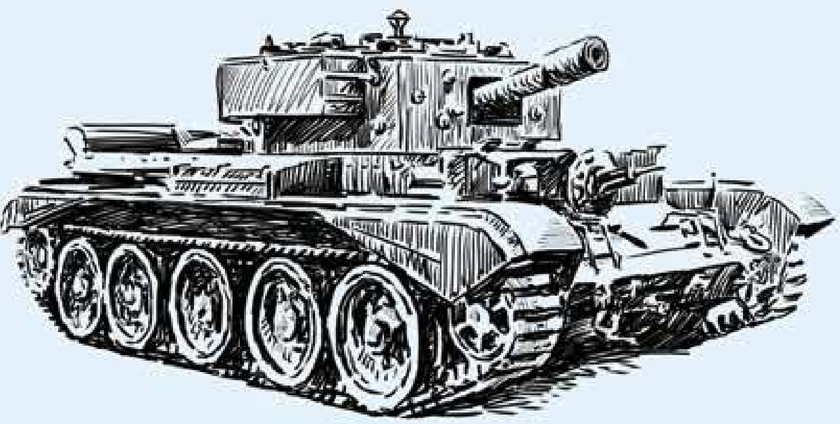
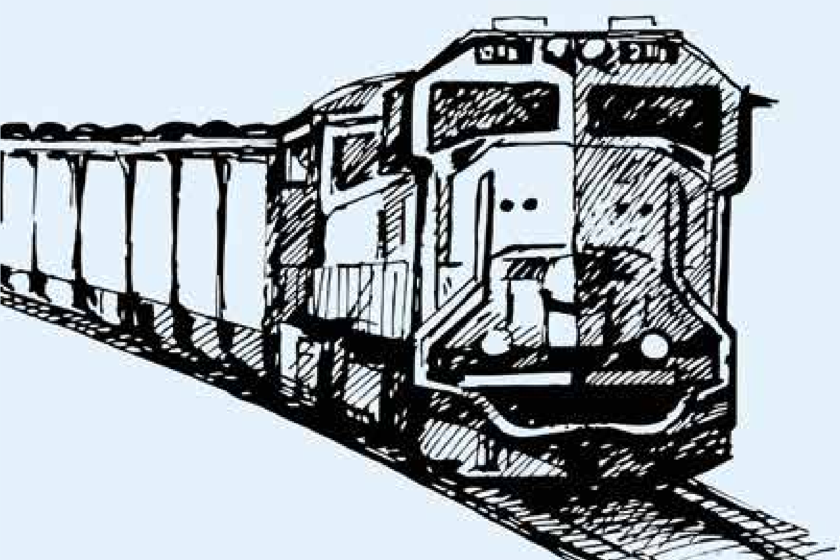
BHARAT FORGE

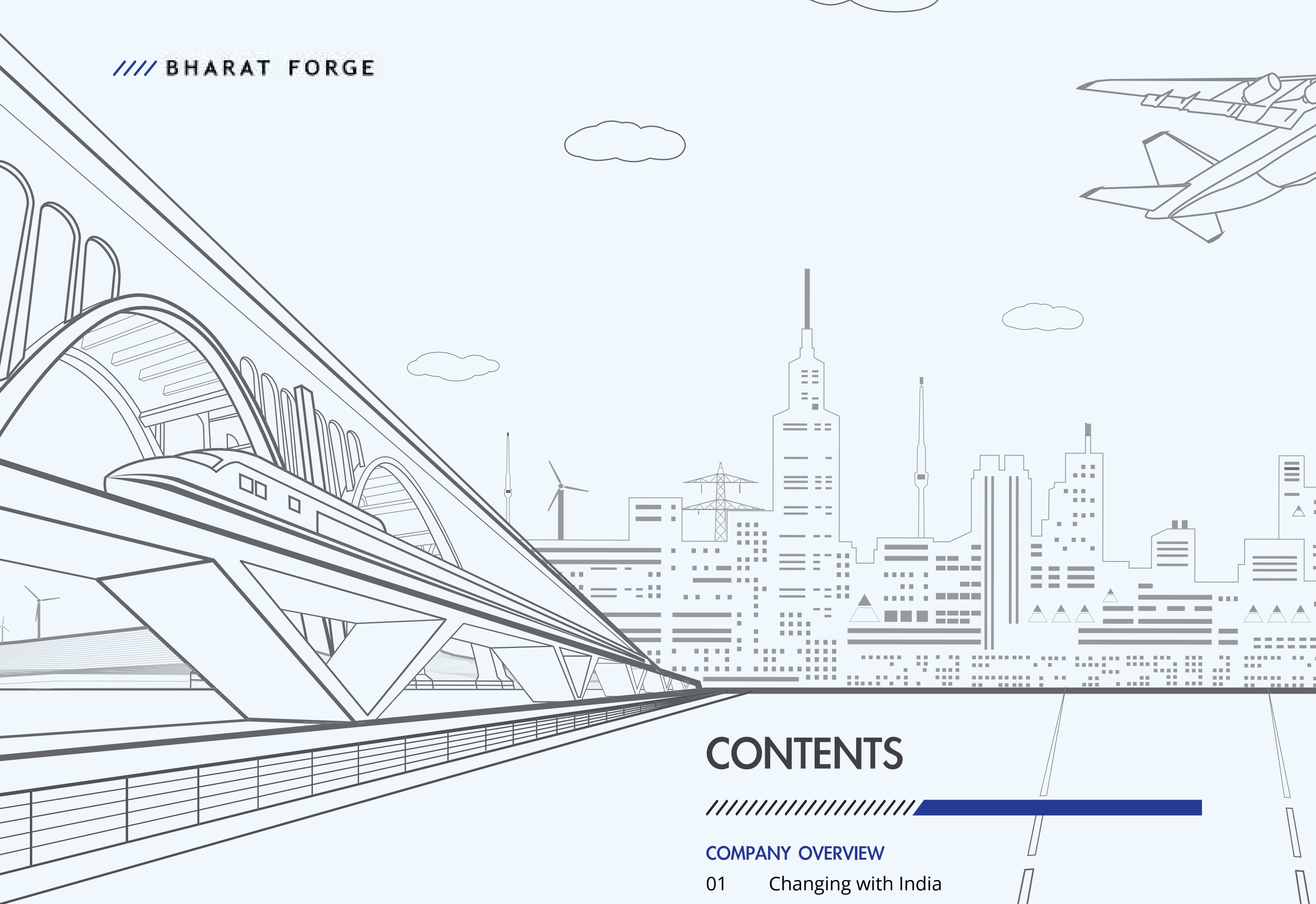
KALYANI

56TH ANNUAL REPORT
16/17

CHANGING
WITH INDIA







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Forward-looking Statement

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 or 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. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

CHANGING WITH INDIA

India's industrial sector has always been an ocean of opportunities, but lack of policy support and sluggish demand prevented the growth of the sector. Despite being a leading player in the Indian industrial sector, BFL had to look at foreign markets for growth, to satiate its ambitions.

However, we believe that the tide is turning, for good. Government focus on infrastructure investment coupled with policy measures such as Strategic Partnership, provision of Buy (Indian) in Defence Procurement Policy (DPP) 2016 and mandatory local sourcing will enable Indian companies with proven capabilities to be at the forefront of addressing the country's demand requirements.

Bharat Forge has relentlessly focused on diversification and transformation, actively driven by technology and innovation. This strategic approach has culminated in the Company consistently creating value for its stakeholders across the spectrum.

Through innovative thinking and processes, we are growing our expertise in manufacturing components and offering solutions for the automotive industry while expanding into other sectors, from energy and railways to mining and aerospace. We are strengthening India's economic backbone, augmenting national capabilities and ensuring a bigger footprint for the country and for the Company.

//// Kalyani Centre for Manufacturing Innovation

BHARAT FORGE AT A GLANCE

Bharat Forge Limited (BFL), the Pune-based Indian multinational and the flagship company of the Kalyani Group, is a leading global 'Full Service Supplier' of forged and machined - Powertrain & Chassis components. The Company is India's largest exporter of auto components. With manufacturing facilities spread across India, Germany, Sweden, France and USA, Bharat Forge manufactures a wide range of high performance, highly engineered critical and safety components for automotive and industrial applications.

With a customer base that includes top-5 global commercial vehicle and passenger vehicle manufacturers, and virtually every global OEM and Tier I supplier in the automotive space and a wide range of marquee customers in the industrial sector, BFL today is among the few global component manufacturers with capability to offer front line design and engineering, dual shore manufacturing capability, and full-service supply capability. It takes pride in being at the vanguard of a globalizing India, and to contribute to 'Make in India,' which is fast becoming a global brand in the manufacturing industry.

OPERATIONAL HIGHLIGHTS

- Secured New business wins of US$ 120 million across segments and geographies
- Recipient of Daimler AG & General Motors "Supplier of the Year" Award
- Net Long-Term Debt / Equity at 0.03 as of March 31, 2017
- Establishment of manufacturing footprint in North America
- Divestment of 49% stake in Joint Venture with Alstom

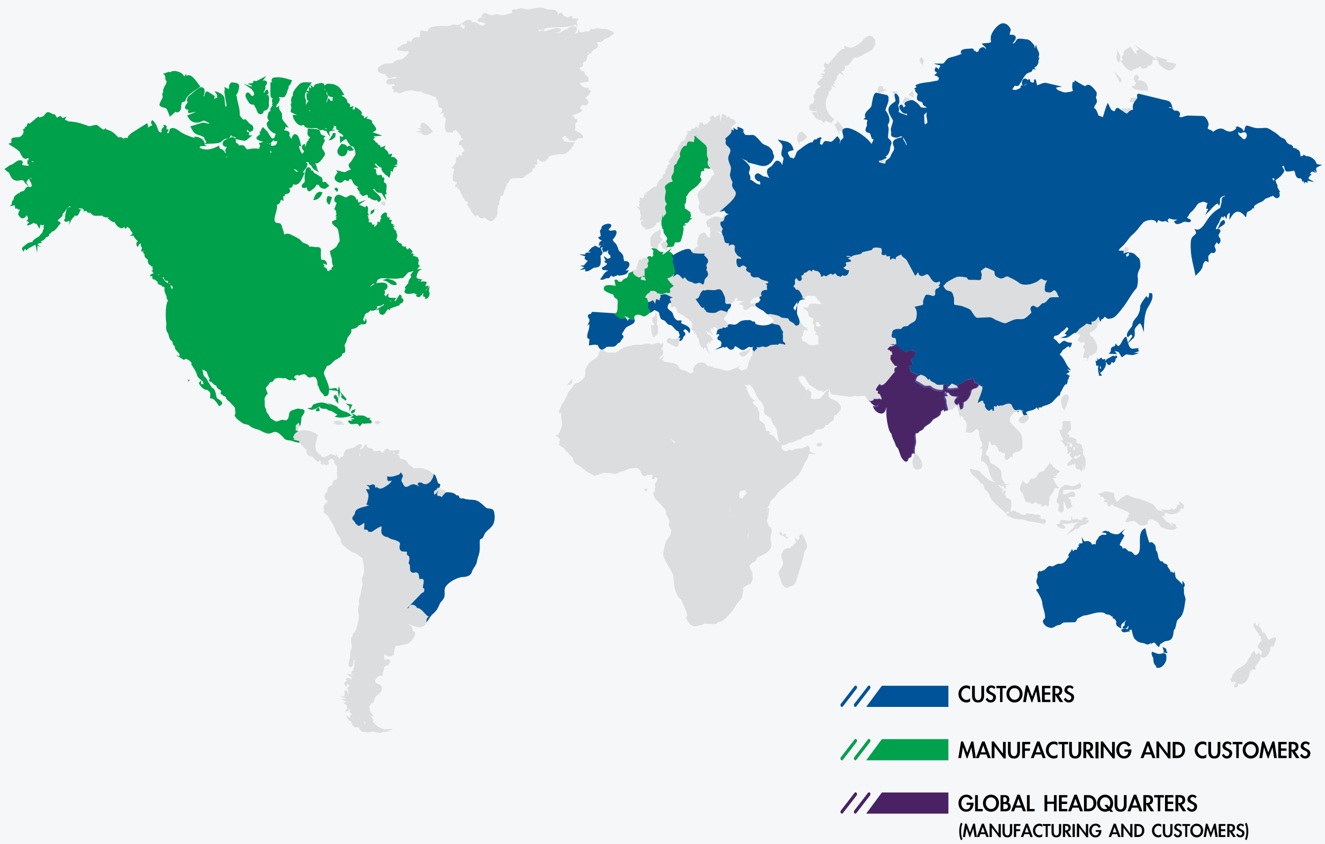
LISTING CODES

BSE: 500493 | NSE: BHARATFORG | ISIN: INE465A01025 | Bloomberg Code: BHFC: IN

GLOBAL PRESENCE

BFL's manufacturing facilities are spread over 10 locations across five countries – four in India, three in Germany, and one each in Sweden, North America and France. BFL is a global company having world-class engineering capabilities and state-of-the-art manufacturing facilities.

Our Facilities are strategically located. Across the World. Close to You.



618,750 TPA
FORGING CAPACITY

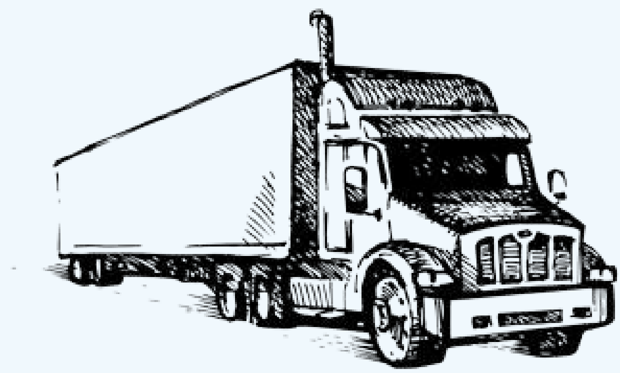
1.2 MILLION NOS
CRANKSHAFT MACHINING CAPACITY

5,800
EMPLOYEES

0.75 MILLION NOS
FRONT AXLE MACHINING CAPACITY

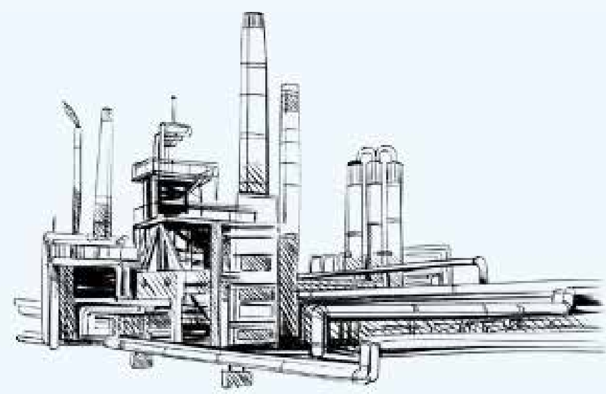
BUSINESS SECTORS

PASSENGER VEHICLES

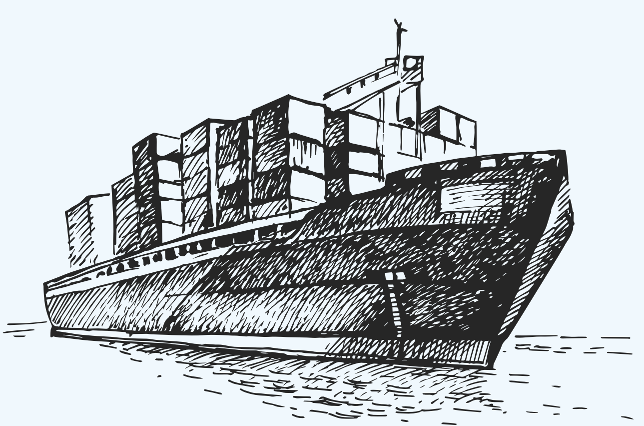


COMMERCIAL VEHICLES

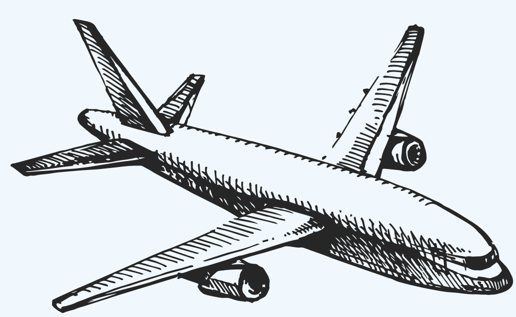
POWER



GENERAL ENGINEERING

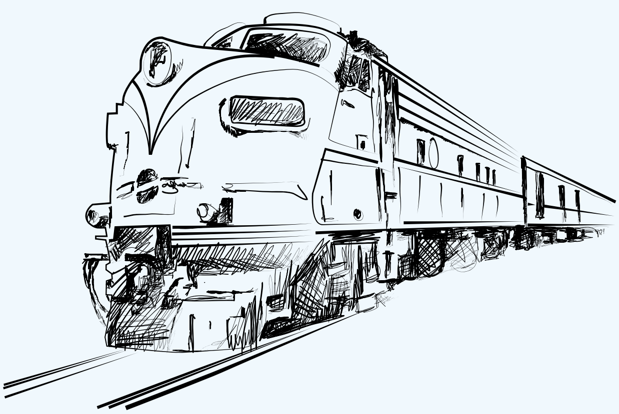


MARINE

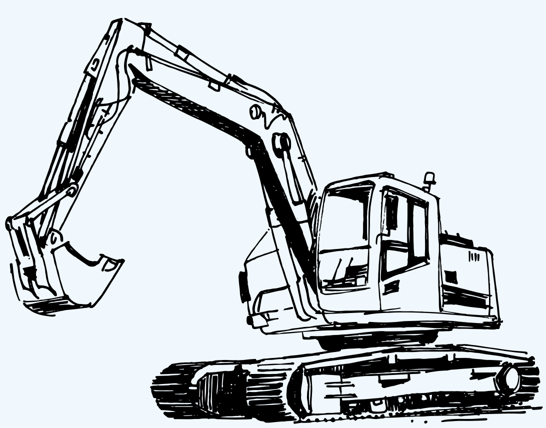


AEROSPACE

OIL AND GAS

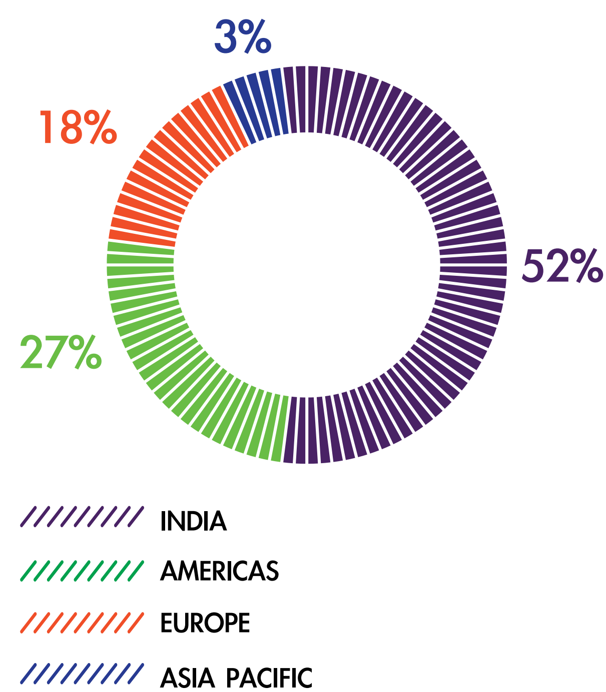


RAILWAYS

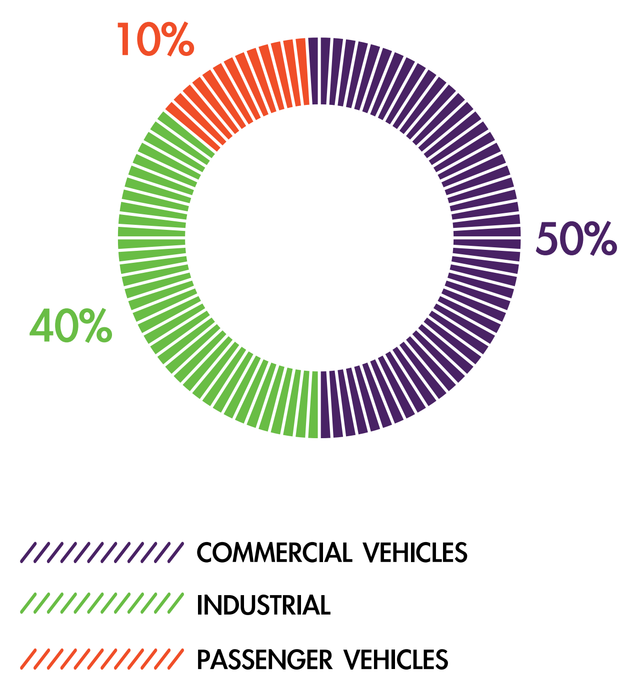


CONSTRUCTION AND MINING

GEOGRAPHIC BREAKUP - STANDALONE (%)



SEGMENTAL BREAKUP - STANDALONE (%)



BOARD OF DIRECTORS

STANDING (L TO R)

Mr. Vimal Bhandari
Director

Mr. B P Kalyani
Executive Director

Mr. G K Agarwal
Deputy Managing Director

Mr. Amit B Kalyani
Executive Director

Mr. S E Tandale
Executive Director

Mr. Kishore Saletore
Executive Director

SITTING (L TO R)

Mr. P C Bhalerao
Director

Mr. P H Ravikumar
Director

Mr. S M Thakore
Director

Mrs. Lalita D Gupte
Director

Mr. B N Kalyani
Chairman & Managing Director

Mr. Pratap G Pawar
Director

Dr. T Mukherjee
Director

Mr. Naresh Narad
Director

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

AUDITORS

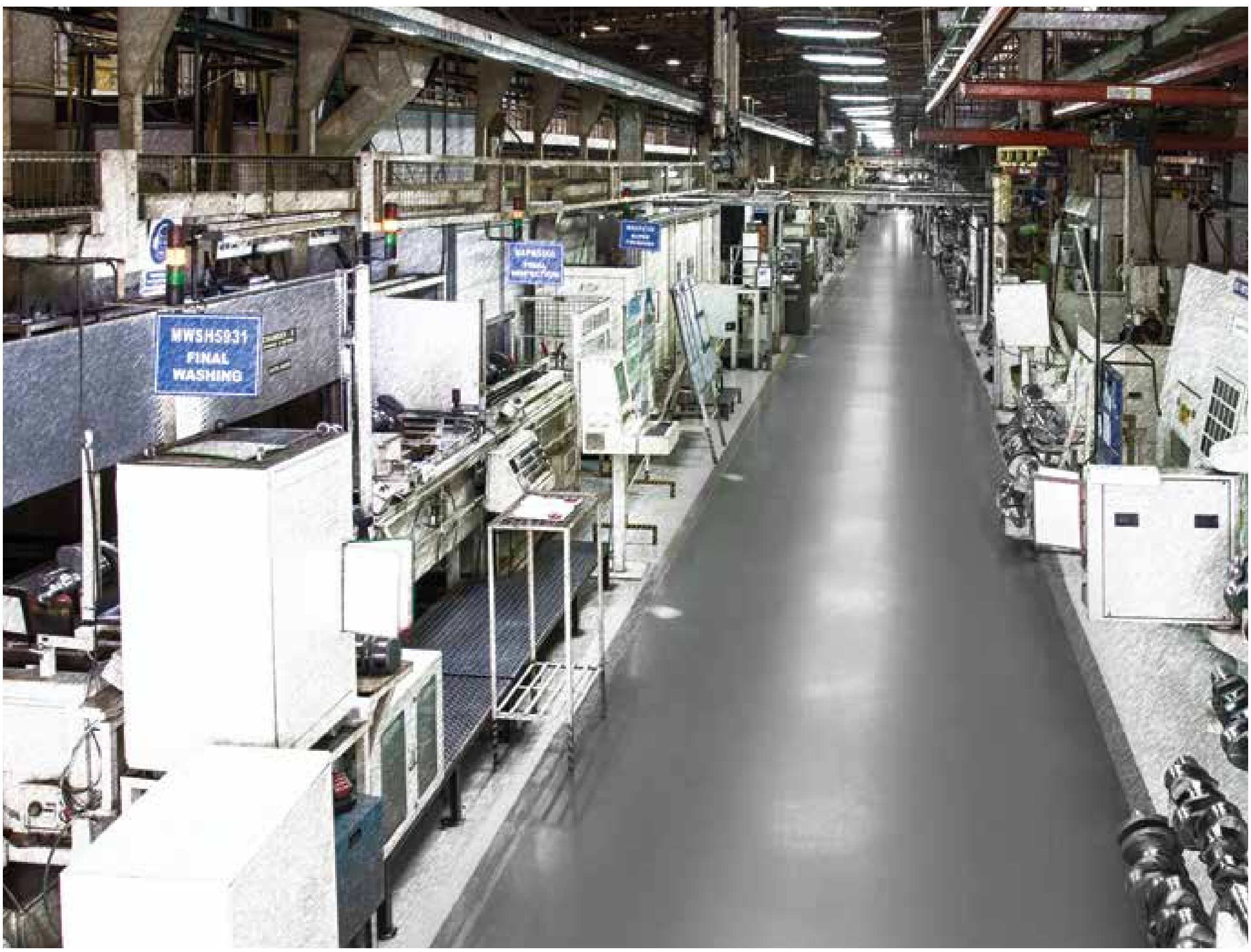
S R B C & Co. LLP
Chartered Accountants

DY 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



//// Crankshaft Machining Line

//// Daimler AG Supplier of the Year Award

CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

₹65,982 MILLION

FY 2017 TOTAL CONSOLIDATED REVENUE

₹7,107 MILLION

FY 2017 CONSOLIDATED PROFIT AFTER TAX

Dear Shareholders,

The global macroeconomic landscape in FY 2017 was uncertain, and was characterized by weak growth. Lacklustre performance in the beginning of the year was partially offset by improved momentum towards the end of 2016. Important global developments during the year included the US Federal Reserve increasing policy rates, partial recovery in global commodity prices and a revival in global trade flows.

Developed economies witnessed tepid growth in 2016, in continuum with the trend of the past few years. At the other end of the spectrum, developing and emerging economies have gained in stature and importance in the recent years. Although the growth patterns in emerging economies are uneven, we can expect good growth in some of these economies at least for the medium term. And of course, the best performer in the squad continues to be India.

Indian economy successfully navigated through the external global turbulence and the temporary negative impact of demonetization to register a growth of 7.1% in FY 2017.

BUSINESS HIGHLIGHTS: FY 2017

On the back of a weak FY 2016 for the Company, FY 2017 was another challenging year for it, marked by weak export demand and disappointing growth in the Indian M&HCV space. We ended the year with total standalone revenues in FY 2017 declining by 10.2% to ₹40,661 million, and standalone Profit After Tax (PAT) down 16.1% at ₹5,851 million.

Despite these weaknesses, cash generation during the year was strong, enabling the company to further strengthen its balance sheet with Long Term D/E (Net) reducing from 0.18 in FY 2016 to 0.03 in FY 2017.

Bharat Forge's consolidated revenues for FY 2017 stood at ₹65,982 million compared to ₹70,016 million in FY 2016, down 5.8%. Consolidated Profit After Tax stood at ₹7,107 million compared to ₹6,754 million in FY 2016, up 5.2%.

Your company has been recognized and bestowed with many prestigious honours over the past 12 months. It received the Daimler Supplier Award 2016 – Global Procurement Trucks and Buses for the International supply of best quality crankshafts and front axle beams. We were also the recipient of General Motors Supplier of the Year Award 2016. The "TIME Indian Global Manufacturer for the year 2017" awarded for our leadership in Indian manufacturing segment, was the proverbial icing on the cake.

In my previous letters, I had outlined that success at BFL has been achieved only through transformation and it continues to remain the only way forward. Our transformational DNA is helping us leverage opportunities across the world. The next steps being taken in this direction to effectively transform the business over the next few years are highlighted below.

PRODUCT TRANSFORMATION

The Company has always believed in its ability to transform and grow by developing differentiated products using technology and in-house R&D capabilities. A recent example is the conversion of cast iron chassis components to Aluminium forged chassis component for an OEM in India. This innovation created a substantially light-weight chassis, which

> ***"Success at BFL has been achieved only through transformation and it continues to remain the only way forward."***

improved fuel efficiency. Over the next few years, your Company will leverage its expertise built on 4M's (Metallurgy, Metal forming, Manufacturing and Machining) and R&D capabilities, to provide agile and adaptive solutions to its Indian and global customers.

REVENUE TRANSFORMATION

Our foray in new segments - Defence, Aerospace, Railways etc., will drive growth and reduce exposure to cyclical ups and downs. In near future, our aerospace business is likely to evolve as one of our fastest growing verticals. This growth will be driven by customer traction and product expansion including development with unconventional materials. The defence components business is also expected to witness robust growth driven by our focus on developing new value-added components and products. In the medium term our aim is to increase revenues from the newer segments, which presently contribute to 5% of the total revenues.

27.1%

STANDALONE EBITDA FY 2017

US$ 120 MILLION

NEW BUSINESS WINS

It is possible to grow the topline by doing a sizeable M&A but it comes with the risk of low returns. Our preference is to focus on generating good Return on Investments which allows us to invest in capability building and technologies of the future that will benefit our customers. Performance over the past 5 years has been a testament to the same. Today, Your company is strategically positioned to focus on needs of both the domestic and export markets and leverage technology to achieve better margins.

MAKE IN INDIA

The 'Make in India' campaign is a manifestation of the Government's lofty ambition to transform India into a global manufacturing hub. The Company is poised to play a meaningful role in this mission, with indigenously developed cutting-edge technologies and innovations. Our focus on developing new processes, expanding the product portfolio, and leveraging our innovation capabilities, is opening up new growth avenues.

TRANSFORMATION TO CREATE RESILIENT PERFORMANCE

We realized a decade ago that cyclicality in demand coupled with a leveraged balance sheet can lead the Company to a vicious cycle which eventually leads to stagnation. Keeping this in mind, we have constantly emphasized on de-risking our business by entering new sectors thereby adding breadth to our customer profile. With effective execution of this strategy, we have been able to achieve de-risking of business as well as deleveraging of the balance sheet. A study of the Company's financial performance across the past three downturns (FY 2009, FY 2013 and FY 2017) shows an improvement in EBITDA from 21.5% in FY 2009 to 27.1% in FY 2017. This, coupled with a focus on sweating of existing assets has resulted in the Company reducing its Debt/ EBITDA ratio from 4.05 in FY 2009 to 1.48 in FY 2017.

NEW BUSINESS WINS

During the year, the Company has secured US$ 120 million worth of new business wins spread across geographies and business verticals. A majority of these wins are for new products developed over the past 2 years.

> ***"We have constantly emphasized on de-risking our business by entering new sectors thereby adding breadth to our customer profile. With effective execution of this strategy, we have been able to achieve de-risking of business as well as deleveraging of the balance sheet."***

RE-ENTRY IN THE NORTH AMERICA MARKET

During the year, we acquired Walker Forge Tennessee for around US$ 14 million. This acquisition creates a strategic manufacturing footprint in North America to leverage our existing customer relationships. At the same time, it will enable the Company to cater to new end-market segments and broaden the product portfolio. This will happen through our product offerings in the passenger car and commercial vehicle segments, and also in industrial sectors such as construction and mining.

BUILDING ADVANCED MANUFACTURING CAPABILITIES

Technological advancement and product innovation remain our key differentiators. The Company's in-house R&D team has been committed to work on various projects including developing technologies to minimize carbon footprint and manufacture light weight products that result in lower energy consumption. Innovation is an on-going process which has helped us explore new ideas and deliver transformative solutions.

Smart manufacturing or Industry 4.0 is a key enabler that can help India realize the goals of 'Make in India' initiative. At Bharat Forge, we are focused on preparing the organization for the times to come. On the one hand, we have proactively been investing in machines and manpower, and on the other hand, we have set ourselves the target of realizing Industry 4.0 standards in the near future. We are doing whatever it takes to transform Bharat Forge into a powerhouse of advanced manufacturing.

HUMAN CAPITAL

Transformation of a nation or a company cannot sustain without wholehearted people participation. The capabilities of our people have brought us this far, and we will continue to invest in developing our teams to enhance their efficiency and introduce industry-leading practices. With strong focus on developing skills and capabilities of our employees, we have invested significantly in building strong knowledge resources within the organization. We have tie-ups with leading academic institutions worldwide to not only offer continuous learning opportunities for our employees, but also to undertake collaborative research and development. Innovation-driven-manufacturing is deeply rooted in the culture of Bharat Forge. We constantly yearn to master advanced manufacturing techniques and capabilities.

WAY FORWARD

At Bharat Forge, we ensure that all our three foundational pillars - People, Processes and Technology - are constantly honed and improved to meet the ever-changing customer needs, while remaining lean, efficient and profitable. Leveraging our innovation and in-house R&D expertise has helped the Company's sustained growth and development.

Moving ahead, we are graduating to the next level and charting our next course of growth. We are investing in tomorrow's technologies to further hone our innovative drive and thereby lead change. Being a value-accretive and solutions-driven Company, we are constantly fine-tuning our growth strategies and leveraging our intrinsic strengths to create and deliver incremental value to our stakeholders.

We do not look at India through the prism of what it is today, but what it can become tomorrow. When we started our journey, we never thought we could be a major player in multiple verticals globally, but we have reached that harbour. As larger roles and opportunities beckon, we have to set sail for exciting new destinations. Our technical expertise, quality infrastructure, continuous focus on innovation, global alliances and strategic vision will help us set a date with our momentous destiny.

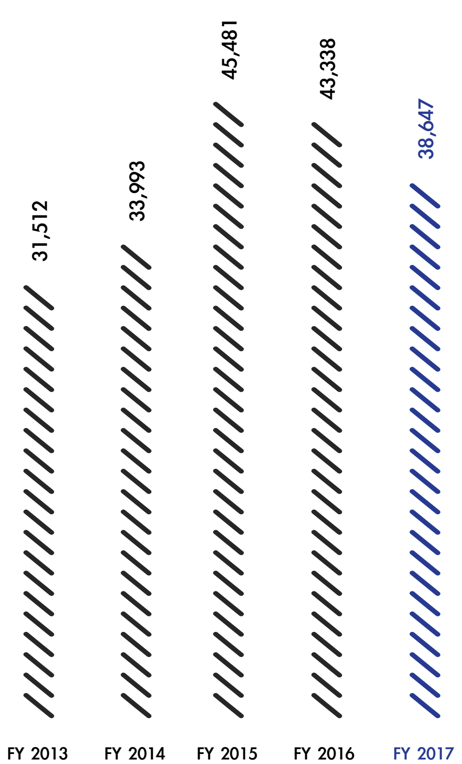
I take this opportunity to thank our respected shareholders for their continued trust and support. I would also like to thank all our esteemed stakeholders and bankers for their consistent support and look forward to their enthusiastic participation to achieve the ever aspiring objectives of the organization.

Sincerely,

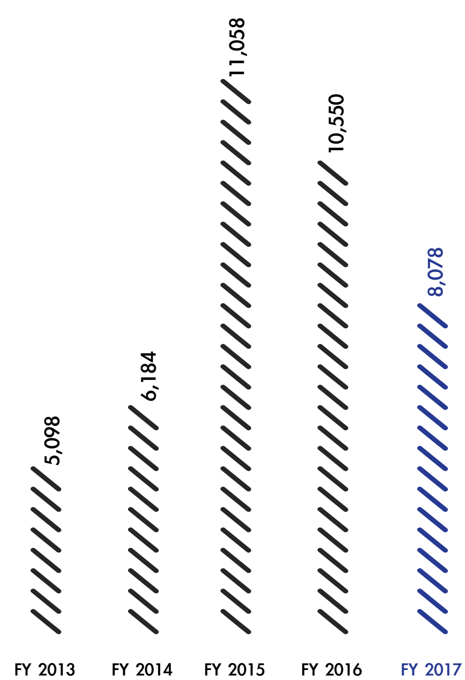
Baba N. Kalyani
Chairman & Managing Director

FINANCIAL HIGHLIGHTS

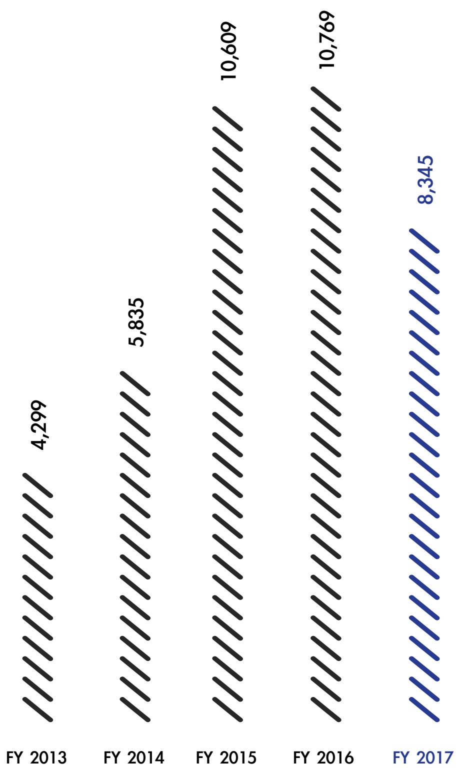
TOTAL REVENUE (₹ IN MILLION)
NET OF EXCISE



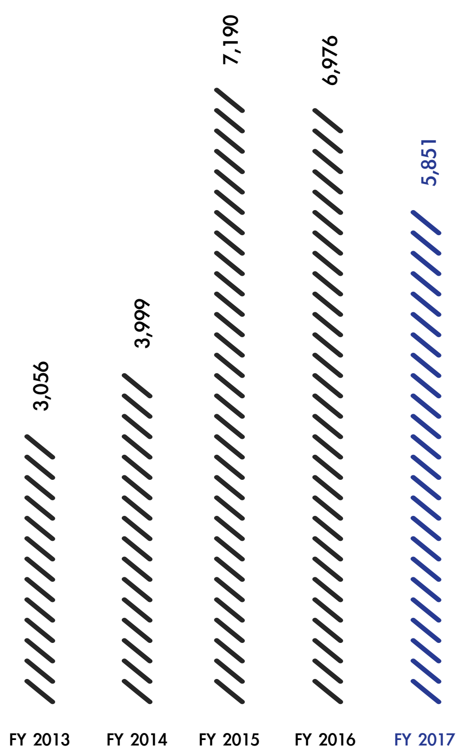
EBIT (₹ IN MILLION)



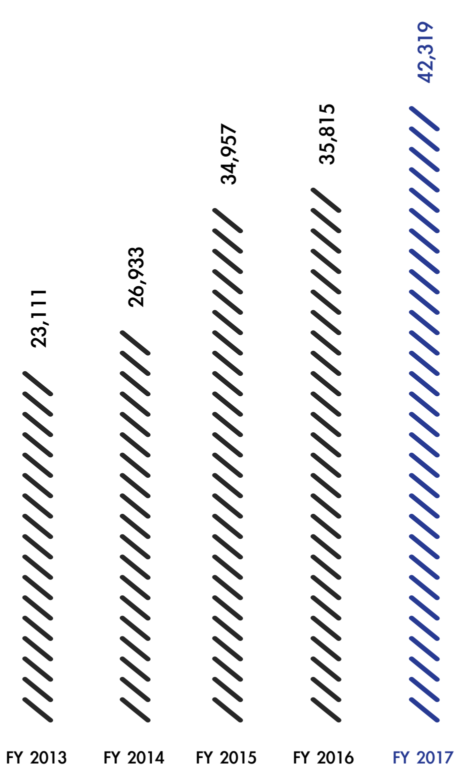
PROFIT BEFORE TAX (₹ IN MILLION)



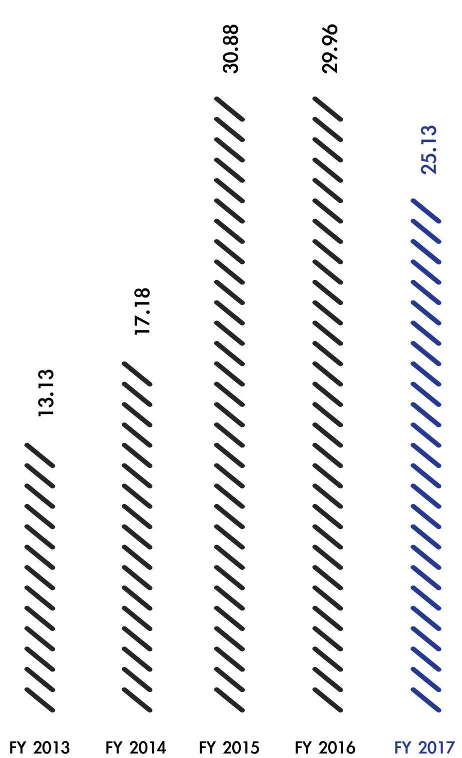
PROFIT AFTER TAX (₹ IN MILLION)



NET WORTH (₹ IN MILLION)



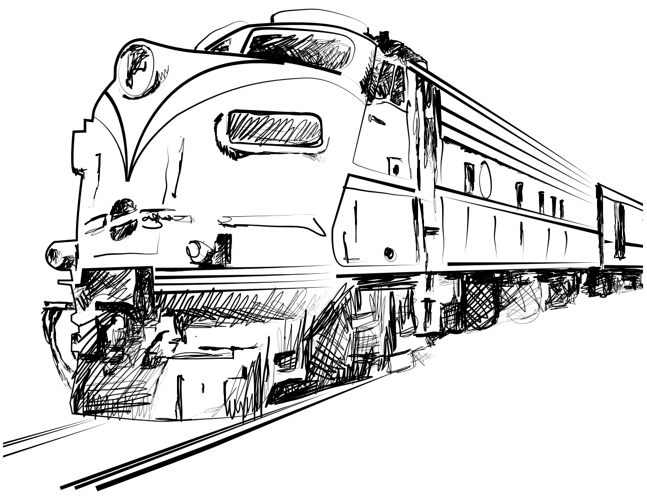
EPS (₹)

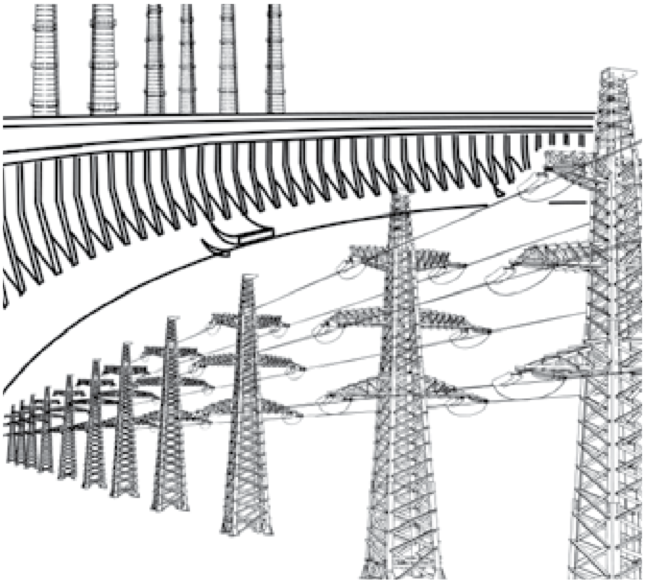


'MAKE IN INDIA' OPPORTUNITY

Bharat Forge has been continuously engaged in the process of creating an atmosphere leading to promotion of the Indian manufacturing industry. The Make in India campaign launched by our Honourable Prime Minister has only added fillip to our endeavours.

Our focus on developing new processes, expanding the product portfolio and leveraging our innovation capabilities is opening up new growth avenues. The Company is starting to garner order wins from existing as well as new customers both in India and globally. The Company's strategy to target import dependent sectors such as Oil & Gas, Mining, Power, Railways and Aerospace amongst others, to grow non-linearly, is bearing fruit. We have already procured several sample orders in new categories.





RAIL

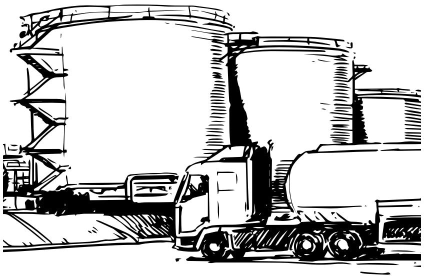
Indian Railways has been one of the biggest contributors to the 'Make in India' initiative and has undertaken various initiatives to provide impetus to the program. The Government is investing heavily in building rail infrastructure in the country. Its key focus areas/initiatives include Manufacturing Rolling Stock, High Speed Rail Projects, Dedicated Freight Corridors (DFC), Rail Wheel Plant, Electric Loco Assembly, Traction Alternator Factory, Coach Manufacturing and Up-gradation.

Using its Centre of Advanced Manufacturing, the Company has indigenously developed a number of highly critical components for the Indian Railways. We are leveraging our technological advantage and skilled human resources to develop more product offerings for the Indian Railways, thereby also supporting the Government's import substitution initiative.

POWER

The power sector in India is going through a period of significant growth and transformation. India as a signatory to COP 21 is committed to carbon emission reduction. The Government is focusing on generating 40% of the country's total installed power capacity from non-fossil fuel resources by FY 2030. Simultaneously, it is also putting a thrust on making thermal plants more energy-efficient through usage of good quality coal, modernizing conventional TG's, and making a conscious shift from sub-critical to super-critical power plants.

The Company currently supplies forgings for renewable and non-renewable energy sources. The shift from sub to super critical power plants coupled with expected growth in renewable energy sector presents a significant opportunity to expand our product portfolio and customer base.

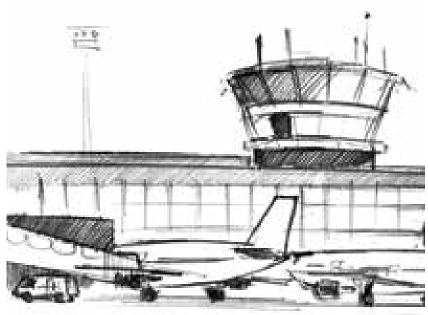


OIL & GAS

India is the world's fourth largest energy consumer. The country's oil consumption is expected to rise manifold over the next decade to cater the demands of a growing economy. India plans to reduce its dependence on imports and achieve at least a 10% reduction in energy imports by FY 2022. For this, it is increasing investments in oil and gas exploration, developing discovered oil and gas reserves, enhancing production from existing fields, and tapping unconventional resources like shale gas, etc.

Oil exploration and production spend in the country has doubled in the last 5 years and the same is expected to be robust in the near future.

Bharat Forge has developed a reputation for supplying high value and high technology Oil and Gas forgings in the global markets with applications across surface, sub-sea, deep-sea and shale. The differentiated technology expertise displayed by the Company has helped win prestigious orders from our customers who are top global oil and gas players. With our vast repository of metallurgical knowledge, and in-house innovation capabilities, we are well-set to support the development of India's domestic hydrocarbon production.

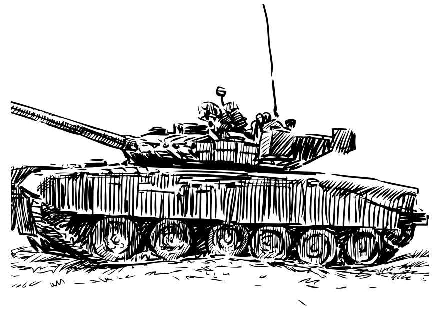


AEROSPACE

The Indian Air Force and civil aviation industry are in the cusp of transformational change. These sectors are offering unique opportunities in increasing the country's self-reliance. As an established player in both the domestic and export sectors, BFL is ready to seize these opportunities through extensive tie-ups, joint ventures and technology transfers.

Currently a high percentage of import content prevails in the aerospace sector. Both HAL & ISRO have emphasized on upscaling localization. This will provide a strong impetus to domestic companies for supply of components.

BFL has always exhibited fundamental strength in technologically advanced new product development and has been one of the foremost suppliers at the sub-component and component levels for HAL and ISRO among others. The Company has transformed itself into a manufacturer of critical aerospace components by achieving the necessary certifications and modernizing our existing manufacturing facilities with cutting-edge technologies. This has enabled us to become suppliers for global aerospace companies looking to outsource products and components from India.



DEFENCE

India has one of the highest military budgets in the world – it is ranked among top-10 spenders in this sector. The country imports about 70% of its defence requirements. There is a clear belief that defence manufacturing is a crucial pillar to revitalize India's manufacturing sector, thereby advancing the country's impetus on self-reliance.

With the Government's agenda to reduce import dependence in defence by 35-40%, it is actively promoting indigenous defence manufacturing with initiatives like Make in India and policy reforms including allowing 100% Foreign Direct Investment (FDI) in this sector. The establishment of a new procurement regime under the Defence Procurement Policy (DPP-2016) with new categories under indigenously designed, developed and manufactured (IDDM) and "MAKE" provisions, bear a promise to ensure expeditious procurement and import substitution. The Government's main focus is on developing an ecosystem wherein all core and ancillary activities related to defence manufacturing can co-exist.

BFL has been supplying components to the Indian defence sector since last 30 years. With a thrust on incremental domestic supplies, the Company is all the more enthused and prepared to seize enhanced growth potential in this sector.

MANAGEMENT DISCUSSION AND ANALYSIS

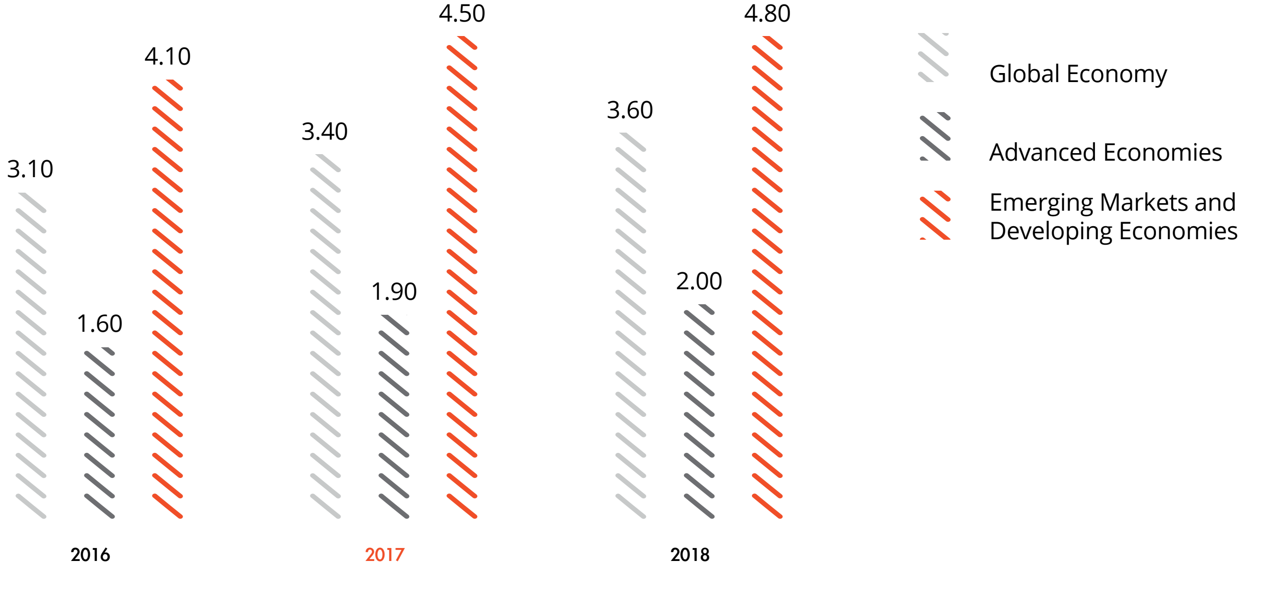
//// Crankshaft Manufacturing

1. ECONOMIC OVERVIEW

Global Economy

The world economy grew by 3.1% in 2016, mainly due to recovery in industrial activity and rise in commodity prices. The US economy strengthened after a weak start to 2016. This up-trend was mainly driven by a strong labour market and improved household balance sheets, which are translating into higher consumption, increased manufacturing sales and better investment prospects. In Europe, industrial activity recovered, and economic expectations have risen in several large developed economies.

GLOBAL GROWTH (%)



Source: International Monetary Fund (IMF)

Outlook

The IMF expects the global economy to grow by 3.4% in 2017 and by 3.6% in 2018. The outlook for emerging market economies is expected to improve; however, capital flow volatility will remain a concern as markets adjust to the higher US interest rate environment, likely capital revival in emerging market countries, and capital outflows in China. This is expected to be accompanied by the projected policy impetus of the new US administration and its global consequences.

Indian Economy

According to the Economic Survey 2016–17, India's real GDP growth is projected at 7.1% for 2017, and could remain in the range of 6.75–7.5% in 2018. This posits India as one of the fastest growing economies amidst an environment of global economic uncertainty. The decline in consumption due to demonetization along with slowdown in the industrial sector resulted in moderated growth rate towards the end of 2017. However, the agriculture sector showcased enhanced performance, owing to a favourable monsoon after two consecutive droughts.

Indian GDP Growth

	2013-14	2014-15	2015-16	2016-17
GDP	6.9%	7.3%	7.5%	7.1%

Source: CSO

Outlook

GDP growth is expected to exceed the 7% mark in 2018, absorbing the short-term turmoil in the aftermath of demonetization. Having traversed this phase, the country is set to realize demonetization's long-term gains in terms of greater tax compliance, increased digitization and investments in capital formation. The expected fiscal deficit for 2017–18 is 3.2% of the GDP. This looks achievable, given the thrust on tax collection as India enters the GST era, as also greater tax compliance post demonetization.

2. BUSINESS ENVIRONMENT

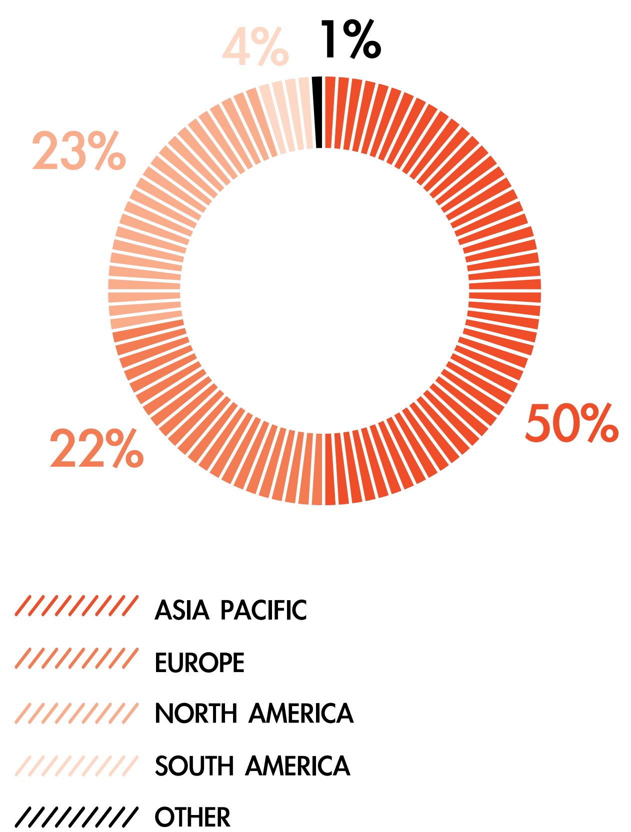
2.1 Global Automobile Industry

Global car sales witnessed sustained acceleration in the final months of 2016 due to stronger global economic growth. Increased replacement demand in the US was accompanied by a surge in sales in most emerging markets.

Globally, 77.3 million passenger cars were sold in 2016, which was 5.5% more than the previous year. Overall global vehicle sales grew by 5.4% in 2016 to an all-time high of 93.57 million. In Europe, 14.6 million passenger cars were registered in 2016, up by 6.8% compared to 2015. This was the third consecutive year of growth in passenger cars in Europe. At 16.5 million units, Europe's passenger car production increased by 2.7% in 2016. The EU accounted for more than 21% of global passenger car production in 2016.
(Source: European Automobile Manufacturers Association)

North America posted record annual sales for the second year in a row, with 21.5 million vehicles sold. This was around 1.5% higher than in 2015. Vehicle production in North America also saw a modest increase of 1.2%, to 18.16 million units.

WORLD VEHICLE SALES BY REGION (%)
JAN - DEC 2016



Source: WardsAuto.com

Heavy Commercial Vehicle Production Trend

	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
US Class 8 Trucks	255,000	278,720	249,412	297,120	323,282	228,347
Europe HCV	243,086	220,289	238,697	225,140	267,280	296,226

Outlook

Global auto industry continues to face slow demand. It is also witnessing a historical shift in technological developments. Over the next decade, internet-enabled car technologies and autonomous vehicles are set to trigger the next revolution in the auto industry.

Company Review

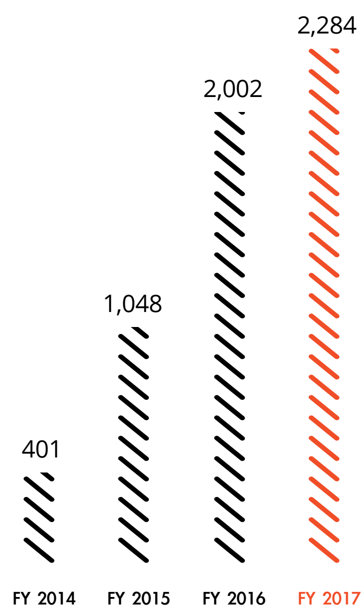
Commercial Vehicles

The commercial vehicles' business for the Company witnessed mixed fortunes in FY 2016-17, as steady growth in the European market was offset by very weak demand from the North American Heavy Truck sector. In 2016, the European truck market grew by 10% while the US Class 8 truck market declined by 29%. This decline in the US truck market resulted in a 30.5% drop in Export CV revenues, down from ₹14,205 million in FY 2016 to ₹9,879 million in FY 2017.

Passenger Vehicles

The Company started focusing on growing the Passenger Vehicles' business around 3-4 years back due to the changing dynamics in the industry (focus on light-weight vehicles and enhanced fuel efficiency to adhere to stringent emission norms). In the span of 4 years, export revenues from Passenger Vehicles (PV) have grown to ₹2,284 million in FY 2017. As the below chart shows, PV exports have grown at 79% CAGR over the past 3 years. We expect growth to continue in the coming years, driven by a ramp-up of production, enhanced value additions, and introduction of new products. During the year, the Company was the recipient of General Motors' 'Supplier of the Year' Award which we received in Orlando, Florida on March 31, 2017.

PV EXPORTS (₹ MILLION)



2.2 Indian Automobile Industry

The Indian automotive industry has been a major employment creator, GDP contributor, and FDI earner. India currently enjoys being the second-largest market for two wheelers, and the third-largest for small cars. Easy availability of financing options, an encouraging duty structure, and a rising family income have contributed towards the growth of the Indian auto market.

The current financial year was eventful for the Indian automotive industry. Auto manufacturers witnessed major challenges such as the ban on diesel cars, ban on sale and registration of BS 3 vehicles, and demonetization. Despite these trials which forced companies to recalibrate their market strategies and policies, the industry seems to be on the positive growth trajectory. The commercial vehicles' segment was less impacted

79%
CAGR OF PV EXPORT REVENUES OVER THE LAST 3 YEARS

We expect growth to continue in the coming years, driven by a ramp-up of production, enhanced value additions, and introduction of new products.

by demonetization as they are largely reliant on financing options.

Starting April 2017, the automotive industry across segments has moved to BS IV emission norms with the fuel being made available countrywide. This conversion has had the biggest impact on the M&HCV segment, as most OEMs catering to the other segments – passenger vehicles, two-wheelers and three-wheelers – had upgraded their products to the new norm.

Production

The industry produced a total 25,316,044 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2017 as against 24,016,599 in April-March 2016, registering a growth of 5.41%.

Passenger Vehicles

The passenger vehicle segment sales increased by 9.23% on a y-o-y basis driven by new launches, stable crude oil prices, reduction in interest rates and improvement in the economic scenario.

INDIA ON THE MOVE

25,316,044

VEHICLES PRODUCED IN FY 2017

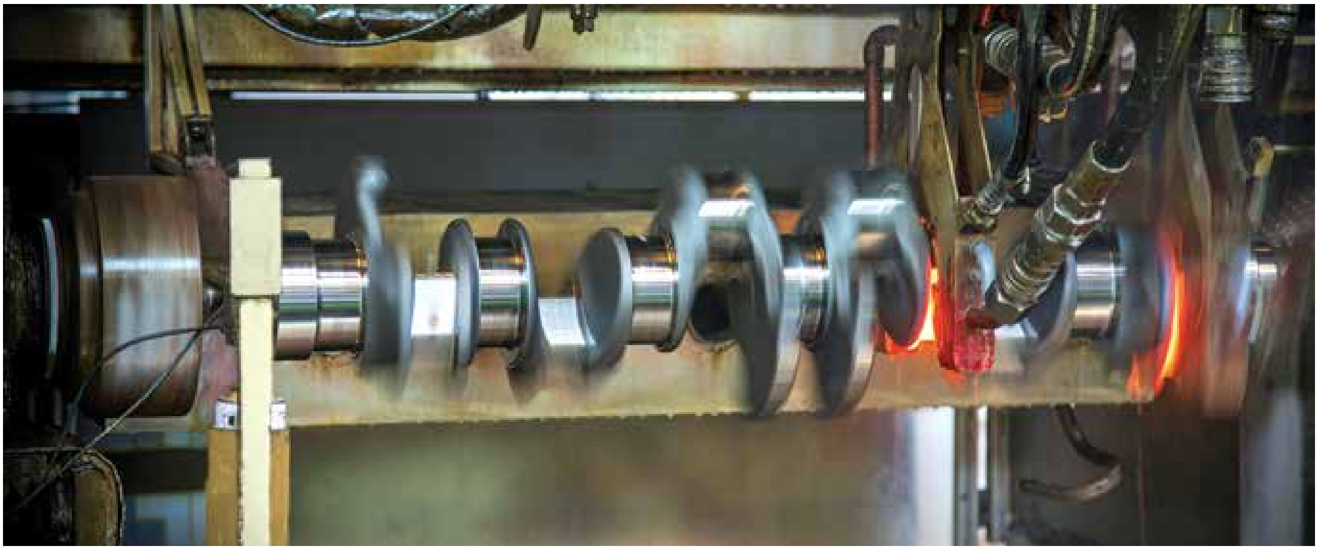
Commercial Vehicles

Commercial vehicles segment sales led by LCV's grew by about 4.2%, with uncertainty prevailing around the Government's likely move to introduce BS IV emission norms from April 2017. While the demand was expected to be higher for M&H CV segment as BS IV-compliant vehicles will be relatively more expensive, and pick up in industrial activities, the actual growth was restricted on account of cash crunch in Q3 and Q4 as the fleet owners postponed their purchases.

India M&HCV Production Trend

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Units	250,133	345,818	384,801	280,677	221,699	266,971	341,287	342,733

Source: Society of Indian Automobile Manufacturers (SIAM)



//// Crankshaft Machining Process

Outlook

The automotive industry is at the core of India's manufacturing economy. India is positioned to become one of the world's most attractive automotive markets for both manufacturers and consumers. The resulting benefits to society in terms of economic growth, increased jobs, and stability for families employed by the automotive industry are considerable. With government's increasing focus on GST, emission norms, and safety standards, the Indian automotive industry is likely to experience significant technological upgrades over the next four to five years.

Company Review

During the year, BFL's domestic revenues from Commercial Vehicle segment grew by 7.9% to ₹8,049 million, while revenues from Passenger Vehicles decreased by 10.7% to ₹1,476 million.

Growth Drivers

Emerging Middle Class

By 2021, India's emerging and middle-class segments will comprise of nearly 900 million people, and the Auto industry in India is expected to greatly benefit from this growth. A middle class consumption-led growth is also likely to influence the overall economy positively, driving up the demand for 3-Wheelers and commercial vehicles.

Infrastructure Development

India has made significant progress in building new roads, highways, expressways and support infrastructure such as airports, ports, railways and power plants. The expansion and transformation of our core infrastructure is also a major driver of growth for the auto industry. While India's remarkable automotive growth has so far been driven by urban demand, the government's vision of inclusive economic growth will bond all socio-economic and geographic layers and thus create a much larger growth opportunity. This will help the automotive industry to develop new mobility solutions such as intelligent transportation systems, alternative fuel vehicles, and smart and connected vehicles targeted at "smart cities" of the future.

Rural Market

The Indian automobile industry is yet to fully tap the demand from rural areas. Over the next decade, the industry seeks to double its sales on the back of steadily increasing rural growth. It is also expected to grow off relatively untapped segments such as the youth, women and aspiration for luxury cars.

The Export Advantage

India is a leading auto exporter and has strong near-term export growth expectations. Automobile exports have grown by a CAGR of 14.65% during the five year period of 2010-15.

2.3 India Industrial Business

As a part of the 'Make in India' initiative, focused efforts and activities have been undertaken by the Company to support and address the opportunities arising from import substitution. The company had been working across various industrial sectors in India, namely Oil and Gas, Mining, Power, Aerospace, Railways and Defence.

In the last few years, BFL has developed new products across these sectors, leveraging its innovation and in-house R&D expertise which helped the company make significant progress in adding new customers and securing new orders. As a result, revenue contribution from the industrial side of the business has been increasing consistently. For FY 2017, they grew by 13.4% as compared to FY 2016.

Growth-centric trends such as a persistent reform regime, favourable regulatory developments, importance to indigenisation, and an increasing thrust on infrastructure development, are expected to increase the market size and scale. BFL is well placed

//// Impeller Machining

BFL NEW BUSINESS WINS

US$ 80 MILLION (EXPORTS)

₹270 CRORES (DOMESTIC)

to cater to the various emerging growth sectors. The company is further enhancing its R&D initiative to help develop newer products targeted at these sectors.

2.4 Global Industrial Business

BFL's industrial business in the international market is skewed towards the commodities and allied spaces, with exposure to the oil and gas, and construction and mining sectors. The transport sector which consists of aerospace and railways are still at a nascent level of penetration. During FY 2017, the industrial business was severely impacted by the collapse in demand and subsequent price erosion of commodities. This resulted in very low activity in North American shale drilling and mining sector, which led to industrial revenues declining by 17.4% from ₹8,778 million in FY 2016 to ₹7,254 million in FY 2017. This decline was arrested by a recovery in shale gas drilling in the second half of FY 2017.

Company Review

During the year, the company has secured long-term export orders of US$ 80 million, and domestic orders worth ₹270 crores from various segments for existing as well as new products.

3. KEY INITIATIVES

The Company aims to become a major international company by offering products across various geographies. This, it will achieve by combining its engineering and other strengths as well as through strategic acquisitions.

Focus on new product development

BFL strongly believes that the next round of growth will be propelled by creating opportunities through innovation. The R&D team's focus is on developing or acquiring the technology, core competence and skill-sets needed for its future product portfolio.

BFL continues to devote its resources and capabilities to R&D augmentation, which is one of its core strengths. Its in-house design and development capabilities are rated among the best in the industry.

Quality benchmarks

One of the Company's principal goals is to achieve international quality standards for its products and services. Our quality systems have been designed to comply with the latest automotive quality system standard, TS 16949. Some of its key trends are:

- Flawless product launches
- Variation reduction in our processes
- Continuous improvement using six-sigma methodology
- Robust manufacturing system in line with the best-in-class

Strong customer relationships

BFL has the capability to cater to the demands of its unique global customers with engineering and design support. We are proud of our unmatched front-line design, engineering, dual shore manufacturing and innovation capabilities.

Expanding the International Business

BFL continues to focus on expanding its international business across industrial and automotive applications. This impetus is driven by adoption of new manufacturing technology and processes, acquisition of new customers and enhancing strength of relationship with existing customers. Sectors such as Aerospace, Railways, Passenger Vehicles and Oil & Gas will drive BFL's growth in the future.

India opportunity

The focus on tightening of emission norms internationally and in India, will translate into higher quality transmission materials which should be light and at the same time handle high fatigue and tension. Macro tailwinds of low inflation and low fuel prices which act as catalyst for fleet operators' profitability, will push the medium-term growth of the CV segment. This is further supported by the Government's focus on infrastructure investment and transition to BS-VI by 2020-21. With its plethora of new components and products under development, BFL is poised to grow this business faster than the underlying market.

//// General Motors Supplier of the Year Award

R&D

The Company is utilizing its innovation and in-house R&D expertise to focus on new product development to catalyze various "Make in India" initiatives. Its R&D centres are equipped with robust testing infrastructure, which ensures world-class performance. The Company has demonstrated sound technology absorption capabilities, translating into a shortened learning curve and stronger proprietary knowledge management.

Favourable Environment

With favourable regulatory developments, importance to indigenisation, and an increasing thrust on infrastructure projects, the Company is well placed to cater to the various industrial segments. We expect to see increased traction from mining, construction, power, defence and government agencies.

4. FINANCIAL REVIEW

4.1 Standalone

(₹ Million)

Particulars	2016-17	2015-16	% Change
Total Revenue	40,661.28	45,254.77	(10.2)
Raw Material	13,205.38	14,893.58	(11.3)
Manufacturing Expenses	6,560.10	6,596.98	(0.6)
Manpower Cost	3,759.45	3,725.18	0.9
Other Expenditure	6,109.61	6,404.31	(4.6)
Total Expenditure	29,634.54	31,620.05	(6.3)
EBITDA	11,026.74	13,634.72	(19.1)
EBITDA %	27.1%	30.1%	

(₹ Million)

Particulars	2016-17	2015-16	% Change
Depreciation	2,948.51	3,084.51	(4.4)
Interest	727.70	905.06	(19.7)
Other Income	994.90	1,123.45	
Profit Before Tax	8,345.43	10,768.60	(22.5)
Exchange Gain/(Loss)	(300.75)	(466.60)	
Profit Before Tax	8,044.68	10,302.00	(21.9)
Exceptional Item	380.24	(42.20)	
Profit Before Tax	8,424.92	10,259.80	(17.9)
Taxation	2,574.15	3,283.62	
Profit After Tax	5,850.77	6,976.18	(16.1)
EPS	25.13	29.97	

Total Income

FY 2016-17 witnessed a decline of 10.2% in total revenues, from ₹45,255 million in the last year to ₹40,661 million in this fiscal. Domestic sales grew by 5.6% mainly on account of growth in M&HCV revenues and robust 13.4% growth in Industrial revenues benefitting from new orders across sectors.

However, domestic market gain was offset by drop in exports (22.3%) largely due to the decline in the North American class 8 truck demand, and continued sluggishness in commodity related sectors such as oil & gas, construction and mining due to a decline in commodity prices. While the export revenues recovered in the second half of FY 2017, the recovery was not strong enough to re-coup decline witnessed in the first half.

Expenditure

Raw material as percentage of total expenditure remained steady below 33% in both FY 2015-16 and FY 2016-17.

Manufacturing cost at 16% of total income as compared to 14.3% of last year, increased due to inflationary impact of rebound in crude oil.

Costs towards salaries were at 9.2% in FY2016-17 as against 8.2% in FY 2015-16. Other expenditure including excise duty increased to 15.0% from 14.2% on a Y-o-Y basis due to increase in expenses towards new business development. However,on an absolute basis other expenditure declined by 5.1%.

EBITDA percentage declined by 300 bps from 30.1% in FY 2015-16 to 27.1% in FY 2016-17 on the back of decline in total income.

Depreciation cost remained as expected and our focus on reducing debt has helped in reducing interest costs from 2% to 1.8%.

(₹ Million)

Particulars	2016-17	2015-16
Long Term Debt	15,148	17,724
Working Capital Debt	9,077	8,961
Total Debt	24,225	26,685
Equity	42,319	35,815
Cash	13,986	11,331
D/E	0.57	0.75
D/E (Net)	0.24	0.43

Our D/E (net of cash and working capital loans) has significantly reduced from 0.18 to 0.03. The debt repayment is progressing smoothly as per the Company's plan and repayment schedule, and we have achieved our aim of becoming a net debt-free Company one year ahead of schedule.

5.6%
FY 2017 DOMESTIC SALES GROWTH

Domestic sales grew by 5.6% mainly on account of growth in M&HCV revenues and robust 13.4% growth in Industrial revenues benefitting from new orders across sectors.

4.2 Consolidated

(₹ Million)

Particulars	2016-17	2015-16	% Change
Total Revenue	65,981.56	70,015.56	(5.8)
Raw Material	24,357.78	25,680.31	(5.1)
Manufacturing Expenses	10,860.11	11,743.41	(7.5)
Manpower cost	9,309.23	9,152.63	1.7
Project cost	20.62	80.24	(74.3)
Other Expenditure	8,716.07	8,883.12	(1.9)
Total Expenditure	53,263.81	55,539.71	(4.1)
EBITDA	12,717.75	14,475.85	(12.1)
EBITDA %	19.3%	20.7%	
Depreciation	4,520.47	4,529.76	(0.2)
Interest	999.62	1,159.60	(13.8)
Other Income	1,192.79	1,321.27	
Profit Befor Tax	8,390.45	10,107.76	(17.0)
Exchange Gain/(Loss)	(207.26)	(395.04)	
Profit Befor Tax	8,183.19	9,712.72	(15.7)
Exceptional Item	1,284.29	(54.69)	
Share of profit/(loss) of associates and JV (net of tax)	0.20	-	
Profit Befor Tax	9,467.68	9,658.03	(2.0)
Taxation	2,491.67	3,164.76	
Profit After Tax	6,976.01	6,493.27	7.4
Net Profit(loss) from discontinued operations	131.17	260.33	
Net Profit After Tax for the year	7,107.18	6,753.60	5.2
EPS	30.26	29.15	

(₹ Million)

Particulars	2016-17	2015-16
Debt	31,241	33,752
Equity	41,264	34,090
Cash	14,465	12,076
D/E	0.76	0.99
D/E (Net)	0.40	0.63

Divestment of Stake in Power Equipment Joint Venture

During the year, BFL has divested its 49% stake in its joint venture with Alstom for manufacture of super-critical power equipments for ₹229 crores. This divestment has resulted in profit of about ₹54 crores for the Company.

The JV, incorporated in Delhi with its manufacturing facility at Sanand, was formed in 2009 to address opportunities arising from the expansion in the Indian power sector.

5. INTERNATIONAL OPERATIONS

(₹ Million)

Particulars	CY2016	CY2015
Total Income	32,796	33,287
EBITDA	1,876	1,034
EBITDA (%)	5.7	3.1%
Profit Before Tax (PBT)	294	(292)

Acquisition of Walker Forge

As part of its dual shore manufacturing model, BFL had a presence in North America through Bharat Forge America in Lansing, Michigan, since 2006. This company catered to the passenger vehicle market in North America. However, we moved out from North America post the 2008 GFC and the subsequent decline in Passenger Vehicle market.

We have always felt the need to be close to our customers in all major geographies, and keeping this in mind, we have re-established our manufacturing footprint in North America through the acquisition of Walker Forge Tennessee LLC. The Company has since been renamed, Bharat Forge PMT Technologie (BF-PMT).

BF-PMT is a leading supplier of complex, steel and high-alloy steel engines and chassis components to a diverse group of customers across Automotive and Industrial sectors. The transaction value of around US$ 14 million was funded through internal accruals and debt.

BF-PMT provides us a manufacturing footprint in North America. It also offers us an opportunity to increase our product offerings in the Passenger Car and Commercial Vehicle segments, and also in industrial sectors such as construction and mining, and their allied industries.

6. INNOVATION AND INTELLECTUAL PROPERTY RIGHTS (IPR)

BFL continues to invest in enhancing its innovation capabilities and the scope of R&D work with a view of identifying new opportunities on process improvement, new product development and new material development. In line with its focus on new business developments in high-end products across various sectors, Kalyani Center for Manufacturing Innovation (KCMI) was recently established. The Centre will act an incubator for new technologies. It will also adopt advanced technologies in manufacturing sectors to develop new products.

10

NO. OF PATENT APPLICATIONS FILED IN FY 2017

Patents

A total of 10 patent applications were filed in FY 2017, bringing the number of patents filed till date to 34. Already, BFL has been granted 4 patents while the remaining await evaluation. BFL has a healthy pipeline of patents for the next year too, on which work is in progress.

7. INFORMATION TECHNOLOGY

Key Highlights of FY 2017

- **SAP SOH (Suite ON HANA) Deployment**
  In Phase 1 of digital transformation project using SAP, the Company has upgraded current SAP from SAP ECC to latest SAP Platform SAP HANA suite. This is the latest technology from SAP providing in-memory computing for providing ability to use real-time information.

- **GST Preparedness**
  BFL has taken proactive steps for GST migration with SAP TAXINJ to TAXINN migration.

- During the year, the Company has set up a new state-of-the-art Data Centre built by Schneider with Level 3 specifications. This data Centre will address the Company's computing needs for at least next ten years. BFL's entire computing infrastructure has been successfully moved to this new Data Centre in a seamless manner.

- **Product Lifecycle Management for Aerospace Business Vertical**
  BFL has started deploying a niche product lifecycle management solution from Siemens – TeamCenter.

  Highlights of the project are:
  - Integrated processes with SAP and ERP to provide transparent and controlled access to documents
  - Integrated processes with existing CAD system providing seamless engagements with multiple Customers/OEMs
  - Effective project management

    - Effective document management aligned with stringent compliance needs of aerospace industry
    - Deployed a tool to automate the IT Assets management process. This has helped the Company to manage compliance effectively and reduce the threats.

- **Started journey of Industry 4.0**
    - Established the Connectivity Architecture with Data Aggregators, Cloud Platform, Edge Computing and Secured Connectivity
    - Evaluated multiple technologies to leverage the startup eco-system
    - Successfully connected two forging lines on IOT Platform giving real-time information
    - Completed many projects under Digitization of Services

Key Focus for FY 2018

- Continue establishing the core platform for Smart Manufacturing under Industry 4.0.
    - Leveraging on various smart manufacturing technologies like Machine Learning, Big Data Analytics, Virtual Reality & Digitization
- GST Rollout
- Phase II of Digital Transformation using SAP - Building a business case for rollout of SAP S4 HANA & preparing an Implementation Plan
- Implementing Company wide Data Leakage Prevention (DLP) Solution
- Implementing Information Rights Management (IRM) Solution
- Implementation Campus-wide network to support converged communications of Data, IoT, Video & Voice
- Deploying various initiatives under Industry 4.0 Program Pillars
- Outsourcing of a Security Operating Centre
- Evaluating the Advance Persistent Threats Solution

The Company has established an extensive training calendar comprising technical, behavioural, cultural, safety, 5S and awareness training which facilitates the team in proficiently managing day-to-day operational challenges.

//// Die Manufacturing Shop

- Deploying Business Analytics for core business processes

8. HUMAN RESOURCE MANAGEMENT

The Company considers human resources as its most important asset. It is the invaluable contribution of the Company's large and energetic team that has primarily resulted in BFL's position of strength in the industry. The Company has implemented various initiatives to create a worker-friendly organization that motivates its employees and improves performance.

Training: Growing the intellectual capital of its team is one of the Company's leading people-centric priorities. For this the Company has established an extensive training calendar comprising technical, behavioural, cultural, safety, 5S and awareness training which facilitates the team in proficiently managing day-to-day operational challenges. Training for the senior management team is oriented towards managing skills, decision-making, and problem-solving to ensure uninterrupted operations notwithstanding internal challenges and external volatility.

Training evaluation: Pre and post training tests are conducted as a tool for evaluating effectiveness. This has helped in strengthening the learning culture within the organization.

Employee engagement: Several initiatives were implemented to enhance employee engagement

//// Community Development Initiative - Khelghar

and morale which includes suggestion scheme, cross functional competition and birthday celebrations. The Company facilitates continuous engagement between the management and various teams. These dialogues help in growing strategic and operational awareness, and enhancing efficiencies through idea-exchange.

Performance and rewards: The Company undertakes regular appraisals wherein high performers are recognized every month. Recognition programmes like the Employee of the Month and Maximum Attendance Award were institutionalized. Besides, performance-linked incentive programmes were introduced to increase employee motivation.

BFL engages in CSR activities in primary, secondary & tertiary education, skill development, vocational training, environmental and ecological protection, health and hygiene, character building through sports, and recently, village development.

9. CORPORATE SOCIAL RESPONSIBILITY

At Bharat Forge, CSR is an integration of social and environmental causes with business objectives. We understand that the spirit behind CSR activities is to engage companies' financial resources, and technological and management competencies for the larger good of communities and the environment.

Our CSR journey started in 1970 when we established community centres at various locations for women empowerment. Since then, BFL has taken up scores of CSR activities with a simple objective of 'Giving Back' to the society.

BFL engages in CSR activities in primary, secondary & tertiary education, skill development, vocational training, environmental and ecological protection, health and hygiene, character building through sports, and recently, village development.

WOMEN EMPOWERMENT

1,367

NO. OF WOMEN BENEFICIARIES

Sector 1 - Promotion of Education

- **The Kalyani School –** BFL started "The Kalyani School" with a vision to provide children with a harmonious and stimulating environment where they can strive for all-round excellence and emerge as responsible citizens. To achieve this vision, various capacity building activities are conducted for the teachers. Different extracurricular activities are planned for the children in which their parents are also involved. The Education World magazine ranked The Kalyani School second among all the co-ed Schools of Pune.

- **Pratham Pune Education Foundation –** Through this Foundation, BFL provides informal education to the underprivileged children of the society. In association with Jnana Prabodhini, it has also started a fast track programme - Pradnya Vikas, under which 126 children are undergoing various skills and creativity development activities. Periodical tests are conducted to evaluate their performance and progress.

- **School Adoptions and their infrastructure development**
  BFL has adopted Rajrshi Shahu Maharaj Primary School at Mundhwa, Mahatma Phule High School at Hadapsar, ZP Primary School at Keshavnagar (Bhoivasti) and at Baramati (Vanjarwadi) for infrastructure development and quality education. We have constructed 54 toilets and 33 WCs for 2,968 children. We also ensure that the constructed toilets are maintained well by the schools. Recently, these facilities were audited by Forbes. Proper sanitation at these schools has reduced absenteeism of girl students.

- **Educational Sponsorship**
  - BFL supports higher education of girl students from Vidyarthi Sahayak Samiti, and to 10 girls from Katalyst. Mentorship is also provided by our technical team to these students.
  - Primary education is also provided to 108 girl students [Nanhi Kalis] from Medankarwadi village.

Sector 2 - Skill development Initiatives

- **Training programme for ITI Principals from Maharashtra**
  2 days' residential training on Management and Leadership in Technical Education (MALTE) was imparted at Kalyani Centre for Technology and Innovation [KCTI] to 162 ITI principals from Maharashtra. The training helped to develop Leadership, Project, Performance and Financial Management skills. Mr. Deepak Kapoor, Principal Secretary, presided over this training and interacted with the participants.

- **Development of ITIs Khed, Bhor & Malegaon**
  Bharat Forge has started ITI Khed with an objective of providing technical and vocational training to the rural youth to generate employability. BFL has also adopted ITIs at Bhor and Malegaon for its infrastructure development and upgrade. A Communication Lab has been established at ITI Khed to impart and develop soft skills. It imparted training to 700 ITI students in 32 batches.

Sector 3 - Community Development Programmes

- **Women Empowerment –** BFL runs 3 Community Development Centres at Mundhwa, Hadapsar and Vadagon Sheri. The beneficiaries are 1,367 women. BFL has formed 10 self-help groups and 3 health clubs in these communities, which support 1,367 women. They stitch uniforms and hand gloves for the Company.

- **Khelghar –** It is noticed that in the urban slum communities, both the parents go to work on daily wage basis, and the children wander after school hours. Khelghar is started with an objective to encourage the creative aptitude of such children and also to enhance their academic performance. Khelghar at Keshavnagar in Mundhwa benefits 47 slum children. This year we have started Khelghars at –Hadapsar and Kharadi, which have 30 and 32 beneficiary children, respectively. This facility has also been established at ZP School in Keshavnagar, which benefits 40 children.

//// School Adoption Initiative - Free Dental Check-up

Sector 4 - Environment Sustenance

- **Jalyukta Shivar Abhiyan – Drought-free Maharashtra by 2019**

  Bharat Forge is actively participating in this project in coordination with the Maharashtra Government. The Company runs the initiative at Kanhersar village of Khed Block and Kalewadi village in Purandhar block in Pune. Due to the efforts, total water restoration capacity has increased by ½ TMC in Kalewadi.

- **Tree plantation drive –** Under this afforestation drive, 1,760 trees were planted in Mundhwa, Keshavnagar, Hadapsar, Kalewadi, Navali, ITI Khed, Nimgaon, and KCTI.

- **Swachh Sundar Keshavnagar Abhiyan**

  BFL has undertaken a 'Swachh Sunder Keshavnagar Abhiyan' in order to maintain cleanliness in and around Keshavnagar. Also, swachhata rally was conducted at Keshavnagar on 26th November, 2016.

Sector 5 - Promotion of Rural sports

Bharat Forge supports LAKSHYA, a non-profit organisation, which, since its inception in 2010, works towards identifying and nurturing budding sport talent. BFL is helping 6 players to train overseas, and take part in events within the country and overseas. These players are, Siddhant Banthia (Tennis), Prarthana Thombare (Tennis), Subhankar Dey (Badminton) GM Vidit Santosh Gujrathi (Chess), Pooja Rani (Boxer), and Yash Aradhya (Go-carting).

Departmental CSR Initiatives – BFL started departmental CSR initiatives with the aim of giving back to the society, wherein workforce form every department contributed to CSR initiatives in a structured manner. Some of these activities are, focus on cleaning forts, taking care of senior citizens and underprivileged children, care for the environment, involvement in blood donation camps, women empowerment, etc.

Integrated village development – Bharat Forge has started integrated village development under its village adoption programme. It has adopted villages from Ambegaon & Purandar Taluka, where it will work in 4 areas in the first phase – internal roads, water, and health and education.

Our Achievements 2016

1. Received 2016 'Cummins India ABO Corporate Responsibility' of the Year Award
2. "2016 Indywood CSR Excellence Award
3. India CSR, the world's popular CSR Newswire, awarded Ms. Leena Deshpande with 'CSR Professional of the Year' Award for her outstanding contribution in CSR. The Award was presented by Mr. T. B. Jayachandra, Hon. Minister Law, Parliamentary Affairs, and Animal Husbandry, Karnataka State
4. CSR Leadership Award was awarded to BFL for our Exemplary CSR Work in the areas of Skill development, Water Harvesting Project (Jalyukta Shivar Yojana) and Community Development

10. RISK MANAGEMENT

BFL's risk management policies are formulated in such a way that the Company can respond swiftly to the risks and implement necessary mitigation activities. A prudent risk management framework has been developed, such that cautious approach is undertaken to identify and analyze internal and external risks and minimize its impact on operations.

Risk	Nature of Risk	Risk Mitigation Strategies
Industry Risk	More than 50% of BFL's consolidated revenues are derived from the US and European markets. Hence, any economic crisis that hits the developed economies is sure to have a significant impact on the Company's bottom line. The emerging markets haven't reached the size of developed markets.	BFL has a diverse product portfolio across auto and non-auto sectors, which helps it shift focus to other industries, customers and geographies.
Input Price volatility Risk	There is a major threat with regards to the volatility in the price of raw material costs (steel, energy and freight) in the past few years.	BFL has constantly strived to keep its production costs under control, by enhancing its productivity. Various measures have been taken to reduce the final required input. • The majority of steel requirement of BFL is procured through two steel mills, which are located in high proximity to the BFL plant. These mills are a part of the Kalyani Group, which helps in mitigation of inventory risks to an extent. • BFL has raw material pass-through clauses in all contracts, to protect itself from commodity volatility.
Currency Risk	With significant exports and foreign currency liabilities, BFL is always exposed to global currency fluctuations.	BFL has followed a consistent policy of taking simple forwards on a rolling basis to protect its export realisation. At any given point of time, BFL's exports are higher than its foreign currency borrowings, thereby giving it a natural hedge.
Interest Rate Risk	The Company is always looking at expanding its presence in the overseas markets. It uses borrowings to fund its expansion and acquisition needs and hence, has an incremental exposure to interest rate risk.	• BFL's efficient financial planning, which includes increasing equity in line with growing debt-levels, has ensured a healthy debt-equity ratio. • A judicious mix of loan portfolio and internal cash accruals is carried out to fund its expansion plans. • While BFL focuses on working capital management to reduce interest cost, it also keeps a check on loan repayments.
People Risk	Attrition of key personnel could impact business operations and growth	BFL's people-centric policies and initiative facilitate in retaining knowledge capital. Its training calendar, performance management system and people involvement and motivation initiatives facilitate it to encourage and retain talent.

11. INTERNAL SYSTEMS AND THEIR ADEQUACY

Bharat Forge has a proper and adequate internal control system in place to safeguard assets and protect against loss from any unauthorised use or disposition. The system authorises, records and reports transactions and ensures recorded data are reliable to prepare financial information and to maintain accountability of assets. The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures.

12. CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. 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, labour relations, exchange rate fluctuations, interest and other costs.

BFL's people-centric policies and initiative facilitate in retaining knowledge capital. Its training calendar, performance management system and people involvement and motivation initiatives facilitate it to encourage and retain talent.

BOARD'S REPORT

For the year ended March 31, 2017

To the Members,

Your Directors have pleasure in presenting the 56th (Fifty-sixth) Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

The financial performance of the Company on standalone and consolidated basis for the Financial Year ended March 31, 2017 as compared to previous year is summarised in the following table:

In ₹ Million

Particulars	Standalone		Consolidated	
	FY 2017	FY 2016	FY 2017	FY 2016
Total Income	41,656.18	46,378.22	67,174.35	71,336.83
Revenue outside India	19,417.50	24, 984.73	44,817.70	49,742.00
Net Profit				
Profit for the year before Taxation & Exceptional Item	8,044.68	10,302.00	8,183.39	9,712.72
Add/(Less): Exceptional Item	380.24	(42.20)	1,284.29	(54.69)
Provision for Taxation:				
Current tax	2,600.04	3,130.86	2,703.68	3,219.88
Deferred tax	(25.89)	152.76	(213.12)	(55.33)
Adjustment of tax relating to earlier year/MAT credit	-	-	1.11	0.21
Profit for the year from continuing operations	5,850.77	6,976.18	6,976.01	6,493.27
Profit for the year from discontinued operations	-	-	131.17	260.33
Profit for the year	5,850.77	6,976.18	7,107.18	6,753.60
Less: Non-controlling interests	-	-	61.02	(30.95)
Profit for the year attributable to equity holders of the parent	5,850.77	6,976.18	7,046.16	6,784.55
Items of other comprehensive income (net of tax)	48.82	(73.65)	(14.93)	(45.87)
Total	**5,899.59**	**6,902.53**	**7,031.23**	**6,738.68**
Balance of Profit from previous year	23,405.20	19,824.80	21,337.64	17,921.09
Debenture Redemption Reserve written back	1,065.00	-	1,065.00	-
Profit available for appropriation	**30,369.79**	**26,727.33**	**29,433.87**	**24,659.77**
APPROPRIATIONS:				
Interim Dividend on Equity Shares	581.99	1,629.56	581.99	1,629.56
Tax on above dividend	118.48	331.74	118.48	331.74
Final Dividend on Equity Shares	116.40	1,047.57	116.40	1,047.57
Tax on above dividend	23.70	213.26	23.70	213.26
Transfer to General Reserve	100.00	100.00	100.00	100.00
Adjustment during the year	-	-	82.06	-
Surplus retained in Statement of Profit and Loss	29,429.22	23,405.20	28,411.24	21,337.64

2. INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (MCA), vide its notification dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Being applicable, the Company has adopted Ind AS from April 1, 2016 and accordingly, the transition was carried out, from the Accounting Principles generally accepted in India as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (previous GAAP) to Ind AS 101 "First time adoption of Indian Accounting Standards".

The impact of transition has been recorded in opening reserves as at April 1, 2015 and the periods presented have been restated / reclassified.

The reconciliation and descriptions of the effect of the transition from Indian GAAP to Ind AS have been provided in Note 55 in the notes to accounts in the standalone and consolidated financial statements.

3. DIVIDEND

The Board, in its meeting held on February 8, 2017 declared an interim dividend of ₹ 2.50/- per equity share (i.e.125%) of the face value of ₹ 2/- each aggregating to ₹ 700.47 Million inclusive of dividend tax.

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of ₹ 5/- per equity share (i.e. 250%) 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 ₹ 236.96 Million.

The total dividend for the financial year ended March 31, 2017, including the proposed final dividend would aggregate to ₹ 2,101.40 Million inclusive of the dividend tax.

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

4. RESERVES

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

An amount of ₹ 29,429.22 Million is proposed to be retained as surplus in the Profit and Loss account.

5. PERFORMANCE OF THE COMPANY

a) Total Income:

During the year under review, the total income of the Company on a standalone basis amounted to ₹ 41,656.18 Million as against ₹ 46,378.22 Million in the previous year, representing a decrease of 10.20%. The total domestic revenue of the Company has grown by 4.80%.

Further, during the year under review, the Company has secured long term export orders of US$ 80 Million and domestic order of ₹ 2,700 Million from the domestic market across various segments and geographies for the existing as well as new products.

b) Revenue from Exports:

During the year under review, the exports turnover of the Company on a standalone basis was ₹ 19,418 Million against ₹ 24,985 Million in the previous year, representing a decrease of 22.3%. The decline in exports was primarily on account of weakness in end demand from the North American market. The Company has continued to de-risk its export business through new product development and new order wins across sectors and geographies.

6. 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, form part of notes to the financial statement provided in this Annual Report.

7. 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 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 "A"** to this report. Related Party disclosures as per Ind AS 24 have been provided in Note 39 to the financial statement.

The policy on Related Party Transactions as approved by the Board has been displayed on the Company's website at:

http://bharatforge.com/images/PDFs/policies/BFL.RPT%20Policy.pdf

There has been no change to the policy on Related Party Transactions during the financial year ended March 31, 2017.

8. DEPOSITS

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

9. INTERNAL FINANCIAL CONTROLS

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

10. RISK MANAGEMENT

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. The risk governance structure of the Company is a formal organisation structure with defined roles and responsibilities for risk management.

The processes and practices of risk management of the Company encompass risk identification, classification and evaluation. The Company identifies all strategic, operational and financial risks that the Company faces, by assessing and analysing the latest trends in risk information available internally and externally and using the same to plan for risk management activities.

The Company has set-up a Finance and Risk Management Committee to review the risks faced by the Company and monitor the development and deployment of risk mitigation action plans. The Finance and Risk Management Committee reports to the Board of Directors and the Audit Committee who provide oversight for the entire risk management framework of the Company.

As a part of the Company's strategic planning process, the Directors have reviewed the risk management processes and the risks faced by the Company and the corresponding risk mitigation plans deployed. The Company is on track in respect of its risk mitigation activities.

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

There are no adverse material changes or commitments occurred after March 31, 2017 which may affect the financial position of the Company or may require a disclosure.

12. 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.

13. 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.

14. SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on March 31, 2017 stood at ₹ 465.59 Million. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

15. REDEMPTION OF DEBENTURES

The 30% installment of Company's 10.75% Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000,000/- each was due for redemption on April 28, 2016. The Company has paid the said installment on April 28, 2016. With this payment of final installment, the 10.75% Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000,000/- stand fully redeemend as on April 28, 2016.

The 33.34% installment of Company's 11.95% Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000,000/- each was due for redemption on January 5, 2017. The Company has paid the said installment on January 5, 2017. With this payment of third and final installment, the 11.95% Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000,000/- each stand fully redeemed as on January 5, 2017.

As a result, all the debentures of the Company stand redeemed during FY 2016-17.

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

Pursuant to provisions of the Companies Act, 2013, the declared dividends, which remained unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Accordingly, the unpaid or unclaimed dividend remaining unpaid / unclaimed for a period of seven years from the date they became due for payment, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred.

Recently, the MCA has notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules). Pursuant Section 124(6) of the Companies Act, 2013 read with IEPF Rules as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall be transferred by the Company to the IEPF.

Accordingly, the Company has sent notice to the respective shareholders who have not claimed dividend for seven consecutive years or more and the newspaper advertisement stating the same has been published in the newspapers. The list of equity shareholders whose shares are liable to be transfered to IEPF can be accessed on the website of the Company at below mentioned link:

http://bharatforge.com/images/PDFs/Unclaimed_Dividend/List%20of%20Shareholders%20and%20shares%20due%20to%20transfer%20to%20the%20IEPF%202016%2003%2010.pdf

17. DIVIDEND DISTRIBUTION POLICY

The Securities and Exchange Board of India ('SEBI') vide notification bearing No. SEBI/LAD-NRO/GN/2016-17/008 dated July 8, 2016 has inserted Regulation 43A Dividend Distribution Policy to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. According to this regulation, it is mandatory for the top five hundred listed entities based on market capitalization (calculated as on March 31st of every financial year) to formulate a Dividend Distribution Policy.

Accordingly, the Board of Directors of the Company has on recommendation of the Audit Committee adopted the Dividend Distribution Policy. The Dividend Distribution Policy of the Company is enclosed as **Annexure "B"** to this report and is also available on the Company's website at:

http://bharatforge.com/images/PDFs/policies/Dividend%20Distribution%20Policy.pdf.

18. 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.

19. 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, 2017, 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, 2017 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.

20. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In terms of provisions of the Companies Act, 2013 and the Articles of Association of the Company, **Mr. G. K. Agarwal** and **Mr. Kishore Saletore,** Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Brief profiles of Mr. G. K. Agarwal and Mr. Kishore Saletore, Directors of the Company are given in the Notice convening the 56th Annual General Meeting of the Company for reference of the shareholders.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, Ms. Tejaswini Chaudhari has been appointed as a Deputy Company Secretary and Compliance Officer of the Company with effect from July 16, 2016 due to resignation of Mr. Anand Daga, Vice President (Legal) and Company Secretary from services of the Company effective from July 15, 2016.

21. NUMBER OF MEETINGS OF THE BOARD

The Board met 5 (five) times during the year. Also a separate meeting of Independent Directors 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 a part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

22. BOARD EVALUATION

SEBI vide a Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017 has issued a guidance note on Board Evaluation. Based on the guidance note issued by SEBI and on recommendations of the Nomination and Remuneration Committee of the Company, the revised evaluation criterion of performance of Independent Directors and Board of Directors of the Company has been adopted by the Board of Directors of the Company.

Further, pursuant to provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy of the Company.

In a separate meeting of independent directors, performance of non-independent directors and the board as a whole was evaluated. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

23. FAMILIARISATION PROGRAMME

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. Periodic presentations are made at the Board Meetings, Board Committee Meetings and Independent Directors Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The details of programmes for familarisation for Independent Directors are posted on the website of the Company and can be accessed at: http://bharatforge.com/images/PDFs/investor_reports/BFL-Familiarisation%20Programme%20for%20Independent%20Directors-24%2005%2017.pdf

24. 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 for 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.

25. 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.	5.02%
4	The number of permanent employees on the rolls of Company.	4,727
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: (0.06%) Percentage increase in salaries of non-managerial personnel at 50th Percentile is: 5.81% The increase in remuneration is not solely based on Company's 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/KMP is as per the Remuneration Policy of the Company.
7	Statement showing the name of every employee of the Company, 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"**

26. NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The Nomination and Remuneration Policy is appended as **Annexure "F"** to this report and is also available on the Company's website at: http://bharatforge.com/images/PDFs/policies/NOMINATION_AND_REMUNERATION_POLICY.PDF

There has been no change to the Nomination and Remuneration Policy during the financial year ended March 31, 2017.

27. 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 Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

28. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, the Company has acquired Walker Forge Tennessee LLC, USA and PMT Holding Inc.,USA through its wholly owned subsidiary - Bharat Forge America Inc., USA for an aggregate consideration of US $ 14 Million. Walker Forge Tennessee LLC, USA and PMT Holding Inc., USA have become indirect subsidiaries of the Company with effect from December 1, 2016. Walker Forge Tennessee LLC, USA and PMT Holding Inc., USA are renamed as Bharat Forge Tennessee Inc. and Bharat Forge PMT Technologies LLC, respectively.

During the year under review, the Board of Directors has approved divestment of Company's 49% stake in power equipment Joint Venture with Alstom Bharat Forge Power Private Limited (ABFPPL) for US $ 35 Million. Accordingly, till now the Company has divested 23% of its shareholding in ABFPPL. The transaction for balance 26% equity would be consummated upon receipt of customer approvals for certain projects.

As on March 31, 2017, the Company has 19 (Nineteen) subsidiaries (including step down subsidiaries) and one associate/joint venture company. 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 the salient features of the financial statement 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 for determining 'Material' subsidiaries has been displayed on the Company's website at the link:

http://bharatforge.com/images/PDFs/policies/Policy%20on%20Material%20Subsidiary-BFL.pdf

There has been no change to the Policy for determining 'Material' subsidiaries during the financial year ended March 31, 2017.

29. 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 2016-17.

30. AUDITORS

A. Statutory Auditors

At the 53rd Annual General Meeting of the Company held on September 4, 2014, 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 56th Annual General Meeting of the Company to be held in the year 2017.

In terms of the provisions of the Companies Act, 2013 and the related rules in respect of rotation of Auditors thereunder, M/s. S R B C & CO LLP, Chartered Accountants, Pune are eligible for re-appointment as Statutory Auditors of the Company for five years under the second term i.e. upto the conclusion of 61st Annual General Meeting to be held in the year 2022.

The Company has received a certificate from M/s. S R B C & CO LLP, Chartered Accountants, Pune to the effect that their appointment, if made, at the ensuing 56th Annual General Meeting of the Company will be in accordance with the conditions laid down under the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014.

In the meeting held on May 24, 2017, the Audit Committee of the Company has proposed and the Board of Directors of the Company has recommended appointment of M/s. S R B C & CO LLP, Chartered Accountants, Pune as the Statutory Auditors of the Company. Subject to approval of shareholders of the Company, M/s. S R B C & CO LLP, Chartered Accountants, Pune will hold office for a period of 5 (five) consecutive years from the conclusion of 56th Annual General Meeting of the Company scheduled to be held on August 10, 2017, till the conclusion of 61st Annual General Meeting to be held in the year 2022.

Further, the Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

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 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is appended as **Annexure "G"** 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 2017-18.

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 2017-18. 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 56th Annual General Meeting.

The Cost Audit report for the Financial Year 2015-16 was filed with the Ministry of Corporate Affairs on September 26, 2016.

31. 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 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year under review the Company has spent ₹ 73.04 Million on various CSR activities.

The CSR Committee of the Company comprises of Mr. P. G. Pawar, Chairman and Independent Director, Mr. B. N. Kalyani, Chairman and Managing Director and Mr. Amit B. Kalyani, Executive Director.

The Annual Report on CSR activities and the CSR initiatives taken during the year is appended as **Annexure "H"** to this report.

32. 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 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, there were no complaints reported to the Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

33. 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.

The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177 of the Companies Act, 2013.

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:

http://bharatforge.com/images/PDFs/policies/BFL%20Whistle%20Blower%20Policy-Signed.pdf

34. 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 "I"** to this report.

35. 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 were 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.

36. 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: May 24, 2017

Annexure "A"

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

a.	Name(s) of the related party and nature of relationship	Nil
b.	Nature of contracts/arrangements/transactions	Nil
c.	Duration of the contracts/arrangements/transactions	Nil
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
e.	Justification for entering into such contracts or arrangements or transactions	Nil
f.	Date(s) of approval by the Board	Nil
g.	Amount paid as advances, if any	Nil
h.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act, 2013	Nil

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	Kalyani Carpenter Special Steels Private Limited*	Bharat Forge International Limited	Kalyani Steels Limited
b.	Nature of contracts/ arrangements/transactions	Purchase of Raw Material – Specialty Steel, Sale of Scrap, Job Work, leasing etc.	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	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 ₹ 20,000 Million	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	May 27, 2014
f.	Amount paid as advances, if any	Nil	Nil	Nil

* Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirtment) Regulation, 2015, Kalyani Carpenter Special Steels Private Limited do not fall under the definition of 'Related Party' with effect from August 4, 2016.

For Bharat Forge Limited

B. N. KALYANI
Chairman and Managing Director

Annexure "B"

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION

The Securities and Exchange Board of India ('SEBI') vide notification dated July 08, 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 a 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 "C"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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 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	37.86%
2	Finished Machined Crankshafts	2930	31.83%
3	Front Axles assembly and components	2930	15.96%

* 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 Daun GmbH(3)	Junius – Saxler – StarB 4 D 54550 Daun, Germany	N.A.	Subsidiary	100%	2(87)(ii)
4	Bharat Forge Holding GmbH(1)	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
5	Bharat Forge Aluminiumtechnik GmbH(4)	Berthelsodorfer StraBe 8 09618 Brand – Erbisdorf, Germany	N.A.	Subsidiary	100%	2(87)(ii)
6	Mecanique Generale Langroise(1)	Rue du Stade, 52200 Saints-Geosmes, France	N.A.	Subsidiary	100%	2(87)(ii)
7	Bharat Forge Kilsta AB(1)	Box 428 691 27 Karlskoga, Sweden	N.A.	Subsidiary	100%	2(87)(ii)
8	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)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
9	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)
10	Bharat Forge America Inc.	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
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 Tennessee Inc.[2]	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
13	Bharat Forge PMT Technologie LLC[2]	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
14	BF Infrastructure Limited[5]	Mundhwa, Pune Cantonment, Pune-411 036	U45203PN2010PLC136755	Subsidiary	100%	2(87)(ii)
15	BF Infrastructure Ventures Limited[5]	Mundhwa, Pune Cantonment, Pune-411 036	U74900PN2010PLC137992	Subsidiary	100%	2(87)(ii)
16	Kalyani Strategic Systems Limited	Mundhwa, Pune Cantonment, Pune-411 036	U31902PN2010PLC138025	Subsidiary	51%	2(87)(ii)
17	Kalyani Rafael Advanced Systems Private Limited[6]	Mundhwa, Pune Cantonment, Pune-411 036	U29270PN2015PTC156252	Subsidiary	100%	2(87)(ii)
18	Kalyani Polytechnic Private Limited[7]	Mundhwa, Pune Cantonment, Pune-411 036	U80903PN2012NPL144161	Subsidiary	100%	2(87)(ii)
19	BF Elbit Advanced Systems Private Limited	Mundhwa, Pune Cantonment, Pune-411 036	U29270PN2012PTC144268	Subsidiary	51%	2(87)(ii)
20	Analogic Controls India Limited	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad -500 014	U28932TG1996PLC024629	Subsidiary	60%	2(87)(ii)
21	BF-NTPC Energy Systems Limited	14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi - 110 001	U40106DL2008PLC179793	Subsidiary	51%	2(87)(ii)
22	ALSTOM Bharat Forge Power Private Limited	14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi - 110 001	U29111DL2010FTC197807	Associate / Joint Venture	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) During the year under review, BF Infrastructure Ventures Limited merged with BF Infrastructure Limited.

(6) Wholly- owned subsidiary of Kalyani Strategic Systems Limited.

(7) Kalyani Polytechnic Private Limited ceased to be subsidiary of Bharat Forge Limited.

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

I) Category-wise Share Holding as on March 31, 2017

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	808,065	50	808,115	0.35	808,065	50	808,115	0.35	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	102,332,315	5,677,490	108,009,805	46.40	100,005,315	5,677,490	105,682,805	45.40	1.00
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):	**103,140,380**	**5,677,540**	**108,817,920**	**46.74**	**100,813,380**	**5,677,540**	**106,490,920**	**45.74**	**1.00**
(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)	**103,140,380**	**5,677,540**	**108,817,920**	**46.74**	**100,813,380**	**5,677,540**	**106,490,920**	**45.74**	**1.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	18,400,651	4,800	18,405,451	7.91	16,780,266	3,750	16,784,016	7.21	0.70
b) Banks/FI	16,987,631	8,775	16,996,406	7.30	15,774,711	7,900	15,782,611	6.78	0.52
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	3,251,244	-	3,251,244	1.40	2,719,951	-	2,719,951	1.17	0.23
g) FIIs	25,120,037	1,845	25,121,882	10.79	10,729,359	570	10,729,929	4.61	6.18
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
(i-i) Foreign bank	-	-	-	-	-	-	-	-	-
(i-ii) Foreign Portfolio Investor	11,962,474	-	11,962,474	5.14	35,333,222	-	35,333,222	15.18	10.04
Sub-total (B)(1):	**75,722,037**	**15,420**	**75,737,457**	**32.54**	**81,337,509**	**12,220**	**81,349,729**	**34.95**	**3.27**

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	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	16,133,415	12,910	16,146,325	6.94	12,247,405	178,455	12,425,860	5.34	1.60
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share Capital up to ₹1 Lakh	20,790,369	2,484,821	23,275,190	10.01	20,650,685	2,152,099	22,802,784	9.80	0.21
ii) Individual Shareholders holding nominal share Capital in excess of ₹ 1 lakh	384,551	109,300	3,954,851	1.70	4,587,809	109,300	4,697,109	2.02	0.32
c) Others (specify)									
(c-i) Clearing Member	771,598	-	771,598	0.33	483,309	-	483,309	0.21	0.12
(c-ii) Trusts	489,606	-	489,606	0.21	1,141,623	-	1,141,623	0.49	0.28
(c-iii) Non Resident Indian	1,010,190	13,015	1,023,205	0.44	970,610	10,805	981,415	0.42	0.02
(c-iv) HUF	2,568,283	-	2,568,283	1.10	2,411,861	-	2,411,861	1.04	0.06
(c-v) Foreign Nationals	681	-	681	-	506	-	506	-	-
Sub-total (B)(2):-	**45,609,693**	**2,620,046**	**48,229,739**	**20.72**	**42,493,808**	**2,450,659**	**44,944,467**	**19.31**	**2.61**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**121,331,730**	**2,635,466**	**123,967,196**	**53.26**	**123,831,317**	**2,462,879**	**126,294,196**	**54.26**	**1.00**
C. Shares held by Custodian for GDRs & ADRs	9,200	-	9,200	-	9,200	-	9,200	-	-
Grand Total (A+B+C)	**224,481,310**	**8,313,006**	**232,794,316**	**100**	**224,653,897**	**8,140,419**	**232,794,316**	**100**	**-**

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% 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	39,025	0.02	-	39,025	0.02	-	-
2	Mr. Amit B. Kalyani	350,200	0.15	-	350,200	0.15	-	-
3	Mr. Gaurishankar N. Kalyani	345,220	0.15	-	345,220	0.15	-	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% 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	
4	Mrs. Sulochana N. Kalyani jointly with Mr. B. N. Kalyani	50	-	-	50	-	-	-
5	Ms. Sheetal G. Kalyani	11,490	-	-	11,490	-	-	-
6	Mrs. Rohini G. Kalyani	50,730	0.02	-	50,730	0.02	-	-
7	Kum. Viraj G. Kalyani	11,400	-	-	11,400	-	-	-
8	KSL Holding Pvt. Ltd.	23,142,870	9.94	-	23,142,870	9.94	-	-
9	Ajinkya Investment & Trading Company	9,818,925	4.22	-	9,818,925	4.22	-	-
10	Sundaram Trading and Investment Pvt. Ltd.	29,907,087	12.85	-	27,580,087	11.85	-	1.00
11	Kalyani Investment Company Limited	31,656,095	13.60	-	31,656,095	13.60	-	-
12	BF Investment Limited	7,807,338	3.35	-	7,807,338	3.35	-	-
13	Rajgad Trading Co. Pvt. Ltd.	662,760	0.28	-	662,760	0.28	-	-
14	Tanmarg Investment & Trading Pvt. Ltd.	388,000	0.17	-	388,000	0.17	-	-
15	Yusmarg Investment & Trading Pvt. Ltd.	822,000	0.35	-	822,000	0.35	-	-
16	Kalyani Consultants Pvt. Ltd.	328,500	0.14	-	328,500	0.14	-	-
17	Jannhavi Investment Pvt. Ltd.	2,217,570	0.95	-	2,217,570	0.95	-	-
18	Dronacharya Investment & Trading Pvt. Ltd.	70,715	0.03	-	70,715	0.03	-	-
19	Cornflower Investment & Finance Pvt. Ltd	247,000	0.11	-	247,000	0.11	-	-
20	Dandakaranya Investment & Trading Pvt. Ltd	512,500	0.22	-	512,500	0.22	-	-
21	Campanula Investment & Finance Pvt. Ltd.	344,445	0.15	-	344,445	0.15	-	-
22	Hastinapur Investment & Trading Pvt. Ltd.	84,000	0.04	-	84,000	0.04	-	-
	Total	**108,817,920**	**46.74**	**-**	**106,490,920**	**45.74**	**-**	**1.00**

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, 2016)	108,817,920	46.74	108,817,920	46.74
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 Share on November 30, 2016	23,27,000	1.00	23,27,000	1.00
3	At the end of the year (As on March 31, 2017)	106,490,920	45.74	106,490,920	45.74

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		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 01.04.2016		16,394,386	7.04	16,394,386	7.04
Add	19.08.2016	Market Purchase	8,985	-	16,403,371	7.05
Add	16.09.2016	Market Purchase	217,535	0.09	16,620,906	7.14
Add	23.09.2016	Market Purchase	665,713	0.29	17,286,619	7.43
Add	30.09.2016	Market Purchase	40,989	0.02	17,327,608	7.44
Add	07.10.2016	Market Purchase	108,074	0.05	17,435,682	7.49
Less	18.11.2016	Market Sale	- 4,645	-	17,431,037	7.49
Less	25.11.2016	Market Sale	- 42,910	-0.02	17,388,127	7.47
Less	02.12.2016	Market Sale	- 148,257	-0.06	17,239,870	7.41
Less	09.12.2016	Market Sale	-100,000	-0.04	17,139,870	7.36
Less	16.12.2016	Market Sale	-118,002	-0.05	17,021,868	7.31
Less	23.12.2016	Market Sale	-33,557	-0.01	16,988,311	7.30
Less	06.01.2017	Market Sale	-84,515	-0.04	16,903,796	7.26
Less	10.02.2017	Market Sale	-90,000	-0.04	16,813,796	7.22
Less	17.03.2017	Market Sale	-203,040	-0.09	16,610,756	7.14
Less	24.03.2017	Market Sale	-416,672	-0.18	16,194,084	6.96
Less	31.03.2017	Market Sale	-875,000	-0.38	15,319,084	6.58
	As on 31.03.2017				15,319,084	6.58
2	**Reliance Capital Trustee Co Limited**					
	As on 01.04.2016		7,373,460	3.17	7,373,460	3.17
Add	08.04.2016	Market Purchase	300,000	0.13	7,673,460	3.30
Less	29.04.2016	Market Sale	-200,000	-0.09	7,473,460	3.21
Add	06.05.2016	Market Purchase	175,000	0.08	7,648,460	3.29
Less	20.05.2016	Market Sale	-500,000	-0.21	7,148,460	3.07
Less	27.05.2016	Market Sale	-200,000	-0.09	6,948,460	2.98
Add	03.06.2016	Market Purchase	200,000	0.09	7,148,460	3.07
Less	30.06.2016	Market Sale	-149,000	-0.06	6,999,460	3.01
Add	08.07.2016	Market Purchase	200,000	0.09	7,199,460	3.09
Less	15.07.2016	Market Sale	-247,043	-0.11	6,952,417	2.99
Add	05.08.2016	Market Purchase	249,000	0.11	7,201,417	3.09
Less	09.09.2016	Market Sale	-135,000	-0.06	7,066,417	3.04
Less	30.09.2016	Market Sale	-372,767	-0.16	6,693,650	2.88
Less	07.10.2016	Market Sale	-38,813	-0.02	6,654,837	2.86
Less	21.10.2016	Market Sale	-100,000	-0.04	6,554,837	2.82
Add	04.11.2016	Market Purchase	25,000	0.01	6,579,837	2.83
Less	11.11.2016	Market Sale	-10,684	-	6,569,153	2.82

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		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
Less	02.12.2016	Market Sale	-137,880	-0.06	6,431,273	2.76
Less	09.12.2016	Market Sale	-99,600	-0.04	6,331,673	2.72
Less	16.12.2016	Market Sale	-100,016	-0.04	6,231,657	2.68
Less	23.12.2016	Market Sale	-54,600	-0.02	6,177,057	2.65
Less	17.02.2017	Market Sale	-283,273	-0.12	5,893,784	2.53
Less	24.02.2017	Market Sale	-165,000	-0.07	5,728,784	2.46
Less	03.03.2017	Market Sale	-76,000	-0.03	5,652,784	2.43
Less	10.03.2017	Market Sale	-79,939	-0.03	5,572,845	2.39
Less	17.03.2017	Market Sale	-46,061	-0.02	5,526,784	2.37
	As on 31.03.2017				5,526,784	2.37
3	**Government Pension Fund Global**					
	As on 01.04.2016		2,401,822	1.03	2,401,822	1.03
Less	08.04.2016	Market Sale	-250,730	-0.11	2,151,092	0.92
Add	10.06.2016	Market Purchase	76,546	0.03	2,227,638	0.96
Less	08.07.2016	Market Sale	- 80,000	-0.03	2,147,638	0.92
Add	05.08.2016	Market Purchase	157,077	0.07	2,304,715	0.99
Add	12.08.2016	Market Purchase	104,120	0.04	2,408,835	1.03
Add	19.08.2016	Market Purchase	652,744	0.28	3,061,579	1.32
Add	07.10.2016	Market Purchase	156,028	0.07	3,217,607	1.38
Add	14.10.2016	Market Purchase	314,463	0.14	3,532,070	1.52
Add	21.10.2016	Market Purchase	52,591	0.02	3,584,661	1.54
Add	18.11.2016	Market Purchase	187,493	0.08	3,772,154	1.62
Add	25.11.2016	Market Purchase	10,000	-	3,782,154	1.62
Add	02.12.2016	Market Purchase	63,704	0.03	3,845,858	1.65
Add	09.12.2016	Market Purchase	304,466	0.13	4,150,324	1.78
Add	16.12.2016	Market Purchase	272,000	0.12	4,422,324	1.90
Add	31.12.2016	Market Purchase	167,708	0.07	4,590,032	1.97
Less	17.03.2017	Market Sale	-155,689	-0.07	4,434,343	1.90
	As on 31.03.2017				4,434,343	1.90
4	**Franklin Templeton Investment Funds**					
	As on 01.04.2016		2,612,727	1.12	2,612,727	1.12
Add	08.04.2016	Market Purchase	50,000	0.02	2,662,727	1.14
Add	15.04.2016	Market Purchase	250,000	0.11	2,912,727	1.25
Less	29.07.2016	Market Sale	-1,918	-	2,910,809	1.25
Less	09.09.2016	Market Sale	-2,179	-	2,908,630	1.25
Less	03.03.2017	Market Sale	-9,014	-	2,899,616	1.25
Less	24.03.2017	Market Sale	-14,616	-0.01	2,885,000	1.24
	As on 31.03.2017				2,885,000	1.24

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		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
5	**Amansa Holdings Private Limited**					
	As on 01.04.2016		-	-	-	-
Add	20.05.2016	Market Purchase	1,117,608	0.48	1,117,608	0.48
Add	27.05.2016	Market Purchase	322,852	0.14	1,440,460	0.62
Less	17.06.2016	Market Sale	-140,460	-0.06	1,300,000	0.56
Add	22.07.2016	Market Purchase	664,860	0.29	1,964,860	0.84
Add	05.08.2016	Market Purchase	217,721	0.09	2,182,581	0.94
Add	12.08.2016	Market Purchase	183,161	0.08	2,365,742	1.02
Add	11.11.2016	Market Purchase	237,482	0.10	2,603,224	1.12
Add	18.11.2016	Market Purchase	18	-	2,603,242	1.12
Less	17.02.2017	Market Sale	-62,103	-0.03	2,541,139	1.09
Add	24.02.2017	Market Purchase	169,948	0.07	2,711,087	1.17
Add	10.03.2017	Market Purchase	80,457	0.04	2,791,544	1.20
	As on 31.03.2017				2,791,544	1.20
6	**Copthall Mauritius Investment Limited**					
	As on 01.04.2016		1,154,662	0.50	1,154,662	0.50
Add	08.04.2016	Market Purchase	197,738	0.08	1,352,400	0.58
Add	15.04.2016	Market Purchase	7,767	-	1,360,167	0.58
Add	22.04.2016	Market Purchase	45,019	0.02	1,405,186	0.60
Add	29.04.2016	Market Purchase	5,336	-	1,410,522	0.61
Add	06.05.2016	Market Purchase	572,491	0.25	1,983,013	0.85
Less	13.05.2016	Market Sale	-97435	-0.04	1,885,578	0.81
Less	20.05.2016	Market Sale	-205,000	-0.09	1,680,578	0.72
Less	27.05.2016	Market Sale	-198,000	-0.09	1,482,578	0.64
Less	03.06.2016	Market Sale	-3,929	-	1,478,649	0.64
Less	17.06.2016	Market Sale	-4,752	-	1,473,897	0.63
Add	24.06.2016	Market Purchase	10,421	-	1,484,318	0.64
Less	30.06.2016	Market Sale	-164,000	-0.07	1,320,318	0.57
Add	08.07.2016	Market Purchase	246,390	0.11	1,566,708	0.67
Less	15.07.2016	Market Sale	- 47,400	-0.02	1,519,308	0.65
Less	29.07.2016	Market Sale	- 39,489	-0.02	1,479,819	0.64
Less	05.08.2016	Market Sale	- 607,200	-0.26	872,619	0.37
Add	12.08.2016	Market Purchase	8,875	-	881,494	0.38
Less	19.08.2016	Market Sale	-18,494	-0.01	863,000	0.37
Less	26.08.2016	Market Sale	- 48,886	-0.02	814,114	0.35
Add	02.09.2016	Market Purchase	337,188	0.14	1,151,302	0.49
Less	09.09.2016	Market Sale	-145,800	-0.06	1,005,502	0.43
Less	16.09.2016	Market Sale	- 40,880	-0.02	964,622	0.41

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		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
Less	23.09.2016	Market Sale	- 42,286	-0.02	922,336	0.40
Add	30.09.2016	Market Purchase	31,989	0.01	954,325	0.41
Add	07.10.2016	Market Purchase	523,390	0.22	1,477,715	0.63
Less	14.10.2016	Market Sale	-2,121	-	1,475,594	0.63
Add	21.10.2016	Market Purchase	10,200	-	1,485,794	0.64
Less	11.11.2016	Market Sale	-216,721	-0.09	1,269,073	0.55
Less	18.11.2016	Market Sale	-196,086	-0.08	1,072,987	0.46
Add	25.11.2016	Market Purchase	14,893	0.01	1,087,880	0.47
Add	02.12.2016	Market Purchase	588,058	0.25	1,675,938	0.72
Add	09.12.2016	Market Purchase	4,098	-	1,680,036	0.72
Add	16.12.2016	Market Purchase	5,783	-	1,685,819	0.72
Add	23.12.2016	Market Purchase	110,418	0.05	1,796,237	0.77
Less	31.12.2016	Market Sale	- 58,000	-0.02	1,738,237	0.75
Add	06.01.2017	Market Purchase	139,902	0.06	1,878,139	0.81
Add	13.01.2017	Market Purchase	8,848	-	1,886,987	0.81
Add	20.01.2017	Market Purchase	3,822	-	1,890,809	0.81
Add	27.01.2017	Market Purchase	4,924	-	1,895,733	0.81
Add	03.02.2017	Market Purchase	278,400	0.12	2,174,133	0.93
Less	10.02.2017	Market Sale	-31,279	-0.01	2,142,854	0.92
Less	17.02.2017	Market Sale	- 69,600	-0.03	2,073,254	0.89
Less	24.02.2017	Market Sale	- 6,349	-	2,066,905	0.89
Add	03.03.2017	Market Purchase	187,196	0.08	2,254,101	0.97
Add	10.03.2017	Market Purchase	38,400	0.02	2,292,501	0.98
Add	17.03.2017	Market Purchase	131,378	0.06	2,423,879	1.04
Add	24.03.2017	Market Purchase	53,522	0.02	2,477,401	1.06
Less	31.03.2017	Market Sale	-19,071	-0.01	2,458,330	1.06
	As on 31.03.2017				2,458,330	1.06
7	**Gagandeep Credit Capital Pvt. Ltd.**					
	As on 01.04.2016		2,141,982	0.92	2,141,982	0.92
Less	08.07.2016	Market Sale	-7,000	-	2,134,982	0.92
	As on 31.03.2017				2,134,982	0.92
8	**Government of Singapore**					
	As on 1.04.2016		2,340,654	1.01	2,340,654	1.01
Add	08.04.2016	Market Purchase	150,769	0.06	2,491,423	1.07
Less	22.04.2016	Market Sale	-51,671	-0.02	2,439,752	1.05
Less	29.04.2016	Market Sale	-24,778	-0.01	2,414,974	1.04
Less	06.05.2016	Market Sale	-43,858	-0.02	2,371,116	1.02
Add	03.06.2016	Market Purchase	181,000	0.08	2,552,116	1.10

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		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
Add	10.06.2016	Market Purchase	103,005	0.04	2,655,121	1.14
Less	08.07.2016	Market Sale	-28,403	-0.01	2,626,718	1.13
Less	22.07.2016	Market Sale	-2,391	-	2,624,327	1.13
Less	29.07.2016	Market Sale	-20,899	-0.01	2,603,428	1.12
Less	05.08.2016	Market Sale	-33,520	-0.01	2,569,908	1.10
Less	12.08.2016	Market Sale	-11,940	-0.01	2,557,968	1.10
Less	02.09.2016	Market Sale	-5,253	-	2,552,715	1.10
Add	09.09.2016	Market Purchase	1,354	-	2,554,069	1.10
Add	07.10.2016	Market Purchase	12,769	0.01	2,566,838	1.10
Less	14.10.2016	Market Sale	-180,268	-0.08	2,386,570	1.03
Less	21.10.2016	Market Sale	-85,306	-0.04	2,301,264	0.99
Less	28.10.2016	Market Sale	-287,141	-0.12	2,014,123	0.87
Less	04.11.2016	Market Sale	-3,680	-	2,010,443	0.86
Less	11.11.2016	Market Sale	-3,532	-	2,006,911	0.86
Add	02.12.2016	Market Purchase	174,544	0.07	2,181,455	0.94
Add	31.12.2016	Market Purchase	11,060	-	2,192,515	0.94
Add	06.01.2017	Market Purchase	10,386	-	2,202,901	0.95
Less	03.02.2017	Market Sale	-62,335	-0.03	2,140,566	0.92
Less	10.02.2017	Market Sale	-21,755	-0.01	2,118,811	0.91
Less	03.03.2017	Market Sale	-7,076	-	2,111,735	0.91
Add	10.03.2017	Market Purchase	3,004	-	2,114,739	0.91
Less	31.03.2017	Market Sale	-33,558	-0.01	2,081,181	0.89
	As on 31.03.2017				2,081,181	0.89
9	**The New India Assurance Co. Ltd**					
	As on 01.04.2016		2,257,770	0.97	2,257,770	0.97
Add	10.06.2016	Market Purchase	22,619	0.01	2,280,389	0.98
Add	17.06.2016	Market Purchase	38,000	0.02	2,318,389	1.00
Add	24.06.2016	Market Purchase	36,656	0.02	2,355,045	1.01
Add	30.06.2016	Market Purchase	2,725	-	2,357,770	1.01
Add	15.07.2016	Market Purchase	28,322	0.01	2,386,092	1.02
Add	22.07.2016	Market Purchase	62,505	0.03	2,448,597	1.05
Add	29.07.2016	Market Purchase	9,173	-	2,457,770	1.06
Less	30.09.2016	Market Sale	-37,889	-0.02	2,419,881	1.04
Less	07.10.2016	Market Sale	-92,111	-0.04	2,327,770	1.00
Less	14.10.2016	Market Sale	-10,000	-	2,317,770	1.00
Less	21.10.2016	Market Sale	-16,187	-0.01	2,301,583	0.99
Less	18.11.2016	Market Sale	-5,533	-	2,296,050	0.99
Less	25.11.2016	Market Sale	-70,000	-0.03	2,226,050	0.96

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		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
Less	02.12.2016	Market Sale	-74,467	-0.03	2,151,583	0.92
Less	16.12.2016	Market Sale	-30,000	-0.01	2,121,583	0.91
Less	23.12.2016	Market Sale	-47,140	-0.02	2,074,443	0.89
Less	20.01.2017	Market Sale	-7,000	-	2,067,443	0.89
Less	27.01.2017	Market Sale	-28,000	-0.01	2,039,443	0.88
Less	03.02.2017	Market Sale	-15,000	-0.01	2,024,443	0.87
Less	03.03.2017	Market Sale	-10,152	-	2,014,291	0.87
Less	10.03.2017	Market Sale	-20,274	-0.01	1,994,017	0.86
Less	17.03.2017	Market Sale	-3,183	-	1,990,834	0.86
	As on 31.03.2017				1,990,834	0.86
10	**BT Pension Scheme**					
	As on 01.04.2016		1,447,818	0.62	1,447,818	0.62
Add	24.06.2016	Market Purchase	137,465	0.06	1,585,283	0.68
Add	30.06.2016	Market Purchase	305,433	0.13	1,890,716	0.81
Less	05.08.2016	Market Sale	-7,213	-	1,883,503	0.81
Add	23.09.2016	Market Purchase	18,540	0.01	1,902,043	0.82
Less	17.02.2017	Market Sale	-13,098	-0.01	1,888,945	0.81
	As on 31.03.2017				1,888,945	0.81

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

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 01.04.2016	39,025	0.02	39,025	0.02
	As on 31.03.2017	39,025	0.02	39,025	0.02
2	Mr. Amit B. Kalyani				
	As on 01.04.2016	350,200	0.15	350,200	0.15
	As on 31.03.2017	350,200	0.15	350,200	0.15
3	Mr. P. H. Ravikumar				
	As on 01.04.2016	2,922	-	2,922	-
	As on 31.03.2017	2,922	-	2,922	-
4	Mr. S. M. Thakore				
	As on 01.04.2016	14,000	0.01	14,000	0.01
	As on 31.03.2017	14,000	0.01	14,000	0.01
5	Mr. G. K. Agarwal				
	As on 01.04.2016	2,455	-	2455	-
	As on 31.03.2017	2,455	-	2455	-
6	Mr. B. P. Kalyani				
	As on 01.04.2016	3,130	-	3,130	-
	As on 31.03.2017	3,130	-	3,130	-

Mr. K. M. Saletore, Executive Director & CFO and Ms. Tejaswini Chaudhari, Deputy Company Secretary do not hold any shares of the Company at the beginning of the year as well as at the end of the year. They have 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, 2016				
i) Principal Amount	6,025.47	20,659.88	0.04	26,685.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	48.30	92.76	-	141.06
Total (i+ii+iii)	**6,073.77**	**20,752.64**	**0.04**	**26,826.45**
Change in Indebtedness during the financial year*				
i) Addition	223.60	2,022.44	-	2,246.04
i) (Reduction)	(1,408.39)	(3,374.16)	-	(4,782.55)
Net Change	(1,184.79)	(1,351.72)	-	(2,536.51)
Indebtedness as at March 31, 2017				
i) Principal Amount	4,886.67	19,338.09	0.04	24,224.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.31	62.83	-	65.14
Total (i+ii+iii)	**4,888.98**	**19,400.92**	**0.04**	**24,289.94**

*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 & 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	64.67	28.32	27.97	13.94	15.75	12.45	163.10
	b. Value of perquisites under Section 17(2) of the Income-Tax Act, 1961	7.26	2.98	2.98	1.24	1.33	0.70	16.49
	c. Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	-	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-
4	Commission:	79.00	13.00	13.00	17.00	17.00	11.00	150.00
	- As a % of Net Profit	1.35%	0.22%	0.22%	0.29%	0.29%	0.19%	2.56%
	- others, specify	-	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-	-
	Total A	**150.93**	**44.30**	**43.95**	**32.18**	**34.08**	**24.15**	**329.59**
Ceiling as per the Act								**834.58**

B. Remuneration to other Director

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of the 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	0.58	0.68	0.23	0.40	0.25	0.20	0.33	0.68	3.35
	- Commission	1.15	1.40	0.45	0.80	0.50	0.40	0.65	1.35	6.70

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of the 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*	
	- Others, please specify	-	-	-	-	-	-	-	-	-
Total B		**1.73**	**2.08**	**0.68**	**1.20**	**0.75**	**0.60**	**0.98**	**2.03**	**10.05**
Total Managerial Remuneration (A) + (B)										**339.64**
Overall ceiling as per the Act										**918.04**

* 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*	Mr. Anand Daga #	Ms. Tejaswini Chaudhari #	
1	Gross Salary				
a.	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	1.05	1.48	2.53
b.	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	0.27	0.02	0.29
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	**-**	**1.32**	**1.50**	**2.82**

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

Mr. Anand Daga and Ms. Tejaswini Chaudhari are employed for the part of the year.

VII. Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act,2013	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/Key Managerial Personnel	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	256.55	1
2	Mr. S. M. Thakore	Independent Director	3.08	5
3	Mr. P. G. Pawar	Independent Director	3.71	31
4	Mr. P. C. Bhalerao	Non-Executive Director	3.62	(10)
5	Mrs. Lalita D. Gupte	Independent Director	1.21	(25)
6	Mr. P. H. Ravikumar	Independent Director	2.14	(20)
7	Mr. Naresh Narad	Independent Director	1.34	25
8	Dr. T. Mukherjee	Independent Director	1.07	-
9	Mr. Vimal Bhandari	Independent Director	1.74	63
10	Mr. G. K. Agarwal	Deputy Managing Director	73.78	(5)
11	Mr. Amit B. Kalyani	Executive Director	73.15	(4)
12	Mr. B. P. Kalyani	Executive Director	55.26	1
13	Mr. S. E. Tandale	Executive Director	58.50	-
14	Mr. K. M. Saletore	Executive Director and CFO	41.89	(1)
15	Ms. Tejaswini Chaudhari*	Deputy Company Secretary	NA	NA

* Ms. Tejaswini Chaudhari, Deputy Company Secretary assumed office as a Deputy Company Secretary and Compliance Officer with effect from July 16, 2016. Due to this, details of increase in remuneration are not determinable.

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, 2017

Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹ 1,02,00,000/- (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 ₹ 8,50,000/- (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	144,925,068	Permanent Employee	B.E. (Mech.) (Hons), MS (M.I.T.)	45	01.04.1972	68	-	0.0168
2.	Mr. Amit B. Kalyani	Executive Director	42,946,400	Permanent Employee	B.E. (M)	18	24.10.1999	42	Carpenter Technology	0.1504
3.	Mr. G. K. Agarwal	Deputy Managing Director	43,295,869	Permanent Employee	B.E. (Mech.), M.B.A.,	44	01.11.1976	66	Guest Keen Williams Ltd. Howrah	0.0011
4.	Mr. B. P. Kalyani	Executive Director	30,683,817	Permanent Employee	B.E. (P), MBA, MS	35	02.08.1982	55	-	0.0013
5.	Mr. S. E. Tandale	Executive Director	33,097,487	Permanent Employee	B.E.(M)	26	01.08.1991	49	-	NIL
6.	Mr. K. M. Saletore	Executive Director and CFO	23,659,019	Permanent Employee	B.Com., C.A., PGDM	29	18.11.2011	51	Tata Realty & Infrastructure Ltd.	NIL
7.	Mr. D. R. Moorthy	President Corporate Affairs and infrastucture	13,358,420	Permanent Employee	B.Sc., LL.B.	41	29.04.1987	66	Buckau Wolf India Ltd., Pune	0.0004
8.	Mr. M. U. Takale	Executive Vice President and Director Engineering	16,598,394	Permanent Employee	B.E. (Mech.), MBA, MS	35	02.11.1982	56	-	0.0010
9.	Mr. R. S. Bhatia	President and CEO (I/C Defence Products)	11,156,013	Permanent Employee	B.E. (Civil), PGDBA (Symbiosis), MMS	43	03.05.2010	62	Larsen & Toubro Ltd., Powai, Mumbai	NIL
10.	Mr. Krishnakumar Shrinivas*	President Strategic Business	2,049,370	Permanent Employee	B.E. (Mech.) / MBA	30	02.03.2017	51	Eaton Industrial Systems Pvt. Ltd., China	NIL

Notes:

1. Remuneration shown above includes Salary, Company's contribution towards Provident Fund and Superannuation Scheme, Allowances, Perquisites 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 son of Mr. B. N. Kalyani, Chairman and Managing Director of the Company.
4. Experience includes number of years of service elsewhere, wherever applicable.

* Employed for part of the year and were in receipt of remuneration at the rate of not less ₹ 8,50,000/- (Rupees Eight Lakhs Fifty Thousand only) per month.

Annexure "F"

NOMINATION AND REMUNERATION POLICY

The Board of Directors of Bharat Forge Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on May 27, 2014 with immediate effect, consisting of four (4) Non-Executive Directors of which majority are Independent Directors.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, as amended from time to time, read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee would be:

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as "KMP") and Senior Management.
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
6. To devise a policy on Board diversity.
7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

2.1 Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2 Board means Board of Directors of the Company.

2.3 Directors mean Directors of the Company.

2.4 Key Managerial Personnel (KMP) means:

2.4.1 Chairman and Managing Director;

2.4.2 Executive Directors;

2.4.3 Chief Financial Officer; and

2.4.4 Company Secretary

2.5 Listing Agreement means Agreement, as amended from time to time, executed with Stock Exchanges for Listing of Securities of the Company.

2.6 Senior Management means personnel of the Company who are members of its core management team being functional heads not below grade of Senior Vice President.

3. ROLE OF COMMITTEE

3.1 Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

3.1.1 Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2 Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.1.3 Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.1.4 Formulate the criteria for evaluation of performance of independent directors and Board of Directors.

3.1.5 Determine whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of independent directors.

3.2 Policy for appointment and removal of Director, KMP and Senior Management

3.2.1 Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2 Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

3.2.3 Evaluation

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel.

3.2.4 Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5 Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP and Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3 Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.3.1 General:

a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

e) In case any difficulty or doubt arises in the interpretation or implementation of this Policy, the decision of the Chairman & Managing Director of the Company shall be final. In exceptional circumstances, the Chairman & Managing Director shall be authorized to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel covered under Clauses 2.4.3, 2.4.4 and the Senior Management; provided however that such actions taken by the Chairman & Managing Director shall be placed before the Committee for ratification in the succeeding meeting.

3.3.2 Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3 Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ 1,00,000/- (Rupees One Lac Only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

4. MEMBERSHIP

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.7 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.8 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

10.9 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.10 Recommend any necessary changes to the Board; and

10.11 Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

11.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 to consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Annexure "G"

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st March, 2017
[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]

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, 2017 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, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder (in so far as they are made applicable);

(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 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) 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; (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;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit Period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit Period).

(vi) No law is specifically applicable 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 Exchange(s) 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 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 redeemed 1760- 10.75% Redeemable secured non-convertible debentures of ₹ 10,00,000/- each at par on 28th April, 2016.
2) The Company has redeemed 2500- 11.95% Redeemable secured non-convertible debentures of ₹ 10,00,000/- each at par on 5th January, 2017.

Place: Pune
Date: 24th May, 2017

For SVD & Associates
Company Secretaries

Sridhar G. Mudaliar
Partner
FCS No: 6156
C P No: 2664

Annexure "H"

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 Education, Skill Development, Vocational Training, Sustainability, Environment, Health, Ecological Protection, Sports and Rural Development 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.2013–2014, 2014–2015 and 2015–2016	9,026.11
Prescribed CSR expenditure (2% of the average net profit computed above)	180.52
Total amount spent on CSR activities for the financial year 2016–17	73.04
Amount unspent, if any	107.48

Explanation for unspent amount

The Company is spending on the CSR activities based on the requirement of the projects undertaken by the Company. After reviewing the same, the Committee took note that during the financial year 2016-17, an amount of ₹ 107.48 Million remained unspent. It was further clarified that CSR expenses incurred by the Company during the year 2016-17 are lesser than the prescribed limit due to phase wise implementation of CSR activities. The Company is spending on the CSR activities based on the requirement of the projects undertaken by the Company. In FY 2016-17, the Company has undertaken Projects on Village Development and Jalyukta Shivar in 9 villages. Currently they are in the first phase and would require more funds in the next phases. The MoU with Government of Maharashtra for developing ITI Khed has been extended and we will be starting a new Trade 'Mechatronics' which would require substantial investment.

During the financial year 2016-17, an amount of ₹ 107.48 Million remained unspent due to phase wise implementation of CSR activities. The unspent amount of the financial year 2016-17, shall be utilized by the Company in current financial year for CSR Projects undertaken by the Company.

Manner in which amount spent in the financial year 2016-17 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) Kalyani School	Education	Pune, Maharashtra	50.00	50.00	50.00	Through implementing agency but we are also personally monitoring the project
	(ii) Pratham Education Foundation	Education	Pune, Maharashtra	3.61	3.61	3.61	

(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
	(iiii) Pradnya Vikas Program – Jnana Prabhodhini	Education	Pune, Maharashtra	0.86	0.86	0.86	Through implementing agency but we are personally monitoring the project
	(iv) **Various Educational Initiatives:** Sponsorship to Vidyarthi Sahayak Samiti, Nanhi Kali, Akanksha Foundation	Education	Pune, Maharashtra	2.88	2.88	2.88	
	(V) School Adoption - Infrastructural Development & Mission Sanitation of School	Education	Pune, Maharashtra	3.15	1.79	1.79	Directly
2	ITI, Khed, Bhor & Malegaon Training Program for ITI Principals from Maharashtra	Employment enhancing vocational skills development	Pune, Maharashtra	9.07	5.11	5.11	Directly
3	Community development center	Community Development & Women Empowerment	Pune, Maharashtra	0.75	0.82	0.82	Directly
	Khelghar	Community Development	Pune, Maharashtra	0.37	0.07	0.07	Directly
4	Health check-up camps	Healthcare	Pune, Maharashtra	0.06	0.06	0.06	Through implementing agency but we are personally monitoring the project
5	Jalyukta Shivar Abhiyan i. At Kalewadi Village, Tal. Purandar, Dist. Pune ii. At Navali Village, Tal. Purandar, Dist. Pune iii. At Parwadi village, Tal. Baramati, Dist. Pune iv. At Pawarwadi Village, Tal. Purandar, Dist. Pune	Drought Free Maharashtra	Pune and Baramati Maharashtra	3.44	2.54	2.54	With the help of goverment officials and our involvement

(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
6	Waste Management Project & Swachha Bharat Abhiyan (Dept. CSR)	Environmental sustainability	Pune, Maharashtra	0.54	0.09	0.09	Directly
	Landscaping and Tree Planation at Keshavnagar	Environmental sustainability	Pune, Maharashtra	0.79	0.43	0.43	Indirect
7	Lakshya – Sports initiatives	Promotion of rural sports	Pune, Maharashtra	2.10	1.60	1.60	Through implementing agency but we are monitoring on the project personally
8	Pune City Connect	Community Development	Pune, Maharashtra	2.00	2.00	2.00	Indirect
9	Jay Malhar	Education	Pune, Maharashtra	0.10	0.10	0.10	Indirect
10	Queen Mary's Technical Institute (QMTI) for Disabled Soldiers	Benefit for armed forces	Pune, Maharashtra	0.24	0.21	0.21	Directly
11	Other incidental expenditure (Overhead)	-	-	0.21	0.21	0.21	Directly
12	Staff cost	-	-	0.66	0.66	0.66	
	Total Amount			**80.83**	**73.04**	**73.04**	

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 "I"

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, 2017

A. Conservation of Energy

I. Steps taken for Conservation of Energy:

(i) Replacement of Office and Factory lights by LED Fittings.
(ii) Energy efficient Compressors.
(iii) Use of variable frequency drive for Motors.
(iv) Introduction of new insulation material for Furnaces.
(v) Equipment up-gradation to improve productivity and number of heats.
(vi) Installation of Solar Power Systems.

II. Steps taken for utilizing alternate source of energy:

(i) Solar System installation.
(ii) Alternate fuel for heating purpose.
(iii) Use of Power generated from captive Wind Mills of 20 MW.

III. The Capital investment on energy conservation equipment:

Your Company made capital investments amounting to ₹ 100 Million during the financial year 2016-17 on energy conservation equipments, which resulted in saving of ₹ 28 Million annually.

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.

Technical Papers:

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

1. Comparative Study of Drilling Induced Delamination in CFRP with Different ply Orientation, 2016 (Key Engineering Materials ISSN: 1662-9795, Vol. 705, pp 227-232).

2. Effect of gas based coolant lubricants on machinability of titanium alloy Ti6Al4V, 2016 (Key Engineering Materials ISSN: 1662-9795, Vol. 705, pp 227-232).

3. Parametric Analysis of Cylindrical Plunge Grinding on Micro-alloyed Steel using Taguchi Analysis, 2016 (Key Engineering Materials ISSN: 1662-9795, Vol. 705, pp 227-232).

4. The influence of cutting heat on the surface integrity during machining of titanium alloy Ti6Al4V, 2016 (Procedia Manufacturing Volume XXX, 2016, Pages1-14).

5. Delamination Characterization and Comparative Assessment of Delamination Control Techniques in Abrasive Water Jet Drilling of CFRP, 2016 (Procedia Manufacturing Volume XXX, 2016, Pages 1-15)

6. Tool-Wear-and-Surface-Integrity-Analysis-of-Machined-Heat-Treated-Selective-Laser-Melted-Ti-6Al-4V, 2016 (International Journal of Materials Forming and Machining Processes Volume 3 • Issue 2 • July-December 2016).

7. Influence of shot peening on DIN 1.2714 hot work tool steel, 2016 (Journal of Materials Science and Chemical Engineering, 2016).

8. Influence of Deep Cryogenic Treatment (DCT) on Thermo mechanical and wear performance of AISI H13 Tool Steel, 2016 (Journal of Materials Science and Chemical Engineering, 2016).
9. Effect of secondary phase precipitation on impact toughness of duplex stainless steel, 2016 (5th International Conference on Engineering and

Innovative Materials (ICEIM 2016) Key Engineering Materials (ISSN: 1662-9795) indexed by Elsevier).

10. Effect Of Geometrical Parameters On Deflection Of Different Chassis Component Sections, 2016 (5th International Conference on Engineering and Innovative Materials (ICEIM 2016) Key Engineering Materials (ISSN: 1662-9795) indexed by Elsevier).

11. Effect of Electron Beam Welding on Microstructure and Mechanical Properties of Ti-6Al-4V Alloy, 2016 (International Federation of Heat Treatment and Surface Engineering 2016 Proceedings of the 23rd IFHTSE Congress April 18–21, 2016, Savannah, Georgia, USA).

12. Integrating deep cryogenic treatment with nitro-carburizing to improve performance of AISI H-13 tool steel, (International Federation of Heat Treatment and Surface Engineering 2016 Proceedings of the 23rd IFHTSE Congress April 18–21, 2016, Savannah, Georgia, USA).

13. Effect of processing route on microstructure and impact toughness of duplex stainless steel, 2016 (International Federation of Heat Treatment and Surface Engineering 2016 Proceedings of the 23rd IFHTSE Congress April 18–21, 2016, Savannah, Georgia, USA).

14. Effect of Plasma Nitriding on Corrosion Behavior of AISI4330 Low Alloy Steel, 2016 (International Federation of Heat Treatment and Surface Engineering 2016 Proceedings of the 23rd IFHTSE Congress April 18–21, 2016, Savannah, Georgia, USA).

15. Theoretical study on Cold Open Die Forging Process Optimization for Multipass Workability, 2016 (12th international conference on "Numerical methods in Industrial Forming Processess"-Numiform'16).

16. Evaluation of the characteristics of the vibration-assisted tapping process using regression methodology and artificial neural network (ANN), 2016 (International Journal of Latest Research in Engineering and Technology (IJLRET) ISSN: 2454-5031 Volume 02 - Issue 08 August 2016 PP. 01-13).

17. Influence of Laser treatment on machinability of Ti6Al4V alloy, 2016 (Procedia Manufacturing).

18. Effect of and phase volume fraction on machining characteristics of titanium alloy Ti6Al4V, 2016 (Procedia Manufacturing 6).

19. Tool Wear Investigation in Dry and High Pressure Coolant Assisted Machining of Titanium Alloy Ti6Al4V with Variable α and β Volume Fraction, 2016 (Procedia Manufacturing 6).

20. Effect of Quench Delay on Subsurface integrity during Machining of Titanium Alloy Ti6Al4V, 2016 (Procedia Manufacturing 6).

21. Study of fatigue crack growth analysis in micro alloyed steel (38MnVS6) using Digital Image Correlation, 2016 (Materials Science & Technology 2016).

22. Correlation between Fatigue Strength of Forged Crankshaft and Endurance Strength of Raw Material, 2016 (AIFI Biennial Conference 2016 (Forge Tech India).

23. Study of Deformation Behavior of Al 6082, 2016 (AIFI Biennial Conference, 2016 (Forge Tech India).

24. Effect of Laser Shock Peening (LSP) On AISI L6 Hot Work Tool Steel, 2016 (Materials Science & Technology 2016).

25. Effect of tempering temperature on the microstructure, mechanical and magnetic properties of 26NiCrMoV11-5 steel, 2016 (Materials Science & Technology 2016).

26. Effect of Induction Hardening Case Depth on Residual Stresses, Microstructural Phases and Fatigue Strength of 38MnVS6 Micro Alloyed Steel, 2016 (Materials Science & Technology 2016).

27. Influence of laser parameter on surface microstructure modification of Ti-6Al- 4V, 2016 (CAMS, 2016).

28. Machinability improvement of Ti-6Al-4V by laser surface treatment, 2016 (CAMS, 2016).

29. Study of high temperature stress corrosion crack initiation of alloy IMI 834 by DC potential drop method, 2016 (Corros. Sci. and Tech. 15, 203-208. DOI:http://dx.doi.org/10.14773/cst.2016.15.5.203).

30. Investigation of Process Parameters for Friction Stir Processing (FSP) of Ti-6Al-4V Alloy, 2017 (The Minerals, Metals & Materials Series, DOI 10.1007/978-3-319-52383-5_7 (TMS-2017).

31. Study on flow properties of rotor grade steel, 2017 (Journal of Metallurgy and Materials Science, Vol. 58, No. 4).

32. Identification of favorable hot working condition for Ti-6Al-4V, 2017 (Journal of Metallurgy and Materials Science, Vol. 58, Issue 1, pp. 9-18).

IP Generation:
During the year 10 (Ten) patents were filed.

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

- Product improvement by way of light weighting and better fatigue strength.
- New processes developed.
- First time Quality with reduced development cycle time for new part development.
- Improved die life.
- Customer satisfaction.
- New business opportunities.

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	Production started for 2 parts. Forging trial completed for other 10 parts.
Additive manufacturing with metals	2014	Completed	Technology established.
Electron Beam welding	2015	In progress	Two parts under establishment.
Metal Injection molding	2015	Completed	Technology established. Production started.
Design , machining & Assembly of Aluminum Impellers for turbocharger	2016	In progress	Initial Assembly Developed. Machine shop with 5 axis machining and other related machines installed and machining started.

IV. Expenditure on Research and Development:

In ₹ Million

Sr. No.	Particulars	Amount
i)	Capital	22.44
ii)	Recurring	310.93
iii)	Total R&D expenditure	333.37
iv)	Total Income	41,656.18
v)	Total R&D expenditure as a percentage of total income	0.80%

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 earning: ₹ 19,576.80 Million.

   ii. Total Foreign Exchange outgo: ₹ 3,081.08 Million.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Bharat Forge Limited has consistently aimed at developing a formalised 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 mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 timely basis and the Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to the Corporate Governance, applicable for the financial year 2016-17.

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 2017, 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 are given in **Table 1.**

Number of Board Meetings

In 2016-17, the Board of the Company met 5 (Five) times on May 17, 2016, August 5, 2016, September 3, 2016, November 8, 2016 and February 8, 2017. The maximum gap between two Board Meetings was 91 (Ninety-one) days and minimum time gap was of 28 (Twenty-eight) days.

Information Supplied to the Board

Among others, information supplied to the Board includes:

a) Annual operating plans of businesses and budgets and any updates thereof;

b) Capital budgets and any updates thereof;

c) Quarterly results for the Company and business segments;

d) Minutes of the meetings of the Audit Committee, other Committees of the Board and minutes of meetings of Subsidiary Companies;

e) The information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary;

f) Show cause, demand, prosecution notices and penalty notices, which are materially important;

g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;

h) Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;

i) Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;

j) Making of loans and investment of surplus funds;

k) General notices of interests of Directors;

l) Constitution/Reconstitution of Board Committees;

m) Appointment, remuneration and resignation of Directors;

n) Dividend declaration;

o) Significant changes in accounting policies and internal controls;

p) Details of any joint venture or collaboration agreements;

q) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;

r) Significant labour problems and their proposed solutions, any significant development on human resources, industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.;

s) Sale of material nature of investments, subsidiaries, assets which are not in the normal course of business;

t) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;

u) Non-compliance of any regulatory, statutory nature or listing regulations and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and others;

v) Declaration of Independent Directors at the time of appointment / annual declaration;

w) Takeover of a Company or acquisition of a controlling of a substantial stake in another Company;

x) Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;

y) Annual financial results of the Company, Auditors' Report and the Report of the Board of Directors;

z) Compliance Certificates for all the laws as applicable to the Company; and

aa) CSR activities carried out by the Company and expenditure made thereon.

The Board of Directors of Bharat Forge Limited is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with the specific reference to its effect in the agenda. 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 2016-17, the last Annual General Meeting held on Friday, August 5, 2016 and the number of Directorships in the other Indian Companies and Committee Chairmanships/Memberships held by them in other Indian Public Limited Companies as on March 31, 2017, are given herein below:

Table 1: Composition of the Board of Directors etc. for the year 2016- 17

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2017*		
		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	5	5	Yes	11	3	-
Mr. S. M. Thakore	Independent	5	5	Yes	10	9	2
Mr. P. G. Pawar	Independent	5	5	Yes	18	5	3
Mr. P. C. Bhalerao	Non-Executive	5	5	Yes	1	2	1
Mrs. Lalita D. Gupte	Independent	5	4	Yes	6	7	1
Mr. P. H. Ravikumar	Independent	5	4	Yes	15	7	3
Mr. Naresh Narad	Independent	5	5	Yes	2	1	-
Dr. T. Mukherjee	Independent	5	4	Yes	6	3	-
Mr. Vimal Bhandari	Independent	5	5	Yes	10	4	2#
Mr. G. K. Agarwal	Executive	5	5	Yes	1	-	-
Mr. Amit B. Kalyani	Executive	5	5	Yes	12	1	-
Mr. B. P. Kalyani	Executive	5	4	Yes	1	-	-
Mr. S. E. Tandale	Executive	5	5	Yes	1	-	-
Mr. K. M. Saletore	Executive	5	5	Yes	9	-	-

*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.

Chairmanship in committee includes alternate Chairmanship.

INDEPENDENT DIRECTORS

As mandated by Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Independent Directors on Bharat Forge Limited's Board:

a) are person of integrity and possesses relevant expertise and experience;

b) (i) are not a promoter of the Company or its holding, subsidiary or associate Company;

(ii) are not related to promoters or directors in the Company, its holding, subsidiary or associate Company;

c) apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company or their promoters or directors, during the two immediately preceding financial years or during the current financial year;

d) none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company or their promoters or directors, amounting to 2% (Two per cent) or more of its gross turnover or total income or ₹ 50,00,000/- (Rupees Fifty Lakhs only) or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

e) who, neither himself/herself, nor any of his/her relatives:

(i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed, of:

- a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
- any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% (Ten percent) or more of the gross turnover of such firm;

(iii) holds together with his/her relatives 2 (Two percent) or more of the total voting power of the Company; or

(iv) is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives 25% (Twenty-five percent) or more of its receipts or corpus from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% (Two percent) or more of the total voting power of the Company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the Company.

f) are not less than 21 (Twenty-one) years of age.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors are provided with necessary documents/brochures, reports and internal policies periodically to familiarise them with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments were made at the separate meetings of the Independent Directors held during the year. Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. Site visits to various plant locations are organised for the Directors to enable them to understand the operations of the Company. The details of such familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at:
http://bharatforge.com/images/PDFs/Investor_reports/BFL-Familarisation%20programme%20for%20Independent%20 Directors -24%2005%2017.pdf

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.

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:

http://content.dionglobal.in/bharatforge/PDF/code%20of%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.

COMMITTEES OF THE BOARD

As on March 31, 2017 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 / Deputy Company Secretary acts as the secretary of all the Committees.

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 Friday, August 5, 2016 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.

Meetings:

The Audit Committee met 5 (Five) times during the year 2016-17 on May 17, 2016, August 5, 2016, November 8, 2016, February 8, 2017 and on March 28, 2017.

Table 2: Attendance record of Audit Committee members for 2016-17

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	5	5
Mr. S. M. Thakore	Independent	Member	5	5
Mr. P. H. Ravikumar	Independent	Member	5	4
Mr. P. C. Bhalerao	Non-Executive	Member	5	5

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/Deputy 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 Statements 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 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 Statement, 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; and

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

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 evalution of performance of the Independent Directors and Board of Directors; and

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

Meetings:

The Nomination and Remuneration Committee met 3 (Three) times during the year 2016-17 on May 17, 2016, August 5, 2016 and on February 8, 2017.

Table 3: Attendance record of Nomination and Remuneration Committee for 2016-17

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

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: http://bharatforge.com/images/PDFs/policies/BFL%20CSR%20Policy-Signed.pdf

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.

Meetings:

The CSR Committee met twice during the year 2016-17 on May 17, 2016 and on February 8, 2017.

Table 4: Attendance record of Corporate Social Responsibility (CSR) Committee for 2016-17

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	2	2
Mr. B. N. Kalyani	Executive	Member	2	2
Mr. Amit B. Kalyani	Executive	Member	2	2

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, debenture holders 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; and

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.

Meetings:

The Stakeholders Relationship Committee met during the year 2016-17 on May 17, 2016.

Table 5: Attendance record of Stakeholders Relationship Committee for 2016-17

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, Deputy Company Secretary and Chief Compliance Officer, 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 2016-17

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2017	No. of complaints not solved to the satisfaction of shareholders
Non-receipt of shares lodged for transfer/ transmission	Nil	Nil	Nil	Nil
Non-receipt of Dividend	8	8	Nil	Nil
Non-receipt of Sub-divided Shares	Nil	Nil	Nil	Nil
Non-receipt of Annual Report	1	1	Nil	Nil
Change of address	1	1	Nil	Nil

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redressed system. The salient features of this system include centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of action taken on the complaints and its current status.

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; and

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

Meetings:

The Finance and Risk Management Committee met 3 (Three) times during the year 2016-17 on May 17, 2016, November 18, 2016 and March 14, 2017.

Table 7: Attendance record of Finance and Risk Management Committee for 2016-17

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. B. N. Kalyani	Executive	Chairman	3	2
Mr. P. G. Pawar	Independent	Member	3	3
Mr. Amit B. Kalyani	Executive	Member	3	3
Mr. P. C. Bhalerao	Non-Executive	Member	3	3

FUNCTIONAL COMMITTEE

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

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2017 is given below in **Table 8:**

Table 8: Remuneration paid or payable to Directors for the year ended March 31, 2017 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	64,667,468	7,257,600	79,000,000	150,925,068
Mr. S. M. Thakore	None	575,000	NA	NA	1,150,000	1,725,000
Mr. P. G. Pawar	None	675,000	NA	NA	1,400,000	2,075,000
Mr. P. C. Bhalerao	None	675,000	NA	NA	1,350,000	2,025,000
Mrs. Lalita D. Gupte	None	225,000	NA	NA	450,000	675,000
Mr. P. H. Ravikumar	None	400,000	NA	NA	800,000	1,200,000
Mr. Naresh Narad	None	250,000	NA	NA	500,000	750,000
Dr. T. Mukherjee	None	200,000	NA	NA	400,000	600,000
Mr. Vimal Bhandari	None	325,000	NA	NA	650,000	975,000
Mr. G. K. Agarwal	None	NA	28,315,069	2,980,800	13,000,000	44,295,869
Mr. Amit B. Kalyani	Son of Mr. B. N. Kalyani	NA	27,965,600	2,980,800	13,000,000	43,946,400
Mr. B. P. Kalyani	None	NA	13,946,137	1,237,680	17,000,000	32,183,817
Mr. S. E. Tandale	None	NA	15,762,607	1,334,880	17,000,000	34,097,487
Mr. K. M. Saletore	None	NA	12,455,939	703,080	11,000,000	24,159,019

Notes:

* 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.

The appointment of Directors, their terms of employment, salary fixed pay, variable pay, service contract, notice period and severance fees, if any, are governed by the applicable policies of the Company.

Details of equity shares of the Company held by Directors as on March 31, 2017 are given below in **Table 9:**

Table 9: Details of equity shares of the Company held by Directors as on March 31, 2017

Name of the Director	Number of equity shares held of ₹ 2/- each
Mr. B. N. Kalyani	39,025
Mr. Amit B. Kalyani	350,200
Mr. S. M. Thakore	14,000
Mr. B. P. Kalyani	3,130
Mr. G. K. Agarwal	2,455
Mr. P. H. Ravikumar	2,922

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, 2017.

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
2015-16	August 5, 2016	10:30 a.m.	Registered office of the Company	None
2014-15	August 3, 2015	10:30 a.m.	Registered office of the Company	1. Adoption of new set of Articles of Association of the Company.
2013-14	September 4, 2014	11.15 a.m.	Registered office of the Company	1. Authority to the Board to create Charge. 2. Authority to the Board to Borrow money. 3. Related Party Transactions of the Company with Kalyani Carpenter Special Steels Limited 4. Related Party Transactions of the Company with Kalyani Steels Limited. 5. Related Party Transactions of the Company with Bharat Forge International Limited.

No Extraordinary General Meeting of the Members was held during the year 2016-17.

Postal Ballot

No resolution was passed through Postal Ballot during the year 2016-17.

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

Subsidiary Companies

Bharat Forge Limited has 8 (Eight) direct subsidiaries out of which 3 (Three) are registered outside India and 5 (Five) are in India, whose turnover does not exceed the materiality limit prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Since the Company does not have any material unlisted subsidiary, it is not required to nominate an Independent Director of the Company on the Board of any Subsidiary.

The details of these subsidiaries are reported in this Annual Report.

DISCLOSURES

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: http://bharatforge.com/images/PDFs/policies/BFL.RPT%20Policy.pdf

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.

The related party transactions are entered into based on consideration of various business exigencies, such as synergy in operation, sectorial specification and the Company's long-term strategy for sectorial investments, market share optimisation, profitability, legal requirements, liquidity and capital resources.

Management Discussion and Analysis

This Annual Report has a detailed chapter on Management Discussion and Analysis (MDA) and includes discussion on various matters specified under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

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.

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: http://bharatforge.com/images/PDFs/policies/BFL%20Whistle%20Blower%20Policy-Signed.pdf

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 and 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: http://bharatforge.com/images/PDFs/policies/Policy%20on%20Material%20Subsidiary-BFL.pdf

Dividend Distribution Policy

The Securities and Exchange Board of India ('SEBI') vide notification dated July 08, 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 on February 8, 2017 has adopted this Policy titled "Dividend Distribution Policy of Bharat Forge Limited" ("The Policy"). The said policy is provided as an **Annexure 'B'** to the Board's Report which forms part of this Annual Report and is displayed on the Company's website: www.bharatforge.com

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.

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.

Shareholder Rights

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

Audit Qualification

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

MEANS OF COMMUNICATION

Bharat Forge 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 (all editions) and Loksatta (Pune).

News releases, official news and media releases are sent to the Stock Exchanges.

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.

Presentations to Institutional Investors/ Analysts

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

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings, like the Shareholding Pattern, Corporate Governance Report, Media Releases etc. are also filed electronically on NEAPS.

SHAREHOLDERS

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

Support Green Initiative of MCA

The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide General Circular No.17/2011 dated April 21, 2011, in terms of which the Company has been forwarding such documents through electronic mode. Company requests Shareholders to provide their e-mail addresses to enable Company to forward the notices/documents through e-mail, to the maximum possible extent in order to support green initiative. Members are once again requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and members who hold shares in physical form with the Company, at its e-mail address at : secretarial@bharatforge.com or at its registered office at Secretarial Department, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

GENERAL SHAREHOLDER INFORMATION

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.

ANNUAL GENERAL MEETING

Day	Thursday
Date	August 10, 2017
Time	10:30 a.m.
Venue	Registered Office of the Company, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

FINANCIAL YEAR

April 1, 2016 to March 31, 2017.

For the year ended March 31, 2017, results were announced on:

August 05, 2016	First quarter
November 08, 2016	Half yearly
February 08, 2017	Third quarter
May 24, 2017	Annual

Quarterly results of the Company are published in Business Standard (all editions) and Loksatta (Pune) and are displayed on the Company's website: www.bharatforge.com

Key financial reporting dates for the financial year 2017-18:

Quarter ending June 30, 2017	on or before August 14, 2017
Quarter ending September 30, 2017	on or before November 14, 2017
Quarter ending December 31, 2017	on or before February 14, 2018
Audited results for the financial year 2017-18	on or before May 30, 2018

BOOK CLOSURE

The books will be closed from Tuesday, August 1, 2017 to Thursday, August 10, 2017 (both days inclusive) as annual closure for payment of final dividend.

DIVIDEND

A. Interim Dividend (Equity Shares):

The Board of Directors of the Company at its meeting held on Wednesday, February 8, 2017 had approved payment of an Interim Dividend at the rate of ₹ 2.50 per equity Share of ₹ 2/- each (125%) for the financial year ending on March 31, 2017. The said dividend has been paid on Tuesday, February 28, 2017.

B. Final Dividend (Equity Shares):

The Board has recommended a Final Dividend of ₹ 5/- (Rupees Five only) per equity share of ₹ 2/- each (250%) for the year ended March 31, 2017 and would be payable on or before August 16, 2017.

The final dividend, if declared, will be paid to those members:

(i) who hold shares in physical form and whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company before the closing hours on Monday, July 31, 2017; and

(ii) whose names appear as beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of end of the day on Monday, July 31, 2017.

Dividend declared by the Company for the last 5 years:

Financial year	Dividend payment dates	Dividend per share*
2016-17	February 28, 2017 (Interim Dividend)	₹ 2.50
2015-16	August 8, 2016 (Final Dividend)	₹ 0.50
2015-16	March 29, 2016 (Second Interim Dividend)	₹ 4.00
2015-16	February 25, 2016 (Interim Dividend)	₹ 3.00
2014-15	August 5, 2015 (Final Dividend)	₹ 4.50
2014-15	February 16, 2015 (Interim Dividend)	₹ 3.00
2013-14	September 25, 2014 (Final Dividend)	₹ 2.50
2013-14	February 28, 2014 (Interim Dividend)	₹ 2.00
2012-13	August 26, 2013 (Final Dividend)	₹ 2.40
2012-13	March 21, 2013 (Interim Dividend)	₹ 1.00

*of face value of ₹ 2/- each.

Reminders to Investors

Every year reminder letters for unpaid dividend are sent to the Shareholders who have not claimed the dividend.

a) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund (IEPF):

During the year under review, the Company has credited ₹7,81,693/- (Rupees Seven Lakhs Eighty-one Thousand Six Hundred and Ninety-three only) on September 7, 2016 lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection Fund (IEPF) pursuant to Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

b) Transfer of shares in respect of which dividend has not been claimed for 7 (seven) consecutive years or more to the Investor Education and Protection Fund:

As per the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has sent notice to all the Shareholders whose shares are due to be transferred to the IEPF and published requisite advertisement in newspapers. The Company has also uploaded full details of such Shareholders and Shares due to transfer to the IEPF on its website at: www.bharatforge.com. To verify the details of unencashed /unclaimed dividends and the corresponding shares liable to be transferred to the IEPF, Shareholders are requested to refer to the weblink:http://bharatforge.com/investors/unclaimed-dividedn-html.

LISTING

Equity

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

Debt Security

a) The 30% installment of Company's 10.75% Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000,000/- each was due for redemption on April 28, 2016. The Company has paid the said installment on April 28, 2016. With this payment of final installment, the 10.75% Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000,000/- stand fully redeemend as on April 28, 2016.

b) The Third and Final installment @ 33.34% of Company's 11.95% Secured Redeemable Non-convertible Debentures of ₹ 2,500 Million of face value of ₹ 10,00,000/- each was due for redemption on January 1, 2017 and the same has been paid on due date. As a result, the said debentures stands fully redeemed as at the end of 7th year from the date of allotment.

As a result, all the debentures of the Company stand redeemed during FY 2016-17.

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

DEBENTURE TRUSTEES

The details of Debenture Trustees in terms of SEBI Circular No. CIR/IMD/DF/18/2013 dated October 29, 2013 are given below:

Name of Debenture Trustees	:	Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited)
Address	:	"GDA House", S. No. 94/95, Plot No. 85, Opp. Kothrud Bus Depot, Bhusari Colony (Right), Paud Road, Kothrud, Pune – 411 038, Maharashtra, India
Phone No.	:	020-2528 0081
Fax No.	:	020-2528 0275
Email address	:	dt@ctltrustee.com

STOCK DATA

Table 11 below gives the monthly high and low prices and volumes of Bharat Forge Limited (Bharat Forge) Equity Shares at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE) during the year 2016-17.

Table 11: High and Low Prices and Trading Volumes on the BSE and NSE

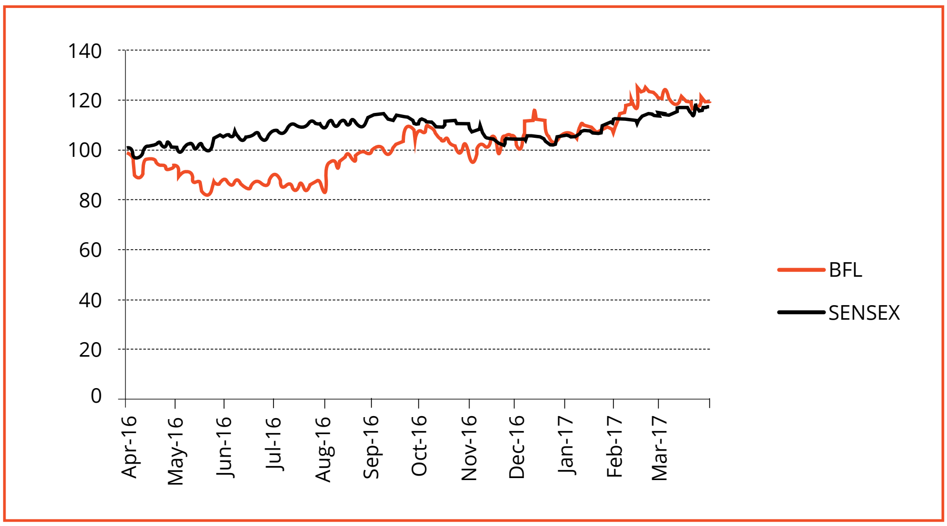
Month	BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
Apr-16	883.50	760.00	1,498,264	883.00	760.10	14,696,452
May-16	823.00	705.00	1,864,540	822.70	704.90	17,142,479
Jun-16	774.45	686.80	1,593,197	774.90	682.00	13,360,027
Jul-16	785.00	720.00	1,857,164	785.00	718.80	11,521,946
Aug-16	872.50	716.70	3,971,053	872.25	716.00	33,008,424
Sep-16	969.50	828.95	2,737,519	969.20	827.10	20,507,351
Oct-16	979.35	853.60	1,437,033	978.00	853.00	12,803,877
Nov-16	931.50	765.95	2,212,630	932.00	764.65	21,411,173
Dec-16	1,008.50	860.55	2,144,021	1,008.45	860.40	19,842,406
Jan-17	964.75	850.00	1,363,808	964.95	904.00	13,112,179
Feb-17	1,094.00	930.00	1,908,736	1,095.00	930.00	19,412,220
Mar-17	1,088.90	994.90	3,160,573	1,089.00	995.00	14,475,669

*Price in ₹ per Equity Share.

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



Note : Share prices of Bharat Forge and BSE Sensex have been indexed to 100 as on first working day of FY 2016-17 i.e. April 1, 2016.

Share Transfer Agents and 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, dematerialisation and rematerialisation 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 connections with CDSL and NSDL, 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.

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 National Securities Depository Limited and Central Depository Services (India) Limited 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.

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 procedurs for fair disclosure of unpublished price sensetive information.

SHAREHOLDING PATTERN

Table 12: Pattern of shareholding by ownership as on March 31, 2017

Category of Shareholder	No. of Shareholders	No. of shares held (₹ 2/- each)	Shareholding %
Promoters [1]	22	106,490,920	45.75
Financial Institutions	14	15,167,194	6.52
Mutual Funds (including Unit Trust of India)	107	16,784,016	7.21
Insurance Companies	4	2,719,951	1.17
Nationalised Banks	11	615,367	0.26
Foreign Institutional Investors	41	10,729,929	4.61
Foreign Portfolio Investors	320	35,333,222	15.18
Bodies Corporate	1,689	12,425,860	5.34
Non Resident Indians	2,744	981,415	0.42
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	2	506	0.00
Public [2]	98,432	31,545,936	13.55
Total	**103,386**	**232,794,316**	**100%**

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

Table 13: Distribution Schedule as on March 31, 2017

Category (Shares)	Number of shareholders	Number of shares held of ₹ 2/- each	Shareholding %
1 to 5000	102,157	18,636,057	8.01
5001 to 10000	535	3,753,190	1.61
10001 to 20000	258	3,651,270	1.57
20001 to 30000	105	2,593,804	1.11
30001 to 40000	44	1,516,994	0.65
40001 to 50000	31	1,407,223	0.60
50001 to 100000	82	5,793,119	2.49
100001 and above	174	195,442,659	83.96
Total	**103,386**	**232,794,316**	**100%**

Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2017, dematerialised shares accounted for 96.50% (96.43% upto March 31, 2016) of total Equity share capital. The details of dematerialisation are given in **Table 14** below.

Table 14: Dematerialisation of Shares as on March 31, 2017

Sr. No.	Mode of holding	Percentage holding
1	NSDL	92.51
2	CDSL	3.99
3	Physical	3.50
	Total	**100%**

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

GDRs – 9,200

Foreign Exchange risk/hedging activities :

The Company is exposed to foreign exchange risk on account of import and export transactions. The Company is proactively mitigating these risks by entering into necessary hedging transactions.

Table 15: 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 (₹)
2016-17	NIL	NIL
2015-16	NIL	NIL
2014-15	NIL	NIL

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.

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

Compliance Certificate of the Auditors

Certificate from the Auditors of the Company, M/s. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached.

Disclosure under regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Unclaimed Shares.

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 lynig as on April 1, 2016	483	173,050
Shareholders who approached the Company for transfer of shares from suspense account during the year	9	6,775
Shareholders to whom shares were transferred from the suspense account during the year	9	6,775
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2017	474	166,275

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

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, 2017, compliance with the Code of Conduct of the Company laid down for them

B.N. KALYANI
Chairman and Managing Director

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 2016-17 and that to the best of our knowledge and belief:

   i) these statement 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 2016-17 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 and Managing Director

Pune: May 24, 2017

TO THE MEMBERS OF BHARAT FORGE LIMITED
CERTIFICATE BY THE AUDITORS 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
Bharat Forge Limited
Mundwa, Pune Cantonment,
Pune- 411 036

1. The Corporate Governance Report prepared by **Bharat Forge Limited** (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2017 ("the reporting period"). This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements, i.e. clause 17 to 27 and clause 46 (2)(b)(i) of the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

    i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the reporting period;

    iii. Obtained and read the Directors Register as on March 31, 2017 and verified that atleast one women director was on the Board throughout the reporting period;

    iv. Obtained and read the minutes of the following committee meetings held during the reporting period:

        (a) Board of directors meeting;
        (b) Audit committee;
        (c) Nomination and remuneration committee;
        (d) Stakeholders relationship committee;
        (e) Finance and risk management committee; and
        (f) Corporate Social Responsibility Committee

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable as at March 31, 2017, referred to in paragraph 4 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the statutory auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

Per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date: May 24, 2017

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	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	**NIC Code** – **Description** 2591 – Steel forging 2930 – Front Axle assembly and components, Crankshafts
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 (b) **Registered Office:** Pune- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India **Manufacturing locations:** Pune, Satara, Baramati, Chakan **Corporate Offices:** Delhi, Noida, Hyderabad, Bengaluru, Jamshedpur, Kolkata, Chennai and Mumbai
10.	Markets served by the Company – Local/State/ National/International	India, North America (US, Canada and Mexico), South America (Brazil), Europe and Asia Pacific

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 465.68 million
2.	Total Turnover (INR)	₹ 41,656.18 million
3.	Total Profit after Taxes (INR)	₹ 5,850.77 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.81% of average net profit of the Company made during the three immediately preceding financial year.

5.	List of activities in which expenditure in 4 above has been incurred:	i) Promotion of education for the underprivileged children and girls; ii) Mission Sanitation of Schools (SOS) under Swachh Vidyalaya; iii) Setting up of the Kalyani School at Manjri, Pune; iv) Skill enhancement of rural youth for generating employability; v) Community Development (Women Empowerment, Health & Hygiene for women, Sr. citizens and children); vi) Environment sustainability - Waste Management, Tree Plantation and cleanliness programmes under Swachh Bharat Abhiyaan; vii) Drought Free Maharashtra: 2019 under Jalyukta Shivar Abhiyaan for villages in Pune District; viii)Promotion of nationally recognised sports; and ix) Leadership skill development of ITI Principals from Maharashtra.

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has 19 (Nineteen) direct and indirect subsidiary companies as on March 31, 2017.
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(ies)	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 whom 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

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

Understanding the role of integrity and trust for the people, environment and industries at an organisational level are metrics to build the absolute standard of what an organisation is at heart. At the Company's most basic level integrity, respect and trust is the assurance people have that one will certainly act in their best interest, never knowingly committing actions that might harm the organisation, its people or the environment. This purpose is supported by the various policies adopted by the Company which builds integrity to cultivate a consensus around mutual values.

The Company's policies are in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) which provide for the following 9 (nine) areas of Business Responsibility to be adopted by the organisations:-

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

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	N	Y	Y	Y	Y
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, TS 16949, ISO 14001, ISO 27001, OHSAS 18001 and meet national regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also guidelines as per NVG 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, Code of Conduct, Related Party etc. are available on links such as: http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx http://portal.bharatforge.com/default.aspx http://bharatforge.com/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 Quality, Safety, Health and Environmental Policies 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 upto 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)	-	-	-	-	-	-	-	-	-

3. GOVERNANCE RELATED TO BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet 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 year which can be viewed at: http://bharatforge.com/investors/company-reports/annual-reports.html

SECTION E: PRINCIPLE-WISE PERFORMANCE

The Company has deep-rooted beliefs of doing things right. The Company has always believed that the virtuous path to success can never be achieved by over-looking the significance of ethics, transparency and accountability.

Our philosophy is to conduct the business with high ethical standards as laid down in our "Code of Conduct". The Company's policy on Code of Conduct and Ethics, Risk Management and Whistle Blower reflects the values and commitment to ethical business practices.

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 the Company provides guidelines and policies on ethics, bribery and corruption which are binding for all our employees. The said policy/guidelines are communicated to our Key Vendors / Suppliers.
(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 complaint 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 upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities	(i) **Use of micro alloyed steels without any heat treatment** The Company is using micro alloyed steel for about 40% of its production which does not require heat treatment. Consequently, use of electricity, oil and emulsion used in heat treatment is reduced. The Company has recently developed special high strength steels which enable components to be re-designed with higher power-to-weight ratio. This will be progressively deployed for new design of vehicle in consultation with customers. (ii) **Light weighing by design re-engineering from iron casting to aluminum forging for suspension components** The Company has carried out design re-engineering of casting products into aluminum forging products. Reduction in vehicle weight helps in reducing fuel consumption. The Company is working with different vehicle manufacturers in order to reduce vehicle weight which in-turn will reduce fuel consumption and ultimately result in lower emission. (iii) **Light weighing by design re-engineering for steel forgings** Axle Beam and Crankshaft are two major forgings which go into manufacture of commercial vehicles. The Company worked closely with vehicle manufacturers and has re-designed various components and reduced their weight by 5 to 15%. This in turn saves steel input and also reduces fuel consumption of vehicles.
(b)	For each of 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 by 35 to 40%.
	(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 5 to 15%.
(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.

(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?	The Company 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: • 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: • Sending 100% forging flash to steel mills for re-cycling. • 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 re-cycled 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 authorised party. • Recycling of packing boxes.

Principle 3: Businesses should promote the wellbeing of all employees

We have a constructive work environment wherein the employees are motivated to understand their talent and potential by providing challenging work opportunities. This also helps in their professional growth. We are committed to providing our employees with a safe and healthy work environment.

We employ various talents through different platforms thus setting up a strong foundation for the future.

(a)	Please indicate the total number of employees	4,727 (Officers + Bargainable Employees)
(b)	Please indicate the total number of employees hired on temporary/contractual/casual basis	2,861
(c)	Please indicate the number of permanent women employees	51
(d)	Please indicate the number of permanent employees with disabilities	7
(e)	Do you have an employee association that is recognised by management	Yes
(f)	What percentage of your permanent employees is members of this recognised employee association?	Approximately, 40.61% of permanent employees are members of the recognised employee association.

(g)	Please indicate the Number of complaints received 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

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

(h)	What percentage of your under mentioned employees were given safety and skill upgradation training in the last year? i) Permanent Employees ii) Permanent Women Employees iii) Casual/Temporary/Contractual Employees iv) Employees with Disabilities	The Company does not classify training needs in terms of gender or permanent/temporary status of employees. Instead, it differentiates based on nature of work done by them. All employees working on the shop floor are trained for safety and needed skill. There is also an on-going programme to upgrade their skills in line with emerging technology needs. For employees working in administrative area, about 80% employees are covered for safety training. Skill up-gradation needs are identified on case-to-case basis and are provided through regular training programs.

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

The Company follows very high standard of Corporate Governance which covers all stakeholders. The Company is especially sensitive to needs of the underprivileged segment of the community around us and is working in improving their lifestyle. These are covered in greater detail under Principle 8.

(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 & marginalised stakeholders	Yes, programs have been conducted under the CSR and environment protection initiatives, so as to have positive social impact on the disadvantaged, vulnerable and marginalised stakeholders.
(c)	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised 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 marginalised 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

The Company fosters a culture of working with respect and dignity for its employees and all the stakeholders. We are committed to respect the dignity of every person associated with us and take every possible effort to promote this philosophy. The Company strictly prohibits any harassment (mental or physical) or discrimination on race, color, sex, language, religion, etc. and strives to render a fair treatment and equal opportunity to everyone. We strongly support the ideology of human rights and comply with applicable laws related to the employees and associates.

(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 standalone policy for human rights, however, the Company's internal policies on Code of Conduct, Ethics and CSR recognises 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 complaint from any stakeholders.

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

The Company makes efforts to safeguard the environment. Steps are taken for optimal utilisation of our resources in line with ISO-14001 standards requirements.

(a)	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint ventures/ Suppliers/Contractors /NGOs/others?	The Company's environmental policy extends to its critical suppliers and all other stakeholders.
(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.	As a 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, etc. in its manufacturing operations. These initiatives can be viewed at: http://www.bharatforge.com/company/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; and iv) EHS emergency management. 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 (CDM)? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects. However, we don't have any registration for CDM 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, renewable energy and sustainability development are undertaken and can be viewed on: http://www.bharatforge.com/company/sustainability.
(f)	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes.
(g)	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of the 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 above mentioned 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 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	Inclusive growth means taking all the sections of the society in the process of socio-economic development. The Company addresses the issues of Women, Children and Senior Citizens from all the sectors of the society. There is lot of thrust in empowering women and development of the children and rural youth by imparting various skill trainings and education. The details of the Projects undertaken by the Company are as under: i) The Company through Pratham Pune Education Foundation (NGO) provides non formal education to 22,000 underprivileged children from the slum areas of Pune belonging to 22 communities between the age group of 6 to 14 years. Around 20,000 children are from weaker section of the society. ii) In association with Jnana Prabhodini, the Company has been successfully providing special training and coaching to the underprivileged children under the Pradnya Vikas Programme. iii) The Company is supporting and mentoring students from Vidhyarthi Sahayak Samittee and Katalyst for higher education. iv) The Company supports 108 girls from the weaker section of society for their education through K. C. Mahindra Education Trust under Nanhi Kali Programme. v) The Company has started “Khelghars” at Mundhwa, Kharadi and Hadapsar, Pune for the children from slum areas with an objective to develop their creativity and skills by introducing enhancement programmes thereby helping in their holistic performance and development to improve quality of education. vi) The Company runs an Industrial Training Institute (ITI) in Khed near Pune to promote employability of rural youth. The Company has also adopted ITIs at Bhor and Malegaon, Pune for its infrastructure development and skill upgradation. vii)During the year under review, the Company had also developed a training module “Management & Leadership in Technical Education (MALTE) and imparted 2 days residential training programme to the ITI Principals from Maharashtra with an objective to develop their leadership capabilities and enhance their knowledge on Project Management, Financial Management and Performance Management. The Company runs three different community centers at Mundhwa, Hadapsar and Vadgoan Sheri, Pune for 940 women. 11 self-help groups have been formed and women are engaged in income generating activities.
(b)	Are the programmes/projects undertaken through in-house team/own foundation/ external-NGO/government-structures/ any other organisation?	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. Akutai Kalyani Trust, Pune, Pratham Education Foundation, Pune Jnana Prabhodini Pradnya Vikas Programme, Vidyarthi Sahayak Samiti, Pune, Know How Foundation (INORA), Pune, Lakshya Sports Institute, Pune, etc. are few of the key NGOs that the Company closely works with.

(c)	Have you done any impact assessment of your initiative?	Yes, we have undertaken the impact assessment for most of our projects such as: i) Mission Sanitation of Schools – After 3 years of the construction of toilets in PMC & ZP schools, the external & internal audit of the sanitation facility was conducted. The external auditors of Forbes had appreciated the efforts of the Company and has given few suggestions which were implemented immediately. ii) Our Education Project for under privileged children with the help of the NGO partner (Pratham Pune Education Foundation) is evaluated every year by conducting Pre-test, Mid-test and Post-test. These tests are conducted by our Graduate Trainee Engineers. The tests reveal that more than 80% students have shown improvement in their performance by going through Pratham initiatives. iii) Under Skill Development, we have setup Industrial Training Institute (ITI) at Khed, Pune which has received affiliations of Quality Council of India with good rating. iv) The Leadership Training Program for the Principles of ITI from Maharashtra (MALTE) was observed and evaluated by the Principal Secretary, Skill Development of Maharashtra. The immediate feedback and evaluation forms were filled up by the participants of the training and the highest rating on 'application on training' was given by them. v) Work done under Jalyukta Shivar Abhiyan (Water Harvesting Project) was evaluated by the Government officials to understand the improved water storage capacity of the villagers. The Company received various letters of appreciation from villagers and Government authorities for the same.
(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 under review, the Company has spent ₹ 73.04 million towards various CSR activities. The project-wise details are provided in **Annexure - H** 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.	We do believe that our community development initiatives have been adopted by various communities whole heartedly. For the purpose of women empowerment, we have formed various self-help groups and have imparted vocational skill trainings to them for income generation. i) Mission sanitation of schools has helped in developing awareness amongst the children, parents and teachers on the importance of hygiene and cleanliness. ii) The Jalyukta Shivar Project has given new hopes to the villagers and has helped in gaining their participation and some monetary contribution. iii) The sports players are achieving new heights in their performance. Ms. Prarthana Thombre, supported under the sports initiatives of the Company played RIO Olympics with Ms. Sania Mirza. iv) The Company mobilised the internal and external resources of the community to involve everyone in the development process. The internal resources include the Company's CSR Committee, CSR Team and its employees. External resources are Non-Government Organisations (NGOs), Government agencies and experts from different areas.

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

All the Company's efforts are ultimately to make the customer satisfied with what it serves. The Company believes in the philosophy of 'customer first' and thus inculcates an atmosphere in the organisation wherein everyone understands that customer satisfaction is their primary objective.

(a)	What percentage of customer complaints/ consumer cases are pending as on the end of financial year?	As on March 31 2017, total 4 (four) complaints were pending. Normally, it takes minimum 90 (ninety) days for closing the customer complaint.
(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 behaviour during the last 5 (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 Standalone Ind AS Financial Statements

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, 2017, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. 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.

INDEPENDENT AUDITOR'S REPORT (Contd.):

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by 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, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 purpose 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, 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 written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) 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, 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;

iv. The Company has provided requisite disclosures in Note 13 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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

per **ARVIND SETHI**
Partner
Membership Number: 89802

Place of Signature: Pune
Date: May 24, 2017

INDEPENDENT AUDITOR'S REPORT (Contd.):

Annexure 1 referred to in paragraph 1 under the heading "Reporting 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 verification 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 fixed assets are held in the name of the Company except six number of immovable properties aggregating INR 26.80 million as at March 31, 2017 for which title deed 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, 2017 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to five parties 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 Companies Act, 2013, repayment of the principal amount is as stipulated and payment of interest has been regular except for loans granted by the Company to two of its subsidiaries, where repayment of principal amount in case of one subsidiary was not as stipulated and payment of interest has not been regular in case of both the subsidiaries.

(c) The company has a sum of amounts aggregating to INR 15.59 million which are overdue for more than ninety days from two Companies covered in the register maintained under section 189 of the Companies Act, 2013 and in our opinion and according to the information and explanations given by the management, the Company has taken reasonable steps for recovery of these overdue principal and interest as the case may be."

Details of overdue cases mentioned below:

INR in million

Number of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue
BF Elbit Advanced Systems Private Limited	-	14.29	14.29
Analogic Controls India Limited*	1.30	-	1.30

* Amount has been recovered before March 31, 2017

(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 from the public. Therefore, in our opinion, the provisions of clause (v) of the Order are not applicable to the Company. 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 subject to litigation.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of forged products, and 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, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body 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, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess and other material 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)	115.66	P.Y. 2015-16 & 2016-17	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 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	CIT Appeals
Property tax#	Demand received for various cases (INR 121.94 million paid under protest)	134.77	AY 2005-06 to 2016-2017	High Court
Central Excise Act, 1944	Demand received for various cases (INR 9.70 million paid under protest)	31.03	AY 2004-05 to 2016-2017	Commissioner Appeals/ CESTAT

Excludes interest and penalty

INDEPENDENT AUDITOR'S REPORT (Contd.):

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

(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 under review 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 **ARVIND SETHI**
Partner
Membership Number: 89802

Place of Signature: Pune
Date: May 24, 2017

Annexure 2 referred to in paragraph 2(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")

We have audited the internal financial controls over financial reporting of Bharat Forge Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 **ARVIND SETHI**
Partner
Membership Number: 89802

Place of Signature: Pune
Date: May 24, 2017

BALANCE SHEET
as at March 31, 2017

In ₹ Million

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
I. Non-Current assets				
(a) Property, plant and equipment	3	23,609.21	22,709.61	20,615.29
(b) Capital work-in-progress		3,742.62	3,219.43	2,541.57
(c) Investment property	4	2.89	2.89	2.89
(d) Intangible assets	5	123.98	59.72	59.65
(e) Investment in subsidiaries and joint ventures	6	5,799.50	6,064.75	5,973.53
(f) Financial assets				
(i) Investments	7	3,687.39	912.80	515.09
(ii) Loans	8	37.64	203.83	214.91
(iii) Trade receivables	12	5.49	20.87	-
(iv) Derivative instruments	9	1,564.89	600.58	1,837.83
(v) Other non-current financial assets	10	317.39	367.03	260.98
(g) Income tax assets (net)		260.53	261.52	256.98
(h) Other non-current assets	14	2,577.51	3,080.51	2,617.90
		41,729.04	**37,503.54**	**34,896.62**
II. Current assets				
(a) Inventories	11	4,264.92	3,663.46	3,790.07
(b) Financial assets				
(i) Investments	7	8,231.66	7,232.06	4,564.63
(ii) Loans	8	252.51	452.97	202.19
(iii) Trade receivables	12	13,799.41	14,201.55	16,038.78
(iv) Derivative instruments	9	1,961.97	1,154.32	3,422.63
(v) Cash and cash equivalents	13	2,407.87	2,967.54	3,160.41
(vi) Other bank balances	13	373.83	779.37	2,757.71
(vii) Other current financial assets	10	418.10	485.18	678.05
(c) Other current assets	14	3,246.70	3,351.62	4,426.40
(d) Asset held for sale	3	84.24	-	-
		35,041.21	**34,288.07**	**39,040.87**
Total assets		**76,770.25**	**71,791.61**	**73,937.49**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	465.68	465.68	465.68
(b) Other equity	16	41,853.64	35,349.52	33,945.84
Total equity		**42,319.32**	**35,815.20**	**34,411.52**
Liabilities				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	7,903.47	13,932.75	15,479.29
(ii) Other financial liabilities	19	6.40	2.67	5.32
(b) Provisions	20	268.92	217.43	252.76
(c) Deferred tax liabilities (net)	21	3,032.92	2,369.70	3,392.87
(d) Other non-current liabilities	23	291.83	607.38	-
		11,503.54	**17,129.93**	**19,130.24**
carried over		11,503.54	17,129.93	19,130.24
carried over		42,319.32	35,815.20	34,411.52

In ₹ Million

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
brought over		42,319.32	35,815.20	34,411.52
brought over		11,503.54	17,129.93	19,130.24
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	9,076.80	8,960.97	11,277.08
(ii) Trade payables	22	4,639.51	4,317.02	6,286.20
(iii) Other current financial liabilities	19	7,871.79	4,363.55	2,092.10
(b) Provisions	20	338.20	304.58	276.71
(c) Other current liabilities	23	876.89	716.46	407.20
(d) Current tax liabilities (net)		144.20	183.90	56.44
		22,947.39	**18,846.48**	**20,395.73**
Total liabilities		**34,450.93**	**35,976.41**	**39,525.97**
Total equity and liabilities		**76,770.25**	**71,791.61**	**73,937.49**

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2017

In ₹ Million

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	24	40,661.28	45,254.77
Other income	25	994.90	1,123.45
Total income [i]		**41,656.18**	**46,378.22**
Expenses			
Cost of raw materials and components consumed	26	13,727.92	14,911.63
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(522.54)	(18.05)
Excise duty on sale of goods		2,014.65	1,916.66
Employee benefits expense	28	3,759.45	3,725.18
Depreciation and amortisation expense	29	2,948.51	3,084.51
Finance costs	30	727.70	905.06
Other expenses	31	10,955.81	11,551.23
Total expenses [ii]		**33,611.50**	**36,076.22**
Profit before exceptional items and tax [i - ii]		**8,044.68**	**10,302.00**
Exceptional items gain/(loss)	32	380.24	(42.20)
Profit before tax		**8,424.92**	**10,259.80**
Tax expense			
Current tax		2,600.04	3,130.86
Deferred tax		(25.89)	152.76
Total tax expense		**2,574.15**	**3,283.62**
Profit for the year		**5,850.77**	**6,976.18**
Other comprehensive income			
Other Comprehensive Income to be reclassified to profit or loss in subsequent period (net of tax)			
- Net movement on cash flow hedges	33	1,100.98	(2,238.51)
- Foreign Currency Monetary Items Translation Difference Account	33	472.42	(38.21)
[a]		**1,573.40**	**(2,276.72)**
Other Comprehensive Income not to be reclassified to profit or loss in subsequent period (net of tax)			
- Re-measurement gains / (losses) of defined benefit plans	33	(41.31)	16.58
- Net (loss)/gain on FVTOCI equity securities	33	90.13	(90.23)
[b]		**48.82**	**(73.65)**

In ₹ Million

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Other comprehensive income for the year (net of tax) [a+b]		**1,622.22**	**(2,350.37)**
Total comprehensive income for the year (net of tax)		**7,472.99**	**4,625.81**
Earning per equity share [nominal value per share ₹ 2/- (March 31, 2016: ₹ 2/-)]	34		
Basic		25.13	29.97
Diluted		25.13	29.97

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
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Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

Statement of changes in equity
for the period ended March 31, 2017

A. Equity share capital
Equity shares of ₹ 2/- each issued, subscribed and fully paid

	No.	In ₹ Million
As at April 1, 2015	232,794,316	**465.68**
As at March 31, 2016	232,794,316	**465.68**
As at March 31, 2017	**232,794,316**	**465.68**

B. Other equity

In ₹ Million

	Reserves and Surplus						Items of OCI			
	Security premium	Debenture redemption reserve	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
For the year ended March 31, 2016										
Balance at the April 1, 2015	7,096.48	1,065.00	15.50	300.00	2,958.78	19,704.57	120.23	3,346.33	(661.05)	33,945.84
- Profit for the year	-	-	-	-	-	6,976.18	-	-	-	**6,976.18**
- Other Comprehensive Income	-	-	-	-	-	16.58	(90.23)	(2,238.51)	(38.21)	**(2,350.37)**
	-	**-**	**-**	**-**	**-**	**6,992.76**	**(90.23)**	**(2,238.51)**	**(38.21)**	**4,625.81**
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	-	-	-	-	-	(1,047.57)	-	-	-	**(1,047.57)**
- Tax on equity dividend	-	-	-	-	-	(213.26)	-	-	-	**(213.26)**
- Interim equity dividend	-	-	-	-	-	(1,629.56)	-	-	-	**(1,629.56)**
- Tax on interim equity dividend	-	-	-	-	-	(331.74)	-	-	-	**(331.74)**
Balance as at March 31, 2016	**7,096.48**	**1,065.00**	**15.50**	**300.00**	**3,058.78**	**23,375.20**	**30.00**	**1,107.82**	**(699.26)**	**35,349.52**

Statement of changes in equity
for the period ended March 31, 2017 (Contd.):

B. Other equity

In ₹ Million

(Contd.):	Reserves and Surplus						Items of OCI			
	Security premium	Debenture redemption reserve	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
For the year ended March 31, 2017										
Balance at the April 1, 2016	**7,096.48**	**1,065.00**	**15.50**	**300.00**	**3,058.78**	**23,375.20**	**30.00**	**1,107.82**	**(699.26)**	**35,349.52**
- Profit for the year	-	-	-	-	-	5,850.77	-	-	-	**5,850.77**
- Other Comprehensive Income	-	-	-	-	-	(41.31)	90.13	1,100.98	472.42	**1,622.22**
	-	**-**	**-**	**-**	**-**	**5,809.46**	**90.13**	**1,100.98**	**472.42**	**7,472.99**
Transfer from retained earnings	-	-	-	-	100.00	-				**100.00**
Adjustment for the year	-	-	-	-	(128.30)	-	-	-	-	**(128.30)**
Transfer to retained earnings	-	(1,065.00)	-	-	-	1,065.00	-	-	-	**-**
Transfer to general reserve	-	-	-	-	-	(100.00)	-	-	-	**(100.00)**
Transaction with owners in their capacity as owners										
- Equity dividend	-	-	-	-	-	(116.40)	-	-	-	**(116.40)**
- Tax on equity dividend	-	-	-	-	-	(23.70)	-	-	-	**(23.70)**
- Interim equity dividend	-	-	-	-	-	(581.99)	-	-	-	**(581.99)**
- Tax on interim equity dividend	-	-	-	-	-	(118.48)	-	-	-	**(118.48)**
Balance as at March 31, 2017	**7,096.48**	**-**	**15.50**	**300.00**	**3,030.48**	**29,309.09**	**120.13**	**2,208.80**	**(226.84)**	**41,853.64**

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
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Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

CASH FLOW STATEMENT

For the year ended March 31, 2017

In ₹ Million

Particulars	March 31, 2017	March 31, 2016
Operating activities		
Profit before tax	**8,424.92**	**10,259.80**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,948.51	3,084.51
Gain on sale of investment in joint venture	(540.07)	-
Unrealised foreign exchange loss	423.84	205.46
Interest income on fixed deposit and others	(158.64)	(185.96)
Interest income on loan to subsidiaries	(52.22)	(52.14)
Provision no longer required	(35.13)	(1.05)
Provision for doubtful debts and advances (net)	19.72	4.55
Bad debts/ advances written off	6.11	16.03
Finance costs	727.70	905.06
(Profit)/ loss on sale of property, plant and equipment (net)	16.99	0.29
Dividend income	(369.97)	(375.19)
Net (gain) on sale of investment	(19.87)	(26.85)
Net (gain)/loss on fair valuation of financial instruments (FVTPL)	(50.37)	14.24
Provision for dimunition in value of investment in subsidiary and joint venture	23.74	-
Operating profit before working capital changes	**11,365.26**	**13,848.75**
Movements in working capital :		
(Increase)/ Decrease in trade receivable	(13.43)	2,163.43
(Increase)/Decrease in inventories	(601.46)	126.61
Decrease/(Increase) in loans	3.69	(25.64)
Decrease/ (Increase) in other financial assets	48.12	(38.56)
Decrease in other assets	571.99	1,099.35
Increase/(Decrease) in provisions	24.47	(5.07)
Increase/(Decrease) in trade payables	355.44	(2,008.30)
Increase/ (Decrease) in other financial liabilities	7.18	(5.67)
(Decrease)/Increase in other liabilities	(198.69)	916.64
Cash generated from operations	**11,562.57**	**16,071.54**
Direct taxes paid (net of refunds)	(2,638.75)	(3,007.94)
Net cash flow from operating activities (A)	**8,923.82**	**13,063.60**
Investing activities		
Purchase of property, plant & equipment and intangible assets (including capital work-in-progress and capital advances)	(4,399.63)	(5,812.33)
Proceeds from sale of property, plant & equipment and intangible assets	107.96	54.95
Investments in subsidiaries/joint ventures	(1,206.42)	-
Proceeds from sale of investments in subsidiaries/joint ventures	2,292.58	-
Loan given to subsidiaries	(304.88)	(444.55)
Proceeds from loan given to subsidiaries	305.78	104.11
Proceeds from Intercorporate deposits	-	50.00
Investments in financial instruments	(38,002.61)	(31,057.54)
Proceeds from sale of financial instruments	34,778.80	29,987.74
Interest received	265.16	229.63
Dividends received	369.97	375.19
Net cash (used) in investing activities (B)	**(5,793.29)**	**(6,512.80)**

In ₹ Million

Particulars	March 31, 2017	March 31, 2016
Financing activities		
Dividend paid on equity shares	(698.40)	(2,677.13)
Tax on equity dividend paid	(142.18)	(545.00)
Interest Paid	(811.94)	(953.47)
Proceeds from borrowings	38,161.89	41,522.52
Repayment of borrowings	(40,228.71)	(44,100.11)
Investment in subsidiary leading to change in ownership interest without loss of control	-	(13.93)
Net cash flow from / (used in) financing activities (C)	**(3,719.34)**	**(6,767.12)**
Net (decrease) in cash and cash equivalents (A + B + C)	**(588.81)**	**(216.32)**
Net foreign exchange difference	-	-
Cash and cash equivalents at the beginning of the year	**2,835.59**	**3,051.91**
Cash and cash equivalents at the end of the year	**2,246.78**	**2,835.59**

Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

	March 31, 2017	March 31, 2016
Balances with banks:		
In cash credit and current accounts	2,192.13	2,966.84
Deposits with original maturity of less than three months	215.00	-
Cash on hand	0.74	0.70
Total	**2,407.87**	**2,967.54**
Less : cash credit	161.09	131.95
	2,246.78	**2,835.59**

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
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Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017

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 Bharat Forge Limited, Mundhwa, Pune. Also 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 directors on May 24, 2017.

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 thereafter. For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 53 and note 55 for information on how the Company adopted Ind AS.

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

2.2 Summary of significant accounting policies (Contd.) :

a. Current versus non-current classification (Contd.):

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

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 has 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 period 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.

2.2 Summary of significant accounting policies (Contd.):

b. Foreign currencies (Contd.):

Exchange differences (Contd.):

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.

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 and joint ventures

The Company has accounted for its investment in subsidiaries and joint ventures at cost less accumulated impairment.

d. Fair value measurement

The Company measures financial instruments at fair value on initial recognition.

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.

2.2 Summary of significant accounting policies (Contd.):

d. Fair value measurement (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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. 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
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 48)

e. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principle in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

2.2 Summary of significant accounting policies (Contd.):

e. Revenue recognition (Contd.):

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

a. Revenue from the domestic sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

b. Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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.

Die design and preparation charges

Revenues from die design and preparation charges are recognized as per the terms of the contract as and when the significant risks and rewards of ownership of dies are transferred to the buyers.

Sale of services

Revenue from sale of services is recognised by reference to the stage of completion, and is measured net of service tax. Stage of completion is measured by reference to proportion of cost incurred till date to the total estimated contract cost.

Sale of electricity – Windmill

Revenue from sales of electricity is recognized when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.

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.

2.2 Summary of significant accounting policies (Contd.):

e. Revenue recognition (Contd.):

Dividends

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

f. Government grants

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

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this 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.

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

2.2 Summary of significant accounting policies (Contd.):

g. Taxes (Contd.):

Deferred tax (Contd.):

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 subsidiaries, 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

In the situations where the Company 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 Company'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 Company 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.

2.2 Summary of significant accounting policies (Contd.):

h. Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal group 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 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 Company 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), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company 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 are measured at the lower of their carrying amount and the fair value less costs to sell/distribute. 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/ distribution to owners are not depreciated or amortised.

i. Property, plant and equipment

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

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 excise duty, 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 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. Refer to note 49 regarding significant accounting judgements, estimates and assumptions and provisions for further information.

2.2 Summary of significant accounting policies (Contd.):

i. Property, plant and equipment (Contd.):

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

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

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

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building – Factory	30	30
Buildings – Others (including roads)	5 to 60	5 to 60
Plant and machinery	15	10 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
Aircraft	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.

2.2 Summary of significant accounting policies (Contd.):

j. Investment properties

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

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.

Investment properties are derecognised either when they have been disposed of 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.

k. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated 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, as provided by another Ind AS.

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.

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

Type of asset	Life (years)
Computer software	3

2.2 Summary of significant accounting policies (Contd.):

k. Intangible assets (Contd.):

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.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are 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.

m. 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.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangements contain a lease on the basis of facts and circumstances existing on the date of transition.

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.

2.2 Summary of significant accounting policies (Contd.):

m. Leases (Contd.):

Company as a lessee (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 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.

n. Inventories

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

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

Work-in-progress and finished goods are valued at 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.

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.

2.2 Summary of significant accounting policies (Contd.):

o. 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 cashflow 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.

p. 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

2.2 Summary of significant accounting policies (Contd.):

p. Provisions and contingent liabilities (Contd.):

obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past events, 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.

q. 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.

2.2 Summary of significant accounting policies (Contd.):

q. Post employment and other employee benefits (Contd.):

Gratuity

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

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

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

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

- The date of the plan amendment or curtailment, and
- 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, the Company 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 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.

2.2 Summary of significant accounting policies (Contd.):

q. Post employment and other employee benefits (Contd.):

Privilege leave benefits (Contd.):

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.

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.

r. Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are 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

2.2 Summary of significant accounting policies (Contd.):

r. Financial instruments (Contd.):

Financial assets (Contd.):

Debt instruments at amortised cost (Contd.):

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.

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 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 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.

2.2 Summary of significant accounting policies (Contd.):

r. Financial instruments (Contd.):

Financial assets (Contd.):

Equity investments (Contd.):

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 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
- 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 11 and Ind AS 18

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

2.2 Summary of significant accounting policies (Contd.):

r. Financial instruments (Contd.):

Financial assets (Contd.):

Impairment of financial assets (Contd.):

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:

- 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.

2.2 Summary of significant accounting policies (Contd.):

r. Financial instruments (Contd.):

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

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

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

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

Financial guarantee contracts

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

2.2 Summary of significant accounting policies (Contd.):

r. Financial instruments (Contd.):

Financial liabilities (Contd.):

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.

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.

s. 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.

2.2 Summary of significant accounting policies (Contd.):

s. Derivative financial instruments and hedge accounting (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 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 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.

t. Cash and cash equivalents

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

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

2.2 Summary of significant accounting policies (Contd.):

u. 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.

v. Segment reporting

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

w. Earnings per share

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

3. Property, plant and equipment

In ₹ Million

	Freehold land	Leasehold land (notes e, g)	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, 2015	**173.39**	**147.57**	**3,191.90**	**35,917.77**	**68.51**	**0.45**	**527.60**	**790.38**	**293.30**	**2,186.31**	**97.77**	**43,394.95**
Additions	-	-	370.90	2,403.69	14.03	-	4.03	81.29	13.03	1,794.60	-	**4,681.57**
Disposals	-	-	(2.01)	(43.95)	-	-	-	-	(1.77)	(13.67)	-	**(61.40)**
Other adjustments												
- Borrowing costs	-	-	16.03	52.24	-	-	-	0.72	-	-	-	**68.99**
- Exchange differences	-	-	36.62	332.39	-	-	-	3.88	-	52.90	-	**425.79**
at March 31, 2016	**173.39**	**147.57**	**3,613.44**	**38,662.14**	**82.54**	**0.45**	**531.63**	**876.27**	**304.56**	**4,020.14**	**97.77**	**48,509.90**
Additions	-	16.92	1,288.65	2,495.77	27.48	-	4.12	74.94	48.51	3.32	-	**3,959.71**
Disposals	-	-	(3.79)	(293.20)	(48.87)	-	-	-	(23.60)	(18.33)	-	**(387.79)**
Other adjustments												
- Transfer to Held for sale	-	(89.53)	-	-	-	-	-	-	-	-	-	**(89.53)**
- Borrowing costs	-	-	8.45	28.87	-	-	-	0.39	-	-	-	**37.71**
- Exchange differences	-	-	(1.97)	(53.89)	-	-	-	(0.57)	-	(14.60)	-	**(71.03)**
at March 31, 2017	**173.39**	**74.96**	**4,904.78**	**40,839.69**	**61.15**	**0.45**	**535.75**	**951.03**	**329.47**	**3,990.53**	**97.77**	**51,958.97**
Depreciation and impairment												
at April 1, 2015	-	7.71	749.94	19,242.90	53.85	0.43	356.94	557.08	227.99	1,491.22	91.60	**22,779.66**
Charge for the year	-	1.56	113.83	2,635.05	8.11	-	33.49	60.13	21.28	186.06	6.17	**3,065.68**
Disposals	-	-	(1.58)	(30.56)	-	-	-	-	(1.41)	(11.50)	-	**(45.05)**
at March 31, 2016	**-**	**9.27**	**862.19**	**21,847.39**	**61.96**	**0.43**	**390.43**	**617.21**	**247.86**	**1,665.78**	**97.77**	**25,800.29**
Charge for the year	-	1.75	119.88	2,527.10	4.85	-	30.66	33.72	11.04	188.60	-	**2,917.60**
Transfer to Held for sale	-	(5.29)	-	-	-	-	-	-	-	-	-	**(5.29)**
Disposals	-	-	(0.52)	(277.87)	(46.44)	-	-	-	(22.36)	(15.65)	-	**(362.84)**
at March 31, 2017	**-**	**5.73**	**981.55**	**24,096.62**	**20.37**	**0.43**	**421.09**	**650.93**	**236.54**	**1,838.73**	**97.77**	**28,349.76**
Net block												
at April 1, 2015	**173.39**	**139.86**	**2,441.96**	**16,674.87**	**14.66**	**0.02**	**170.66**	**233.30**	**65.31**	**695.09**	**6.17**	**20,615.29**
at March 31, 2016	**173.39**	**138.30**	**2,751.25**	**16,814.75**	**20.58**	**0.02**	**141.20**	**259.06**	**56.70**	**2,354.36**	**-**	**22,709.61**
at March 31, 2017	**173.39**	**69.23**	**3,923.23**	**16,743.07**	**40.78**	**0.02**	**114.66**	**300.10**	**92.93**	**2,151.80**	**-**	**23,609.21**

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2016: ₹ 0.12 million, April 1, 2015: ₹ 0.12 million)

(b) Documents for the ownership of premises at Mittal Towers, Mumbai; Bangalore branch office, Land at Bhima Koregaon, Hangar at Lohegaon, Surajban apartments and Flat at Lullanagar, Pune are not available with the Company.

(c) Capitalised borrowing costs :

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, 2017 was ₹ 44.17 million (March 31, 2016: ₹ 41.25 million). The Company capitalised these borrowing costs in the capital - work-in progress (CWIP).

(d) Assets include assets lying with third party.

(e) The lease hold land situated at Village Jejuri is held for sale.

(f) The Company has elected to continue with the carrying value of property, plant and equipments as recognised in financial statements as per Indian GAAP and regard those values as deemed costs on the date of transition and has carried forward gross block and accumulated depreciation only for discloser purposes.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

(g) Assets classified as held for sale

In ₹ Million

Particulars	March 31, 2017	March 31, 2016	April 1 ,2015
Lease hold Land at Jejuri	89.53	-	-
Less: Amortisation*	5.29	-	-
Total assets held for sale	**84.24**	**-**	**-**

The Board of Directors of the Company decided to transfer and assign the lease hold rights in land located at Jejuri which was originally acquired for a joint venture for railway projects. The Company has identified an interested parties for the transfer, and has entered into a memorandum of understanding with them. The sale is expected to be completed during the financial year 2017-18.

* Amortisation has been provided for till the date of classification as held for sale.

Non-recurring fair value measurements

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. Since the carrying amount was less, there has been no impact in the statement of profit and loss. The fair value of the land was determined using the sales comparison approach.The key input used is current prices in an active market for similar properties.This is a level 2 measurement as per the fair value hierarchy.

4. Investment property

In ₹ Million

	Freehold Land
Cost	
at April 1, 2015	**2.89**
Additions	-
Disposals	-
at March 31, 2016	**2.89**
Additions	-
Disposals	-
at March 31, 2017	**2.89**
Depreciation and impairment	
at April 1, 2015	-
Depreciation for the year	-
at March 31, 2016	-
Depreciation for the year	-
at March 31, 2017	-
Net block	
at April 1, 2015	**2.89**
at March 31, 2016	**2.89**
at March 31, 2017	**2.89**

4. Investment property (Contd.):

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2017	March 31, 2016
Rental income derived from investment properties (Included in rent in note 25)	2.69	2.57
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (Included in rates and taxes in note 31)	1.40	1.30
Profit arising from investment properties before depreciation and indirect expenses	**1.29**	**1.27**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**1.29**	**1.27**

The Company's investment properties consist of three parcels of land situated at Mundhwa, Satara and Chakan. Management determined that the investment properties consist of only one class of assets − free hold land − based on the nature, characteristics and risks of each property.

As at March 31, 2017, March 31, 2016 and April 1, 2015, the fair values of the properties are ₹ 430.31 million, ₹ 412.02 million and ₹ 370.53 million respectively. The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers ready reckoner rates. The fair values of investment properties have been determined by an independent valuer. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Freehold land 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	
	Freehold land	Total
at April 1, 2015	**370.53**	**370.53**
Fair value difference	41.49	**41.49**
Purchases	-	-
at March 31, 2016	**412.02**	**412.02**
Fair value difference	18.29	**18.29**
Purchases	-	-
at March 31, 2017	**430.31**	**430.31**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

5. Intangible assets

In ₹ Million

	Computer software	Total
Cost		
at April 1, 2015	**80.15**	**80.15**
Purchase	18.90	**18.90**
at March 31, 2016	**99.05**	**99.05**
Purchase	95.22	**95.22**
Exchange differences	(0.05)	**(0.05)**
at March 31, 2017	**194.22**	**194.22**
Amortisation and impairment		
at April 1, 2015	**20.50**	**20.50**
Amortisation	18.83	**18.83**
at March 31, 2016	**39.33**	**39.33**
Amortisation	30.91	**30.91**
at March 31, 2017	**70.24**	**70.24**
Net block		
at April 1, 2015	**59.65**	**59.65**
at March 31, 2016	**59.72**	**59.72**
at March 31, 2017	**123.98**	**123.98**

The Company has elected to continue with the carrying value of intangible assets as recognised in financial statements as per Indian GAAP and regard those values as deemed costs on the date of transition and has carried forward gross block and accumulated depreciation only for discloser purposes.

6. Investment in subsidiaries and joint ventures

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At Cost			
Unquoted equity instruments (fully paid)			
- Investment in wholly owned subsidiaries			
Bharat Forge Global Holding GmbH			
Subscription to the equity share capital EUR 5,000,000 (March 31, 2016 : EUR 5,000,000; April 1, 2015 : EUR 5,000,000)	287.98	287.98	287.98
Capital contribution credited in favour of Bharat Forge Limited [Refer Note 6 (a)] EUR 57,464,428 [March 31, 2016:EUR 57,464,428; April 1, 2015:EUR 57,464,428]	3,675.98	3,675.98	3,675.98
	3,963.96	**3,963.96**	**3,963.96**
Bharat Forge America Inc. [Refer Note 6 (b)]			
USD 33,396,597 (March 31, 2016 : USD 21,596,597; April 1, 2015 : USD 21,596,597)	831.91	22.93	22.93
64,000 (March 31, 2016: Nil, April 1, 2015: Nil) equity shares of £ 1/- each fully paid up in Bharat Forge International Limited [Refer Note 6 (c)]	304.78	-	-
95,527,694 (March 31, 2016 : 27,519,594, April 1, 2015: 19,791,494) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited [Refer Note 6 (d)]	575.28	185.20	107.91
Nil (March 31, 2016: 40,050,000, April 1, 2015: 40,050,000) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Ventures Limited [Refer Note 6 (d)]	-	110.50	110.50
Nil (March 31, 2016: 50,000, April 1, 2015 : 50,000) equity shares of ₹ 10/- each fully paid up in Kalyani Polytechnic Private Limited [Refer Note 6 (i)]	-	0.50	0.50
- Other subsidiaries where Company holds 51% or more of the equity share capital			
1,655,202 (March 31, 2016: 1,655,202, April 1, 2015 : 1,655,202) equity shares of ₹ 10/- each fully paid up in Analogic Controls India Limited [Refer Note 6 (f)]	16.55	16.55	16.55
Less : Provision for impairment in value of investments	16.55	-	-
	-	16.55	16.55
10,000 (March 31, 2016: 10,000, April 1, 2015: 10,000) equity shares of ₹ 10/- each fully paid up in BF Elbit Advanced Systems Private Limited	0.10	0.10	0.10
9,990,600 (March 31, 2016: 1,443,000, April 1, 2015 : 50,000) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited [Refer Note 6 (e)]	99.90	14.43	0.50
- Investments in joint ventures			
6,839,100 (March 31, 2016: 6,120,000, April 1, 2015 : 6,120,000) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Limited [Refer Note 6 (g)]	30.76	23.57	23.57
Less : Provision for impairment in value of investments	7.19	-	-
	23.57	23.57	23.57
Nil (March 31, 2016: 151,826,496, April 1, 2015 : 151,826,496) equity shares of ₹ 10/- each fully paid up in ALSTOM Bharat Forge Power Private Limited [Refer Note 6 (h)]	-	1,727.01	1,727.01
Total	**5,799.50**	**6,064.75**	**5,973.53**
Aggregate value of unquoted investments	**5,823.24**	**6,064.75**	**5,973.53**
Aggregate amount of impairment in value of investments	**23.74**	**-**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

6. Investment in subsidiaries and joint ventures (Contd.):

(a) Bharat Forge Global Holding GmbH

Contributions to the capital reserves of Bharat Forge Global Holding GmbH 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.

(b) Bharat Forge America Inc.

During the current year, the Company through Bharat Forge America Inc., USA, has completed acquisition of Walker Forge Tennessee LLC (renamed as "Bharat Forge PMT Technologie LLC") and PMT Holdings Inc. (renamed as "Bharat Forge Tennessee Inc.").

(c) Bharat Forge International Limited

During the current year, the Company has purchased 64,000 ordinay shares of Bharat Forge International Limited from Bharat Forge Global Holding GmbH.

(d) Merger of BF Infrastructure Limited (BFIL) and BF Infrastructure Ventures Limited (BFIVL) (wholly owned Subsidiaries)

The Board of Directors of BFIL and BFIVL approved a Scheme of Amalgamation (Scheme) on July 9, 2015 with BFIVL being transferor company. The Scheme is approved by Hon'ble High Court of Bombay on August 18, 2016 with appointed date April 1, 2015. Persuant to the merger shares of BFIL at fair value of ₹ 110.50 million have been alloted to the shareholder of BFIVL in the ratio of 1:1.

During the Current year, the Company has made further Investment in BFIL of ₹ 279.58 million by acquiring 27,958,100 shares of ₹ 10/- each.

(e) Kalyani Startegic Systems Limited (KSSL)

During the Current year, the company has made further investment in KSSL of ₹ 85.47 million by acquiring 8,547,600 shares of ₹ 10/- each.

(f) Analogic Controls India Limited (ACIL)

During the current year, the Company has identified impairment of ₹ 16.55 million in investment in equity instrument of ACIL. The impairment is recognised as an exceptional item in the statement of profit and loss.

(g) BF NTPC Energy Systems Limited (BFNTPCESL)

During the current year, the Company has made further investment in BFNTPCESL of ₹ 7.19 million by acquiring 719,100 shares of ₹ 10/- each.

During the current year, the Company has identified impairment of ₹ 7.19 million in investment in equity instrument of BFNTPCESL. The impairment is recognised as an exceptional item in the statement of profit and loss.

(h) ALSTOM Bharat Forge Power Private Limited

During the current year the Company has divested its 49% stake in ALSTOM Bharat Forge Power Private Limited, which was formed as a JV, resulting in to net gain of ₹ 540.07 million which is shown as an exceptional item in the statement of profit and loss.

(i) Kalyani Polytechnic Private Limited (KPPL)

During the current year the Company has divested its 100% of its stake in KPPL, which was a wholly owned subsidiary, resulting in to a net loss of ₹ 0.15 million.

7. Investments

In ₹ Million

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current investment				
(a) At amortised cost				
- Bonds (unquoted)				
Nil (March 31, 2016: 500; April 1, 2015: 500) Non-convertible redeemable secured taxable bonds of ₹ 10,000/- each - Series IX (2013-14)		-	5.00	5.00
Total investments at amortised cost	(a)	**-**	**5.00**	**5.00**
(b) Investment at fair value through OCI (FVTOCI)				
Equity instruments (unquoted)				
- Investments in others (Company holds 5% or more of the share capital) (fully paid)				
38,384,202 (March 31, 2016: 21,067,894, April 1, 2015: 21,067,894) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited [(Refer Note 7(b)]		524.71	250.29	315.60
Equity instruments (quoted)				
- Investments in others (fully paid)				
613,000 (March 31, 2016: 613,000, April 1, 2015 : 613,000) equity shares of ₹ 2/- each fully paid up in KPIT Technologies Limited		79.50	90.63	115.55
Total FVTOCI investments	(b)	**604.21**	**340.92**	**431.15**
(c) Investments at fair value through profit or loss (FVTPL)				
- Debentures (unquoted)				
Other subsidiaries where Company holds 51% or more of the equity share capital (fully paid)				
1,573,100 (March 31, 2016: 1,573,100; April 1, 2015 : 866,467) 0% Compulsorily Convertible Debentures of ₹ 100/- each in Analogic Controls India Limited [Refer note 32(c)]		3.60	139.69	78.94
- Equity instruments (unquoted)				
Investments in others (Company holds 5% or more of the share capital) (fully paid)				
504,432 (March 31, 2016: 504,432, April 1, 2015: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited [Refer note 7(a)]		-	-	-
- Preference shares (unquoted)				
Investment in wholly owned subsidiaries (fully paid)				
21,814,050 (March 31, 2016: 21,814,050, April 1, 2015: 21,814,050) redeemable preference shares of ₹ 10/- each fully paid up in BF Infrastructure Limited		-	-	-
- Investments in private equity fund (unquoted funds)				
720,000 (March 31, 2016 : 280,000, April 1, 2015 : Nil) Units of ₹ 100/- each of Paragon Partners Growth Fund - I [Refer note 7(c)]		72.79	26.07	-
- Investments in mutual funds (quoted funds)				
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series OE (1153 days) - Direct Plan-Growth		20.11	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series OG (1146 days) - Direct Plan-Growth		20.10	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Direct Plan-Growth		20.17	-	-
carried over		60.38	-	-
carried over		76.39	165.76	78.94
carried over		604.21	345.92	436.15

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current investment (Contd.):			
brought over	604.21	345.92	436.15
brought over	76.39	165.76	78.94
brought over	60.38	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series OI (1120 days) - Direct Plan-Growth	20.12	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series OK (1135 days) - Direct Plan-Growth	20.06	-	-
20,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of DHFL Pramerica Fixed Duration Fund - Series AE - Direct Plan - Growth Option	20.11	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 204 - 37M - Direct Plan - Growth	20.14	-	-
5,000,000 (March 31, 2016: 5,000,000; April 1, 2015: Nil) Units of ₹ 10 each of HDFC FMP 1107D March 2016 (1) Series 36 - Direct Option - Growth Option	54.97	50.09	-
5,000,000 (March 31, 2016: 5,000,000; April 1, 2015: Nil) Units of ₹ 10 each of HDFC FMP 1114D March 2016 (1) Series 35 - Direct Option - Growth Option	55.00	50.13	-
5,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of HDFC FMP 1169D February 2017 (1) Series 37 - Direct - Growth	50.22	-	-
5,000,000 (March 31, 2016: 5,000,000; April 1, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1115 Days Plan X Direct Plan Cumulative Option	54.80	50.09	-
2,000,000 (March 31, 2016: 2,000,000; April 1, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1130 Days Plan T Direct Plan Cumulative Option	21.93	20.05	-
2,000,000 (March 31, 2016: 2,000,000; April 1, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1135 Days Plan W Direct Plan Cumulative Option	21.92	20.12	-
3,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct Plan - Cumulative Option	30.10	-	-
3,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1194 Days Plan F - Direct Plan - Cumulative Option	30.18	-	-
3,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Direct Plan - Cumulative Option	30.24	-	-
2,000,000 (March 31, 2016: 2,000,000; April 1, 2015: Nil) Units of ₹ 10 each of Kotak FMP Series 191 - Direct Growth	21.96	20.08	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Kotak FMP Series 200-Direct Growth	20.12	-	-
carried over	532.25	210.56	-
carried over	76.39	165.76	78.94
carried over	604.21	345.92	436.15

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current investment (Contd.):			
brought over	604.21	345.92	436.15
brought over	76.39	165.76	78.94
brought over	532.25	210.56	-
5,000,000 (March 31, 2016: 5,000,000; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX-Series 13 -Direct Growth Plan	55.16	50.34	-
5,000,000 (March 31, 2016: 5,000,000; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX-Series 17 -Direct Growth Plan	54.88	50.00	-
3,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXII- Series 8 - Direct Growth Plan	30.13	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII- Series 1 - Direct Growth Plan	20.15	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII- Series 3 - Direct Growth Plan	20.15	-	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII- Series 4 - Direct Growth Plan	20.13	-	-
2,000,000 (March 31, 2016: 2,000,000; April 1, 2015: Nil) Units of ₹ 10 each of SBI Debt Fund Series B - 35 (1131 Days) - Direct Growth	21.99	20.09	-
5,000,000 (March 31, 2016: 5,000,000; April 1, 2015: Nil) Units of ₹ 10 each of SBI Debt Fund Series B - 36 (1131 Days) - Direct Growth	54.65	50.00	-
2,000,000 (March 31, 2016: 2,000,000; April 1, 2015: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXIV-VIII (1184 Days) Direct Growth Plan	22.07	20.13	-
2,000,000 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVI-VI (1146 Days)- Direct Growth Plan	20.11	-	-
	851.67	**401.12**	**-**
- Investments in mutual funds (unquoted funds)			
1,031,029.876 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	268.60	-	-
342,047.800 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of Birla Sun Life Savings Fund - Growth - Regular Plan	108.99	-	-
100,614.884 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth	321.93	-	-
3,847,145.226 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Regular Plan - Growth	108.76	-	-
350,440.803 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of ICICI Prudential Flexible Income - Growth	109.11	-	-
1,341,618.683 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of ICICI Prudential Liquid Plan - Growth	322.20	-	-
9,291,003.521 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund- Growth Plan	109.52	-	-
carried over	**1,349.11**	-	-
carried over	928.06	566.88	78.94
carried over	604.21	345.92	436.15

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current investment (Contd.):			
brought over	604.21	345.92	436.15
brought over	928.06	566.88	78.94
brought over	**1,349.11**	-	-
109,856.125 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Reliance Liquidity Fund - Growth Plan - Growth Option	268.29	-	-
84,283.317 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Growth	214.56	-	-
25,677.546 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of SBI Ultra Short Term Debt Fund - Regular Plan - Growth	53.93	-	-
80,850.584 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth	214.79	-	-
24,285.753 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth	54.44	-	-
	2,155.12	-	-
Total FVTPL investments (c)	3,083.18	566.88	78.94
Total (a) + (b) + (c)	**3,687.39**	**912.80**	**515.09**
Current investments			
Investments at fair value through profit or loss (FVTPL)			
- Investments in mutual funds (Unquoted funds)			
330,619.111 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Axis Liquid Fund - Daily Dividend Reinvestment	330.91	-	-
Nil (March 31, 2016: 146,455.866; April 1, 2015: 67,680.139) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	-	245.45	104.82
3,067,967.704 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of Birla Sun Life Cash Plus - Daily Dividend Reinvestment - Regular Plan	307.39	-	-
Nil (March 31, 2016: 1,286,482.144 ; April 1, 2015: 2,156,388.990) Units of ₹ 100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	-	312.32	483.64
4,886,828.808 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of Birla Sun Life Savings Fund - Daily Dividend Reinvestment - Regular Plan	490.83	-	-
Nil (March 31, 2016: 1,761,140.710; April 1, 2015: Nil) Units of ₹ 100 each of Birla Sun Life Savings Fund - Growth - Regular Plan	-	515.77	-
2,020,447.526 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of DHFL Pramerica Insta Cash Plus Fund - Daily Dividend Reinvestment	202.66	-	-
Nil (March 31, 2016: 983,923.561; April 1, 2015: Nil) Units of ₹ 100 each of DHFL Pramerica Insta Cash Plus Fund - Growth	-	193.23	-
Nil (March 31, 2016: 16,199.416; April 1, 2015: 16,582.587) Units of ₹ 1,000 each of DSP BlackRock Money Manager Fund - Regular Plan - Growth	-	32.96	31.33
carried over	1,331.79	1,299.73	619.79

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments (Contd.):			
brought over	1,331.79	1,299.73	619.79
13,508,353.272 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of DSP Black Rock Ultra Short Term Fund - Regular Plan - Daily Dividend Reinvestment	136.21	-	-
232,200.324 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend Reinvestment	232.39	-	-
Nil (March 31, 2016: 115,276.042; April 1, 2015: 43,726.745) Units of ₹ 1,000 each of DSP BlackRock Liquidity Fund - Institutional Plan - Growth	-	249.24	87.43
Nil (March 31, 2016: Nil; April 1, 2015: 849,597.853) Units of ₹ 100 each of DWS Insta Cash Plus Fund - Growth	-	-	154.08
356,454.750 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Franklin India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	356.71	-	-
Nil (March 31, 2016: 50,313.727; April 1, 2015: 25,562.613) Units of ₹ 1,000 each of Franklin India Treasury Management Account - Super Institutional Plan - Growth	-	113.82	53.36
Nil (March 31, 2016: Nil; April 1, 2015: 3,330,895.734) Units of ₹ 10 each of Franklin India Ultra Short Bond Fund -Super Institutional Plan - Growth	-	-	61.76
332,918.327 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Daily Dividend Reinvestment	339.52	-	-
Nil (March 31, 2016: 156,451.577; April 1, 2015: 7,262,411.264) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth	-	466.94	200.27
62,921,809.49 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Regular Plan - Daily Dividend Reinvestment	634.31	-	-
3,847,145.226 (March 31, 2016: 20,638,251.911; April 1, 2015: 21,188,629.603) Units of ₹ 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Regular Plan - Growth	-	537.50	507.62
4,868,216.384 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of ICICI Prudential Flexible Income - Daily Dividend Reinvestment	514.74	-	-
Nil (March 31, 2016: 1,546,464.721; April 1, 2015: 661,022.388) Units of ₹ 100 each of ICICI Prudential Flexible Income - Growth - Regular Plan	-	442.63	173.92
4,897,405.293 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 100 each of ICICI Prudential Liquid Plan - Daily Dividend Reinvestment	490.22	-	-
Nil (March 31, 2016: 2,696,028.444; April 1, 2015: 1,267,195.547) Units of ₹ 100 each of ICICI Prudential Liquid Plan - Growth	-	603.52	262.13
Nil (March 31, 2016: Nil; April 1, 2015: 777,419.206) Units of ₹ 100 each of ICICI Prudential Money Market Fund - Regular Plan - Growth	-	-	150.23
229,840.699 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of IDFC Cash Fund - Daily Dividend Reinvestment - (Regular Plan)	230.09	-	-
carried over	4,265.98	3,713.38	2,270.59

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments (Contd.):			
brought over	4,265.98	3,713.38	2,270.59
Nil (March 31, 2016: 166,608.036; April 1, 2015: 100,233.590) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	-	306.36	170.30
17,849,345.464 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment - (Regular Plan)	179.76	-	-
Nil (March 31, 2016: 3,480,401.579; April 1, 2015: 1,071,949.889) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Growth - (Regular Plan)	-	73.91	20.95
19,982.607 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Indiabulls Liquid Fund - Existing Plan - Daily Dividend Reinvestment	20.00	-	-
124,959.118 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Invesco India Liquid Fund - Daily Dividend Reinvestment	125.16	-	-
50,540.397 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Invesco India Ultra Short Term Fund - Daily Dividend Reinvestment	50.63	-	-
9,981,592.309 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of JM High Liquidity Fund - Daily Dividend Reinvestment	104.11	-	-
Nil (March 31, 2016: 1,213,770.282; April 1, 2015: Nil) Units of ₹ 10 each of JM High Liquidity Fund-Growth	-	50.16	-
Nil (March 31, 2016: Nil; April 1, 2015: 6,138,928.524) Units of ₹ 10 each of JPMorgan India Liquid Fund Super Institutional Plan - Growth	-	-	111.16
242,552.5075 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Kotak Liquid Regular Plan - Daily Dividend Reinvestment	296.60	-	-
Nil (March 31, 2016: 18,394.599; April 1, 2015: Nil) Units of ₹ 1,000 each of Kotak Liquid Scheme Plan A - Growth	-	56.46	-
24,889,841.582 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Kotak Treasury Advantage Fund-Daily Dividend Reinvestment (Regular Plan)	250.88	-	-
Nil (March 31, 2016: 9,871,987.041; April 1, 2015: 7,948,730.866) Units of ₹ 10 each of Kotak Treasury Advantage Fund - Growth	-	238.39	177.02
159,463.169 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Daily Dividend Reinvestment	161.34	-	-
Nil (March 31, 2016: 64,483.622; April 1, 2015: 55,418.577) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	-	133.75	106.23
10,183,012.422 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of L&T Ultra Short Term Fund Regular - Daily Dividend Reinvestment	104.45	-	-
Nil (March 31, 2016: 2,068,075.276; April 1, 2015: Nil) Units of ₹ 10 each of L&T Ultra Short Term Fund - Growth Plan	-	50.84	-
carried over	5,558.91	4,623.25	2,856.25

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments (Contd.):			
brought over	5,558.91	4,623.25	2,856.25
96,049.529 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of LIC MF Liquid Fund - Daily Dividend Reinvestment	105.46	-	-
Nil (March 31, 2016: 18,831.862; April 1, 2015: Nil) Units of ₹ 1,000 each of LIC NOMURA MF Liquid Fund-Growth	-	51.62	-
17,583,190.396 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund- Weekly Dividend Reinvestment Plan	178.18	-	-
Nil (March 31, 2016: 14,298,652.27; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund- Growth Plan	-	154.26	-
50,021.832 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Reliance Money Manager Fund - Daily Dividend Reinvestment	50.40	-	-
Nil (March 31, 2016: 111,837.561; April 1, 2015: 88,839.788) Units of ₹ 1,000 each of Reliance Money Manager Fund - Growth Plan - Growth Option	-	232.05	170.01
18,826,472.402 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Reliance Medium Term Fund - Daily Dividend Reinvestment	321.86	-	-
Nil (March 31, 2016: 5,921,029.667; April 1, 2015: 6,074,241.265) Units of ₹ 10 each of Reliance Medium Term Fund - Growth Plan - Growth Option	-	185.83	175.54
301,009.115 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Reliance Liquidity Fund - Daily Dividend Reinvestment	301.16	-	-
Nil (March 31, 2016: 112,632.122; April 1, 2015: 95,161.955) Units of ₹ 1,000 each of Reliance Liquidity Fund - Growth Plan - Growth Option	-	256.52	200.33
Nil (March 31, 2016: 57,134.504; April 1, 2015: 18,087.481) Units of ₹ 1,000 each of Religare Invesco Liquid Fund - Growth Plan	-	118.88	34.77
395,887.551 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Daily Dividend Reinvestment	397.17	-	-
Nil (March 31, 2016: 160,273.315; April 1, 2015: 126,364.215) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Growth	-	380.82	277.46
263,643.626 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of SBI Ultra Short Term Debt Fund - Regular Plan - Daily Dividend Reinvestment	265.30	-	-
Nil (March 31, 2016: 105,637.362; April 1, 2015: Nil) Units of ₹ 1,000 each of SBI Ultra Short Term Debt Fund - Regular Plan - Growth	-	205.70	-
17,486,424.448 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 10 each of Sundaram Money Fund -Regular Daily Dividend Reinvestment	176.53	-	-
carried over	7,354.97	6,208.93	3,714.36

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

7. Investments (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments (Contd.):			
brought over	7,354.97	6,208.93	3,714.36
Nil (March 31, 2016: 5,280,972.652; April 1, 2015: 4,412,094.774) Units of ₹ 10 each of Sundaram Money Fund - Regular Growth	-	168.40	130.06
104,942.987 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Tata Ultra Short Term Fund Regular Plan - Daily Dividend Reinvestment	105.31	-	-
Nil (March 31, 2016: 22,684.694; April 1, 2015: Nil) Units of ₹ 1,000 each of Tata Floater Fund - Growth	-	51.68	-
148,992.595 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of Tata Liquid Fund Regular Plan - Daily Dividend Reinvestment	166.06	-	-
Nil (March 31, 2016: 56,092.046; April 1, 2015: 61,203.589) Units of ₹ 1,000 each of Tata Liquid Fund Plan A - Growth	-	156.46	157.80
256,039.810 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Daily Dividend Reinvestment	261.02	-	-
Nil (March 31, 2016: 148,186.879; April 1, 2015: 123,975.310) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth	-	367.01	283.84
343,029.171 (March 31, 2016: Nil; April 1, 2015: Nil) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Daily Dividend Reinvestment	344.30	-	-
Nil (March 31, 2016: 135,441.496; April 1, 2015: 62,267.616) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth	-	279.58	118.15
	8,231.66	**7,232.06**	**4,404.21**
Quoted funds			
Nil (March 31, 2016: Nil; April 1, 2015: 5,000,000) Units of ₹ 10 each of HDFC FMP 370D June 2014 (2) - Series 31 - Regular - Growth	-	-	53.44
Nil (March 31, 2016: Nil; April 1, 2015: 2,000,000) Units of ₹ 10 each of HDFC FMP 371D June 2014 (3) - Series 31 - Regular - Growth	-	-	21.33
Nil (March 31, 2016: Nil; April 1, 2015: 3,000,000) Units of ₹ 10 each of ICICI Prudential FMP Series 74 - 369 Days Plan K Regular Plan Cumulative	-	-	32.27
Nil (March 31, 2016: Nil; April 1, 2015: 2,000,000) Units of ₹ 10 each of ICICI Prudential FMP Series 74 - 370 Days Plan X Regular Plan Cumulative	-	-	21.32
Nil (march 31, 2016: Nil; April 1, 2015: 3,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund - XXVI - Series 31 - Growth Plan	-	-	32.06
	-	-	**160.42**
Total	**8,231.66**	**7,232.06**	**4,564.63**
Aggregate book value of quoted investments	**931.17**	**491.75**	**275.97**
Aggregate market value of quoted investments	**931.17**	**491.75**	**275.97**
Aggregate value of unquoted investments	**10,987.88**	**7,653.11**	**4,803.75**
Aggregate amount of impairment in value of investments	**-**	**-**	**-**

7. Investments (Contd.):

(a) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited pledged against the facility obtained by Gupta Global Resources Private Limited.

(b) Khed Economic Infrastructure Private Limited

During the current year, the Company has made further investment in Khed Economic Infrastructure Private Limited of ₹ 173.16 million by acquiring 17,316,308 shares of ₹ 10/- each.

(c) Paragon Partners Growth Fund - I

During the current year, the The Company has made further investment in Paragon Partners Growth Fund - I of ₹ 44.00 million by acquiring 440,000 units of ₹ 100/- each.

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

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

8. Loans

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current (Unsecured, considered good)			
Loans to related parties (Refer notes 39 & 42)			
Loans to subsidiaries	-	88.26	126.06
Loans to others	-	75.00	75.00
Other loans			
Loan to employees	37.64	40.57	13.85
Total	**37.64**	**203.83**	**214.91**
Current (Unsecured, considered good)			
Loans to related parties (Refer notes 39 & 42)			
Loans to subsidiaries	177.51	452.97	152.19
Loans to others	75.00	-	-
Other loans			
Intercorporate deposits	-	-	50.00
Total	**252.51**	**452.97**	**202.19**

No loans and advances are due from directors or other officers of the Company either severally or jointly with any other person.

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

9. Derivative instruments

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Cash flow hedges			
Foreign exchange forward contracts	1,564.89	600.58	1,837.83
Total	**1,564.89**	**600.58**	**1,837.83**
Current			
Cash flow hedges			
Foreign exchange forward contracts	1,961.97	1,154.32	3,422.63
Total	**1,961.97**	**1,154.32**	**3,422.63**

Derivative instruments at 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 31,2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Security deposits	317.36	285.92	260.95
Receivable for sale of property, plant and equipment	-	81.08	-
Deposits with remaining maturity for more than twelve months #	0.03	0.03	0.03
Total	**317.39**	**367.03**	**260.98**
Current			
Energy credit receivable - windmills	6.09	8.98	16.30
Interest accrued on fixed deposits etc.	33.45	27.93	54.86
Interest accrued on loan given to subsidaries	14.90	129.54	113.81
Receivable for sale of property, plant and equipment	191.00	200.00	350.00
Share application money paid	83.00	-	-
Recoverable from subsidiaries	89.66	118.73	143.08
Total	**418.10**	**485.18**	**678.05**

₹ 0.03 million (March 31, 2016: ₹ 0.03 million; April 1, 2015: ₹ 0.03 million) in non-current portion pledged with the sales tax department.

11. Inventories

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials and components [includes items lying with third parties]	721.87	696.79	992.91
Work-in-progress [includes lying with third parties]	2,190.87	1,945.55	2,094.60
Finished goods [includes in transit]	535.65	301.92	57.14
Stores, spares and loose tools	680.30	649.83	534.25
Dies and dies under fabrication	117.90	55.26	85.34
Scrap	18.33	14.11	25.83
Total	**4,264.92**	**3,663.46**	**3,790.07**

During the year ended March 31, 2017: ₹ 40.49 million (March 31, 2016: ₹ Nil) was recognised as an expense for inventories carried at net realisable value.

12. Trade receivables

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured			
Considered good	95.45	115.57	154.07
	95.45	**115.57**	**154.07**
Unsecured			
Considered good (including related parties receivables)	13,759.45	14,156.85	15,934.71
Doubtful	70.87	51.15	39.90
	13,830.32	**14,208.00**	**15,974.61**
Impairment allowance (allowance for bad and doubtful debts)			
Unsecured			
Considered good	(50.00)	(50.00)	(50.00)
Doubtful	(70.87)	(51.15)	(39.90)
	(120.87)	**(101.15)**	**(89.90)**
Total	**13,804.90**	**14,222.42**	**16,038.78**
Non-current	**5.49**	**20.87**	**-**
Current	**13,799.41**	**14,201.55**	**16,038.78**
Total	**13,804.90**	**14,222.42**	**16,038.78**

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

For details of balances outstanding and 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 270 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 of related party transactions.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

12. Trade receivables (Contd.):

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 entirely 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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Transferred receivables	7,972.94	8,486.28	10,494.14
Associated borrowing (bank loans - Refer note 18)	7,975.34	8,487.48	10,497.25

13. Cash and bank balances

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Balances with banks:			
In cash credit and current accounts	2,192.13	2,966.84	2,129.27
Deposits with original maturity of less than three months	215.00	-	1,030.01
Cash on hand	0.74	0.70	1.13
Total	**2,407.87**	**2,967.54**	**3,160.41**
Other bank balances			
Earmarked balances (on unclaimed dividend accounts)	33.83	49.37	25.38
Deposits with remaining maturity of more than three month and less than twelve months	340.00	730.00	2,732.33
Total	**373.83**	**779.37**	**2,757.71**

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.

13. Cash and bank balances (Contd.):

Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 and the denomination wise SBNs and other notes as per the notification is given below:

In ₹ Million

Particulars	SBNs*	Other denomination notes**	Total
Closing cash in hand as on November 8, 2016	1.34	0.20	**1.54**
(+) Permitted receipts	-	4.01	**4.01**
(-) Permitted payments	0.18	3.10	**3.28**
(-) Amount deposited in Banks	1.16	-	**1.16**
Closing cash in hand as on December 30, 2016	-	1.11	**1.11**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

** Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and payments as permitted by RBI from time to time persuant to the introduction of the demonetisation scheme by the Government vide RBI circular-RBI/2016-17/112 dated November 8, 2016.

14. Other assets

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Capital advances	1,216.81	1,319.61	917.06
Balances with customs, excise and other government authorities	1,062.32	1,378.55	1,468.39
Government grant under PSI Scheme*	-	382.35	232.45
Government grants - export incentive receivable**	298.38	-	-
Total	**2,577.51**	**3,080.51**	**2,617.90**
Current			
Balances with customs, excise and other government authorities	1,196.71	835.68	2,100.65
Government grant under PSI Scheme*	256.63	-	-
Government grants - export incentive receivable**	1,202.12	1,908.83	1,564.53
Advance to suppliers	326.32	276.75	497.70
Other advances ***	264.92	330.36	263.52
Total	**3,246.70**	**3,351.62**	**4,426.40**

* Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007 with continual conditions.

** Includes receivable against schemes such as Duty Entitlement Pass Book Scheme (DEPB), Duty Drawback, Status Holder Incentive Scheme (SHIS), Focus Product Scheme (FPS), Focus Market Scheme (FMS), Market Linked Focus Product Scheme (MLFPS) and Merchandise Exports from India Scheme (MEIS). There are no unfulfilled conditions or other contingencies attached to the said Government grants

*** Includes prepaid expenses, sundry debit balances etc.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

Break up of financial assets carried at amortised cost

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments (Refer note 7)	-	5.00	5.00
Loans (Refer note 8)	290.15	656.80	417.10
Other financial assets (Refer note 10)	735.49	852.21	939.03
Trade receivables (Refer note 12)	13,804.90	14,222.42	16,038.78
Cash and cash equivalents (Refer note 13)	2,407.87	2,967.54	3,160.41
Other bank balances (Refer note 13)	373.83	779.37	2,757.71
Total	**17,612.24**	**19,483.34**	**23,318.03**

Break up of financial assets carried at fair value through OCI

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments (Refer note 7)	604.21	340.92	431.15
Derivative instruments (Refer note 9)	3,526.86	1,754.90	5,260.46
Total	**4,131.07**	**2,095.82**	**5,691.61**

Break up of financial assets carried at fair value through P&L

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments (Refer note 7)	11,314.84	7,798.94	4,643.57
Total	**11,314.84**	**7,798.94**	**4,643.57**

15. Equity share capital

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares (No.)			
300,000,000 (March 31, 2016: 300,000,000 ; April 1, 2015: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00	600.00
43,000,000 (March 31, 2016: 43,000,000 ; April 1, 2015: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00	430.00
2,000,000 (March 31, 2016: 2,000,000 ; April 1, 2015: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00	20.00
Issued (No.)			
232,970,666 (March 31, 2016: 232,970,666; April 1, 2015: 232,970,666) equity shares of ₹ 2/- each	465.94	465.94	465.94
Subscribed and fully paid-up (No.)			
232,794,316 (March 31, 2016: 232,794,316 ; April 1, 2015: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59	465.59
Add:			
172,840 (March 31, 2016: 172,840 ; April 1, 2015: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2016: 15,010; April 1, 2015: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830/- equity shares (March 31, 2016: 157,830; April 1, 2015: 157,830/-) of ₹ 2/- each (amount partly paid ₹ 0.50/- each) [Also Refer note 15(f)]	0.09	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**465.68**	**465.68**	**465.68**

(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, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	In ₹ Million	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59	232,794,316	465.59
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	232,794,316	465.59	232,794,316	465.59	232,794,316	465.59

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

15. Equity share capital (Contd.):

(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 and shares bought back during the period of five years immediately preceding the reporting date

There are no bonus shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

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

Name of Shareholder *	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No.	% of Holding	No.	% of Holding	No	% of Holding
Equity shares of ₹ 2/- each fully paid						
Kalyani Investment Company Limited	31,656,095	13.60	31,656,095	13.60	31,656,095	13.60
Sundaram Trading and Investment Private Limited	27,580,087	11.85	29,907,087	12.85	29,907,087	12.85
KSL Holdings Private Limited	23,142,870	9.94	23,142,870	9.94	23,142,870	9.94
Life Insurance Coraporation of India	14,714,074	6.32	16,394,383	7.04	4,862,620	2.09

* 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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	No.	No.	No.
2,340 (March 31, 2016: 2,340, April 1, 2015 : 2,340) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2016: 234, April 1, 2015 : 234) detachable warrants entitled to subscription of 1,170 (March 31, 2016: 1,170, April 1, 2015: 1,170) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	3,510	3,510	3,510

(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 at the close of the year are 9,200 (March 31, 2016: 9,200; April 1, 2015: 9,200). 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, 2017	As at March 31, 2016
Capital reserves		
Special capital incentive [Refer note 16(a)]		
Opening Balance	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Opening balance	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Capital redemption reserve [Refer note 16(c)]		
Opening Balance	300.00	300.00
Closing balance	**300.00**	**300.00**
Securities premium account [Refer note 16(d)]		
Opening Balance	7,096.48	7,096.48
Closing balance	**7,096.48**	**7,096.48**
Debenture redemption reserve [Refer note 16(e)]		
Opening balance	1,065.00	1,065.00
Add: Amount transferred from surplus in the statement of profit and loss	-	-
Less: Amount transferred to surplus in the statement of profit and loss	1,065.00	-
Closing balance	**-**	**1,065.00**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.2(b)]		
Opening balance	(699.26)	(661.05)
Add: Arising during the year	141.07	(441.06)
Less: Adjusted during the year	(331.35)	(402.85)
Closing balance	**(226.84)**	**(699.26)**
Hedge reserve [Refer note 2.2(s)]		
Opening balance	1,107.82	3,346.33
Add: Arising during the year	1,973.68	(98.92)
Less: Adjusted during the year	872.70	2,139.59
Closing balance	**2,208.80**	**1,107.82**
General reserve		
Opening balance	3,058.78	2,958.78
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)]	128.30	-
Closing balance	**3,030.48**	**3,058.78**
Surplus in the statement of profit and loss		
Opening balance	23,405.20	19,824.80
Add:		
- Net profit for the year	5,850.77	6,976.18
- Transfer from debenture redemption reserve	1,065.00	-
- Items of Other Comprehensive Income (OCI):		
(1) Re-measurement of defined benefit obligations	(41.31)	16.58
(2) Equity Instruments through OCI	90.13	(90.23)
	6,964.59	**6,902.53**
Less:		
- Final equity dividend of previous year	116.40	1,047.57
- Tax on final equity dividend of previous year	23.70	213.26
- Interim equity dividend	581.99	1,629.56
- Tax on interim equity dividend	118.48	331.74
- Transfer to general reserve	100.00	100.00
	940.57	**3,322.13**
Closing balance	**29,429.22**	**23,405.20**
Total	**41,853.64**	**35,349.52**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

16. Other equity (Contd.):

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserves	15.50	15.50	15.50
Capital redemption reserve	300.00	300.00	300.00
Securities premium account	7,096.48	7,096.48	7,096.48
Debenture redemption reserve	-	1,065.00	1,065.00
Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	(226.84)	(699.26)	(661.05)
Hedge reserve	2,208.80	1,107.82	3,346.33
General reserve	3,030.48	3,058.78	2,958.78
Surplus in the statement of profit and loss	29,429.22	23,405.20	19,824.80
Total	**41,853.64**	**35,349.52**	**33,945.84**

(a) Special capital incentive:

Special capital incentive is created during the financial year 1999-00, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

(b) Capital reserves:

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

(c) Capital redemption reserve:

Capital redemption reserve is created by amount set aside on redemption of preference shares.

(d) Securities premium account:

Securities premium account is used to record the premium on issue of equity shares. The same is utilised in accordance with the provisions of The Companies Act, 2013.

(e) Debenture redemption reserve (DRR):

Debenture redemption reserve was created in accordance with circular No. 9/2002 dated April 18, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India and Section 117(C) of the Companies Act, 1956 at 25% of the maturity amount equally over the terms of the debentures privately placed. Pursuant to MCA circular no. 04/2013 dated February 11, 2013, the Company had created reserve as per the erstwhile Companies Act, 1956.

During the current year the Company has redeemed outstanding debentures and balance of DRR has been transferred to surplus in the statement of profit and loss.

17. Distribution made and proposed to be made

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2016 : ₹ 0.50 per share (March 31, 2015 : ₹ 4.50 per share)	116.40	1,047.57
DDT on final dividend	23.70	213.26
Interim dividend		
For the year ended on March 31, 2017; ₹ 2.50 per share (March 31, 2016; ₹ 7.00 per share)	581.99	1,629.56
DDT on interim dividend	118.48	331.74
Proposed dividend on equity shares :		
Final equity dividend		
For the year ended on March 31, 2017 ₹ 5.00 per share (March 31, 2016 : ₹ 0.50 per share)	1,163.97	116.40
DDT on proposed dividend	236.96	23.70

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, 2017	As at March 31, 2016	As at April 1, 2015
Non-current borrowings			
- Debentures (secured)			
Nil (March 31, 2016: 2,500; April 1, 2015: 2,500) - 11.95 % Redeemable non-convertible debentures (Refer note 18(a))	-	-	833.50
Nil (March 31, 2016: 1,760; April 1, 2015: 1,760) - 10.75 % Redeemable non-convertible debentures (Refer note 18(a))	-	-	528.00
- Term loans from banks			
Foreign currency term loans (unsecured)			
On syndication basis (Refer note 18(b))	6,081.77	13,043.81	14,111.71
On bilateral basis (Refer note 18(b))	1,383.00	-	-
Buyers line of credit for import of goods (Refer note 18(c))	432.40	883.47	-
- Other loans (secured)			
IGSTC R&D project loan (Refer note 18(d))	6.30	5.47	6.08
Total	**7,903.47**	**13,932.75**	**15,479.29**
Current borrowings			
- Current maturity of debentures (secured)			
Nil (March 31, 2016: 2,500; April 1, 2015: 2,500) - 11.95 % Redeemable non-convertible debentures (Refer note 18(a))	-	833.50	833.25
Nil (March 31, 2016: 1,760; April 1, 2015: 1,760) - 10.75 % Redeemable non-convertible debentures (Refer note 18(a))	-	528.00	616.00
- Current maturity of term loans from banks			
Foreign currency term loans (unsecured)			
On syndication basis (Refer note 18(b))	6,810.30	1,987.80	-
Buyers line of credit for import of goods (Refer note 18(c))	432.40	441.73	-
- Current maturity of other loans (secured)			
IGSTC R&D project loan (Refer note 18(d))	1.80	0.61	-
carried over	7,244.50	2,430.14	1,449.25

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

18. Borrowings (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
brought over	7,244.50	2,430.14	1,449.25
- From banks			
Foreign currency loans			
Preshipment packing credit (secured) (Refer note 18(e))	417.26	341.54	608.82
Preshipment packing credit (unsecured) (Refer note 18(e))	523.11	-	62.51
Bill discounting with banks (secured) (Refer note 18(f))	4,300.22	4,100.03	5,149.97
Bill discounting with banks (unsecured) (Refer note 18(f))	3,641.98	4,301.96	4,852.01
Rupee loans			
Cash credit (secured) (Refer note 18(g))	161.09	131.95	108.50
Bill discounting with banks (secured) (Refer note 18(f))	-	84.38	495.27
Bill discounting with banks (unsecured) (Refer note 18(f))	33.14	1.11	-
Total	**16,321.30**	**12,752.61**	**12,726.33**
Less: Amount disclosed in other current financial liabilities	**7,244.50**	**3,791.64**	**1,449.25**
Total	**9,076.80**	**8,960.97**	**11,277.08**

(a) Debentures (secured)

The Company has issued the following secured redeemable non-convertible debentures:

(i) Nil (March 31 2016: 2,500; April 1, 2015: 2,500) - 11.95 % Redeemable secured non-convertible debenturesc Sixteenth series) of ₹ Nil (March 31, 2016: ₹ 333,400/- each; April 1, 2015: ₹ 666,700/- each) redeemable at par on January 5, 2017.

Above debentures are secured by (i) First pari passu mortgage in favour of the Trustees, of all rights and interest on the Company's immovable properties (also refer note 3 & note 4) situated at Mundhwa, Satara and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as all plant and machinery, equipments, tools, furniture and fixtures etc.(also refer note 3), as described in Debenture Trust-cum-Mortgage Deed dated April 30, 2009 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

Charge created for above loan was satisfied on February 15, 2017.

(ii) Nil (March 31, 2016: 1,760; April 1, 2015: 1,760) - 10.75 % Redeemable secured non-convertible debentures (Eighteenth series) of ₹ Nil (March 31, 2016: ₹ 300,000; April 1, 2015: ₹ 650,000/- each) redeemable at par on April 28, 2016.

Above debentures are secured by (i) First pari-passu mortgage in favour of Trustees, of all rights and interest on the Company's immovable properties (also refer note 3 & 4), present and future situated at Mundhwa and Chakan, Satara with negative lien on properties situated at Jejuri and Baramati as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010; and (ii) First pari-passu charge in favour of the Trustees on moveable properties (also refer note 3), present and future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

Charge created for above loan was satisfied on June 17, 2016.

18. Borrowings (Contd.):

(b) Foreign currency term loans

Foreign currency term loans on Syndicated basis (Unsecured)

Repayable in 3 half yearly / yearly instalments from date of start of repayment, along with interest ranging from LIBOR + 65 bps to LIBOR + 225 bps.

Figures In Million

Date of repayment	Balance outstanding					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	USD	₹	**USD**	₹	**USD**	₹
From						
- October 31, 2016 (half yearly)	60.00	3,891.60	80.00	5,300.80	80.00	5,000.80
- October 31, 2016 (half yearly)	30.00	1,945.80	40.00	2,650.40	40.00	2,500.40
- October 31, 2017 (half yearly)	60.00	3,891.60	60.00	3,975.60	60.00	3,750.60
- March 16, 2019 (yearly)	50.00	3,243.00	50.00	3,313.00	50.00	3,125.50
	EUR	₹	**EUR**	₹	**EUR**	₹
-August 30, 2020 (yearly)	10.00	691.50	-	-	-	-
-August 30, 2020 (yearly)	10.00	691.50	-	-	-	-

(c) Buyers line of credit for import of goods from banks (Unsecured)

Balance outstanding USD 13.34 million(₹ 864.80 million) (March 31, 2016 : USD 20 million (₹ 1325.20 million), April 1, 2015: Nil) Repayable in 3 equal yearly instalments starting from May 2016, along with interest @ LIBOR + 135 bps

(d) IGSTC R&D project loan (Secured)

Balance outstanding ₹ 8.10 million (March 31, 2016 : ₹ 6.08 million, April 1, 2015: ₹ 6.08 million) The loan is secured by bank guarantee executed by the Company in favour of IGSTC. Repayable in 10 half yearly instalments from January 14, 2017, along with interest @ 3.00% per annum.

(e) Preshipment packing credit

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares(also refer note 3 & note 11), book debts (also refer note 9), etc.

Preshipment packing credit - foreign currency (secured & unsecured) is repayable within 180 days and carries interest @ LIBOR + 10 bps to LIBOR + 45 bps

(f) Bill discounting with banks

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares(also refer note 3 & note 11), book debts (also refer note 9) etc.

Bill discounting (secured & unsecured) with banks is repayable within 210 days and carries interest LIBOR + 10 bps to LIBOR + 45 bps.

(g) Cash credits (secured)

Cash credit from banks is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares(also refer note 3 & note 11), book debts (also refer note 9) etc.

Cash credit is repayable on demand and carries interest @ 9.45% to 14.50% per annum.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

19. Other financial liabilities

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other non-current financial liabilities at amortised cost			
Voluntary retirement scheme compensation	6.40	2.67	5.32
Total	**6.40**	**2.67**	**5.32**
Other current financial liabilities at amortised cost			
Interest accrued but not due on borrowings	65.14	141.06	190.10
Payables for capital goods	433.32	289.92	332.79
Security deposits	82.62	82.46	81.26
Director's commission	6.70	6.45	10.00
Current maturities of long term loans (refer note 18)	7,244.50	3,791.64	1,449.25
Investor Education and Protection Fund (as and when due) #			
- Unpaid dividend	33.48	49.03	25.04
- Unpaid matured deposits	0.04	0.04	0.04
Voluntary retirement scheme compensation	5.99	2.95	**3.62**
Total	**7,871.79**	**4,363.55**	**2,092.10**

includes unpaid due to litigation

20. Provisions

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Non-current			
Provision for gratuity (Refer note 37(a))	190.03	177.56	220.36
Provision for special gratuity (Refer note 37(b))	46.78	38.20	32.40
Provision for employees' provident fund (Refer note 37(c))	32.11	1.67	-
Total	**268.92**	**217.43**	**252.76**
Current			
Provision for gratuity (Refer note 37(a))	80.00	80.00	70.00
Provision for special gratuity (Refer note 37(b))	13.62	8.51	13.03
Provision for leave benefits	244.58	216.07	193.68
Total	**338.20**	**304.58**	**276.71**

21. Income and deferred taxes

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current income tax		
Current income tax charge	2,600.04	3,130.86
Deferred tax		
Relating to origination and reversal of temporary differences	(25.89)	152.76
Tax expense reported in the statement of profit and loss	**2,574.15**	**3,283.62**

21. Income and deferred taxes (Contd.):

Other comprehensive income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Deferred tax related to items recognised in OCI		
Net loss/(gain) on revaluation of cash flow hedges	582.68	(1,184.71)
Net loss/(gain)on re-measurement of defined benefit plans	(21.87)	8.78
Tax charged to OCI	**560.81**	**(1,175.93)**

Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for March 31, 2016 and March 31, 2017

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Accounting profit before tax from operations	8,424.92	10,259.80
Applicable income tax rate of 34.608% (March 31, 2016: 34.608%)	2,915.70	3,550.71
Income claimed exempt - Dividend on Units	(128.04)	(129.84)
R&D Weighted deduction	(123.59)	(158.55)
Investment allowance	(60.13)	(98.60)
80 IA Tax holiday	(10.38)	(10.38)
Disallowances (withholding tax, donations, etc.)	163.68	127.79
Book profit on sale of investment in JV - No tax effect	(186.91)	-
Others	3.82	2.49
At the effective income tax rate of 30.55% (March 31, 2016: 32.00%)	**2,574.15**	**3,283.62**
Tax expense reported in the statement of profit and loss	**2,574.15**	**3,283.62**

Deferred tax

In ₹ Million

	Balance Sheet		
	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax relates to the following:			
Accelerated depreciation for tax purposes	2,340.16	2,162.14	1,965.05
Other taxable temporary differences	20.31	32.00	40.65
Fair valuation of cash flow hedges	1,168.98	586.30	1,771.01
Privilege leave encashment and gratuity	(178.10)	(163.91)	(167.52)
Provision for bad and doubtful debts and advance	(42.13)	(35.30)	(33.74)
Disallowance under Section 43B of Income Tax Act, 1961	(185.50)	(142.49)	(53.99)
Disallowance under Section 40(a) of Income Tax Act, 1961	(40.87)	(11.03)	(67.71)
Voluntary retirement scheme	(5.07)	(2.03)	(2.96)
Other deductible temporary differences	(44.86)	(55.98)	(57.92)
Net deferred tax liabilities	**3,032.92**	**2,369.70**	**3,392.87**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

21. Income and deferred taxes (Contd.):

Deferred tax

In ₹ Million

	Statement of Profit and Loss	
	Year ended March 31, 2017	Year ended March 31, 2016
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	49.72	197.09
Other taxable temporary differences	(11.69)	(8.65)
Privilege leave encashment and gratuity	(14.19)	3.61
Provision for bad and doubtful debts and advance	(6.83)	(1.56)
Disallowance under Section 43B of Income Tax Act, 1961	(21.14)	(97.28)
Disallowance under Section 40(a) of Income Tax Act, 1961	(29.84)	56.68
Voluntary retirement scheme	(3.04)	0.93
Other deductible temporary differences	11.12	1.94
Deferred tax expense/(income)	**(25.89)**	**152.76**

Reflected in the balance sheet as follows

In ₹ Million

	March 31, 2017	March 31, 2016	April 1 2015
Deferred tax assets	(496.53)	(410.74)	(383.84)
Deferred tax liabilities	3,529.45	2,780.44	3,776.71
Deferred tax liabilities (net)	**3,032.92**	**2,369.70**	**3,392.87**

Reconciliation of deferred tax liabilities (net)

In ₹ Million

	March 31, 2017	March 31, 2016
Opening balance	**2,369.70**	**3,392.87**
Tax income/(expense) during the period recognised in profit or loss	(25.89)	152.76
Tax income/(expense) during the period recognised in OCI	560.81	(1,175.93)
Adjustment to general reserve [Refer note 21(a)]	128.30	-
Closing balance	**3,032.92**	**2,369.70**

(a) Adjustment to general reserve includes deferred tax impact relating to revesion of depreciation as per Schedule II of Companies Act, 2013 in earlier period.

(b) 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.

(c) During the year ended March 31, 2017 and March 31, 2016 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.

21. Income and deferred taxes (Contd.):

(d) The Company has tax losses which arose due to capital loss of ₹ 132.90 million (March 31, 2016: ₹ 17.98 million, April 1, 2015: ₹ 17.98 million) that are available for offsetting for eight years against future taxable profits of the companies under the head capital gains. This loss will expire in eight years from the end of the respective year to which it pertains. 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 tax planning opportunities or 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 ₹ 45.99 million (March 31, 2016 : ₹ 6.22 million).

22. Trade payables

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables (including acceptances)			
Dues to micro enterprises and small enterprises	-	14.94	32.81
Dues to other than micro enterprises and small enterprises (including related parties payables) [Also Refer note 43]	4,639.51	4,302.08	6,253.39
Total	**4,639.51**	**4,317.02**	**6,286.20**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- For details of balances outstanding and terms and conditions relating to related parties payables, refer note 39.

23. Other liabilities

In ₹ Million

	As at March 31,2017	As at March 31,2016	As at April 1, 2015
Non-current			
Advance from customers	291.83	607.38	-
Total	**291.83**	**607.38**	**-**
Current			
Advance from customers	369.70	239.12	167.07
Employee contributions and recoveries payable	82.34	47.83	40.05
Statutory dues payable including tax deducted at source	319.18	342.37	119.51
Others*	105.67	87.14	80.57
Total	**876.89**	**716.46**	**407.20**

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

Break up of the financial liabilities at amortized cost

In ₹ Million

	As at March 31,2017	As at March 31,2016	As at April 1, 2015
Borrowings (Refer note 18)	16,980.27	22,893.72	26,756.37
Other financial liabilities (Refer note 19)	7,878.19	4,366.22	2,097.42
Trade payables (Refer note 22)	4,639.51	4,317.02	6,286.20
Total financial liabilities carried at amortized cost	**29,497.97**	**31,576.96**	**35,139.99**

For company's credit risk managment processes, refer to note 51.

24. Revenue from operations

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (including excise duty)		
- Finished goods	37,768.31	41,650.37
- Die design and preparation charges	140.34	404.62
Total sale of products	**37,908.65**	**42,054.99**
Sale of services		
- Job work charges	268.22	243.80
Other operating revenues		
- Manufacturing scrap (Including excise duty)	1,577.10	1,949.34
- Government grants - export incentives (Refer note 14)	828.74	935.58
- Sale of electricity / REC - Windmills	78.57	71.06
	2,484.41	**2,955.98**
Total	**40,661.28**	**45,254.77**

Sales includes excise duty collected from customers of ₹ 2,014.65 million (March 31, 2016: ₹ 1,916.66 million). Sales net of excise duty is ₹ 37,471.10 million (March 31, 2016: ₹ 42,087.67 million).

25. Other income

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Dividend income from investment in mutual funds - current investment	369.97	375.19
Net gain on fair valuation of financial instruments (FVTPL)	186.46	-
Net gain on sale of financial instruments	19.87	26.85
Government grant under PSI scheme *	56.01	312.47
Provision for doubtful debts and advances written back	5.28	6.70
Provisions no longer required written back	35.13	1.05
Interest income on		
- Fixed deposits and others	158.64	185.96
- Loans to related parties	52.22	52.14
Rent (refer note 35(b))	4.82	6.31
Miscellaneous income **	106.50	156.78
Total	**994.90**	**1,123.45**

* Government grants have been received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas. There are no unfulfilled conditions or contingencies attached to these grants.

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

26. Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Inventory at the beginning of the year (Refer note 11)	696.79	992.91
Add: Purchases	13,753.00	14,615.51
Less: Inventory as at end of the year (Refer note 11)	721.87	696.79
Cost of raw material and component consumed	**13,727.92**	**14,911.63**

27. (Increase) in inventories of finished goods, work-in-progress, dies and scrap

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the end of the year (Refer note 11)		
Work-in-progress	2,190.87	1,945.55
Finished goods	535.65	301.92
Dies and dies under fabrication	117.90	55.26
Scrap	18.33	14.11
	2,862.75	**2,316.84**
Inventories at the beginning of the year (Refer note 11)		
Work-in-progress	1,945.55	2,094.60
Finished goods	301.92	57.14
Dies and dies under fabrication	55.26	85.34
Scrap	14.11	25.83
	2,316.84	**2,262.91**
	(545.91)	**(53.93)**
Excise duty variation on opening and closing stock	23.37	35.88
Total	**(522.54)**	**(18.05)**

28. Employee benefits expense

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus (including managing and whole time director's remuneration)	3,197.50	3,225.65
Contributions to provident and other funds / scheme	168.62	152.74
Gratuity expense (Refer note 37(a))	51.41	51.81
Special gratuity expense (Refer note 37(b))	3.59	3.59
Employee voluntary retirement scheme compensation	14.51	1.54
Staff welfare expenses	323.82	289.85
Total	**3,759.45**	**3,725.18**

29. Depreciation and amortization expense

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on tangible assets (Refer note 3)	2,917.60	3,065.68
Amortization on intangible assets (Refer note 5)	30.91	18.83
Total	**2,948.51**	**3,084.51**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

30. Finance costs

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest on bank facilities	589.35	615.26
Others *	138.35	289.80
Total	**727.70**	**905.06**

* Others includes interest on debentures, advance from customers, net interest expense on defined benefit plans etc.

31. Other expenses

In ₹ Million

		Year ended March 31, 2017	Year ended March 31, 2016
Consumption of stores, spares and tools		2,107.61	2,120.30
Machining charges		961.98	901.70
Power, fuel and water	3,104.91		3,219.26
Less: Credit for energy generated	88.16		82.61
		3,016.75	3,136.65
Repairs and maintenance			
- Building repairs and road maintenance		92.67	66.84
- Plant and machinery		381.09	371.49
Rent (Refer note 35)		35.03	31.78
Rates and taxes		30.67	28.04
Insurance		71.72	69.94
CSR expenditure (Refer note 45)		73.04	124.98
Legal and professional fees		496.45	549.04
Commission		27.02	12.81
Donations		11.04	21.97
Packing material		672.25	769.19
Freight and forwarding charges		606.68	789.43
Directors' fees and travelling expenses		4.41	3.50
Commission to directors other than managing and whole time directors		6.70	6.45
Loss on sale/discard of property, plant and equipments (net)		16.99	0.29
Loss on fair valuation of financial instruments (FVTPL)		-	14.24
Provision for doubtful debts and advances		25.00	11.25
Bad debts / advances written off		6.11	16.03
Exchange difference (net)		300.75	466.60
Payment to auditors (Refer note 31(a))		16.92	14.84
Miscellaneous expenses **		1,994.93	2,023.87
Total		**10,955.81**	**11,551.23**

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

31. Other expenses (Contd.):

(a) Payment to auditors

In ₹ Million

	Year end ed March 31, 2017	Year ended March 31, 2016
As auditor:		
- Audit fee	10.20	9.65
- Limited review	3.20	2.95
- Others (including certification fees)	3.13	1.61
Reimbursement of expenses	0.39	0.63
Total	**16.92**	**14.84**

32. Exceptional items

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Gain on sale of investment in joint venture (Refer note 32(a))	(540.07)	-
Provision for diminution in value of investment in subsidiary and joint venture (Refer note 32(b))	23.74	-
Loss on fair valuation of financial instruments (Refer note 32(c))	136.09	
Provision for statutory employee cost relating to earlier period (Refer note 32(d))	-	42.20
Total	**(380.24)**	**42.20**

(a) Gain on sale of investment in joint venture (JV)

During the current year the Company has divested its 49% stake in ALSTOM Bharat Forge Power Private Limited, which was formed as a JV, resulting in a net gain of ₹ 540.07 million.

(b) Provision for diminution in value of investment in subsidiary and joint venture

- **Analogic Controls India Limited (ACIL) - Subsidiary**

  Considering the significant decline in business activities and losses incurred by ACIL, the Company has provided an amount of ₹ 16.55 million towards diminution in carrying cost of its investments in current year.

- **BF NTPC Energy Systems Limited (BFNTPCESL) - JV**

  Considering the losses from business activities carried out by BFNTPCESL, the Company has provided an amount of ₹ 7.19 million towards diminution in carrying cost of its investments in current year.

(c) Loss on fair valuation of financial instruments

This includes loss on fair valuation of financial instruments amounting to ₹ 136.09 million on account of significant decline in fair value of 0% compulsory Convertible Debentures of ACIL as explained above.

(d) Provision for statutory employee cost relating to earlier period

It represents certain statutory employee costs that have become applicable retrospectively from the financial year 2014-15.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (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, 2017	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	-	-	472.42	-	-	**472.42**
Currency forward contracts	3,018.23	-	-	-	(1,044.55)	**1,973.68**
Reclassified to statement of profit or loss	(1,334.57)	-	-	-	461.87	**(872.70)**
Gain / (Loss) on FVTOCI financial assets	-	90.13	-	-	-	**90.13**
Re-measurement gains (losses) on defined benefit plans	-	-	-	(63.18)	21.87	**(41.31)**
Total	**1,683.66**	**90.13**	**472.42**	**(63.18)**	**(560.81)**	**1,622.22**

In ₹ Million

During the year ended March 31, 2016	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	-	-	(38.21)	-	-	**(38.21)**
Currency forward contracts	(151.27)	-	-	-	52.35	**(98.92)**
Reclassified to statement of profit or loss	(3,271.95)	-	-	-	1,132.36	**(2,139.59)**
Gain / (Loss) on FVTOCI financial assets	-	(90.23)	-	-	-	**(90.23)**
Re-measurement gains (losses) on defined benefit plans	-	-	-	25.36	(8.78)	**16.58**
Total	**(3,423.22)**	**(90.23)**	**(38.21)**	**25.36**	**1,175.93**	**(2,350.37)**

34. Earnings per equity share

		Year ended March 31, 2017	Year ended March 31, 2016
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	5,850.77	6,976.18
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(B)	232,794,316	232,794,316
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	(C)	232,794,316	232,794,316
Basic earnings per share of face value of ₹ 2/- each (in ₹)	**(A/B)**	**25.13**	**29.97**
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	**(A/C)**	**25.13**	**29.97**

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 are generally up to three years and renewal at the options of the lessee. There are no escalation clauses or restrictions placed upon the Company by entering into these leases.

The lease rentals charged during the period is as under

In ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Minimum lease payments recognised in the statement of profit and loss during the year		
On cancellable leases	21.52	31.78
On non-cancellable leases	13.51	-
	35.03	**31.78**

The Company has entered into non-cancellable operating leases for building, with lease term 4 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 31 March are, as follows:

In ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Minimum lease payments to be recognised in the statement of profit and loss during the year		
Within one year	4.17	-
After one year but not more than five years	1.24	-
More than five years	-	-

(b) Operating leases : Company as lessor

The Company has entered into agreements in the nature of lease/leave and license agreement with different lessees/licensees 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.

The lease rentals received during the period is as under

In ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Minimum lease rentals recognised in the statement of profit and loss during the year		
On cancellable leases	4.82	6.31
On non-cancellable leases	-	-
	4.82	**6.31**

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. 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. The scheme is funded with insurance companies in the form of a 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 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. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. 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.

37. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.20%	7.80%	7.80%
Expected rate of return on plan assets	7.80%	7.80%	9.10%
Rate of increase in compensation levels	6.00%	6.00%	6.00%
Expected average remaining working lives (in years)	7.48	7.36	7.35
Withdrawal rate (based on grade and age of employees)			
Age upto 30 years	12.00%	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%	8.00%
Age above 50 years	8.00%	8.00%	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, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the beginning of the period	713.70	677.23	598.83
Interest expense	53.92	51.12	52.79
Current service cost	51.41	51.81	48.06
Benefits (paid)	(44.96)	(43.54)	(37.34)
Remeasurements on obligation [Actuarial (Gain) / Loss]	25.61	(22.92)	14.89
Closing defined benefit obligation	**799.68**	**713.70**	**677.23**

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	456.14	386.87	322.98
Interest Income	36.94	31.55	30.87
Contributions	79.77	78.82	69.85
Benefits paid	(44.96)	(43.54)	(37.34)
Remeasurements			
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	1.76	2.44	0.51
Closing fair value of plan assets	**529.65**	**456.14**	**386.87**
Actual return on plan assets	38.70	33.99	31.39

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (Income) / Expense – Obligation	53.92	51.12
Interest (Income) / Expense – Plan assets	(36.94)	(31.55)
Net Interest (Income) / Expense for the period	**16.98**	**19.57**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

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

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Experience (Gain) / Loss on plan liabilities	0.95	(15.54)
Demographic (Gain) / Loss on plan liabilities	-	(7.38)
Financial (Gain) / Loss on plan liabilities	24.66	-
Experience (Gain) / Loss on plan assets	(5.08)	(7.70)
Financial (Gain) / Loss on plan assets	3.32	5.26

Amount recognised in Statement of Other Comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement for the period-Obligation (Gain)/Loss	25.61	(22.92)
Remeasurement for the period-Plan assets (Gain)/Loss	(1.76)	(2.44)
Total Remeasurement cost/(credit) for the period recognised in OCI	**23.85**	**(25.36)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the end of the period	(799.68)	(713.70)	(677.23)
Fair value of plan assets as at the end of the period	529.65	456.14	386.87
Net asset / (liability) to be recognised in balance sheet	**(270.03)**	**(257.56)**	**(290.36)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	51.41	51.81
Net Interest (Income) / Expense	16.98	19.57
Net periodic benefit cost recognised in the statement of profit and loss	**68.39**	**71.38**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net asset / (liability) recognised at the beginning of the period	(257.56)	(290.36)	(275.85)
Company contributions	79.77	78.82	69.85
Expense recognised at the end of period	(68.39)	(71.38)	(69.98)
Amount recognised outside profit & loss for the period	(23.85)	25.36	(14.38)
Net asset / (liability) recognised at the end of the period	**(270.03)**	**(257.56)**	**(290.36)**

37. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (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, 2017	As at March 31, 2016	As at April 1, 2015
Funds managed by insurer	100.00%	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	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	842.25	750.69	709.00
Increase by 1%	761.39	680.24	644.90

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

In ₹ Million

Salary increment rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	766.61	685.34	649.51
Increase by 1%	835.79	744.71	703.37

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

In ₹ Million

Withdrawal rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	798.63	711.46	672.21
Increase by 1%	800.70	715.85	679.39

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

In ₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	220.98	136.56	195.04
After one year but not more than five years	291.68	357.37	309.33
After five years but not more than ten years	339.17	323.43	294.84

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.7 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 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 STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

1) Liability risks (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) Asset risks

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 helps the Company to manage the defined benefit risk through increased return on the funds made available for the plan.

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.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.20%	7.80%	7.80%
Rate of increase in compensation levels	6.00%	6.00%	6.00%
Expected average remaining working lives (in years)	6.86	6.27	6.05
Withdrawal rate (based on grade and age of employees)			
Age upto 30 years	12.00%	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%	8.00%
Age above 50 years	8.00%	8.00%	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, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the beginning of the period	46.71	45.43	39.11
Interest expense	3.45	3.40	3.24
Current service cost	3.59	3.59	8.30
Benefits (paid)	(4.85)	(3.58)	(6.23)
Remeasurements on obligation [Actuarial (Gain) / Loss]	11.50	(2.13)	1.01
Closing Defined Benefit Obligation	**60.40**	**46.71**	**45.43**

37. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (Income) / Expense – Obligation	3.45	3.40
Interest (Income) / Expense – Plan assets	-	-
Net Interest (Income) / Expense for the period	**3.45**	**3.40**

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

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Experience (Gain) / Loss on plan liabilities	9.48	(2.13)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	2.02	-
Experience (Gain) / Loss on plan assets	-	-
Financial (Gain) / Loss on plan assets	-	-

Amount recognised in Statement of Other Comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement for the period-Obligation (Gain)/Loss	11.50	(2.13)
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**11.50**	**(2.13)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the end of the period	(60.40)	(46.71)	(45.43)
Fair value of plan assets as at the end of the period	-	-	-
Net Asset / (liability) to be recognised in balance sheet	(60.40)	(46.71)	(45.43)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	3.59	3.59
Net Interest (Income) / Expense	3.45	3.40
Net periodic benefit cost recognised in the statement of profit and loss	**7.04**	**6.99**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net asset / (liability) recognised at the beginning of the period	(46.71)	(45.43)	(39.11)
Company contributions	-	-	-
Benefits directly paid by Company	4.85	3.58	6.23
Expense recognised at the end of period	(7.04)	(6.99)	(11.54)
Amount recognised outside profit & loss for the period	(11.50)	2.13	(1.01)
Net asset / (liability) recognised at the end of the period	**(60.40)**	**(46.71)**	**(45.43)**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

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

In ₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	9.82	8.51	9.57
After one year but not more than five years	32.51	26.49	27.20
After five years but not more than ten years	54.35	37.23	29.37

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 8.97 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, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Decrease by 1%	64.10	49.22	47.69
Increase by 1%	57.10	44.45	43.40

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, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Decrease by 1%	57.54	44.47	43.72
Increase by 1%	63.55	48.82	47.30

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, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Decrease by 1%	57.11	46.47	45.22
Increase by 1%	63.57	46.94	45.43

(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.

37. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund (Contd.):

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 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 provident fund.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.20%	7.80%	7.80%
Interest Rate declared by EPFO for the year	8.65%	8.80%	8.80%
Yield Spread	0.50%	0.50%	0.50%
Expected average remaining working lives of employees (in years)	7.50*	7.62*	7.62*
Withdrawal Rate			
Age upto 30 years	12.00%	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%	8.00%
Age above 50 years	8.00%	8.00%	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, 2017	As at March 31, 2016	As at April 1, 2015
Present value of expected Interest rate shortfall as at the beginning of the period	22.64	14.40	-
Interest cost	1.77	1.12	-
Current service cost	2.48	2.30	1.79
Actuarial (Gain) / Loss on obligations	31.64	4.82	12.61
Present value of expected interest rate shortfall as at the end of the period	**58.53**	**22.64**	**14.40**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

37. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund (Contd.):

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of plan assets as at the beginning of the period (Surplus Account)	20.97	16.58	12.09
Interest Income	1.64	1.49	1.09
Actuarial Gain / (Loss) on plan assets	3.81	2.90	3.40
Fair value of plan assets as at the end of the period (Surplus Account)	**26.42**	**20.97**	**16.58**

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (Income) / Expense – Obligation	1.77	1.12
Interest (Income) / Expense – Plan assets	(1.64)	(1.49)
Net Interest (Income) / Expense for the period	**0.13**	**(0.37)**

Actuarial gain / loss recognised

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Actuarial (Gain) / Loss for the period – Obligation	31.64	4.82
Actuarial (Gain) / Loss for the period – Plan assets	(3.81)	(2.90)
Total (Gain) / Loss for the period	**27.83**	**1.92**
Actuarial (Gain) / Loss recognised in the period	**27.83**	**1.92**

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of expected interest rate shortfall as at the end of the period	58.53	22.64	14.40
Fair value of the plan assets as at the end of the period (Surplus Account)	26.42	20.97	16.58
Surplus / (Deficit)	**(32.11)**	**(1.67)**	**2.18**
Net asset / (liability) recognised in the balance sheet	(32.11)	(1.67)	2.18

37. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund (Contd.):

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Opening amount recognised in OCI outside profit and loss account	-	
Remeasurement for the period-Obligation (Gain)/Loss	31.64	4.82
Remeasurement for the period-Plan assets (Gain)/Loss	(3.81)	(2.90)
Total remeasurement cost/(credit) for the period recognised in OCI	**27.83**	**1.92**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	2.48	2.30
Net Interest (Income) / Expense	0.13	(0.37)
Net periodic benefit cost recognised in the statement of profit and loss	**2.61**	**1.93**

38. Contingent liabilities

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Guarantees given by the Company on behalf of other companies			
Balance outstanding	1,644.14	1,496.84	1,454.90
(Maximum amount)	(1,644.14)	(1,496.84)	(1,618.62)
Claims against the Company not acknowledged as Debts - to the extent ascertained * #	194.90	173.79	152.67
Excise/Service tax demands - matters under dispute #	243.08	421.59	392.81
Customs demands - matters under dispute #	50.97	50.97	50.97
Sales tax demands - matters under dispute #	27.47	23.64	14.05
Income tax demands - matters under dispute #	54.92	99.93	54.92

* The claim against the Company comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

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 tax expense has been accrued in the financial statements for the tax demand raised.

The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

39. Related party disclosure

(i) Name 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
	BF Infrastructure Ventures Limited (merged with BF Infrastructure Limited w.e.f. August 18, 2016)
	Kalyani Strategic Systems Limited
	Bharat Forge International Limited (w.e.f. August 26, 2016)
	Kalyani Polytechnic Private Limited (up to December 16, 2016)
	BF Elbit Advanced Systems Private Limited
	Analogic Controls India Limited
Step down subsidiaries	Bharat Forge CDP GmbH
	Bharat Forge CDP Trading (w.e.f. February 2, 2016)
	Bharat Forge Holding GmbH
	Bharat Forge Tennessee Inc. (w.e.f. December 1, 2016)
	Bharat Forge PMT Technologie LLC (w.e.f. December 1, 2016)
	Bharat Forge Aluminiumtechnik GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Hong Kong Limited
	Bharat Forge International Limited (up to August 25, 2016)
	Bharat Forge Daun GmbH
	Kalyani Rafael Advanced Systems Private Limited (w.e.f. August 21, 2015)
	Mecanique Generale Langroise
	Bharat Forge CDP Trading (w.e.f. February 2, 2016)

Related parties with whom transactions have taken place during the period

Joint Ventures	ALSTOM Bharat Forge Power Private Limited (up to March 24, 2017)
	BF NTPC Energy Systems Limited
Joint venture of a subsidiary	David Brown Bharat Forge Gear Systems India Limited (up to September 30, 2015)
	BF Premier Energy Systems Private Limited
Enterprises owned or significantly influenced by key management personnel or their relatives	Kalyani Carpenter Special Steels Private Limited (up to August 4, 2016)
	Kalyani Steels Limited
	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited
	Daimler India Commercial Vehicles Private Limited (w.e.f. May 19, 2016)
Key management personnel	Mr. B. N. Kalyani
	Mr. A. B. Kalyani
	Mr. G. K. Agarwal
	Mr. B. P. Kalyani
	Mr. S. E. Tandale
	Mr. K. M. Saletore
	Independent directors
	Mr. P. G. Pawar
	Mr. S. M. Thakore
	Mrs. Lalita D. Gupte
	Mr. P. H. Ravikumar
	Mr. P. C. Bhalerao
	Mr. Naresh Narad
	Dr. T. Mukherjee
	Mr. Vimal Bhandari
	Mr. A. C. Daga (up to July 15, 2016)
	Ms. Tejaswini R. Chaudhari (w.e.f. July 16, 2016)

39. Related party disclosure (Contd.):

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

Related parties with whom transactions have taken place during the period (Contd.):	
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
Transactions and balances less than 10% of the total transactions and balances disclosed as "Others"	

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2017	Year ended March 31, 2016
1	Purchase of raw materials	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		Kalyani Carpenter Special Steels Private Limited	2,576.89	8,963.24
		Kalyani Steels Limited	3,995.07	3,586.71
			6,571.96	**12,549.95**
2	**Other expenses**			
	- Power, fuel and water	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		BF Utilities Limited	114.91	190.58
			114.91	**190.58**
	- Rent	Kalyani Carpenter Special Steels Private Limited	0.04	0.13
		Automotive Axles Limited	0.16	-
			0.20	**0.13**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.70	0.53
		Mr. S. M. Thakore	0.81	0.55
		Mrs. Lalita D. Gupte	0.22	0.30
		Mr. P. H. Ravikumar	0.63	0.50
		Mr. P. C. Bhalerao	0.68	0.75
		Mr. Naresh Narad	0.29	0.20
		Dr. T. Mukherjee	0.49	0.20
		Mr. Vimal Bhandari	0.59	0.20
			4.41	**3.23**
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.40	1.05
		Mr. S. M. Thakore	1.15	1.10
		Mrs. Lalita D. Gupte	0.45	0.60
		Mr. P. H. Ravikumar	0.80	1.00
		Mr. P. C. Bhalerao	1.35	1.50
		Mr. Naresh Narad	0.50	0.40
		Dr. T. Mukherjee	0.40	0.40
		Mr. Vimal Bhandari	0.65	0.40
			6.70	**6.45**
	- Interest paid	**Subsidiaries**		
		Bharat Forge International Limited	15.25	-
			15.25	**-**
			141.65	**200.57**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

39. Related party disclosure (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, 2017	Year ended March 31, 2016
3	**Sale of products and manufacturing scrap (net of returns, rebate**	**Subsidiaries**		
		Bharat Forge International Limited	7,589.65	8,248.85
			7,589.65	**8,248.85**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	127.38	185.86
		Mecanique Generale Langroise	-	10.77
			127.38	**196.63**
		Joint ventures		
		ALSTOM Bharat Forge Power Private Limited	7.83	10.04
			7.83	**10.04**
		Joint venture of a subsidiary		
		David Brown Bharat Forge Gear Systems India Limited	-	1.01
			-	**1.01**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Daimler India Commercial Vehicles Private Limited	223.38	-
		Kalyani Carpenter Special Steels Private Limited	450.02	1,658.86
		Automotive Axles Limited	268.22	172.99
		Kalyani Steels Limited	5.62	13.80
			947.24	**1,845.65**
			8,672.10	**10,302.18**
4	**Sale of Services**	**Joint ventures**		
		ALSTOM Bharat Forge Power Private Limited	-	0.39
			-	**0.39**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Automotive Axles Limited	167.77	130.52
		Kalyani Carpenter Special Steels Private Limited	9.21	23.25
			176.98	**153.77**
			176.98	**154.16**

39. Related party disclosure (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, 2017	Year ended March 31, 2016
5	**Other income**			
	- Rent	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		Kalyani Maxion Wheels Private Limited	0.05	-
			0.05	**-**
		Subsidiaries		
		BF Elbit Advanced Systems Private Limited	0.48	3.72
			0.48	**3.72**
	- Miscellaneous income	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	-	7.52
		Bharat Forge America Inc.	0.43	
			0.43	**7.52**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	6.22	0.67
			6.22	**0.67**
			7.18	**11.91**
6	**Purchase of tangible assets**	**Step down subsidiaries**		
		Bharat Forge CDP GmbH	-	7.47
			-	**7.47**
7	**Finance provided:**			
	- Investment in subsidiaries and joint ventures	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	304.78	-
		Bharat Forge America Inc.	808.98	-
		BF Infrastructure Limited	279.58	77.29
		Analogic Controls India Limited	-	70.66
		Others	85.48	13.93
			1,478.82	**161.88**
		Joint ventures		
		BF NTPC Energy Systems Limited	7.19	-
			7.19	**-**
	- Investments	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		Khed Economic Infrastructure Private Limited	173.16	-
			173.16	**-**
	- Loans	**Subsidiaries**		
		Bharat Forge Global Holding GmbH [includes exchange (loss)/gain]	(6.24)	383.77
		Analogic Controls India Limited	-	4.30
		BF Elbit Advanced Systems Private Limited	-	51.82
		BF Infrastructure Limited	6.00	-
			(0.24)	**439.89**
	- Amount recoverable/ advance given	**Subsidiaries**		
		BF Infrastructure Limited	-	69.68
			-	**69.68**
			1,658.93	**671.45**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

39. Related party disclosure (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, 2017	Year ended March 31, 2016
8	**Proceeds from**			
	- Loan given	**Subsidiaries**		
		Bharat Forge Global Holding GmbH [includes exchange (gain)/loss)]	301.48	74.11
		BF Infrastructure Ventures Limited	-	30.00
		Analogic Controls India Limited	4.30	-
			305.78	**104.11**
9	**Interest accrued**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	11.56	7.76
		Analogic Controls India Limited	0.20	4.49
		BF Elbit Advanced Systems Private Limited	7.83	6.46
		BF Infrastructure Ventures Limited	-	3.37
		BF Infrastructure Limited	2.63	-
			22.22	**22.08**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Steels Limited	22.50	22.56
		BF Utilities Limited	7.50	7.50
			30.00	**30.06**
			52.22	**52.14**
10	**Advance from customers**	**Subsidiaries**		
		Bharat Forge International Limited	-	669.55
			-	**669.55**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Automotive Axles Limited	6.95	1.19
			6.95	**1.19**
			6.95	**670.74**
11	**Managerial remuneration**	**Key management personnel**		
		Mr. B. N. Kalyani	150.92	141.71
		Mr. A. B. Kalyani	43.95	42.65
		Mr. G. K. Agarwal	44.30	43.27
		Mr. S. E. Tandale	34.10	32.78
		Mr. B. P. Kalyani	32.18	30.65
		Mr. K. M. Saletore	24.16	23.70
		Mr. A. C. Daga	1.32	4.12
		Ms. Tejaswini R. Chaudhari	1.50	-
			332.43	**318.88**

39. Related party disclosure (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, 2017	Year ended March 31, 2016
12	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.12	0.45
		Mr. A. B. Kalyani	1.05	4.03
		Mr. G. K. Agarwal	0.01	0.03
		Mr. B. P. Kalyani	0.01	0.04
		Mr. S. M. Thakore	0.04	-
		Mr. P. H. Ravikumar	0.01	-
			1.24	**4.55**
		Other directors and relatives		
		Mr. G. N. Kalyani	1.04	3.97
		Others	0.22	0.07
			1.26	**4.04**
			2.50	**8.59**
13	**Provision for diminution in value of investment**	**Subsidiaries**		
		Analogic Control India Limited	16.55	-
			16.55	**-**
		Joint Ventures		
		BF NTPC Energy Systems Limited	7.19	-
			7.19	**-**
			23.74	**-**

The above disclosure does not include reimbursement of expenses paid or received.

(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, 2017	As at March 31, 2016	As at April 1, 2015
1	**Trade payables**	**Subsidiaries**			
		Bharat Forge Global Holding GmbH	64.14	89.64	179.84
		Others	-	0.23	0.23
			64.14	**89.87**	**180.07**
		Enterprises owned or significantly influenced by key management personnel or their relatives			
		Kalyani Carpenter Special Steels Private Limited	-	911.40	2,277.34
		Kalyani Steels Limited	292.78	14.61	(341.75)
		BF Utilities Limited	103.30	6.88	0.78
			396.08	**932.89**	**1,936.37**
			460.22	**1,022.76**	**2,116.44**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

39. Related party disclosure (Contd.):

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

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
2	Trade receivable	**Subsidiaries**			
		Bharat Forge International Limited	4,120.91	3,942.84	4,236.53
			4,120.91	**3,942.84**	**4,236.53**
		Step down subsidiaries			
		Bharat Forge Kilsta AB	58.50	13.23	50.17
			58.50	**13.23**	**50.17**
		Joint ventures			
		ALSTOM Bharat Forge Power Private Limited	1.11	2.18	-
			1.11	**2.18**	**-**
		Step down joint ventures			
		David Brown Bharat Forge Gear Systems India Limited	-	-	2.66
			-	-	**2.66**
		Enterprises owned or significantly influenced by key management personnel or their relatives			
		Kalyani Carpenter Special Steels Private Limited	-	444.37	584.82
		Automotive Axles Limited	175.81	100.66	41.71
		Daimler India Commercial Vehicles Private Limited	70.82	-	-
		Kalyani Steels Limited	1.51	0.76	0.34
		Kalyani Maxion Wheels Private Limited	0.29	-	-
			248.43	**545.79**	**626.87**
			4,428.95	**4,504.04**	**4,916.23**
3	Payables for capital goods	**Step down subsidiaries**			
		Bharat Forge CDP GmbH	-	7.47	-
			-	**7.47**	**-**
4	Non-current investments	**Subsidiaries**			
		Bharat Forge Global Holding GmbH	3,963.96	3,963.96	3,963.96
		Bharat Forge America Inc.	831.90	22.93	22.93
		Bharat Forge International Limited	304.78	-	-
		BF Infrastructure Limited	575.28	185.20	107.91
		Others	100.01	142.08	128.15
			5,775.93	**4,314.17**	**4,222.95**
		Joint ventures			
		ALSTOM Bharat Forge Power Limited	-	1,727.01	1,727.01
		BF NTPC Energy Systems Limited	30.76	23.57	23.57
			30.76	**1,750.58**	**1,750.58**
		Enterprises owned or significantly influenced by key managment personnel or their relatives			
		Khed Economic Infrastructure Private Limited	524.71	210.68	210.68
			524.71	**210.68**	**210.68**
			6,331.40	**6,275.43**	**6,184.21**

39. Related party disclosure (Contd.):

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

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5	Loans	**Subsidiaries**			
		Bharat Forge Global Holding GmbH	69.13	376.85	67.19
		Analogic Controls India Limited	-	4.30	65.00
		BF Elbit Advanced Systems Private Limited	71.82	71.82	20.00
		BF Infrastructure Ventures Limited	-	30.56	60.55
		BF Infrastructure Limited	36.56	57.70	65.31
		Others	-	-	0.20
			177.51	**541.23**	**278.25**
		Enterprises owned or significantly influenced by key management personnel or their relatives			
		BF Utilities Limited	75.00	75.00	75.00
			75.00	**75.00**	**75.00**
			252.51	**616.23**	**353.25**
6	Share application money paid	**Subsidiaries**			
		BF Infrastructure Limited	83.00	-	-
			83.00	**-**	**-**
7	Amounts recoverable	**Subsidiaries**			
		BF Elbit Advanced Systems Private Limited	5.26	5.08	44.71
		Others	-	1.99	-
			5.26	**7.07**	**44.71**
		Step down subsidiaries			
		Bharat Forge Kilsta AB	83.97	111.44	98.15
		Others	0.43	0.22	0.22
			84.40	**111.66**	**98.37**
			89.66	**118.73**	**143.08**
8	Security Deposits	**Enterprises owned or significantly influenced by key management personnel or their relatives**			
		BF Utilities Limited	210.00	210.00	210.00
			210.00	**210.00**	**210.00**
9	Advance to suppliers	**Enterprises owned or significantly influenced by key management personnel or their relatives**			
		BF Utilities Limited	30.00	-	-
			30.00	**-**	**-**
10	Interest accrued	**Subsidiaries**			
		Bharat Forge Global Holding GmbH	0.61	119.69	111.93
		Analogic Controls India Limited	-	0.02	1.88
		BF Elbit Advanced Systems Private Limited	14.29	6.46	-
		BF Infrastructure Ventures Limited	-	3.37	-
			14.90	**129.54**	**113.81**
		Enterprises owned or significantly influenced by key management personnel or their relatives			
		Kalyani Steels Limited	10.10	-	4.99
		BF Utilities Limited	7.50	-	1.10
			17.60	**-**	**6.09**
			32.50	**129.54**	**119.90**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

39. Related party disclosure (Contd.):

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

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2017	March 31, 2016	April 1, 2015
11	Advance from customers	**Subsidiaries**			
		Bharat Forge International Limited	557.13	669.55	7.23
			557.13	**669.55**	**7.23**
		Enterprises owned or significantly influenced by key management personnel or their relatives			
		Automotive Axles Limited	8.14	1.19	8.57
			8.14	**1.19**	**8.57**
			565.27	**670.74**	**15.80**
12	Managerial remuneration payable *	**Key management personnel**			
		Mr. B. N. Kalyani	79.00	73.00	120.00
		Mr. A. B. Kalyani	13.00	12.00	24.00
		Mr. G. K. Agarwal	13.00	12.00	24.00
		Mr. S. E. Tandale	17.00	16.00	25.00
		Mr. B. P. Kalyani	17.00	15.50	24.00
		Mr. K. M. Saletore	11.00	10.50	17.00
			150.00	**139.00**	**234.00**
13	Commission to directors other than managing and whole time directors	**Other Directors and Relatives**			
		Mr. P. G. Pawar	1.40	1.05	1.85
		Mr. S. M. Thakore	1.15	1.10	1.40
		Mrs. Lalita D. Gupte	0.45	0.60	0.90
		Mr. P. H. Ravikumar	0.80	1.00	1.60
		Mr. P. C. Bhalerao	1.35	1.50	1.05
		Mr. Naresh Narad	0.50	0.40	0.90
		Dr. T. Mukherjee	0.40	0.40	0.90
		Mr. Vimal Bhandari	0.65	0.40	1.00
		Mr. S. K. Chaturvedi	-	-	0.40
			6.70	**6.45**	**10.00**
14	Provision for diminution in value of investment	**Subsidiaries**			
		Analogic Controls India Limited	16.55	-	-
			16.55	**-**	**-**
		Joint Ventures			
		BF NTPC Energy Systems Limited	7.19	-	-
			7.19	**-**	**-**
			23.74	**-**	**-**

* 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, 2017 the Company has not recorded any impairment of receivables relating to amount owed by related parties (March 31, 2016 : Nil, April 1, 2015 : Nil). This assessement is undertaken in each financial year through examining the financial position of the related party & 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 given to group companies refer note 46.

The Company has various welfare trusts to administer the long term benefit for its employees. Further the Company operates defined benefit plans by way of gratuity trusts, provident fund trusts etc. For details also refer note 37.

40. Capital and other commitments

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 4,000 million (March 31, 2016: ₹ 4,000 million; April 1, 2015: ₹ 4,000 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 etc., book debts, subject to prior charge in their favour.	1,901.99	1,217.68	958.50
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,176.15	1,942.41	3,150.79
(c) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	28.00	72.00	-
(d) For commitments relating to lease agreements, please refer note 35			

(e) Performance guarantee:

The Company along with its joint venture partner has given an irrecoverable and unconditional joint undertakings to the customers of joint venture company - ALSTOM Bharat Forge Power Private Limited (ABFPPL), for transfer of technology, training, execution of steam turbines generator sets and auxiliary equipment and for successful performance of the projects awarded to ABFPPL.

41. Deferral/Capitalisation of exchange differences

The Company has availed the option under Ind AS 101 para D13AA, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements on the date of transition.

Accordingly foreign exchange gain/(loss) adjusted against:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016
Cost of the assets / capital work in progress	157.60	(474.34)
FCMITDA	141.07	(441.06)
Amortized in the current year	(331.35)	(402.85)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

42. Loans and advances in the nature of loans given to subsidiaries and associates and firms/ companies in which directors are interested

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bharat Forge Global Holding Gmbh*			
Balance outstanding	69.13	376.85	67.19
Maximum amount outstanding during the year	376.85	449.76	82.34
BF Infrastructure Ventures Limited* $			
Balance outstanding	-	30.56	60.55
Maximum amount outstanding during the year	30.56	60.55	60.55
BF Infrastructure Limited*			
Balance outstanding	36.56	57.70	65.31
Maximum amount outstanding during the year	57.70	78.88	107.67
BF Utilities Limited #			
Balance outstanding	75.00	75.00	75.00
Maximum amount outstanding during the year	75.00	75.00	75.00
BF Elbit Advanced Systems Private Limited *			
Balance outstanding	71.82	71.82	20.00
Maximum amount outstanding during the year	71.82	71.82	20.00
Analogic Controls India Limited			
Balance outstanding	-	4.30	65.00
Maximum amount outstanding during the year	4.30	4.30	65.00

* Receivable on demand

Receivable in 3 years from the date of origination of loan

$ Merged with BF Infrastructure Limited w.e.f. April 1, 2015

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, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Principal amount due to suppliers under MSMED Act, 2006 *	-	14.94	32.81
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	204.84	258.88	201.92
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	0.48	1.89	1.10
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	4.27	3.79	2.08

* Amount includes due and unpaid of ₹ Nil (March 31, 2016: ₹ 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, 2017	Year ended March 31, 2016
A. On revenue account		
Manufacturing expenses:		
Materials	2.47	9.23
Stores, spares and tools consumed	31.58	34.12
Repairs and maintenance		
- Machinery repairs	9.23	8.85
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, contribution to provident and other funds and schemes etc.	195.37	221.47
Other expenses:		
Legal and professional charges	6.78	1.94
Membership fees	2.60	-
EDP expenses	9.41	14.85
Other expenses	53.49	53.82
Total	**310.93**	**344.28**
B. On capital account	**22.44**	**51.77**
Total research and development expenditure *	**333.37**	**396.05**

* Above expenditures are related to approved R&D facilities of the Company. In addition to above the Company has incurred ₹ 22.46 million on revenue account and ₹ 37.12 million on capital account (March 31, 2016: ₹ 13.28 million on revenue account and ₹ 0.16 million on capital account) for R&D Centres which are in the process of approval with DSIR.

45. CSR expenditure

In ₹ Million

		Year ended March 31, 2017	Year ended March 31, 2016
(a) Gross amount required to be spent by the Company during the year		**180.52**	**140.32**
(b) Amount spent during the year ending on	**In cash**	**Yet to be paid in cash ***	**Total**
- March 31, 2017			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	72.39	0.65	73.04
	72.39	**0.65**	**73.04**
- March 31, 2016			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	124.65	0.33	124.98
	124.65	**0.33**	**124.98**

* Paid subsequently in the following month

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

46. Disclosures required under Sec. 186(4) of the Companies Act, 2013

In ₹ Million

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Bharat Forge Global Holding GmbH	General corporate purpose *	7.75% / 3.50% #	69.13	376.85	67.19
BF Infrastructure Ventures Limited $	General corporate purpose *	7.75%	-	30.56	-
BF Infrastructure Limited	Advance *	NA	-	57.70	65.31
BF Infrastructure Limited	General corporate purpose *	7.75%	36.56	-	-
BF Elbit Advanced Systems Private Limited	Working capital *	10.00%	71.82	71.82	20.00
BF Utilities Limited	General corporate purpose **	10.00%	75.00	75.00	75.00
Analogic Controls India Limited	General corporate purpose *	13.00%	-	4.30	65.00

For the loan given in FY 2010-11

$ Merged with BF Infrastructure Limited w.e.f. April 1, 2015

* Receivable on demand

** Receivable in 3 years from the date of origination of loan

- All advances are unsecured
- Details of investments made are given in Note 6 & 7
- Guarantee given on behalf of
    - Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,244.70 million (March 31, 2016: ₹ 1,356.84 million; April 1, 2015 : Nil) for working capital requirement.
    - Bharat Forge Global Holding GmbH, Wholly owned subsidiary company, of ₹ Nil (March 31, 2016: Nil; April 1, 2015: 1,314.90 million) for working capital requirement and term loan.
    - Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 259.40 million (March 31, 2016: Nil; April 1, 2015: Nil) for term loan.

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, 2017:	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	-	-	524.71
Gupta Energy Private Limited	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	79.50	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3,526.86	-
Financial assets at FVTPL			
Debentures (unquoted)			
0% Compulsorily Convertible Debentures of ₹ 100/- each in Analogic Controls India Limited	-	-	3.60
Preference shares (unquoted)			
BF Infrastructure Limited	-	-	-
Other investments			
Unquoted funds			
Investments in private equity fund	-	72.79	-
Investments in mutual funds	-	10,386.78	-
Quoted funds			
Investments in mutual funds	851.67	-	-

In ₹ Million

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2016:	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	-	-	250.29
Gupta Energy Private Limited	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	90.63	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	1,754.90	-
Financial assets at FVTPL			
Debentures (unquoted)			
0% Compulsorily Convertible Debentures of ₹ 100/- each in Analogic ControlsIndia Limited	-	-	139.69
Preference shares (unquoted)			
BF Infrastructure Limited	-	-	-
Other investments			
Unquoted funds			
Investments in private equity fund	-	26.07	-
Investments in mutual funds	-	7,232.06	-
Quoted funds			
Investments in mutual funds	401.12	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

47. Fair value hierarchy (Contd.):

In ₹ Million

Quantitative disclosure fair value measurement hierarchy for assets as at April 1, 2015	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 - FVTOCI	-	-	315.60
Gupta Energy Private Limited - FVTOCI	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	115.55	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	5,260.46	-
Financial assets at FVTPL			
Debentures (unquoted)			
0% Compulsorily Convertible Debentures of ₹ 100/- each in Analogic Controls India Limited	-	-	78.94
Preference shares (unquoted)			
BF Infrastructure Limited	-	-	-
Other investments			
Unquoted funds			
Investments in private equity fund	-	-	-
Investments in mutual funds	-	4,404.21	-
Quoted funds			
Investments in mutual funds	160.42	-	-

There have been no transfers between level 1 and level 2 during year ended March 31, 2017 and March 31, 2016.

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, 2017, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Particulars	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
(i) Investments	3,687.39	912.80	515.09	3,687.39	912.80	515.09
(ii) Loans	37.64	203.83	214.91	37.64	203.83	214.91
(iii) Trade receivables	5.49	20.87	-	5.49	20.87	-
(iv) Derivative instruments	1,564.89	600.58	1,837.83	1,564.89	600.58	1,837.83
(v) Other non-current financial assets	317.39	367.03	260.98	317.39	367.03	260.98
Total financial assets	**5,612.80**	**2,105.11**	**2,828.81**	**5,612.80**	**2,105.11**	**2,828.81**
(i) Borrowings	7,903.47	13,932.75	15,479.29	7,903.47	13,932.75	15,479.29
Total financial liabilities	**7,903.47**	**13,932.75**	**15,479.29**	**7,903.47**	**13,932.75**	**15,479.29**

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.

48. Financial instruments by category (Contd.):

Further the management assessed that the fair value of security deposits and other non current recievables approximate their carrying amounts largely due to 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 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, 2017 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 fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own nonperformance risk as at March 31, 2017 was assessed to be insignificant.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

48. Financial instruments by category (Contd.):

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2017 are as shown below

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	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, 2017:** ₹ 9.30 million to ₹ 12.60 million/ acre (Weighted average: ₹ 10.70 miilion /acre.) **March 31, 2016:** ₹ 8.80 million to ₹ 12.60 million/ acre (Weighted average: ₹ 10.40 miilion /acre.) **April 1, 2015:** ₹ 8.80 million to ₹ 12.60 million/acre (Weighted average: ₹ 10.40 million/acre)	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.45 (March 31, 2016: ₹ 1.54, April 1, 2015: ₹ 1.54).
		Estimated realization rates for undeveloped land	Not Applicable	
Unquoted debt instrument of Analogic Controls India Limited	Discounted Cash Flows	Weighted Average Cost of Capital	**March 31, 2017:** 15.20 % **March 31, 2016:** 14.75 % **April 1, 2015:** 13.60%	0.50% increase in weighted average cost of capital would result in decrease in fair value per share by ₹ (2.93) for March 31, 2017 (March 31, 2016: ₹ 3.79 and April 1, 2015: ₹ 4.60) 0.50% decrease in weighted average cost of capital would result in increase in fair value per share by ₹ 3.26 March 31, 2017(March 31, 2016: ₹ 4.19 and April 1, 2015: ₹ 5.14)
		(ii) Long term growth rate	**March 31, 2017:** 5.00 % **March 31, 2016:** 5.00 % **April 1, 2015:** 5.00 %	5% increase in weighted average cost of capital would result in increase in fair value per share by ₹ 0.83 million for March 31, 2017 (March 31, 2016: ₹ 1.12 million and April 1, 2015: ₹ 1.43 million) 5% decrease in weighted average cost of capital would result in decrease in fair value per share by ₹ (0.79) million March 31, 2017 (March 31, 2016: ₹ 1.07 million and April 1, 2015: ₹ 1.35 million)

48. Financial instruments by category (Contd.):

(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 availabe 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.

(b) Bharat Forge Infrastructure Limited (BFIL)

The Company has an investment in preference shares of BFIL. The same is classified as fair value through profit and loss. These preference shares were completely provided for under previous GAAP due to permanent diminution in the value of the instrument. The management believes that the fair value of such preference shares is Nil considering the fact that BFIL is still in the initial phase and the nature of business in which it operates involves relatively longer gestation period. The said preference shares are redeemable on June 30, 2017 and the management does not believe that BFIL would be in a position to meet the repayment obligation.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

In ₹ Million

	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited	Unquoted preference shares in Bharat Forge Infrastructure Limited	Compulsorily convertible debentures in Analogic Controls India Limited
As at April 1, 2015	**315.60**	**-**	**-**	**78.94**
Remeasurement recognised in OCI	(65.31)	-	-	-
Remeasurement recognised in P&L	-	-	-	(9.91)
Purchases	-	-	-	70.66
Sales	-	-	-	-
As at March 31, 2016	**250.29**	**-**	**-**	**139.69**
Remeasurement recognised in OCI	101.26	-	-	-
Remeasurement recognised in P&L	-	-	-	(136.09)
Purchases	173.16	-	-	-
Sales				
As at March 31, 2017	**524.71**	**-**	**-**	**3.60**

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 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 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

49. Significant accounting judgements, estimates and assumptions (Contd.):

Judgements (Contd.):

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.

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.

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, 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, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment plans and the present value of the gratuity obligation 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 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 and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in Note 37.

49. Significant accounting judgements, estimates and assumptions (Contd.):

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 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 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 48 for further disclosures.

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.

Operating lease commitments – Company as lessor

The Company has given land on lease to certain entities. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of such land and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these lands and accounts for the contracts as operating leases.

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 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.

The Company has ₹ 132.90 million (March 31, 2016: ₹ 17.98 million; April 1, 2015: ₹ 17.98 million) of tax losses carried forward. These losses relate to loss under the head capital gain, which will expire in 8 years and may not be available to offset taxable income under the same head. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by ₹ 45.99 million (March 31, 2016 : ₹ 6.22 million). Further details on taxes are disclosed in note 21.

Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparision of the carrying value of the aged inventory item with the respective net realisable value. The purpose is to ascertain whether and allowance is required to be maid in the financial statements for any obsolete and slow-moving items. Management satisfied that adequate allowance for absolute and slow-moving inventories has been made in the financial statement.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

50. Hedging activities and derivatives

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.

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, 2017		March 31, 2016		April 1, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments	3,526.86	-	1,754.90	-	5,260.46	-

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 or loss. Notional amounts of outstanding forward contracts are as as follows

In ₹ Million

Nature of instrument	Currency	Purpose	March 31, 2017		March 31, 2016		April 1, 2015	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	398.11	29,533.80	480.11	31,807.29	567.10	35,438.08
Forward Contracts	EUR	Hedging of highly probable sales	83.40	7,633.74	123.77	9,328.77	201.92	13,567.21

The cash flow hedges of the expected future sales during the year ended March 31, 2017 were assessed to be highly effective and a net unrealised gain of ₹ 3,377.78 million, with a deferred tax liability of ₹ 1,168.98 million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended March 31, 2016 were assessed to be highly effective and an unrealised gain of ₹ 1,694.12 million with a deferred tax liability of ₹ 586.30 million was included in OCI in respect of these contracts.

The amount removed from OCI during the year and included in the carrying amount of the hedging items as a basis adjustment for the year ended March 31, 2017 is detailed in Note 33, totalling ₹ 872.70 million (net of deferred tax) (March 31, 2016: ₹ 2,139.59 million). The amounts retained in OCI at March 31, 2017 are expected to mature and affect the statement of profit and loss till year ended March 31, 2020.

Reclassifications to profit or loss during the year gains or losses included in OCI are shown in Note 33.

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. All derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, 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, 2017 and March 31, 2016.

The sensitivity analyses 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 as at March 31, 2017.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations and provisions.

The following 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, 2017 and March 31, 2016 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.

51. Financial risk management objectives and policies (Contd.):

The Company has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long term debt obligations. To manage its interest rate risk, the Company evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Company also has an option for its long term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed-upon notional principal amount. However, there were no interest rates swaps entered in to by the Company during any of the periods reported. At March 31, 2017, the Company's entire long term borrowings are at a floating rate of interest (March 31, 2016: 91%).

Interest rate sensitivity

The Company's total interest cost the year ended March 31, 2017 was ₹ 727.70 million and for year ended March 31, 2016 was ₹ 905.06 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 borrowings, as follows:

Particulars	Change in basis points	Effect on Profit before tax and equity (In ₹ million)
March 31 2017		
USD	50	69.18
EUR	+50	4.11
EUR*	-50	-
March 31 2016		
USD	50	82.83

* During the year, EURIBOR was trading in negative zone and Euro borrowings were floored at zero.

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 4 years to the extent of 25%-65% on rolling basis and 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.

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.

51. Financial risk management objectives and policies (Contd.):

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 impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. 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, 2017	USD 1	175.79
	EUR 1	48.71
March 31, 2016	USD 1	210.02
	EUR 1	77.81

Commodity price risk

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

As the Company has a back to back pass through arrangements for volatility in raw material prices there is no impact on the profit and loss and equity of the Company.

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.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 597.50 million. Sensitivity analysis of these investments have been provided in Note 48.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 79.50 million. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 7.95 million on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

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.

51. Financial risk management objectives and policies (Contd.):

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 OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2017, receivable from Company's top 5 customers accounted for approximately 34% (March 31, 2016: 24%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data. 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 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, 2017 and March 31, 2016 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.

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 ₹ 11,238.45 million (March 31, 2016: ₹ 7,633.18 million; April 1, 2015: ₹ 4,564.63 million) and other liquid assets of ₹ 2,747.87 million (March 31, 2016: ₹ 3,697.54 million; April 1, 2015: ₹ 5,892.74 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.

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	Total
March 31, 2017			
Borrowings	9,076.80	7,903.47	**16,980.27**
Trade and other payables	4,639.51	-	**4,639.51**
Other financial liabilities	7,871.79	6.40	**7,878.19**
	21,588.10	**7,909.87**	**29,497.97**
March 31, 2016			
Borrowings	8,960.97	13,932.75	**22,893.72**
Trade and other payables	4,317.02	-	**4,317.02**
Other financial liabilities	4,363.55	2.67	**4,366.22**
	17,641.54	**13,935.42**	**31,576.96**
April 1, 2015			
Borrowings	11,277.08	15,479.29	**26,756.37**
Trade and other payables	6,286.20	-	**6,286.20**
Other financial liabilities	2,092.10	5.32	**2,097.42**
	19,655.38	**15,484.61**	**35,139.99**

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, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	24,224.77	26,685.36	28,205.62
Less: Cash and other liquid assets	13,986.32	11,330.72	10,457.37
Net debt	**10,238.45**	**15,354.64**	**17,748.25**
Equity	**42,319.32**	**35,815.20**	**34,411.52**
Net debt /equity Ratio	**0.24**	**0.43**	**0.52**

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 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, 2017 and March 31, 2016.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

53. First time adoption

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1,2015 and the financial statements as at and for the year ended March 31, 2016.

Exceptions applied

The Company has applied all the mandatory exceptions in accordance with Ind AS 101. Following are the exceptions with significant impact:

1) Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

-FVTOCI – unquoted and quoted equity shares

-FVTPL – debt securities

-Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

2) Classification and measurement of financial assets

The Company has classified financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

3) Derecognition of financial assets and financial liabilities

The Company has elected to apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after April 1, 2015. However, for certain financial assets and financial liabilities derecognition requirements in Ind AS 109 were applied retrospectively where information needed was obtained at the time of initially accounting for derecognition.

4) Hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks respectively. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The Company has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Company, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the Company continues to apply hedge accounting after the date of transition to Ind AS.

53. First time adoption (Contd.):

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1) Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition.

2) Embedded lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

3) Investments in subsidiaries, jointly controlled entities and associates

The Company has elected either the Indian GAAP carrying amount or fair value at the date of transition as deemed cost for its investment in each subsidiary, joint venture or associate.

4) Long Term Foreign Currency Monetary Items

The Company has elected to continue the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before April 1, 2016 as per the previous GAAP.

5) Government loans

The Company has elected to apply the requirements of Ind AS 109 Financial Instruments and Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind AS and has not recognised the corresponding benefit of the government loan at a below-market rate of interest as a government grant.

54. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equitysettled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

Since the Company does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Company.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

55. Reconciliation of equity and statement of profit and loss

Reconciliation of equity as at April 1, 2015 (date of transition to Ind AS)

In ₹ Million

Particulars	Notes	Indian GAAP *	Adjustments	Ind AS
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	12	19,501.26	1,114.03	20,615.29
(b) Capital work-in-progress	12	2,076.76	464.81	2,541.57
(c) Investment property	6	-	2.89	2.89
(d) Intangible assets		59.65	-	59.65
(e) Investment in subsidiaries and Joint venture	13	6,013.20	(39.67)	5,973.53
(f) Financial assets				
(i) Investments	1	474.70	40.39	515.09
(ii) Loans	14	219.37	(4.46)	214.91
(iii) Trade receivables		-	-	-
(iv) Derivative instruments	3	1,841.73	(3.90)	1,837.83
(v) Other non-current financial assets	14	358.81	(97.83)	260.98
(g) Income tax assets (net)		256.98	-	256.98
(h) Other non-current assets		2,617.90	-	2,617.90
		33,420.36	**1,476.26**	**34,896.62**
II. Current assets				
(a) Inventories	12	5,371.81	(1,581.74)	3,790.07
(b) Financial assets				
(i) Investments	1	4,549.46	15.17	4,564.63
(ii) Loans		202.19	-	202.19
(iii) Trade receivables	2	5,594.65	10,444.13	16,038.78
(iv) Derivative instruments	3	3,433.40	(10.77)	3,422.63
(v) Cash and cash equivalent		3,160.41	-	3,160.41
(vi) Other bank balances		2,757.71	-	2,757.71
(vii) Other non-current financial assets		678.05	-	678.05
(c) Other current assets	14	4,589.70	(163.30)	4,426.40
		30,337.38	**8,703.49**	**39,040.87**
Total Assets		**63,757.74**	**10,179.75**	**73,937.49**

55. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of equity as at April 1, 2015 (date of transition to Ind AS) (Contd):

In ₹ Million

Particulars	Notes	Indian GAAP *	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		465.68	-	465.68
(b) Other equity	1, 2, 3, 4, 9, 14	34,491.06	(545.22)	33,945.84
Total equity		**34,956.74**	**(545.22)**	**34,411.52**
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	10, 11	15,744.88	(265.59)	15,479.29
(ii) Other financial liabilities		5.32	-	5.32
(b) Provisions		252.76	-	252.76
(c) Deferred tax liabilities (net)	9	1,639.13	1,753.74	3,392.87
(d) Other non-current liabilities		-	-	-
		17,642.09	**1,488.15**	**19,130.24**
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	7, 10	779.83	10,497.25	11,277.08
(ii) Trade payables		6,286.20	-	6,286.20
(iii) Other current financial liabilities		2,092.10	-	2,092.10
(b) Provisions	4	1,537.54	(1,260.83)	276.71
(c) Other current liabilities		406.80	0.40	407.20
(d) Current tax liabilities (net)		56.44	-	56.44
		11,158.91	**9,236.82**	**20,395.73**
Total liabilities		**28,801.00**	**10,724.97**	**39,525.97**
Total Equity and Liabilities		**63,757.74**	**10,179.75**	**73,937.49**

* The previous GAAP figrures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

55. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of equity as at March 31, 2016

In ₹ Million

Particulars	Notes	Indian GAAP *	Adjustments	Ind AS
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	12	21,613.68	1,095.93	22,709.61
(b) Capital work-in-progress	12	2,721.23	498.20	3,219.43
(c) Investment property	6	-	2.89	2.89
(d) Intangible assets		59.72	-	59.72
(e) Investment in subsidiaries and Joint venture	13	6,104.42	(39.67)	6,064.75
(f) Financial assets				-
(i) Investments	1	973.36	(60.56)	912.80
(ii) Loans	14	207.73	(3.90)	203.83
(iii) Trade receivables		20.87	-	20.87
(iv) Derivative instruments	3	606.29	(5.71)	600.58
(v) Other non-current financial assets	14	467.62	(100.59)	367.03
(g) Income tax assets (net)		261.52	-	261.52
(h) Other non-current assets		3,080.51	-	3,080.51
		36,116.95	**1,386.59**	**37,503.54**
II. Current assets				
(a) Inventories	12	5,254.30	(1,590.84)	3,663.46
(b) Financial assets				
(i) Investments	1	7,220.44	11.62	7,232.06
(ii) Loans		452.97	-	452.97
(iii) Trade receivables	2 , 7	5,765.27	8,436.28	14,201.55
(iv) Derivative instruments	3	1,157.95	(3.63)	1,154.32
(v) Cash and cash equivalent		2,967.54	-	2,967.54
(vi) Other bank balances		779.37	-	779.37
(vii) Other non-current financial assets		485.18	-	485.18
(c) Other current assets	14	3,478.17	(126.55)	3,351.62
		27,561.19	**6,726.88**	**34,288.07**
Total Assets		**63,678.14**	**8,113.47**	**71,791.61**

55. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of equity as at March 31, 2016 (Contd):

In ₹ Million

Particulars	Notes	Indian GAAP *	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		465.68	-	465.68
(b) Other equity	1, 2, 3, 4, 9, 14	35,938.85	(589.33)	35,349.52
Total equity		**36,404.53**	**(589.33)**	**35,815.20**
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	10, 11	14,140.94	(208.19)	13,932.75
(ii) Other financial liabilities		2.67	-	2.67
(b) Provisions		217.43	-	217.43
(c) Deferred tax liabilities (net)	9	1,807.38	562.32	2,369.70
(d) Other non-current liabilities		607.38	-	607.38
		16,775.80	**354.13**	**17,129.93**
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	7, 10	473.49	8,487.48	8,960.97
(ii) Trade payables		4,317.02	-	4,317.02
(iii) Other current financial liabilities		4,363.55	-	4,363.55
(b) Provisions	4	444.68	(140.10)	304.58
(c) Other current liabilities		715.17	1.29	716.46
(d) Current tax liabilities (net)		183.90	-	183.90
Total liabilities		**10,497.81**	**8,348.67**	**18,846.48**
Total Equity and Liabilities		**63,678.14**	**8,113.47**	**71,791.61**

* The previous GAAP figrures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

55. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of Statement of profit and loss for the year ended March 31, 2016

In ₹ Million

Particulars	Notes	Indian GAAP *	Adjustments	Ind AS
Income				
Revenue from operations	8	43,054.10	2,200.67	45,254.77
Other income	1	998.66	124.79	1,123.45
Total income [I]		44,052.76	2,325.46	46,378.22
Expenses				
Cost of raw materials and components consumed	12	15,286.57	(374.94)	14,911.63
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	12	(17.38)	(0.67)	(18.05)
Excise duty on sale of goods	8	-	1,916.66	1,916.66
Employee benefits expense	5	3,721.56	3.62	3,725.18
Depreciation and amortisation expense	12	2,613.78	470.73	3,084.51
Finance costs	5	863.17	41.89	905.06
Other expenses	1, 8	11,233.13	318.10	11,551.23
Total expenses (II)		**33,700.83**	**2,375.39**	**36,076.22**
Profit before exceptional items and tax [I - II]		**10,351.93**	**(49.93)**	**10,302.00**
Exceptional items gain/(loss)		(42.20)	-	(42.20)
Profit before tax		**10,309.73**	**(49.93)**	**10,259.80**
Tax expense				
Current tax		3,130.86	-	3,130.86
Deferred tax	9	168.25	(15.49)	152.76
Total tax expense		**3,299.11**	**(15.49)**	**3,283.62**
Profit for the year		**7,010.62**	**(34.44)**	**6,976.18**
Other comprehensive income				
Other Comprehensive Income to be reclassified to profit or loss in subsequent period (net of tax)				
- Net movement on cash flow hedges	3	-	(2,238.51)	(2,238.51)
- Foreign Currency Monetary Items Translation Difference Account	15	-	(38.21)	(38.21)
[a]		**-**	**(2,276.72)**	**(2,276.72)**
Other Comprehensive Income not to be reclassified to profit or loss in subsequent period (net of tax)				
- Re-measurement gains / (losses) of defined benefit plans	5	-	16.58	16.58
- Net (loss)/gain on FVTOCI equity securities	1	-	(90.23)	(90.23)
[b]		**-**	**(73.65)**	**(73.65)**
Other comprehensive income for the year (net of tax) [a+b]		**-**		**(2,350.37)**
Total comprehensive income for the year (net of tax)		**-**		**4,625.81**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

55. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 & March 31, 2016 and Statement of profit and loss for the year ended March 31, 2016

1) Financial assets

Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

Under Indian GAAP, the Company accounted for long term investments in debt securities as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated certain investments as FVTPL debt investments. Ind AS requires FVTPL to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and amortised cost as at the date of transition has been recognised in other equity, net of related deferred taxes.

Under Indian GAAP, the Company accounted for mutual funds as investment measured at lower of cost or NRV. Under Ind AS, the Company classified these mutual funds as FVTPL investments. Ind AS requires such investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and cost as at the date of transition has been recognised in other equity, net of related deferred taxes.

2) Trade receivables

Under Indian GAAP, the Company has created provision for impairment of receivables which consists only in respect of specific amount for probable losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to ECL model, the Company impaired its trade receivable by ₹ 32.70 million (net of related deferred tax) on April 1, 2015 which has been eliminated against other equity.

3) Derivative instruments

The Company has taken certain forward foreign exchange contracts which were designated as hedging instruments under Indian GAAP and have been designated as at the date of transition to Ind AS as hedging instrument in cash flow hedges for expected future sales for which the Company has firm commitments or expected sales that are highly probable. The corresponding adjustment has been recognised as a separate component of equity, in the cash flow hedge reserve. On the date of transition, cash flow hedge reserve was debited by ₹ 1,771.01 million on April 1, 2015 and net movement of ₹ 2,238.51 million (net of related deferred tax) during the year ended on March 31, 2016 was recognized in OCI and subsequently taken to cash flow hedge reserve. Further, the Company has recognized Credit Value Adjustments ('CVA')/Debit Value Adjustments ('DVA') as part of fair valuation of these instruments and the same has been adjusted in the other equity on the date of transition to Ind AS and in the statement of profit and loss subsequently.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

55. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 & March 31, 2016 and Statement of profit and loss for the year ended March 31, 2016 (Contd.):

4) Provisions

Under Indian GAAP, proposed dividends including dividend distribution tax (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In case of the Company, the declaration of dividend occurs after the period end. Therefore, the liability of ₹ 1,260.84 million for the year ended on March 31, 2015 recorded for dividend including DDT theron has been derecognised against other equity on April 1, 2015. The proposed dividend and DDT thereon for the year ended on March 31, 2016 of ₹ 140.09 million recognized under Indian GAAP was reduced from other payables and with a corresponding impact in the other equity.

Proposed dividend including DDT liability amounting to ₹ 1,260.84 million which was derecognised as on the transition date, has been recognised in other equity during the year ended March 31, 2016 as declared and paid.

5) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, 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 other equity through OCI. Thus the employee benefit cost is reduced by ₹ 16.58 million and remeasurement gains / losses on defined benefit plans has been recognized in the OCI net of related deferred tax.

6) Recognition of Investment Property

The investment properties are reclassified from Property, Plant and Equipment (PPE) and presented separately amounting to ₹ 2.89 million (WDV as on April 1, 2015) as on date of transition to Ind AS by reclassifying from PPE. The depreciation of ₹ Nil have been provided for the year ended March 31, 2016.

7) Bill of exchange discounted

Under IGAAP, trade receivables derecognised by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings of ₹ 8,487.48 million as on March 31, 2016 and ₹ 10,497.25 million as on April 1, 2015.

8) Revenue

Under Indian GAAP, revenue from sale of products was presented excluding excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. Excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 1,916.66 million. There is no impact on total equity and profits.

Under the Indian GAAP certain expenses in the nature of freight and other sales related expenses were netted off against sales. Under Ind AS such expenses have been reclassified to other expenses so as to measure revenue at fair value of consideration received or receivable. This change has no impact on the profits and other equity for the year.

55. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 & March 31, 2016 and Statement of profit and loss for the year ended March 31, 2016 (Contd.):

9) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. This has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in other equity or a separate component of equity.

10) Government Loan

The Company has a below-market rate government loan of ₹ 6.08 million outstanding as at the date of transition to Ind AS. Such loan was recognized at book value under Indian GAAP. The Company has elected to apply the exemption pertaining to government grant whereby the provisions of Ind AS 109, 'Financial Instruments', and Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance' shall be applied prospectively to such loan from the date of transition to Ind AS. Accordingly, Indian GAAP carrying amount of the loan at the date of transition to Ind AS has been continued as the carrying amount of the loan in the opening Ind AS Balance Sheet.

11) Borrowings

The Company recognized the transaction costs pertaining to the borrowings on a straight line basis over the term of the loan under Indian GAAP. The unamortized portion of such cost was recognized as part of 'prepaid expense' which amounted to ₹ 265.59 million on the date of transition to Ind AS. As per Ind AS 109, borrowings are measured at amortized cost and hence, unamortized portion of transaction costs has been adjusted against the amount of borrowings and not shown separately as part of assets.

12) Dies and spares

The Company developes in house dies which are used in the production of various auto and non-auto components and such dies are considered a part of inventory under Indian GAAP. Also, the Company accounted for certain spares which are capable of being used during more than one accounting period or which can be only specifically in combination with another fixed assets as part of inventories under Indian GAAP. Under Ind AS, any asset which satisfies the criteria of Ind AS 16 needs to be accounted as a part of property, plant and equipment. Accordingly, the Company has done an assessment of the relevant dies and spares and reclassified the same from inventory to property, plant and equipment wherever such dies and spares satisfied the criteria of Ind AS 16. Depreciation on such reclassified items have been computed retrospectively and the net amount is considered for reclassification purposes while the balance impact is adjusted in other equity.

13) Investment in subsidiaries and joint ventures

The Company has availed the option to value investment in subsidiaries, associates and joint ventures at deemed cost. The deemed cost for this purpose can be either its fair value at the entity's date of transition to Ind AS in its separate financial statements or previous GAAP carrying amount at the transition date. The Company has decided to use fair value as deemed cost for certain investments and for balance investments previous GAAP carrying amount is used.

55. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 & March 31, 2016 and Statement of profit and loss for the year ended March 31, 2016 (Contd.):

14) Discounting of financial assets

Under Indian GAAP, the Company accounted for Security Deposits and other receivable balances as Loans and Advances measured at cost. Under Ind AS, such balances are classified and measured at amortized cost using effective interest rate method. At the date of transition to Ind AS, the difference between amortized cost and the Indian GAAP carrying amount has been recognised in other equity (net of related deferred tax). The resulting impact of ₹ 102.29 million for April 1, 2015 and ₹ 81.63 million for March 31, 2016 have been reclassified to prepaid expenses and a corresponding decrease of ₹ 24.40 million in total comprehensive income for the year ended March 31, 2016.

15) Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

The Company has availed the option to continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended March 31, 2016. Accordingly, the exchange differences arising on long term foreign currency monetary items (which do not pertain to acquisition of a property, plant and equipment) are accumulated in FCMITDA reserve through OCI.

16) Impact on cash flow

The transiation from Previous GAAP to Ind AS has no material impact on the statement of cash flow except bank overdraft which has been considered as part of cash and cash equivalents.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bharat Forge Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures, comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint Ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; the 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd.):

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2017, their consolidated profit including other comprehensive income, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw your attention to the following emphasis of matter paragraph included in the audit report as under:

BF Infrastructure Limited vide report dated May 18, 2017 issued by an Independent firm of accountants, reproduced by us as under:

Note 39 of the financial statements, relating to amalgamation of BF Infrastructure Ventures Limited with the Company which has been accounted under the "Pooling of Interest Method" as per Accounting standard 14 - Accounting for Amalgamations (AS 14) in compliance with the Scheme of Amalgamation pursuant to Sections 391-394 of the Companies Act, 1956 approved by the Hon' ble High Court of Bombay. This accounting treatment is different from that prescribed under Indian Accounting Standard (Ind AS). Had the accounting treatment prescribed under Ind AS been followed, equity impact would have been Nil. Our opinion is not qualified in respect of this matter.

ALSTOM Bharat Forge Power Private Limited vide report dated May 23, 2017 issued by an Independent firm of accountants, reproduced by us as under:

a. Attention is drawn to note 63 which explains in detail the write off of capital work in progress (in relation to building) and recognition of assets retirement obligation amounting to INR 2,162.85 million and INR 7.20 million respectively and adjustment of retained earnings as at 1 April 2015 by the corresponding amount, and write off of the cost of leased land amounting to INR 233.70 million on expiry of tenancy rights in the current year. Our report is not modified in respect of these matters.

b. Attention is drawn to note 63 which describes that the Company has considered margin release relating to certain projects aggregating to INR 630.72 million (related tax expense of INR Nil) by recording in the year ending 31 March 2016 as the same was relating to that period. Our report is not modified in respect of these matters.

Our opinion is not qualified in respect of above matters.

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 reports 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements;

INDEPENDENT AUDITOR'S REPORT (Contd.):

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the 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, 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 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 the Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 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 incorporated in India, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2017 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 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) 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, 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 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 – Refer Note 44 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 (a) Note 20 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit in respect of its associates;

    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, 2017.

    iv. The Holding Company, subsidiaries, its associates and joint ventures incorporated in India, have provided requisite disclosures in Note 13 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank

INDEPENDENT AUDITOR'S REPORT (Contd.):

Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group including its associates and joint ventures and as produced to us by the Management of the Holding Company.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of nineteen subsidiaries, whose Ind AS financial statements include total assets of INR 25,891.93 million and net assets of INR 6,368.10 million as at year ended December 31, 2016 and March 31, 2017 as applicable, and total revenues of INR 33,039.65 million and net cash outflows of INR 267.20 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of INR 131.20 million for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of two associates and three 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.

Certain of these subsidiaries/associates are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries/associates located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Respective other auditors have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries/associates located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by respective other auditors.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, 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.

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

per ARVIND SETHI
Partner
Membership Number: 89802

Place of Signature: Pune
Date: May 24, 2017

INDEPENDENT AUDITOR'S REPORT (Contd.):

Annexure 1 referred to in paragraph (g) 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 financial statements of Bharat Forge Limited as of and for the year ended March 31, 2017, 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, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial

INDEPENDENT AUDITOR'S REPORT (Contd.):

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, its associate companies and joint ventures, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 of the Holding Company, insofar as it relates to these six subsidiary companies, two associate companies and three joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled companies incorporated in India.

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

per ARVIND SETHI
Partner
Membership Number: 89802

Place of Signature: Pune
Date: May 24, 2017

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

In ₹ Million

ASSETS	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. Non-current assets				
(a) Property, plant and equipment	3	32,208.87	30,777.54	25,833.31
(b) Capital work-in-progress		3,997.32	3,918.43	3,897.03
(c) Investment property	4	2.89	2.89	2.89
(d) Goodwill	5	424.18	443.72	427.21
(e) Other intangible assets	5	134.79	118.47	147.55
(f) Intangible assets under development		534.47	169.70	110.54
(g) Investment in associate and joint venture	6	0.13	849.75	622.66
(h) Financial assets				
(i) Investments	7	3,683.79	773.11	436.15
(ii) Loans	8	37.64	127.85	88.85
(iii) Trade receivables	12	8.07	20.87	-
(iv) Derivative instruments	9	1,564.89	600.58	1,837.83
(v) Other financial assets	10	359.94	370.85	261.68
(i) Income tax assets (net)		317.79	336.26	394.12
(j) Other non-current assets	14	2,932.17	1,865.76	1,452.19
		46,206.94	**40,375.78**	**35,512.01**
II. Current assets				
(a) Inventories	11	10,752.03	9,967.82	8,663.78
(b) Financial assets				
(i) Investments	7	8,231.66	7,231.26	4,564.63
(ii) Loans	8	392.00	266.02	338.37
(iii) Trade receivables	12	13,410.69	14,017.43	15,966.71
(iv) Derivative instruments	9	1,961.97	1,154.32	3,422.63
(v) Cash and cash equivalent	13	2,884.15	3,710.96	3,496.73
(vi) Other bank balances	13	476.67	781.97	2,764.14
(vii) Other financial assets	10	447.74	263.06	86.12
(c) Other current assets	14	3,626.87	5,150.97	6,777.10
(d) Asset held for sale		16.72	-	-
		42,200.50	**42,543.81**	**46,080.21**
Total assets		**88,407.44**	**82,919.59**	**81,592.22**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	465.68	465.68	465.68
(b) Other equity	16	40,697.99	33,666.54	32,038.74
Equity attributable to equity holders of the parent		**41,163.67**	**34,132.22**	**32,504.42**
Non-controlling interests		100.40	(42.63)	(34.87)
Total equity		**41,264.07**	**34,089.59**	**32,469.55**
Liabilities				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	10,590.70	16,381.41	16,601.45
(ii) Other financial liabilities	19	6.40	2.67	5.32
(b) Provisions	20	1,315.38	1,163.07	1,188.47
(c) Deferred tax liabilities (net)	21	2,606.19	1,964.10	3,148.02
(d) Other non-current liabilities	23	563.06	630.96	590.12
		15,081.73	**20,142.21**	**21,533.38**
carried over		15,081.73	20,142.21	21,533.38
carried over		41,264.07	34,089.59	32,469.55

In ₹ Million

Liabilities	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
brought over		41,264.07	34,089.59	32,469.55
brought over		15,081.73	20,142.21	21,533.38
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	12,621.79	13,052.17	14,327.51
(ii) Trade payables	22	8,463.34	8,372.05	9,025.57
(iii) Other current financial liabilities	19	8,972.66	5,010.88	2,690.22
(b) Provisions	20	537.97	492.92	382.34
(c) Other current liabilities	23	1,286.51	1,536.90	1,058.51
(d) Current tax liabilities (net)		179.37	222.87	105.14
		32,061.64	**28,687.79**	**27,589.29**
Total liabilities		**47,143.37**	**48,830.00**	**49,122.67**
Total equity and liabilities		**88,407.44**	**82,919.59**	**81,592.22**

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2017

In ₹ Million

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Continuing operations			
Income			
Revenue from operations	24	65,981.56	70,015.56
Other income	25	1,192.79	1,321.27
Total income [i]		**67,174.35**	**71,336.83**
Expenses			
Cost of raw materials and components consumed	26	24,843.58	27,116.25
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(485.80)	(1,435.94)
Excise duty on sale of goods		2,020.12	1,924.08
Project cost		20.62	80.24
Employee benefits expense	28	9,309.23	9,152.63
Depreciation and amortisation expense	29	4,520.47	4,529.76
Finance costs	30	999.62	1,159.60
Other expenses	31	17,763.32	19,097.49
Total expenses [ii]		**58,991.16**	**61,624.11**
Profit before share of profit/(loss) of associates, joint ventures, exceptional items and tax from continuing operations[i - ii]		**8,183.19**	**9,712.72**
Share of profit/(loss) of associates and joint ventures (net of tax)		**0.20**	**-**
Profit before exceptional items and tax from continuing operations		**8,183.39**	**9,712.72**
Exceptional items gain/(loss)	32	1,284.29	(54.69)
Profit before tax from continuing operations		**9,467.68**	**9,658.03**
Tax expense			
Current tax		2,703.68	3,219.88
Adjustment of tax relating to earlier periods		1.11	-
Deferred tax		(213.12)	(55.12)
Total tax expense		**2,491.67**	**3,164.76**
Profit for the year from continuing operations		**6,976.01**	**6,493.27**
Discontinued operations			
Share of profit/(loss) of joint ventures (net of tax)		131.17	260.33
Profit for the year		**7,107.18**	**6,753.60**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent period (net of tax)			
Net movement on cash flow hedges	34	1,100.98	(2,238.51)
Foreign Currency Monetary Items Translation Difference Account	34	472.42	(38.21)
Foreign Currency Translation reserve	34	(522.25)	384.58
(A)		**1,051.15**	**(1,892.14)**
Other comprehensive Income not be reclassified to profit or loss in subsequent period (net of tax)			
Re-measurement gains / (losses) of defined benefit plans	34	(98.26)	44.09
Net gain/(loss)on FVTOCI equity securities	34	90.13	(90.23)
Share of other comprehensive income in associates and joint ventures	34	0.02	-
Share of other comprehensive income arising from discontinued operations	34	(6.82)	0.27
(B)		**(14.93)**	**(45.87)**
Other comprehensive income for the year (net of tax) [A+B]		**1,036.22**	**(1,938.01)**
Total comprehensive income for the year		**8,143.40**	**4,815.59**

In ₹ Million

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Profit for the year			
Attributable to:			
Equityholders of the parent		7,046.16	6,784.55
Non-controlling interests		61.02	(30.95)
Total comprehensive income for the year			
Attributable to:			
Equityholders of the parent		8,082.38	4,846.54
Non-controlling interests		61.02	(30.95)
Earnings per share for continuing operations [nominal value per share ₹ 2/- (March 31, 2016: ₹ 2/-)]	35		
Basic		29.70	28.03
Diluted		29.70	28.03
Earnings per share for discontinued operations [nominal value per share ₹ 2/- (March 31, 2016: ₹ 2/-)]	35		
Basic		0.56	1.12
Diluted		0.56	1.12
Earning per equity share for continuing and discontinued operations [nominal value per share ₹ 2/- (March 31, 2016: ₹ 2/-)]	35		
Basic		30.26	29.15
Diluted		30.26	29.15

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

Statement of changes in equity

for the period ended March 31, 2017

A. Equity share capital

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

Particulars	No.	In ₹ Million
As at April 1, 2015	232,794,316	**465.68**
As at March 31, 2016	232,794,316	**465.68**
As at March 31, 2017	**232,794,316**	**465.68**

B. Other equity

In ₹ Million

Particulars	Reserves and Surplus						Items of OCI				Total	
	Security premium account	Debenture redemption reserve	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)	Non Controlling interests	
For the year ended March 31, 2016												
Balance as at the April 1, 2015	**7,096.48**	**1,065.00**	**15.50**	**300.00**	**2,958.78**	**17,800.86**	**-**	**120.23**	**3,346.33**	**(664.44)**	**(34.87)**	**32,003.87**
- Profit for the year	-	-	-	-	-	6,784.55		-	-	-	(30.95)	6,753.60
- Other Comprehensive Income	-	-	-	-	-	44.36	384.58	(90.23)	(2,238.51)	(38.21)		(1,938.01)
- Adjustment for the year										3.39		3.39
	-	**-**	**-**	**-**	**-**	**6,828.91**	**384.58**	**(90.23)**	**(2,238.51)**	**(34.82)**	**(30.95)**	**4,818.98**
Transfer from retained earnings	-	-	-	-	100.00	-		-	-	-		100.00
Adjustment for the year	-	-	-	-	-	-		-	-		23.19	23.19
Transfer to General Reserve	-	-	-	-	-	(100.00)		-	-	-		(100.00)
Transaction with owners in their capacity as owners												
- Equity dividend	-	-	-	-	-	(1,047.57)		-	-	-		(1,047.57)
- Tax on Equity dividend	-	-	-	-	-	(213.26)		-	-	-		(213.26)
- Interim equity dividend	-	-	-	-	-	(1,629.56)		-	-	-		(1,629.56)
- Tax on Interim equity dividend	-	-	-	-	-	(331.74)		-	-	-		(331.74)
Balance as at March 31, 2016	**7,096.48**	**1,065.00**	**15.50**	**300.00**	**3,058.78**	**21,307.64**	**384.58**	**30.00**	**1,107.82**	**(699.26)**	**(42.63)**	**33,623.91**

Statement of changes in equity
for the period ended March 31, 2017 (Contd.):

B. Other equity(Contd.):

In ₹ Million

Particulars	Reserves and Surplus						Items of OCI				Total	
	Security premium account	Debenture redemption reserve	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)	Non Controlling interests	
For the year ended March 31, 2017												
Balance as at the April 1, 2016	**7,096.48**	**1,065.00**	**15.50**	**300.00**	**3,058.78**	**21,307.64**	**384.58**	**30.00**	**1,107.82**	**(699.26)**	**(42.63)**	**33,623.91**
Transfer to retained earnings												
- Profit for the year	-	-	-	-	-	7,046.16	-	-	-	-	61.02	7,107.18
- Other Comprehensive Income	-	-	-	-	-	(105.06)	(522.25)	90.13	1,100.98	472.42		1,036.22
	-	**-**	**-**	**-**	**-**	**6,941.10**	**(522.25)**	**90.13**	**1,100.98**	**472.42**	**61.02**	**8,143.40**
Transfer from retained earnings	-	-	-	-	100.00	-						100.00
Adjustment for the year	-	-	-	-	(210.36)	-	-	-	-		(0.11)	(210.47)
Acquisition of additional shares											82.12	82.12
Transfer to general reserve	-	-	-	-	-	(100.00)	-	-	-	-		(100.00)
Transfer to retained earnings		(1,065.00)				1,065.00						-
Transaction with owners in their capacity as owners												
- Equity dividend	-	-	-	-	-	(116.40)	-	-	-	-		(116.40)
- Tax on Equity dividend	-	-	-	-	-	(23.70)	-	-	-	-		(23.70)
- Interim equity dividend	-	-	-	-	-	(581.99)	-	-	-	-		(581.99)
- Tax on Interim equity dividend	-	-	-	-	-	(118.48)	-	-	-	-		(118.48)
Balance as at March 31, 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**

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2017

In ₹ Million

Particulars	March 31, 2017	March 31, 2016
Operating activities		
Profit before tax	**9,467.68**	**9,658.03**
Add/(Less): Share of profit/(loss) of associates and joint ventures (net of tax)	**0.20**	**-**
	9,467.88	**9,658.03**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	4,520.47	4,529.76
Gain on sale of investment in joint venture	(1,291.48)	-
Unrealised foreign exchange loss	448.20	231.86
Interest income on fixed deposit and others	(201.21)	(245.30)
Provision no longer required	(76.04)	(19.15)
Provision for doubtful debts and advances (net)	61.37	35.58
Bad debts/ advances written off	3.38	17.30
Finance costs	999.62	1,159.60
(Profit)/loss on sale of property, plant and equipment (net)	20.64	44.36
Dividend income	(369.97)	(375.19)
Net (gain) on sale of investment	(19.87)	(26.85)
Net (gain)/loss on fair valuation of financial instruments (FVTPL)	(186.46)	4.34
Provision for dimunition in value of investment in subsidiary and joint venture	7.19	-
Effects of consolidation	75.99	(387.39)
Operating profit before working capital changes	**13,459.71**	**14,626.95**
Movements in working capital :		
Decrease in trade receivable	149.67	2,249.88
(Increase) in inventories	(784.21)	(1,304.04)
(Increase) in loans	(35.01)	(15.57)
(Increase) in other financial assets	(209.35)	(376.99)
Decrease in other assets	509.69	1,491.67
Increase in provisions	116.92	87.57
Increase/(Decrease) in trade payables	165.15	(674.54)
Increase/ (Decrease) in other financial liabilities	280.21	(2.12)
(Decrease)/Increase in other liabilities	(407.33)	519.23
Cash generated from operations	13,245.45	16,602.04
Direct taxes paid (net of refunds)	(2,728.71)	(3,044.29)
Net cash flow from operating activities (A)	**10,516.74**	**13,557.75**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(6,553.70)	(8,971.79)
Proceeds from sale of property, plant and equipment and intangible assets	115.11	68.76
Investments in associates/joint ventures	(7.23)	(0.05)
Proceeds from sale of investments in associates/joint ventures	2,292.58	33.62
Proceeds from Intercorporate deposits	-	50.00
Investments in financial instruments	(38,002.61)	(31,057.54)
Proceeds from sale of financial instruments	34,780.60	29,992.37
Interest received	161.45	241.20
Dividends received	369.97	375.19
Net cash (used) in investing activities (B)	**(6,843.83)**	**(9,268.24)**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2017 (Contd.):

In ₹ Million

Particulars	March 31, 2017	March 31, 2016
Financing activities		
Dividend paid on equity shares	(698.40)	(2,677.13)
Tax on equity dividend paid	(142.18)	(545.00)
Interest Paid	(1,047.66)	(1,206.15)
Proceeds from borrowings	38,666.37	44,451.88
Repayment of borrowings	(40,784.74)	(44,506.91)
Net cash flow from / (used in) financing activities (C)	**(4,006.61)**	**(4,483.31)**
Net (decrease) in cash and cash equivalents (A + B + C)	**(333.70)**	**(193.80)**
Net foreign exchange difference	-	-
Cash and cash equivalents at the beginning of the year	**3,579.01**	**3,388.23**
Cash and cash equivalents at the end of the year	**3,245.31**	**3,194.43**
Foreign currency translation reserve movement	**(522.25)**	**384.58**
Cash and cash equivalents at the end of the year	**2,723.06**	**3,579.01**
Cash and Cash equivalents for the purpose of cash flow statement		
Balances with banks:		
In cash credit and current accounts	2,667.60	3,709.17
Deposits with original maturity of less than three months	215.00	-
Cash on hand	1.55	1.79
Total	**2,884.15**	**3,710.96**
Less : cash credit	**161.09**	**131.95**
	2,723.06	**3,579.01**

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017

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, 2017. Bharat Forge Limited ("the Company") is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing and selling of forged components. 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 directors on May 24, 2017.

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 thereafter. For all periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended March 31, 2017 are the first that the Group has prepared in accordance with Ind AS. Refer to note 60 and 62 for information on how the Group adopted Ind AS.

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 amortised 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, 2017. 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:

2.2 Basis of consolidation (Contd.):

- 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

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/associate companies (other than Bharat Forge International Limited) are drawn for the year ended December 31, 2016, whereas the financial statements of the Company are drawn for the year ended March 31, 2017. The effect of significant transactions and other events that occur between January 1, 2017 and March 31, 2017 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, 2017. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2017.

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.

2.2 Basis of consolidation (Contd.):

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
- 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

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment (please refer note 38 and 60). 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.

2.3 Summary of significant accounting policies (Contd.) :

a. Business combinations (Contd.):

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.

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.

2.3 Summary of significant accounting policies (Contd.):

b. Investment in associates and joint ventures (Contd.):

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.

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.

2.3 Summary of significant accounting policies (Contd.):

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
- 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 direct 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 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.

2.3 Summary of significant accounting policies (Contd.):

d. Foreign currencies (Contd.):

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 has 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 period 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 property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.

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

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

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

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

Group companies

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.

2.3 Summary of significant accounting policies (Contd.):

d. Foreign currencies (Contd.):

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 on initial recognition.

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.

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.

2.3 Summary of significant accounting policies (Contd.):

e. 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 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 36)
- Quantitative disclosures of fair value measurement hierarchy (note 55)
- Investment in unquoted equity shares (note 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 56)

f. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

2.3 Summary of significant accounting policies (Contd.):

f. Revenue recognition (Contd.):

Sale of goods

a. Revenue from the domestic sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

b. Revenue from export sales are recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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.

Die design and preparation charges

Revenue from die design and preparation charges is recognized as per the terms of the contract as and when the significant risks and rewards of ownership of dies is transferred to the buyers.

Sale of services

Revenue from sale of services is recognised by reference to the stage of completion, and is measured net of service tax. Stage of completion is measured by reference to proportion of cost incurred till date to the total estimated contract cost.

Sale of electricity – Windmill

Revenue from sales of electricity is recognized when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.

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 payments or 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 Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

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

Project revenue

Contract prices are either fixed or subject to price escalation clauses. Revenues are recognised on a percentage completion method measured by segmented portions of the contract, i.e. "Contract Milestones" achieved. Contract Milestones, in respect of certain contracts, are considered on the basis of physical dispatch which

2.3 Summary of significant accounting policies (Contd.):

f. Revenue recognition (Contd.):

is generally representative of the significant portion of the work done as per the terms and conditions of the contract. The relevant cost is recognised in the financial statements in the year of recognition of revenues. Recognition of profit is adjusted to ensure that it does not exceed the estimated overall contract margin. Contract revenue earned in excess of billing has been included under "Other Current Assets" and billing in excess of contract revenue has been included under "Other Current Liabilities" in the Balance Sheet. If it is expected that a contract will make a loss, the estimated loss would be provided for in the books of account. Such losses are based on technical assessments.

If it is expected that a contract will make a loss, the estimated loss is provided for in the books of account. Such losses are based on technical assessments and on management's analysis of the risks and expenses on a case to case basis.

Amounts due in respect of price escalation claims including those linked to published indices and/or variation in contract work are recognised as revenue only if the contract allows for such claims or variations and /or there is evidence that the customer has accepted it and it is probable that these will result in revenue and are capable of being reliably measured.

Liquidated damages/penalties are provided for, based on management's assessment of the estimated liability, as per contractual terms, technical evaluation, past experience and/or acceptance.

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.

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.

2.3 Summary of significant accounting policies (Contd.):

h. Taxes (Contd.):

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are 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.

2.3 Summary of significant accounting policies (Contd.):

h. Taxes (Contd.):

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.

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.

2.3 Summary of significant accounting policies (Contd.):

i. Non-current assets held for sale/ distribution to owners and discontinued operations (Contd.):

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

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.

Additional disclosures are provided in Note 33. All other notes to the consolidated financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

j. Property, plant and equipment

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

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, including non-cenvatable excise duty, 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 a provision are met. Refer to note 36 regarding significant accounting judgements, estimates and assumptions and provisions for further information .

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.

2.3 Summary of significant accounting policies (Contd.):

j. Property, plant and equipment (Contd.):

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

Type of Assets	Useful life estimated by management (years)
Building – Factory	8 – 50
Buildings – Others	5 – 60
Plant and machinery	10 – 21
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Computers	3
Office equipment	3 – 11
Railway sidings	10
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 8
Aircraft	6 – 18

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

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.

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. Freehold land is carried at cost.

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

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

k. Investment property

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.

2.3 Summary of significant accounting policies (Contd.):

k. Investment property (Contd.):

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.

Investment properties are derecognised either when they have been disposed of 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, as provided by another Ind AS.

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.

The summary of amortisation policy applied to the Group's intangible assets is as below:

Type of Asset	Useful life estimated by management (years)
Software	3 – 5
Development costs	10
Patents	10

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

l. Intangible assets (Contd.):

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.

For arrangements entered into prior to April 1, 2015, the Group has determined whether the arrangements contain a lease on the basis of facts and circumstances existing on the date of transition.

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 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 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.

2.3 Summary of significant accounting policies (Contd.):

n. Leases (Contd.):

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 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.

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.

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, 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 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.

2.3 Summary of significant accounting policies (Contd.):

p. Impairment of non-financial assets (Contd.):

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 exceeds 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 as at March 31 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 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 and some of its Indian subsidiaries operate two plans for its employees to provide employee benefits in the nature of provident fund.

2.3 Summary of significant accounting policies (Contd.):

r. Post employment and other employee benefits (Contd.):

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 abovementioned 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 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 of the Company and some of its Indian subsidiaries 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 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.

Gratuity

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

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

2.3 Summary of significant accounting policies (Contd.):

r. Post employment and other employee benefits (Contd.):

Superannuation

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

Privilege leave benefits

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

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

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

Termination benefits

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

Other long-term employee benefits

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

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

2.3 Summary of significant accounting policies (Contd.):

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)
- 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:

- 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

s. Financial instruments (Contd.):

Debt instrument at FVTPL

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

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.

2.3 Summary of significant accounting policies (Contd.):

s. Financial instruments (Contd.):

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

Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at 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

d) Financial assets that are measured at FVTOCI

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

2.3 Summary of significant accounting policies (Contd.):

s. Financial instruments (Contd.):

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

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

- Financial assets measured as at 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:

  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.

2.3 Summary of significant accounting policies (Contd.):

s. Financial instruments (Contd.):

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at 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 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 realise the assets and settle the liabilities simultaneously.

2.3 Summary of significant accounting policies (Contd.):

t. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price 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.

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 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.

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.

2.3 Summary of significant accounting policies (Contd.):

t. Derivative financial instruments and hedge accounting (Contd.):

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, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs. Refer to note 54 for more details.

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 STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

3. Property, plant and equipment

In ₹ Million

	Free hold land	Lease hold land (Note c,g)	Buildings (Notes a, b)	Plant and machinery (Notes e)	Plant and machinery on Finance Lease	Railway sidings	Office equipments	Sub Total (A)
Cost								
At April 1, 2015	381.11	147.57	4,740.54	44,082.63	296.87	0.45	69.16	49,718.33
Foreign Currency Translation Reserve	16.44	-	117.21	676.72	24.18	-	0.04	834.59
Additions	0.34	-	1,729.98	4,285.31	168.10	-	45.21	6,228.94
Disposals	-	-	(23.08)	(239.22)	-	-	-	(262.30)
Other adjustments								
- Borrowing cost	-	-	22.15	52.93	-	-	-	75.08
- Exchange differences	-	-	36.62	332.39	-	-	-	369.01
- Other adjustments (Refer note f)	-	-	-	1,616.39	-	-	-	1,616.39
As at March 31, 2016	**397.89**	**147.57**	**6,623.42**	**50,807.15**	**489.15**	**0.45**	**114.41**	**58,580.04**
Foreign Currency Translation Reserve	(4.65)	-	(39.56)	(298.84)	(9.82)	-	(0.72)	(353.59)
Additions	1.64	16.92	1,442.27	3,562.17	9.20	-	36.12	5,068.32
Additions on acquisition of subsidiary	39.41	3.75	68.55	403.40	-	-	16.18	531.29
Disposals	-	-	(7.53)	(1,420.40)	(54.88)	-	(48.87)	(1,531.68)
Other adjustments								
- Borrowing cost	-	-	8.45	28.87	-	-	-	37.32
- Exchange differences	-	-	(1.97)	(53.89)	-	-	-	(55.86)
- Transferred to assets held for sale		(16.92)	-	-	-	-	-	(16.92)
- Other adjustments (Refer note f)	(0.41)	-	-	-	-	-	-	(0.41)
As at March 31, 2017	**433.88**	**151.32**	**8,093.63**	**53,028.46**	**433.65**	**0.45**	**117.12**	**62,258.51**
Depreciation								
At April 1, 2015	**-**	7.71	1,390.83	24,287.77	176.14	0.43	55.35	25,918.23
Foreign Currency Translation Reserve	-	-	53.57	442.97	16.36	-	0.04	512.94
Charge for the year	-	1.56	237.62	3,570.48	64.02	-	10.12	3,883.80
Disposals	-	-	(17.97)	(181.75)	-	-	-	(199.72)
Other adjustments (Refer note f)	-	-	-	1,280.55	-	-	-	1,280.55
At March 31, 2016	**-**	**9.27**	**1,664.05**	**29,400.02**	**256.52**	**0.43**	**65.51**	**31,395.80**
Foreign Currency Translation Reserve	-	0.00	(23.28)	(231.22)	(8.95)	-	(0.14)	(263.59)
Additions on acquisition of subsidiary	-	-	-	-	-	-	-	-
Charge for the year	-	1.76	276.49	3,569.88	53.23	-	8.09	3,909.45
Disposals	-	-	(4.26)	(1,396.00)	(54.88)	-	(46.44)	(1,501.58)
Other adjustments								
- Transferred to assets held for sale	-	(0.20)	-	-	-	-	-	(0.20)
- Other adjustments (Refer note f)	-	-	-	-	-	-	0.15	0.15
At March 31, 2017	**-**	**10.83**	**1,913.00**	**31,342.68**	**245.92**	**0.43**	**27.17**	**33,540.03**
Net block								
As at April 1, 2015	**381.11**	**139.86**	**3,349.71**	**19,794.86**	**120.73**	**0.02**	**13.81**	**23,800.10**
As at March 31, 2016	**397.89**	**138.30**	**4,959.37**	**21,407.13**	**232.63**	**0.02**	**48.90**	**27,184.24**
As at March 31, 2017	**433.88**	**140.49**	**6,180.63**	**21,685.78**	**187.73**	**0.02**	**89.95**	**28,718.48**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2017 (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, 2015	527.60	4,244.88	298.48	2,231.98	97.77	7,400.71	57,119.04
Foreign Currency Translation Reserve	-	265.79	-	3.88	-	269.67	1,104.26
Additions	4.03	390.82	13.03	1,795.90	-	2,203.78	8,432.72
Disposals	-	(42.91)	(1.77)	(15.02)	-	(59.70)	(322.00)
Other adjustments							
- Borrowing cost	-	0.80	-	-	-	0.80	75.88
- Exchange differences	-	3.88	-	52.90	-	56.78	425.79
- Other adjustments (Refer note f)	-	(1,546.64)	-	-	-	(1,546.64)	69.75
At March 31, 2016	**531.63**	**3,316.62**	**309.74**	**4,069.64**	**97.77**	**8,325.40**	**66,905.44**
Foreign Currency Translation Reserve	-	(38.31)	-	(1.99)	-	(40.30)	(393.89)
Additions	4.12	379.11	48.51	3.32	-	435.06	5,503.38
Additions on acquisition of subsidiary	-	-	-	0.34	-	0.34	531.63
Disposals	-	(79.10)	(23.60)	(18.33)	-	(121.03)	(1,652.71)
Other adjustments							
- Borrowing cost	-	0.39	-	-	-	0.39	37.71
- Exchange differences	-	(0.57)	-	(14.60)	-	(15.17)	(71.03)
- Transferred to assets held for sale					-	-	(16.92)
- Other adjustments	-	-	-	-	-	-	(0.41)
As at March 31, 2017	**535.75**	**3,578.14**	**334.65**	**4,038.38**	**97.77**	**8,584.69**	**70,843.20**
Depreciation							
At April 1, 2015	**356.94**	**3,157.10**	**229.07**	**1,532.79**	**91.60**	**5,367.50**	**31,285.73**
Foreign Currency Translation Reserve	-	204.82	-	3.68	-	208.50	721.44
Charge for the year	33.49	274.20	21.96	188.80	6.17	524.62	4,408.42
Disposals	-	(34.16)	(1.41)	(12.49)	-	(48.06)	(247.78)
Other adjustments (Refer note f)	-	(1,320.46)	-	-	-	(1,320.46)	(39.91)
At March 31, 2016	**390.43**	**2,281.50**	**249.62**	**1,712.78**	**97.77**	**4,732.10**	**36,127.90**
Foreign Currency Translation Reserve	-	(51.07)	-	(2.03)	-	(53.10)	(316.69)
Charge for the year	30.66	295.17	11.52	190.92	-	528.27	4,437.72
Disposals	-	(74.80)	(22.36)	(15.65)	-	(112.81)	(1,614.39)
Other adjustments							
- Transferred to assets held for sale	-	-	-	-	-	-	(0.20)
- Other adjustments (Refer note f)	-	-	(0.16)	-	-	(0.16)	(0.01)
At March 31, 2017	**421.09**	**2,450.80**	**238.62**	**1,886.02**	**97.77**	**5,094.30**	**38,634.33**
Net block							
As at April 1, 2015	**170.66**	**1,087.78**	**69.41**	**699.19**	**6.17**	**2,033.21**	**25,833.31**
As at March 31, 2016	**141.20**	**1,035.12**	**60.12**	**2,356.86**	**-**	**3,593.30**	**30,777.54**
As at March 31, 2017	**114.66**	**1,127.34**	**96.03**	**2,152.36**	**-**	**3,490.39**	**32,208.87**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

3. Property, plant and equipment (contd.)

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2016: ₹ 0.12 million, April 1, 2015: ₹ 0.12 million)

(b) Documents for the ownership of premises at Mittal Towers, Mumbai; Bangalore branch office, Land at Bhima Koregaon, Hangar at Lohegaon, Surajban apartments and flat at Lullanagar, Pune are not available with the Company

(c) The lease hold land situated at Village Jejuri is held for sale.

(d) Capitalised borrowing costs :

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, 2017 was ₹ 44.17 million (March 31, 2016: ₹ 41.25 million). The Group capitalised these borrowing costs in the capital work-in-progress(CWIP).

(e) Assets include assets lying with third party.

(f) Other adjustments are related to reclassification within block of assets

(g) The Company has elected to continue with the carrying value of property , plant and equipment as recognised in financial statements as per Indian GAAP and regard those values as deemed costs on the date of transition and has carried forward gross block and accumulated depreciation only for disclosure purposes.

h) Assets classified as held for sale

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Lease hold Land at Jejuri	16.92	-	-
Less: Amortisation*	0.20	-	-
Total assets held for sale	**16.72**	**-**	**-**

The Board of Directors of the Company decided to transfer and assign the lease hold rights in land located at Jejuri which was originally acquired for a joint venture for railway projects. The Company has identified an interested party for the transfer, and has entered into a memorandum of understanding with them. The sale is expected to be completed during the financial year 2017-18.

*Amortisation has been provided for till the date of classification as held for sale.

Non-recurring fair value measurements

Land classified as held for sale during the reporing period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. Since the carrying amount was less, there has been no impact in the statement of profit and loss. The fair value of the land was determined using the sales comparison approach.The key input used is current prices in an active market for similar properties. This is a level 2 measurement as per the fair value hierarchy.

4. Investment property

	In ₹ Million
Cost	**Total**
at April 1, 2015	**2.89**
Additions	-
Disposals	-
at March 31, 2016	**2.89**
Additions	-
Disposals	-
at March 31, 2017	**2.89**
Depreciation and impairment	
at April 1, 2015	-
Depreciation for the year	-
at March 31, 2016	-
Depreciation for the year	-
at March 31, 2017	-
Net block	
At April 1, 2015	**2.89**
At March 31, 2016	**2.89**
At March 31, 2017	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2017	March 31, 2016
Rental income derived from investment properties (included in Rent in note 25)	2.69	2.57
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.40	1.30
Profit arising from investment properties before depreciation and indirect expenses	**1.29**	**1.27**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**1.29**	**1.27**

The Group's investment properties consist of three parcels of land situated at Mundhwa, Satara and Chakan. Management determined that the investment properties consist of only one class of assets − free hold land − based on the nature, characteristics and risks of each property.

As at March 31, 2017, March 31, 2016 and April 1, 2015, the fair values of the properties are ₹ 430.31 million, ₹ 412.02 million and ₹ 370.53 million respectively. The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers ready reckoner rates. The fair values of investment properties have been determined by an independent valuer. The main input used is the reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Freehold land includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara, and 8.40 acres of land situated at Chakan which have been given on lease. Due to certain matters being sub judice, the Group has not executed lease deed with related party for one of the said land.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

4. Investment property (Contd.):

Reconciliation of fair value

In ₹ Million

	Investment properties	
	Free hold land	**Total**
at April 1, 2015	370.53	370.53
Fair value difference	41.49	41.49
Purchases	-	-
at March 31, 2016	412.02	412.02
Fair value difference	18.29	18.29
Purchases	-	-
at March 31, 2017	430.31	430.31

5 Intangible assets

In ₹ Million

	Goodwill	Software	Development cost	Patents	Total
Cost					
at April 1, 2015	**427.21**	**238.49**	**292.77**	**301.72**	**1,260.19**
Foreign Currency Translation Reserve	16.51	11.43	21.64	22.30	**71.88**
Additions	-	30.63	57.06	-	**87.69**
at March 31, 2016	**443.72**	**280.55**	**371.47**	**324.02**	1,419.76
Foreign Currency Translation Reserve	(19.54)	(2.15)	(4.55)	(3.95)	**(30.19)**
Additions	-	97.91	-	-	**97.91**
Disposals	-	(2.57)	-	-	**(2.57)**
Other adjustments					
- Exchange differences	-	(0.05)	-	-	**(0.05)**
at March 31, 2017	**424.18**	**373.69**	**366.92**	**320.07**	1,484.86
Depreciation/ Amortisation					
at April 1, 2015	**-**	**159.15**	**226.61**	**299.67**	**685.43**
Foreign Currency Translation Reserve	-	10.41	18.26	22.13	**50.80**
Charge for the year	-	32.86	86.88	1.60	**121.34**
Disposals	-	0.03	-	(0.03)	
at March 31, 2016	**-**	**202.45**	**331.75**	**323.37**	857.57
Foreign Currency Translation Reserve	-	(2.32)	(5.55)	(3.99)	**(11.86)**
Charge for the year	-	41.34	40.72	0.69	**82.75**
Disposals	-	(2.57)	-	-	**(2.57)**
at March 31, 2017	**-**	**238.90**	**366.92**	**320.07**	925.89
Net Block					
at April 1, 2015	**427.21**	**79.34**	**66.16**	**2.05**	574.76
at March 31, 2016	**443.72**	**78.10**	**39.72**	**0.65**	562.19
at March 31, 2017	**424.18**	**134.79**	**-**	**-**	558.97

5 Intangible assets (Contd.):

'The Company has elected to continue with the carrying value of intangible assets as recognised in financial statements as per Indian GAAP and regard those values as deemed costs on the date of transition and has carried forward gross block and accumulated depreciation only for disclosure purposes.

Impairment of Goodwill:

Goodwill is tested for impairment annually and no impairment charge was identified for year ended March 31,2017 and March 31, 2016.

The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU. The goodwill acquired through business combination has been entirely allocated to CGU 'MGL'. The carrying amount of goodwill and brand as at March 31, 2017 is ₹ 428.18 million (March 31, 2016 : ₹ 443.72 million).

The recoverable amount of the CGU, is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections for impairment testing during the current year is 10.5% (March 31, 2016 : 8.6%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 1.5% (March 31, 2016 : 1.5%). This growth rate exceeds the industry average growth rate by 0.70%. The management of MGL believes this growth rate is justified. As a result of the analysis, management did not identify impairment for this CGU.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) befor tax (Discount rate) : 10.5% (March 31, 2016 : 8.6%)

Terminal growth rate : 1.5% (March 31, 2016 : 1.5%)

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 the growth rate of the peer group and is in line with long term inflation rate.

We have 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, 2017 (Contd.):

6. Investment in associates and joint ventures

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At cost			
Unquoted equity instruments			
- Investment in subsidiaries (note 6 (a,b))			
Nil (March 31, 2016: 50,000, April 1, 2015 : 50,000) equity shares of ₹ 10/- each fully paid up in Kalyani Polytechnic Private Limited	-	0.50	0.50
- Investment in associates			
Talbahn GmbH (note 6 (a))	0.30	0.30	0.30
Less: Provision for dimiunution	(0.30)	(0.30)	-
	-	-	0.30
49,000 (March 31, 2016: 49,000, April 1, 2015 : 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited (Refer note 42)	0.08	0.05	0.04
3,500 (March 31, 2016: 3,500, April 1, 2015 : nil) equity shares of ₹ 10/- each fully paid up in Hospet Bellary Highways Private Limited (Refer note 42)	0.05	0.04	-
Nil (March 31, 2016: Nil, April 1, 2015 : 4,286) equity shares of GBP 1/- each fully paid up in Tecnica UK Limited (note 6 (a))	-	-	1.97
Less: Provision for diminution	-	-	(1.97)
	-	-	-
- Investments in jointly owned entities			
Nil (March 31, 2016: 151,826,496, April 1, 2015 : 151,826,496) equity shares of ₹ 10/- each fully paid up in ALSTOM Bharat Forge Power Private Limited (Refer note 33, 41)	-	849.16	588.20
Nil (March 31, 2016: Nil, April 1, 2015 : 4,340,000) equity shares of ₹ 10/- each fully paid up in David Brown Bharat Forge Gear Limited (Refer note 33, 41)	-	-	33.62
6,839,100 (March 31, 2016: 6,120,000, April 1, 2015 : 6,120,000) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd (Refer note 6(c))	-	-	-
50,000 (March 31, 2016: 50,000, April 1, 2015 : Nil) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (Refer note 41)	-	-	-
Total	**0.13**	**849.75**	**622.66**

a. These entities have not been included in the consolidation based on materiality

b. During the current year the Group has divested 100% of its stake in Kalyani Polytechnic Private Limited which was a wholly owned subsidiary, resulting into a net loss of ₹ 0.15 million.

c. Impairment of investment in BF NTPC Energy Systems Limited (BFNTPCESL)

During the current year, the Company has made further investment in BFNTPCESL of ₹ 7.19 million by acquiring 719,100 shares of ₹ 10/- each.

During the current year, the Company has identified impairment of ₹ 7.19 Million in investment in equity instrument of BFNTPCESL. The impairment is recognised as an exceptional item in the statement of profit and loss.

7. Investments

In ₹ Million

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current investment				
(a) At amortised cost				
- Bonds (unquoted)				
Nil (March 31, 2016: 500, April 1, 2015 : 500) Non-convertible redeemable secured taxable bonds of ₹ 10,000/- each - Series IX (2013-14)		-	5.00	5.00
Total Investments at amortised cost	**(a)**	**-**	**5.00**	**5.00**
(b) Investment at fair value through OCI (FVTOCI)				
- Equity instruments (unquoted)				
- Investments in others (Company holds 5% or more of the share capital) fully paid				
38,384,202 (March 31, 2016: 21,067,894, April 1, 2015: 21,067,894) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited (Refer note 7 (d))		524.71	250.29	315.60
- Equity instruments (quoted)				
613,000 (March 31, 2016: 613,000 , April 1, 2015 : 613,000) equity shares of ₹ 2/- each fully paid up in KPIT Technologies Limited		79.50	90.63	115.55
Total FVTOCI Investments	**(b)**	**604.21**	**340.92**	**431.15**
(c) Investments at fair value through profit or loss (FVTPL)				
Equity instruments (unquoted)				
Investments in others (Company holds 5% or more of the share capital)				
504,432 (March 31, 2016: 504,432, April 1, 2015: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (refer note 7(a))		-	-	-
Investments in private equity fund (unquoted funds)				
720,000 (March 31, 2016 : 280,000, April 1, 2015 : Nil) Units of ₹ 100/- each of Paragon Partners Growth Fund - I (Refer note 7(e))		72.79	26.07	-
- Investments in mutual funds (quoted funds) (Refer standalone note 7 for details)		3,006.79	401.12	-
Total FVTPL Investments	**(c)**	**3,079.58**	**427.19**	**-**
Total	**(a) + (b)+ (c)**	**3,683.79**	**773.11**	**436.15**
Current investments				
Investments at fair value through profit or loss (fully paid)				
- Unquoted funds				
- Investments in mutual funds (Refer standalone note 7 for details)		8,231.66	7,231.26	4,404.21
- Quoted funds				
- Investments in mutual funds (Refer standalone note 7 for details)		-	-	160.42
Total		**8,231.66**	**7,231.26**	**4,564.63**
Aggregate book value of quoted investments		**3,086.29**	**491.75**	**275.97**
Aggregate market value of quoted investments		**3,086.29**	**491.75**	**275.97**
Aggregate value of unquoted investments		**8,829.16**	**7,512.62**	**4,724.81**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

7. Investments (Contd.):

(a) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited pledged against the facility obtained by Gupta Global Resources Private Limited.

(b) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 55 for determination of their fair values.

(c) Investments at fair value through statement of Profit and Loss (fully paid) reflect investment in unquoted equity securities. Refer note 55 for determination of their fair values.

(d) Khed Economic Infrastructure Private Limited

During the current year, the Group has made further investment in Khed Economic Infrastructure Private Limited of ₹ 173.16 million by acquiring 17,316,308 shares of ₹ 10/- each.

(e) Paragon Partners Growth Fund - I

During the current year, the Group has made further investment in Paragon Partners Growth Fund - I of ₹ 44.00 million by acquiring 440,000 units of ₹ 100/- each.

8. Loans

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current (Unsecured, considered good)			
Loan to related parties [Refer note 48 & 50]	**-**	**75.00**	**75.00**
Other loans			
Loan to employees	37.64	52.85	13.85
Total	**37.64**	**127.85**	**88.85**
Current (Unsecured, considered good)			
Loan to related parties [Refer note 48 & 50]	75.00	-	-
Other loans			
Other loans	317.00	266.02	288.37
Intercorporate deposits	-	-	50.00
Total	**392.00**	**266.02**	**338.37**

No loans and advances are due from directors or other officers of the Group 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, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Cash flow hedges			
Foreign exchange forward contracts	1,564.89	600.58	1,837.83
Total	**1,564.89**	**600.58**	**1,837.83**
Current			
Cash flow hedges			
Foreign exchange forward contracts	1,961.97	1,154.32	3,422.63
Total	**1,961.97**	**1,154.32**	**3,422.63**

Derivative instruments at 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, 2017	As at March 31, 2016	As at April 1, 2015
Non Current			
Security Deposits	327.25	289.65	261.14
Receivable for sale of property, plant and equipment	-	81.08	-
Deposits with remaining maturity for more than twelve months#	32.16	0.03	0.54
Other receivables*	0.53	0.09	-
Total	**359.94**	**370.85**	**261.68**
Current			
Energy credit receivable - windmills	6.09	8.98	16.30
Interest accrued on fixed deposits etc.	32.61	41.67	58.54
Security deposits	15.75	12.36	11.28
Receivable for sale of property, plant and equipment	254.17	200.00	-
Other receivables*	139.12	0.05	-
Total	**447.74**	**263.06**	**86.12**

₹ 0.03 million (March 31, 2016: ₹ 0.03 million; April 1, 2015: ₹ 0.03 million) in non-current portion pledged with the sales tax department.

*Other receivables includes income accrued but not billed

11. Inventories

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials and components [includes items lying with third parties]	1,538.59	1,138.16	1,450.20
Work-in-progress [includes lying with third parties]	4,113.57	3,748.65	3,546.45
Finished goods [includes in transit]	3,938.85	3,685.93	2,374.46
Stores, spares and loose tools	1,023.63	1,325.72	1,181.50
Dies and dies under fabrication	119.06	55.25	85.34
Scrap	18.33	14.11	25.83
Total	**10,752.03**	**9,967.82**	**8,663.78**

During the year ended March 31, 2017 ₹ 40.49 million (March 31, 2016: Nil) was recognised as an expense for inventories carried at net realisable value.

12. Trade receivables

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured			
Considered good	95.45	115.57	154.07
	95.45	**115.57**	**154.07**
Unsecured			
Considered good (including related part of receivables)	13,380.63	13,980.05	15,871.64
Doubtful	103.10	80.12	52.80
	13,483.73	**14,060.17**	**15,9.24.44**
Impairment allowance (allowance for bad and doubtful debts)			
Unsecured			
Considered good	(57.32)	(57.32)	(59.00)
Doubtful	(103.10)	(80.12)	(52.80)
	(160.42)	(137.44)	(111.80)
Total	**13,418.76**	**14,038.30**	**15,966.71**
Non-current	8.07	20.87	-
Current	13,410.69	14,017.43	15,966.71
Total	**13,418.76**	**14,038.30**	**15,966.71**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

12. Trade receivables (Contd.):

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

For details of balance outstanding and terms and conditions relating to related party receivables, refer note 52

Trade receivables are non-interest bearing and are generally on terms of 30 to 270 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 52.

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 its balance sheet. The amount repayable under the bill discounting arrangment is presented as borrowing. The relevant carrying amounts are as follows:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Transferred recievables	7,972.94	8,486.28	10,494.14
Associated borrowing (bank loans - Refer note 18)	7,975.34	8,487.48	10,497.25

13. Cash and bank balances

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalent			
Balances with banks:			
In cash credit and current accounts	2,667.60	3,709.17	2,464.98
Deposits with original maturity of less than three months	215.00	-	1,030.01
Cash on hand	1.55	1.79	1.74
Total	**2,884.15**	**3,710.96**	**3,496.73**
Other bank balances			
Earmarked balances (on unclaimed dividend accounts)	33.83	49.37	25.38
Deposits with remaining maturity of more than three months and less than twelve months	342.81	732.60	2,738.76
Others*	100.03	-	-
Total	**476.67**	**781.97**	**2,764.14**

* Others include amount received towards share application money

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.

Disclosure on Specified Bank Notes (SBNs)

During the year, the Group had Specified Bank Notes (SBN) or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 and the denomination wise SBNs and other notes as per the notification is given below:

13. Cash and bank balances (Contd):

In ₹ Million

	SBNs*#	Other denomination notes**	Total
Closing cash in hand as on November 8, 2016	**1.76**	**0.43**	**2.19**
(+) Permitted receipts	-	4.82	4.82
(-) Permitted payments	0.20	3.89	4.09
(-) Amount deposited in Banks	1.56	-	1.56
Closing cash in hand as on December 30, 2016	**-**	**1.36**	**1.36**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

** Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular - RBI/2016-17/112 dated November 8, 2016.

Includes the details for the Company and its subsidiaries only.

14. Other assets

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Capital advances	1,298.04	1,319.61	1,118.43
Balances with customs, excise and other government authorities	1,115.14	159.58	94.79
Government grant - Export incentives receivable*	298.38	-	-
Government grant under PSI Scheme**	-	382.35	232.45
Advances to suppliers	220.45	-	-
Others***	0.16	4.22	6.52
Total	**2,932.17**	**1,865.76**	**1,452.19**
Current			
Balances with customs, excise and other government authorities	1,314.84	2,280.42	3,640.07
Government grant - Export incentives receivable*	1,202.12	1,908.83	1,564.53
Government grant under PSI Scheme**	256.63	-	-
Advance to suppliers	518.85	278.89	511.21
Other ***	334.43	682.83	1,061.29
Total	**3,626.87**	**5,150.97**	**6,777.10**

* Includes receivable against schemes such as Duty Entitlement Pass Book Scheme (DEPB), Duty Drawback, Status Holder Incentive Scheme (SHIS), Focus Product Scheme (FPS), Focus Market Scheme (FMS), Market Linked Focus Product Scheme (MLFPS) and Merchandise Exports from India Scheme (MEIS).There are no unfulfilled conditions or other contingencies attached to the said Goverment grants.

** Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007 with continual conditions.

*** Includes prepaid expenses, sundry debit balances etc.

Break up of financial assets carried at amortised cost

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments [Refer note 7(a)]	-	5.00	5.00
Loans [Refer note 8]	429.64	393.87	427.22
Other financial assets [Refer note 10]	807.68	633.91	347.80
Trade receivables [Refer note 12]	13,418.76	14,038.30	15,966.71
Cash and cash equivalents [Refer note 13]	2,884.15	3,710.96	3,496.73
Other bank balances [Refer note 13]	476.67	781.97	2,764.14
Total	**18,016.90**	**19,564.01**	**23,007.60**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

14. Other assets (Contd):

Break up of financial assets carried at fair value through OCI

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments [Refer note 7(b)]	604.21	340.92	431.15
Derivative hedge instruments [Refer note 9]	3,526.86	1,754.90	5,260.46
Total	**4,131.07**	**2,095.82**	**5,691.61**

Break up of financial assets carried at fair value through Profit and Loss

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments [Refer note 7(c)]	11,311.24	7,658.45	4,564.63
Total	**11,311.24**	**7,658.45**	**4,564.63**

15. Equity share capital

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares (No.)			
300,000,000 (March 31, 2016: 300,000,000 ; April 1, 2015: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00	600.00
43,000,000 (March 31, 2016: 43,000,000 ; April 1, 2015: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00	430.00
2,000,000 (March 31, 2016: 2,000,000 ; April 1, 2015: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00	20.00
Issued (No.)			
232,970,666 (March 31, 2016: 232,970,666 ; April 1, 2015: 232,970,666) equity shares of ₹ 2/- each	465.94	465.94	465.94
Subscribed and fully paid-up (No.)			
232,794,316 (March 31, 2016: 232,794,316 ; April 1, 2015: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59	465.59
Add:			
172,840 (March 31, 2016: 172,840 ; April 1, 2015:172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2016: 15,010; April 1, 2015: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2016: 157,830, April 1, 2015: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each) [Also Refer note 15(f)]	0.09	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**465.68**	**465.68**	**465.68**

(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.

15. Equity share capital (Contd):

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

Equity share	March 31,2017		March 31,2016		April 1,2015	
	No.	In ₹ Million	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59	232,794,316	465.59
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	232,794,316	465.59	232,794,316	465.59	232,794,316	465.59

(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 and shares bought back during the period of five years immediately preceeding the reporting date

There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceeding reporting date.

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

Name of Shareholder *	As at March 31,2017		As at March 31,2016		As at April 1,2015	
	No.	% of Holding	No.	% of Holding	No.	% of Holding
Equity share of ₹ 2/- each fully paid						
Kalyani Investment Company Limited	31,656,095	13.60	31,656,095	13.60	31,656,095	13.60
Sundaram Trading and Investment Private Limited	27,580,087	11.85	29,907,087	12.85	29,907,087	12.85
KSL Holdings Private Limited	23,142,870	9.94	23,142,870	9.94	23,142,870	9.94
Life Insurance Corporation of India	14,714,074	6.32	16,394,383	7.04	4,862,620	2.09

* 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

In ₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
2,340 (March 31, 2016: 2,340, April 1, 2015 : 2,340) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2016: 234, April 1, 2015 : 234) detachable warrants entitled to subscription of 1,170 (March 31, 2016: 1,170, April 1, 2015) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre right holding.	3,510	3,510	3,510

(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 at the close of the year are 9,200 (March 31, 2016: 9,200; April 1, 2015: 9,200). The funds raised had been utilized towards the object of the issue.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

16. Other equity

In ₹ Million

	As at March 31, 2017	As at March 31, 2016
Capital reserves [refer note 16 (a)]		
Special capital incentive		
Opening balance	2.50	2.50
Closing balance	2.50	**2.50**
Warrants subscription money [refer note 16(b)]		
Opening balance	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Capital redemption reserve [refer note 16(c)]		
Opening balance	300.00	300.00
Closing balance	**300.00**	**300.00**
Securities premium account [refer note 16(d)]		
Opening balance	7,096.48	7,096.48
Closing balance	**7,096.48**	**7,096.48**
Debenture redemption reserve [refer note 16(e)]		
Opening balance	1,065.00	1,065.00
Add: Amount transferred from surplus in the statement of profit and loss	-	-
Less: Amount transferred to surplus in the statement of profit and loss	1,065.00	-
Closing balance	**-**	**1,065.00**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.3 (d)]		
Opening balance	(699.26)	(664.44)
Add: Arising during the year	141.07	(441.06)
Less: Adjusted during the year	(331.35)	(406.24)
Closing balance	**(226.84)**	**(699.26)**
Hedge reserve [Refer note 2.3 (t)]		
Opening balance	1,107.82	3,346.33
Add: Arising during the year	1,973.68	(98.92)
Less: Adjusted during the year	872.70	2,139.59
Closing balance	**2,208.80**	**1,107.82**
General reserve		
Opening balance	3,058.78	2,958.78
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)]	210.36	-
Closing balance	**2,948.42**	**3,058.78**
Foreign currency translation reserve (FCTR)		
Opening balance	384.58	-
Movement during the year	(522.25)	384.58
Closing balance	**(137.67)**	**384.58**
carried over	12,204.69	12,328.90

16. Other equity (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016
brought over	12,204.69	12,328.90
Surplus in the statement of profit and loss		
Opening balance	21,337.64	17,921.09
Add:		
- Net profit for the year	7,046.16	6,784.55
- Transfer from debenture redemption reserve	1,065.00	-
- Items of Other Comprehensive Income (OCI) :		
(1) Re-measurement of defined benefit obligations	(105.06)	44.36
(2) Equity Instruments through OCI	90.13	(90.23)
	8,096.23	**6,738.68**
Less:		
- Final equity dividend of previous year	116.40	1,047.57
- Tax on final equity dividend of previous year	23.70	213.26
- Interim equity dividend	581.99	1,629.56
- Tax on interim equity dividend	118.48	331.74
- Transfer to general reserve	100.00	100.00
	940.57	**3,322.13**
Closing balance	**28,493.30**	**21,337.64**
Total	**40,697.99**	**33,666.54**

In ₹ Million

Other Equity	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserve	15.50	15.50	15.50
Capital redemption reserve	300.00	300.00	300.00
Securities premium account	7,096.48	7,096.48	7,096.48
Debenture redemption reserve	-	1,065.00	1,065.00
Foreign Currency Monetary Item Translation Difference Account	(226.84)	(699.26)	(664.44)
Hedge reserve	2,208.80	1,107.82	3,346.33
General reserve	2,948.42	3,058.78	2,958.78
Foreign Currency Translation reserve	(137.67)	384.58	-
Surplus in the statment of profit and loss	28,493.30	21,337.64	17,921.09
Total	**40,697.99**	**33,666.54**	**32,038.74**

(a) Special capital incentive:

Special capital incentive is created during the financial year 1999-00, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

(b) Capital reserves:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

16. Other equity (Contd.):

(c) **Capital redemption reserve:**

Capital redemption reserve is created by amount set aside on redemption of preference shares.

(d) **Securities premium account:**

Securities premium account is used to record the premium on issue of equity shares. The same is utilised in accordance with the provisions of the Companies Act, 2013.

(e) **Debenture redemption reserve:**

Debenture redemption reserve was created in accordance with circular No. 9/2002 dated April 18, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India and Section 117(C) of the Companies Act, 1956 at 25% of the maturity amount equally over the terms of the debentures privately placed. Pursuant to MCA circular no. 04/2013 dated February 11, 2013, the Company had created reserve as per the erstwhile Companies Act, 1956.

During the current year the Company has reedeemed outstanding debentures and balance of DRR has been transferred to surplus in the statement of profit and loss.

17. Distribution made and proposed to be made

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Cash dividends on equity shares declared and paid :		
Final dividend		-
For the year ended on March 31, 2016 : ₹ 0.50 per share (March 31, 2015 : ₹ 4.50 per share)	116.40	1,047.57
DDT on final dividend	23.70	213.26
Interim dividend		
For the year ended on March 31, 2017; ₹ 2.50 per share (March 31, 2016; ₹ 7.00 per share)	581.99	1,629.56
DDT on interim dividend	118.48	331.74
Proposed dividend on equity shares :		
Final cash dividend		
For the year ended on March 31, 2017 ₹ 5.00 per share (March 31, 2016 : ₹ 0.50 per share)	1,163.97	116.40
DDT on proposed dividend	236.96	23.70

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.

18. Borrowings

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current borrowings			
- Debentures (secured)			
Nil (March 31, 2016: 2,500; April 1, 2015: 2,500) - 11.95 % Redeemable non-convertible debentures [Refer note18(a)(i)]	-	-	833.50
Nil(March 31, 2016: 1,760; April 1, 2015: 1,760) - 10.75 % Redeemable non-convertible debentures [Refer note18(a)(ii)]	-	-	528.00
- Term loans from banks			
Foreign currency term loans (secured)			
From Standard Chartered Bank, London [Refer note18 b(i)]	424.28	380.18	-
From Hypo Vereins Bank, Germany [Refer note18 b(ii)]	6.71	43.05	73.84
From ICICI Bank, Frankfurt [Refer note18 b(iii)]	-	-	-
From Unicredit Bank, Germany [Refer note18 b(iv)]	-	-	2.43
From Unicredit Bank, Germany [Refer note18 b(v)]	-	-	-
From Standard Chartered Bank, London [Refer note18 b(vi)]	254.64	386.67	472.01
From Unicredit Bank and Sachsenbank, Germany [Refer note18 b(vii)]	11.58	11.72	16.38
From Sachsenbank, Germany [Refer note18 b(viii)]	143.24	167.31	176.56
From Standard Chartered Bank, London [Refer note18 b(ix)]	63.66	96.67	120.02
From Unicredit Leasing Finance, Germany [Refer note18 b(x)]	87.51	113.46	32.25
From Unicredit Leasing Finance, Germany [Refer note18 b(xi)]	49.91	38.34	-
From Deutsche Leasing Finance, Germany [Refer note18 b(xii)]	98.44	121.11	64.24
From BNP Paribas, France [Refer note18 b(xiii)]	-	-	-
From BNP Paribas, France [Refer note18 b(xiv)]	-	-	2.41
From Societe Generale, France [Refer note18 b(xv)]	2.61	7.54	11.09
From Kolb Bank, France [Refer note18 b(xvi)]	-	2.19	4.76
From Credit Mutuel, France [Refer note18 b(xvii)]	10.36	19.92	22.13
From BNP Paribas, France [Refer note18 b(xviii)]	9.65	12.51	13.95
From Societe Generale, France [Refer note18 b(xix)]	2.73	4.07	-
From Barclays Bank, UK [Refer note18 b(xx)]	268.24	604.69	-
From Standard Chartered Bank, London [Refer note18 b(xxi)]	572.94	217.50	-
From Barclays Bank, UK [Refer note18 b(xxii)]	220.45	-	-
From Unicredit Leasing Finance, Germany [Refer note18 b(xxiii)]	26.17	-	-
Foreign currency term loans (unsecured)			
On syndication basis [Refer note18 c(i)]	6,081.77	13,043.81	14,111.71
On bilateral basis [Refer note18 c(i)]	1,383.00	-	-
From Credit Mutuel, France [Refer note18 c(iii)]	1.68	2.25	2.56
Buyers line of credit for import of goods [Refer note18 c(iv)]	432.40	883.47	-
From Citibank , New York [Refer note18 c(v)]	271.82	-	-
carried over	10,423.79	16,156.46	16,487.84

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

18. Borrowings (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
brought over	10,423.79	16,156.46	16,487.84
- Rupee term loan (secured) [Refer note18 d]			
From ICICI Bank [Refer note18 d (i)]	-	0.01	-
From Andhra Bank and HDFC Bank [Refer note18 d (ii)]	-	-	3.75
- Other loans (secured)			
IGSTC R&D project loan [Refer note18 e(i)]	6.30	5.47	6.08
Finance lease obligations [Refer note18(e) (ii)] [refer note 46 (c)]	160.61	219.47	103.78
Total	**10,590.70**	**16,381.41**	**16,601.45**
Current borrowings			
- Current maturity of debentures (secured)			
Nil (March 31, 2016: 2,500; April 1, 2015: 2,500) - 11.95%			
Redeemable non-convertible debentures [Refer note 18a(i)]	-	833.50	833.25
Nil (March 31, 2016: 1,760; April 1, 2015: 1,760) - 10.75%			
Redeemable non-convertible debentures [Refer note 18a(ii)]	-	528.00	616.00
- Current maturity of term loans from banks			
Foreign currency term loans (secured)			
From Standard Chartered Bank, London [Refer note18 b(i)]	-	48.33	-
From Hypo Vereins Bank, Germany [Refer note18 b(ii)]	35.81	36.25	33.75
From ICICI Bank, Frankfurt [Refer note18 b(iii)]	-	-	127.66
From Unicredit Bank, Germany [Refer note18 b(iv)]	-	2.89	4.70
From Unicredit Bank, Germany [Refer note18 b(v)]	-	-	5.99
From Standard Chartered Bank, London [Refer note18 b(vi)]	127.32	128.89	60.01
From Unicredit Bank and Sachsenbank, Germany [Refer note18 b(vii)]	-	5.86	5.46
From Sachsenbank, Germany [Refer note18 b(viii)]	22.04	22.31	20.77
From Standard Chartered Bank, London [Refer note18 b(ix)]	31.83	32.22	15.00
From Unicredit Leasing Finance, Germany [Refer note18 b(x)]	24.64	24.22	7.73
From Unicredit Leasing Finance, Germany [Refer note18 b(xi)]	11.38	6.40	-
From Deutsche Leasing Finance, Germany [Refer note18 b(xii)]	21.20	22.04	8.73
From BNP Paribas, France [Refer note18 b(xiii)]	-	-	2.34
From BNP Paribas, France [Refer note18 b(xiv)]	-	2.68	2.52
From Societe Generale, France [Refer note18 b(xix)]	4.84	4.90	4.56
From Kolb Bank, France [Refer note18 b(xvi)]	2.17	3.10	2.87
From Credit Mutuel, France [Refer note18 b(xvii)]	9.32	4.36	5.15
From BNP Paribas, France [Refer note18 b(xviii)]	2.70	2.73	2.54
From Societe Generale, France [Refer note18 b(xix)]	1.29	1.31	-
carried over	294.54	1,709.99	1,759.03

18. Borrowings (Contd.):

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
brought over	294.54	1,709.99	1,759.03
From Barclays Bank, UK [Refer note18 b(xx)]	243.85	61.90	-
From Standard Chartered Bank, London [Refer note18 b(xxi)]	-	72.50	-
From Barclays Bank, UK [Refer note18 b(xxii)]	155.61	-	-
From Unicredit Leasing Finance, Germany [Refer note18 b(xxiii)]	26.80	-	-
Foreign currency term loans (unsecured)			
On syndication basis [Refer note18 c(i)]	6,810.30	1,987.80	-
From Societe Generale, France [Refer note18 c(ii)]	-	-	0.77
From Credit Mutuel, France[Refer note18 c(iii)]	0.55	0.55	0.52
Buyers line of credit for import of goods [Refer note18 c(iv)]	432.40	441.73	-
- Current maturity of rupee term loan (secured)			
From ICICI Bank [Refer note18 d (i)]	-	3.74	-
From Andhra Bank and HDFC Bank [Refer note18 d (ii)]	-	-	3.80
- Current maturity of other loans (secured)			
IGSTC R&D project loan [Refer note18 e(i)]	1.80	0.61	-
Finance lease obligations [Refer note 30] [Refer note18 e(ii)]	62.29	39.29	54.76
- From banks			
- Foreign currency loans			
From banks (secured) [Refer note18 f(i)]	-	-	405.06
Preshipment packing credit (secured) [Refer note18 f(ii)]	417.26	341.54	608.82
Preshipment packing credit (unsecured) [Refer note18 f(ii)]	523.11	-	62.51
Bill discounting with banks (secured) [Refer note18 f(iii)]	4,300.22	4,100.03	5,149.97
Bill discounting with banks (unsecured) [Refer note18 f(iii)]	3,641.98	4,301.96	4,852.01
- Rupee loans			
Cash credit (secured) [Refer note18 g(i)]	3,688.28	4,215.17	2,744.15
Bill discounting with banks (secured) [Refer note18 f(iii)]	-	84.38	495.27
Bill discounting with banks (unsecured) [Refer note18 f(iii)]	33.14	1.11	-
LC Discounting Facility [Refer note18 g(ii)]	6.79	-	-
Loans from companies and directors(unsecured) [Refer note18 g(iii)]	11.01	7.98	9.72
Total current borrowings	**20,649.93**	**17,370.28**	**16,146.39**
Less: Amount clubbed in other current financial liabilities	**8,028.14**	**4,318.11**	**1,818.88**
Net current borrowings	**12,621.79**	**13,052.17**	**14,327.51**

(a) Debentures (secured)

The Company has issued the following secured redeemable non-convertible debentures:

(i) Nil (March 31 2016: 2,500; April 1, 2015: 2,500) - 11.95 % Redeemable secured non-convertible debentures (Sixteenth series) of ₹ Nil (March 31, 2016: ₹ 333,400/- each; April 1, 2015: ₹ 666,700/- each) redeemable at par on January 5, 2017.

Above debentures are secured by (i) First pari passu mortgage in favour of the Trustees, of all rights and interest on the Company's immovable properties (also refer note 3 & note 4) situated at Mundhwa, Satara and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as all plant and machinery, equipments, tools, furniture and fixtures etc. (also refer note 3), as described in Debenture Trust-cum-Mortgage Deed dated April 30, 2009 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

Charge created for above loan was satisfied on February 15, 2017.

(ii) Nil (March 31, 2016: 1,760; April 1, 2015: 1,760) - 10.75 % Redeemable secured non-convertible debentures (Eighteenth series) of ₹ Nil (March 31, 2016: ₹ 300,000; April 1, 2015: ₹ 650,000/- each) redeemable at par on April 28, 2016.

18. Borrowings (Contd.):

Above debentures are secured by (i) First pari-passu mortgage in favour of Trustees, of all rights and interest on the Company's immovable properties (also refer note 3 & note 4), present and future situated at Mundhwa and Chakan, Satara with negative lien on properties situated at Jejuri and Baramati as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010; and (ii) First pari-passu charge in favour of the Trustees on moveable properties (also refer note 3), present and future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

Charge created for above loan was satisfied on June 17, 2016.

(b) Foreign currency term loans

(i) From Standard Chartered Bank, London (Secured)

Balance outstanding Eur 5.92 million (March 31, 2016: Euro 6 million; April 1, 2015: Nil)

Secured by charge over fixed assets of one of the subsidiaries located at Ennepetal, Germany repayable in 4 equal annual instalments starting from December 2018, along with interest at 6 month Euribor +2.5% per annum.

(ii) From Hypo Vereins Bank, Germany (Secured)

Balance outstanding Euro 0.59 million (March 31, 2016: Euro 1.09 million; April 1, 2015: Euro 1.59 million)

Secured by charge over specific machineries of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 24 equal quarterly instalments starting from June 2012, along with interest at 3 month Euribor + 3.15% per annum

(iii) From ICICI Bank, Frankfurt (Secured)

Balance outstanding Euro Nil (March 31, 2016: Nil; April 1, 2015: Euro 1.89 million)

Secured by charge over all assets of one of the subsidiaries located at Karlskoga, Sweden repayable in 4 equal annual instalments starting from September 2012, along with interest at EURIBOR + 3.50%. This loan is fully repaid during the current financial year.

(iv) From Unicredit Bank, Germany (Secured)

Balance outstanding Euro Nil (March 31, 2016: Euro 0.04 million; April 1, 2015: Euro 0.11 million)

Secured by charge over specific machineries of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from August 2011, along with interest at 2.49% per annum. This loan is fully repaid during the current financial year.

(v) From Unicredit Bank, Germany (Secured)

Balance outstanding Euro Nil (March 31, 2016: Nil; April 1, 2015: Euro 0.09 million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from January 2011, along with interest. This loan is fully repaid during the current financial year.

(vi) From Standard Chartered Bank, London (Secured)

Balance outstanding Euro 5.33 million (March 31, 2016: Euro 7.11 million; April 1, 2015: Euro 8.00 million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 18 equal quarterly instalments starting from September 2015, along with interest at 3 month Euribor + 2.50% per annum

(vii) From Unicredit Bank and Sachsenbank, Germany (Secured)

Balance outstanding Euro 0.16 million (March 31, 2016: Euro 0.24 million; April 1, 2015: Euro 0.32 million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 23 equal quarterly instalments starting from March 2013, along with interest at 3 month Euribor + 3.15% per annum

18. Borrowings (Contd.):

(viii) From Sachsenbank, Germany (Secured)

Balance outstanding Euro 2.31 million (March 31, 2016: Euro 2.62 million; April 1, 2015: Euro 2.92 million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 28 equal quarterly instalments starting from December 2014, along with interest at 3 month Euribor + 3.55% per annum

(ix) From Standard Chartered Bank, London (Secured)

Balance outstanding Euro 1.33 million (March 31, 2016: Euro 1.78 million; April 1, 2015: Euro 2.00 million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 28 equal quarterly instalments starting from December 2014, along with interest at 3 month Euribor + 2.50% per annum

(x) From Unicredit Leasing Finance, Germany (Secured)

Balance outstanding Euro 1.57 million (March 31, 2016: Euro 1.90 million; April 1, 2015: Euro 0.59 million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from September 2014, along with interest at 1.65% per annum

(xi) From Unicredit Leasing Finance, Germany (Secured)

Balance outstanding Euro 0.85 million (March 31, 2016: Euro 0.62 million; April 1, 2015: Nil)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from February 2016, along with interest at 1.42% per annum

(xii) From Deutsche Leasing Finance, Germany (Secured)

Balance outstanding Euro 1.67 million (March 31, 2016: Euro 1.97 million; April 1, 2015: Euro 1.08 million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from April 2014, along with interest at 1.55% per annum

(xiii) From BNP Paribas, France (Secured)

Balance outstanding Euro Nil (March 31, 2016: Nil; April 1, 2015: Euro 0.03 million)

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosme, France repayable in 84 equal monthly instalments starting from July 2008, along with interest. This loan is fully repaid during the current financial year.

(xiv) From BNP Paribas, France (Secured)

Balance outstanding Euro Nil million (March 31, 2016: Euro 0.04 million; April 1, 2015: Euro 0.07 million)

Secured by pledge of business of one of the subsidiaries located at Saint Geosme, France repayable in 60 equal monthly instalments starting from January 2012, along with interest at 2.12% per annum. The loan was fully repaid during the year.

(xv) From Societe Generale, France (Secured)

Balance outstanding Euro 0.10 million (March 31, 2016: Euro 0.17 million; April 1, 2015: Euro 0.23 million)

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosme, France repayable in 72 equal monthly instalments starting from December 2012, along with interest at 3.60% per annum

(xvi) From Kolb Bank, France (Secured)

Balance outstanding Euro 0.03 million (March 31, 2016: Euro 0.07 million; April 1, 2015: Euro 0.11 million

Secured by pledge of business of one of the subsidiaries located at Saint Geosme, France repayable in 60 equal monthly instalments starting from October 2012, along with interest at 2.40% per annum

(xvii) From Credit Mutuel, France (Secured)

Balance outstanding Euro 0.27 million (March 31, 2016: Euro 0.33 million; April 1, 2015: Euro 0.40 million)

Secured by pledge of business and pledge of specific fixed assets of one of the subsidiaries located at Saint Geosme, France repayable in 84 equal monthly instalments starting from August 2013, along with interest at 1.90% per annum

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

18. Borrowings (Contd.):

(xviii) From BNP Paribas, France (Secured)

Balance outstanding Euro 0.17 million (March 31, 2016: Euro 0.21 million; April 1, 2015: Euro 0.40 million)

Secured by pledge of business of one of the subsidiaries located at Saint Geosme, France repayable in 84 equal monthly instalments starting from July 2014, along with interest at 1.54% per annum

(xix) From Societe Generale, France (Secured)

Balance outstanding Euro 0.06 million (March 31, 2016: Euro 0.07 million; April 1, 2015: Nil)

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosme, France repayable in 50 equal monthly instalments starting from September 2015, along with interest at 0.55% per annum

(xx) From Barclays Bank, UK (Secured)

Balance outstanding GBP 6.30 million (March 31, 2016: GBP 7.00 million; April 1, 2015: Nil)

Secured by charge over inventory and receivables of one of the subsidiaries located at London, UK repayable in 28 equal quarterly instalments starting from December 2016, along with interest at 3 month LIBOR + 2.50% per annum

(xxi) From Standard Chartered Bank, UK (Secured)

Balance outstanding Euro 8 million (March 31, 2016: Euro 4.00 million; April 1, 2015: Nil)

Secured by charge over fixed assets of one of the subsidiaries located at Ennepetal, Germany repayable in 3 annual instalments starting from December 2018, along with interest at 3 month Euribor +2.4% per annum

(xxii) From Barclays Bank, UK (Secured)

Balance outstanding USD 5.80 million (March 31, 2016: Nil; April 1, 2015: Nil)

Secured by charge over inventory and receivables of one of the subsidiaries located at London, UK repayable in 20 equal quarterly instalments starting from March 2017, along with interest at 3 month LIBOR + 2.50% per annum

(xxiii) From Unicredit Leasing Finance, Germany (Secured)

Balance outstanding Euro 0.74 million (March 31, 2016: Nil; April 1, 2015: Nil)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 unequal monthly instalments starting from March 2017, along with interest at 3.25% per annum

(c) Foreign currency term loans

(i) Foreign currency term loans on Syndicated basis (Unsecured)

Repayable in 3 half yearly / yearly installments from date of start of repayment, along with interest ranging from LIBOR + 65 bps to LIBOR + 225 bps.

Figures in Million

Date of repayment	Balance outstanding					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	USD	₹	**USD**	₹	**USD**	₹
From						
- October 31, 2016 (half yearly)	60.00	3,891.60	80.00	5,300.80	80.00	5,000.80
- October 31, 2016 (half yearly)	30.00	1,945.80	40.00	2,650.40	40.00	2,500.40
- October 31, 2017 (half yearly)	60.00	3,891.60	60.00	3,975.60	60.00	3,750.60
- March 16, 2019 (yearly)	50.00	3,243.00	50.00	3,313.00	50.00	3,125.50
	EUR	₹	**EUR**	₹	**EUR**	₹
- August 30, 2020 (yearly)	10.00	691.50	-	-	-	-
- August 30, 2020 (yearly)	10.00	691.50	-	-	-	-

18. Borrowings (Contd.):

(ii) **From Societe Generale, France (Unsecured)**

Balance outstanding Euro Nil (March 31, 2016: Nil; April 1, 2015: Euro 0.01 million)
Repayable in 60 equal quarterly instalments starting from November, 2010, along with interest at 2.20%. This loan is fully repaid during the current financial year.

(iii) **From Credit Mutuel, France (Unsecured)**

Balance outstanding Euro 0.03 million (March 31, 2016: Euro 0.03 million; April 1, 2015: Euro 0.04 million)
Repayable in 84 equal quarterly instalments starting from May, 2014, along with interest at 1.90% per annum

(iv) **Buyers line of credit for import of goods from banks (Unsecured)**

Balance outstanding USD 13.33 Million (₹ 864.80 million) (March 31, 2016 : USD 20 Million (₹ 1,325.20 million), April 1, 2015: Nil)

Repayable in 3 equal yearly instalments starting from May, 2016, along with interest at LIBOR + 1.35% per annum

(v) **From Citibank, USA (Unsecured)**

Balance outstanding USD 4 million (March 31, 2016: Nil; April 1, 2015: Nil)

Secured by charge over fixed assets of one of the subsidiaries located at Ennepetal, Germany repayable in 3 annual instalments starting from December 2018, along with interest at 3 month Euribor +2.4% per annum

(d) Rupee term loans

(i) **From ICICI Bank (Secured)**

Balance outstanding Nil (March 31, 2016: ₹ 3.75 million; April 1, 2015: Nil)

Secured by the first and exclusive charge on land, building and hypothecation of equipments, fixtures and fittings proposed to be purchased out of the term loan. The loans are repayable in 29 monthly equal instalments starting from April 2015 with interest at base rate + 3.00% per annum. The loan is fully repaid during the year.

(ii) **From Andhra Bank and HDFC Bank (Secured)**

Balance outstanding Nil (March 31, 2016: Nil; April 1, 2015: ₹ 7.55 million)

Secured by equitable mortgage of land, building and hypothecation of equipment, furniture and fittings (present and future) and by hypothecation of motor cars purchased. The loans was repayable in 36 to 72 monthly equal instalments with interest at base rate + 4% per annum. This loan was fully repaid during previous financial year.

(e) Other loans

(i) **IGSTC R&D project loan (Secured)**

Balance outstanding ₹ 8.10 Million (March 31, 2016 : ₹ 6.08 Million, April 1, 2015: ₹ 6.08 Million)

The loan is secured by bank guarantee executed by the Company in favour of IGSTC. Repayable in 10 half yearly installments starting from January 14, 2017, along with interest at 3% per annum

(ii) **Finance lease obligations (Secured)**

Finance lease is secured by hypothecation of said asset. The finance lease is due for repayment over a period of 6 years.

(f) Foreign currency loans

(i) **From Banks**

Short term loans from banks are repayable within 360 days with interest at 6 month Euribor +2.5% per annum.

(ii) **Preshipment packing credit**

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Preshipment packing credit - foreign currency (secured & unsecured) is repayable within 180 days and carries interest @ LIBOR + 10 bps to LIBOR + 45 bps

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

18. Borrowings (Contd.):

(iii) Bill discounting with banks

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Bill discounting (secured & unsecured) with banks is repayable within 210 days and carries interest LIBOR + 10 bps to LIBOR + 45 bps

(g) Rupee loans

(i) Cash credits (secured)

Cash credit from banks is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Cash credit is repayable on demand and carries interest @ 9.45% to 14.50% per annum.

(ii) LC discounting (secured)

LC 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.

(iii) Loans from companies and directors

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

19. Other financial liabilities

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other non-current financial liabilities at amortised cost			
Voluntary retirement scheme compensation	6.40	2.67	5.32
	6.40	**2.67**	**5.32**
Other Current financial liabilities at amortised cost			
Interest accrued but not due on borrowings	87.65	147.17	194.35
Payables for capital goods	461.46	411.12	567.03
Security deposits	82.62	76.01	71.26
Current maturities of long term loans (Refer note 18)	7,965.85	4,278.82	1,764.12
Current maturities of finance lease obligations (Refer note 18)	62.29	39.29	54.76
Investor Education and Protection Fund (as and when due) #			
- Unpaid dividend	33.48	49.03	25.04
- Unpaid matured deposits	0.04	0.04	0.04
Voluntary retirement scheme compensation	5.99	2.95	3.62
Share application money pending allotment	100.02	-	-
Directors commission	6.70	6.45	10.00
Others *	166.56	-	-
	8,972.66	**5,010.88**	**2,690.22**

includes unpaid due to litigation

* Other include commission payable and other liabilities

20. Provisions

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employees' benefits			
Non-current			
Provision for gratuity (Refer note 43)	191.91	180.34	292.89
Provision for special gratuity (Refer note 43)	46.78	38.20	32.40
Provision for pension and similar obligation	925.52	839.74	790.54
Provision for jubilee scheme	49.95	46.58	39.93
Provision for early retirement	69.11	56.54	32.71
Provision for employee's provident fund (Refer note 43)	32.11	1.67	-
	1,315.38	**1,163.07**	**1,188.47**
Current			
Provision for gratuity (Refer note 43)	80.04	80.01	0.24
Provision for special gratuity (Refer note 43)	13.62	8.51	13.03
Provision for leave benefits	444.31	404.40	369.07
	537.97	**492.92**	**382.34**

21. Income and deferred taxes

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :

In ₹ Million

Statement of profit and loss	Year ended March 31, 2017	Year ended March 31, 2016
Current income tax		
Current income tax charge (including taxes for earlier years)	2,704.79	3,219.88
Deferred tax		
Relating to origination and reversal of temporary differences	(213.12)	(55.12)
Tax expense reported in the statement of profit and loss	**2,491.67**	**3,164.76**

In ₹ Million

Other comprehensive income (OCI)	Year ended March 31, 2017	Year ended March 31, 2016
Deferred tax related to items recognised in OCI		
Net loss/(gain) on revaluation of cash flow hedges	582.68	(1,184.71)
Net loss/(gain)on re-measurement of defined benefit plans	(50.37)	20.13
Tax charged to OCI	**532.31**	**(1,164.58)**

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2016 and March 31, 2017

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Accounting profit before tax from operations	9,467.68	9,658.03
Accounting profit before income tax		
At India's statutory income tax rate of 34.608% (March 31, 2016: 34.608%)	3,276.57	3,342.45
Income claimed exempt	(211.62)	(129.84)
R&D Weighted deduction	(123.59)	(158.55)
Investment allowance	(60.13)	(98.60)
80 IA Tax holiday	(10.38)	(10.38)
Disallowances (witholding tax, donations, etc.)	169.12	144.10
Profit on sale of investment in JV	(444.47)	-
Effect of lower tax rates	(53.53)	(55.51)
Others	(50.30)	131.09
At the effective income tax rate of 26% (March 31, 2016: 33 %)	**2,491.67**	**3,164.76**
Tax expense reported in the statement of profit and loss	**2,491.67**	**3,164.76**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

21. Income and Deferred taxes (contd.):

Major components of deferred tax as at March 31, 2017, March 31, 2016 and April 1, 2015:

In ₹ Million

	Balance Sheet		
Deferred tax liability (net)	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax relates to the following:			
Accelerated depreciation for tax purposes	2,367.08	2,282.80	2,093.07
Fair valuation of cash flow hedges	1,168.98	586.30	1,771.01
Other taxable temporary differences	20.69	32.00	40.65
Deferred Maintenance	7.76	7.57	3.06
Privilege leave encashment and gratuity	(354.33)	(229.13)	(311.01)
Provision for bad and doubtful debts and advance	(42.68)	(35.04)	(33.71)
Disallowance under Section 43B of Income Tax Act, 1961	(185.50)	(142.49)	(53.99)
Disallowance under Section 40(a) of Income Tax Act, 1961	(40.87)	(11.03)	(67.71)
Voluntary retirement scheme	(5.07)	(2.03)	(2.96)
Unrealised profit on inventory	(285.94)	(257.94)	(213.90)
Loss carried forward	(15.43)	(123.08)	-
Other deductible temporary differences	(28.50)	(143.83)	(76.49)
Deferred tax liability	**2,606.19**	**1,964.10**	**3,148.02**

Major components of deferred tax for the year ended March 31, 2017 and March 31, 2016:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	March 31, 2017	March 31, 2016
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	(126.08)	189.73
Other taxable temporary differences	(11.31)	(8.65)
Privilege leave encashment and gratuity	(96.70)	70.53
Provision for bad and doubtful debts and advance	(7.64)	(1.33)
Deferred Maintenance	0.19	4.51
Disallowance under Section 43B of Income Tax Act, 1961	(21.14)	(97.28)
Disallowance under Section 40(a) of Income Tax Act, 1961	(29.84)	56.68
Voluntary retirement scheme	(3.04)	0.93
Unrealised profit on inventory	(28.00)	(44.04)
Loss carried forward	107.65	(123.08)
Other deductible temporary differences	115.33	(67.34)
Other (including foreign currency translation reserve etc.)	(112.54)	(35.78)
Deferred tax expense/(income)	**(213.12)**	**(55.12)**

In ₹ Million

Deferred tax in the balance sheet as follows	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets	(958.32)	(944.57)	(759.77)
Deferred tax liabilities:	3,564.51	2,908.67	3,907.79
Deferred tax liabilities, net	**2,606.19**	**1,964.10**	**3,148.02**

21. Income and Deferred taxes (contd.):

In ₹ Million

Reconciliation of deferred tax liabilities (net)	March 31, 2017	March 31, 2016
Opening balance	1,964.10	3,148.02
Tax income/(expense) during the period recognised in profit or loss	(213.12)	(55.12)
Tax income/(expense) during the period recognised in OCI	532.31	(1,164.58)
Adjustment to general reserve [Refer note 21(a)]	210.36	-
Foreign currency translation reserve	112.54	35.78
Closing balance	**2,606.19**	**1,964.10**

(a) Adjustment to general reserve includes deferred tax impact relating to revision of depreciation as per Schedule II of Companies Act, 2013 and other adjustments in earlier periods.

- 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.

- During the year ended March 31, 2017 and March 31, 2016 the Group has paid dividend to its shareholders. This has resulted in payment of 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.

- The Group has tax losses which arose due to capital loss and carried forward business losses in India of ₹ 358.76 million (March 31, 2016: ₹ 262.27 million, April 1, 2015: ₹ 296.60 million) that are available for offsetting for eight years against future taxable profits of the Company under the head capital gains. This loss will expire in eight years from the end of the respective year to which it pertains.

- The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 1,753.98 million (March 31, 2016: ₹ 1,685.92 million, April 1, 2015: ₹ 1,569.48 million) that are available for offsetting for eight years against future taxable profits under relevant heads of income of the companies in which the losses arose. This loss will expire in year 2036.

- The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 1,045.36 million (March 31, 2016: ₹ 1,025.11 million, April 1, 2015: ₹ 1,222.58 million) that are available for offsetting for eight years against future taxable profits under relevant heads of income of the companies in which the losses arose. This loss can be forward indfinitely.

- 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 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 ₹ 1,092 million (March 31, 2016: ₹ 1,029 million)

  Certain subsidiaries of the group have undistributed earnings of ₹ 1,330.89 million (March 31, 2016: ₹ 770.04 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

22. Trade and other payables

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables (including acceptances and related parties payables)	8,463.34	8,372.05	9,025.57
	8,463.34	**8,372.05**	**9,025.57**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms
- For details of balances outstanding terms and conditions with related parties, refer note 52

23. Other liabilities

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Advance from customers	23.57	-	-
Deferred income	536.09	629.55	590.00
Others*	3.40	1.41	0.12
	563.06	**630.96**	**590.12**
Current			
Advance from customers	90.19	239.12	198.09
Employee contributions and recoveries payable	245.83	154.25	88.46
Statutory dues payable including tax deducted at source	363.14	430.34	158.12
Deferred income	84.11	78.29	86.35
Others *	503.24	635.10	527.49
	1,286.51	**1,536.90**	**1,058.51**

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Break up of the financial liabilities at amortized cost			
Borrowings - [Refer note 18]	23,212.49	29,433.58	30,928.96
Trade payables [Refer note 22]	8,463.34	8,372.05	9,025.57
Other financial liabilities [Refer note 19]	8,979.06	5,013.55	2,695.54
Total financial liabilities carried at amortized cost	**40,654.89**	**42,819.18**	**42,650.07**

For Group's credit risk managment processes, refer to note 57.

24. Revenue from operations

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of products (including excise duty)		
- Finished goods	62,335.31	65,209.98
- Die design and preparation charges	249.54	664.66
Total sale of products	**62,584.85**	**65,874.64**
Sale of services		
- Job work charges	284.82	345.57
Project revenue		
- Project revenue (refer note 51)	41.02	1.74
Other operating revenues		
- Government grants - export incentives (Refer note 14)	828.74	935.58
- Sale of electricity / REC - Windmills	78.57	71.06
- Manufacturing scrap (including excise duty)	2,163.56	2,786.97
	3,070.87	**3,793.61**
Total	**65,981.56**	**70,015.56**

Sale of goods includes excise duty collected from customers of ₹ 2,020.12 million (March 31, 2016: ₹ 1,924.08 million). Sale of goods net of excise duty is ₹ 62,728.29 million (March 31, 2016: ₹ 66,737.53 million).

25. Other income

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Dividend income from investment in mutual funds - current investment	369.97	375.19
Net gain on fair valuation of financial instruments (FVTPL)	186.46	-
Net gain on sale of financial investments	19.87	26.85
Government grant under PSI scheme*	138.03	312.47
Provision for doubtful debts and advances written back	-	10.04
Provisions no longer required written back	76.04	19.15
Interest income on		
- Fixed deposits and others	201.21	245.30
Rent (Refer note 46)	4.82	6.31
Miscellaneous income **	196.39	325.96
Total	**1,192.79**	**1,321.27**

* Government grants have been received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas.

There are no unfulfilled conditions or contingencies attached to these grants.

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

26. Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Inventory at the beginning of the year [Refer note 11]	1,138.16	1,450.20
Add: Purchases	25,244.01	26,804.21
Less: Inventory as at end of the year [Refer note 11]	1,538.59	1,138.16
Cost of raw material and component consumed	**24,843.58**	**27,116.25**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

27. (Increase) in inventories of finished goods, work-in-progress, dies and scrap

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the end of the year [Refer note 11]		
Work-in-progress	4,113.57	3,748.65
Finished goods	3,938.85	3,685.93
Dies and dies under fabrication	119.06	55.25
Scrap	18.33	14.11
	8,189.81	**7,503.94**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress	3,748.65	3,546.49
Finished goods	3,685.93	2,374.46
Dies and dies under fabrication	55.25	85.34
Scrap	14.11	25.83
	7,503.94	**6,032.12**
Add: Inventory related to acquisition [Refer note 38]	**176.70**	
	(509.17)	**(1,471.82)**
Excise duty variation on opening and closing stock	23.37	35.88
Total	**(485.80)**	**(1,435.94)**

28. Employee benefits expense

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus (including managing and whole time director's remuneration)	7,554.71	7,546.58
Contributions to provident and other funds / scheme#	728.06	1,037.94
Gratuity expense [Refer note 43 (a,f)]	51.56	52.28
Special gratuity expense [Refer note 43 (b)]	3.59	3.59
Employee voluntary retirement scheme compensation	14.51	1.54
Staff welfare expenses	956.80	510.70
Total	**9,309.23**	**9,152.63**

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

29. Depreciation and amortization expense

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on tangible assets [Refer note 3]	4,437.72	4,408.42
Amortization on intangible assets [Refer note 5]	82.75	121.34
Total	**4,520.47**	**4,529.76**

30. Finance costs

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest on bank facilities	854.91	1,016.75
Others*	144.71	142.85
Total	**999.62**	**1,159.60**

* Others includes interest on debentures, advance from customers, net interest expense on defined benefit plans etc.

31. Other expenses

In ₹ Million

		Year ended March 31, 2017	Year ended March 31, 2016
Consumption of stores, spares and tools		2,930.30	2,976.11
Machining charges		2,493.96	3,053.37
Power, fuel and water	4,138.18		4,312.15
Less: Credit for energy generated	88.16		82.61
		4,050.02	4,229.54
Repairs and maintenance			
- Building repairs and road maintenance		168.47	95.27
- Plant and machinery		1,217.36	1,389.12
Rent (Refer note 46 (a))		259.41	227.02
Rates and taxes		31.60	28.59
Insurance		140.64	128.03
CSR expenditure		73.04	124.98
Legal and professional fees		615.26	557.39
Commission		94.01	379.89
Donations		11.04	21.97
Packing material		673.73	769.19
Freight and forwarding charges		1,518.21	1,644.59
Directors' fees and travelling expenses		4.41	3.50
Commission to directors other than managing and whole time directors		6.70	6.45
Loss on sale/discard of property, plant & equipments (net)		20.64	44.36
Loss on fair valuation of financial instruments (FVTPL)		-	4.34
Provision for doubtful debts and advances		61.37	45.62
Bad debts / advances written off		3.38	17.30
Exchange difference (net)		207.46	395.04
Payment to auditors*		45.09	64.47
Miscellaneous expenses **		3,137.22	2,891.35
		17,763.32	**19,097.49**

*Includes ₹ 28.17 million (March 31, 2016: ₹ 49.63 million) paid to subsidiary auditors

** Miscellaneous expenses includes travelling expenses, printing, stationary, postage, telephone etc.

32 Exceptional items

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Profit/(Loss) on disposal of joint venture (Refer note 32(a)(b))	1,291.48	(12.49)
Provision for dimunition in the value of investment in joint venture (Refer note 32(c))	(7.19)	-
Provision for statutory employee cost relating to earlier period (Refer note 32(d))	-	(42.20)
	1,284.29	**(54.69)**

(a) Profit on sale of investment in joint venture

During the current financial year the Group has divested its 49% stake in ALSTOM Bharat Forge Power Limited, which was formed as a JV, resulting in a net gain of ₹ 1,291.48 million.

(b) Loss on sale of investment in joint venture

During the previous year, the Group has divested its stake in David Brown Gear Systems India Limited, which was formed as a Joint Venture (JV). The stake was sold by the Group to the other JV Partner, resulting in loss of ₹ 12.49 million on sale of investments

(c) Provision for diminution in value of investment in joint venture

BF-NTPC Energy Systems Limited (BFNTPCESL)

Considering the consistent losses from the business activities carried out by BFNTPCESL, the Group has provided an amount of ₹ 7.19 million towards diminution in carrying cost of its investments in current financial year.

(d) Provision for statutory employee cost relating to earlier period

It represents certain statutory employee costs that have become applicable retrospectively from the financial year 2014-15.

33. Discontinued operations

David Brown Bharat Forge Gear Systems India Limited
(Joint venture of one of the subsidiary of the group)

(a) Description

During the year ended 31st March, 2016, Bharat Forge Infrastructure Ventures Limited, one of the entities in the group, divested its stake in its joint venture operation - David Brown Bharat Forge Gear Systems India Limited to its Joint Venture partner David Brown Systems India (Holdings) Limited. The transaction was completed on 26th August, 2015 with effect from 30th September, 2015. The joint venture under consideration is a component of the group that represents a separate major line of business. The business of David Brown Bharat Forge Gear Systems India Limited represented the Group's Others operating segment until September 30, 2015. Pre tax loss amounting to ₹ 12.49 million (Tax effect : NIL), on divestment of stake has been recorded as an exceptional item. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 30th September 2015:

In ₹ Million

	Period ended September 30, 2015 (unaudited)
Total Revenue	25.24
Total Expenses	26.00
(Loss) before tax	**(0.76)**
Tax expense	-
(Loss) after income tax	**(0.76)**
Other comprehensive income	**-**
Share of (loss) of joint venture included in statement of Profit and Loss	**(0.38)**
Share in other comprehensive inocme	**-**

In ₹ Million

	Period ended September 30, 2015 (unaudited)
Operating activities	1.97
Investing activities	(0.05)
Financing activities	-
Net cash inflows / (outflows)	**1.92**

(c) Details of sale of the joint venture

In ₹ Million

	Year ended March 31, 2016 (unaudited)
Consideration received:	
Cash	30.91
Carrying amount of investment sold	43.40
Gain/(Loss) on sale before income tax	(12.49)
Income tax expense	-
Gain/(Loss) on sale after income tax	**(12.49)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

33. Discontinued operations (Contd.):

The carrying amounts of the total assets and liabilities as at the date of sale - September 30, 2015 and comparitive were as follows

In ₹ Million

	As at September 30, 2015 (unaudited)	As at April 1, 2015
Total assets	41.18	39.70
Total liabilities	7.93	6.07
Net Assets	**33.25**	**33.63**

ALSTOM Bharat Forge Power Private Limited

(a) Description

During the year ended March 31, 2017, the Group, divested its stake in its joint venture operation - ALSTOM Bharat Forge Power Private Limited to its Joint Venture partner GE Pacific Private Limited, the Group has sold its stake of 49% on March 24, 2017.

The joint venture under consideration is a component of the group that represents a separate major line of business. The business of ALSTOM Bharat Forge Power Private Limited represented the group's Project operating segment until March 24, 2017. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are presented below:

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Total revenue	6,572.63	17,729.79
Total expenses	5,541.15	17,025.97
Profit before tax	**1,031.48**	**703.82**
Income tax expense	763.79	171.77
Profit after income tax	267.69	532.05
Other comprehensive income	(13.91)	0.55
Share of profit of joint venture included in statement of profit and loss	131.17	260.71
Share in other comprehensive income	(6.82)	0.27

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Operating activities	2,642.33	874.51
Investing activities	(520.24)	(3,060.58)
Financing activities	(723.98)	1,812.13
Net cash inflows / (outflows)	**1,398.11**	**(373.94)**

33. Discontinued operations (Contd.):

(c) Details of sale of the joint venture

In ₹ Million

	Year ended March 31, 2017
Consideration received:	
Cash	2,265.00
Carrying amount of invested sold	973.52
Gain on sale before income tax	1,291.48
Income tax expense	-
Gain on sale after income tax (refer note 32)	1,291.48

The carrying amounts of the total assets and liabilities as at the date of sale and comparative periods were as follows:

In ₹ Million

	As at March 31, 2017*	As at March 31, 2016	As at April 1, 2015
Total assets	27,799.03	31,917.62	22,380.90
Total liabilities	26,035.30	30,409.14	21,405.03
Net assets	**1,763.73**	**1,508.48**	**975.87**

* The Group has sold its stake of 49% on March 24, 2017. However as the transaction has concluded near to March 31, 2017, the Group has based on materiality, considered March 31, 2017 amounts for the purpose of recording the disposal.

34. 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, 2017	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 translation differences	-	-	472.42	-	-	-	472.42
Currency forward contracts	3,018.23	-	-	-	-	(1,044.55)	1,973.68
Reclassified to statement of profit and loss	(1,334.57)	-	-	-	-	461.87	(872.70)
Gain / (Loss) on FVTOCI financial assets	-	90.13	-	-	-	-	90.13
Re-measurement gains (losses) on defined benefit plans (including share of associate,joint venture and discontinued operations)	-	-	-	(155.43)	-	50.37	(105.06)
Foreign exchange translation difference	-	-	-	-	(522.25)	-	(522.25)
	1,683.66	**90.13**	**472.42**	**(155.43)**	**(522.25)**	**(532.31)**	**1,036.22**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

34. Components of Other Comprehensive Income (OCI) (Contd.):

In ₹ Million

During the year ended March 31, 2016	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 translation differences	-	-	(38.21)	-	-	-	**(38.21)**
Currency forward contracts	(151.27)	-	-	-	-	52.35	**(98.92)**
Reclassified to statement of profit and loss	(3,271.95)	-	-	-	-	1,132.36	**(2,139.59)**
Gain / (Loss) on FVTOCI financial assets	-	(90.23)	-	-	-	-	**(90.23)**
Re-measurement gains (losses) on defined benefit plans (including share of associate,joint venture and discontinued operations)	-	-	-	64.49	-	(20.13)	**44.36**
Foreign exchange translation difference	-	-	-	-	384.58	-	**384.58**
	(3,423.22)	**(90.23)**	**(38.21)**	**64.49**	**384.58**	**1,164.58**	**(1,938.01)**

35. Earnings per share

In ₹ Million

		Year ended March 31, 2017	Year ended March 31, 2016
Numerator for basic and diluted EPS for continuing operations			
Net profit after tax from continuing operations attributable to shareholders (in ₹)	(A)	6,914.99	6,524.22
Net profit after tax attributable to shareholders from discontinued operations (in ₹)	(B)	131.17	260.33
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(C)	232,794,316	232,794,316
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	(D)	232,794,316	232,794,316
Basic earnings per share of face value of ₹ 2 each (in ₹)			
- Computed on the basis of profit from continuing operations (₹)	(A/C)	29.70	28.03
- Computed on the basis of profit from discontinued operations (₹)	(B/C)	0.56	1.12
- Computed on the basis of profit from continuing and discontinued operations (₹)	([A+B]/C)	30.26	29.15
Diluted earnings per share of face value of ₹ 2 each (in ₹)			
- Computed on the basis of profit from continuing operations (₹)	(A/D)	29.70	28.03
- Computed on the basis of profit from discontinued operations (₹)	(B/D)	0.56	1.12
- Computed on the basis of profit from continuing and discontinued operations (₹)	([A+B]/D)	30.26	29.15

36. Significant accounting judgements, estimates and assumptions

The preparation of the Group'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 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) Discontinued operations - The Group has sold its stake in joint ventures i.e. David Brown Bharat Forge Gear Systems India Limited and ALSTOM Bharat Forge Power Private Limited in financial year 2015-16 and 2016-17 respectively. The Group has exercised judgement and assessed that both of these joint ventures are components of the Group that represents a separate major line of business. Accordingly, the same have been presented as discontinued operations since the criteria as per Ind AS 105 is satisfied.

   Bharat Forge America ("BFA") is subsidiary of the Company which was operational from 2005 to 2013. From the financial year ended 2013, there had been no operations in this entity. Since then operations had been discontinued, all the fixed assets were sold and asset and external liabilities were settled but the Company still held some current assets. Under Indian GAAP, disclosure was made for these discontinuing operations and the remaining assets were disclosed as "assets held for sale" for FY 12-13 to FY 15-16. In the FY 16-17, BFA has acquired a fully operational Company Walker Forge Tennesse LLC (now known as Bharat Forge PMT Technologie LLC, USA). The Group has made an Ind AS 105 assessment for Bharat Forge America and concluded that it will not satisfy the criteria of "Discontinued Operations" or "Assets held for sale" on the date of transition or subsequently and accordingly, the same are considered as part of continuing operations.

4) Control assessment for Joint ventures - 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 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.

36. Significant accounting judgements, estimates and assumptions (Contd.):

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.

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, 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, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment plans and the present value of the gratuity obligation 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 and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Further details about gratuity obligations are given in Note 43.

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 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 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 55 for further disclosures.

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.

36. Significant accounting judgements, estimates and assumptions (Contd.):

Operating lease commitments – Group as lessor

The Group has given land on lease to certain entities. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of such land and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these lands and accounts for the contracts as operating leases.

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 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.

- The Group has tax losses which arose due to capital loss and carried forward business losses in India of ₹ 358.76 million (March 31, 2016: ₹ 262.27 million, April 1, 2015: ₹ 296.60 million) that are available for offsetting for eight years against future taxable profits of the Company under the head capital gains. This loss will expire in eight years from the end of the respective year to which it pertains.

- The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 1,753.98 million (March 31, 2016: ₹ 1,685.92 million, April 1, 2015: ₹ 1,569.48 million) that are available for offsetting for eight years against future taxable profits under relevant heads of income of the companies in which the losses arose. This loss will expire in year 2036.

- The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 1,045.36 million (March 31, 2016: ₹ 1,025.11 million, April 1, 2015: ₹ 1,222.58 million) that are available for offsetting for eight years against future taxable profits under relevant heads of income of the companies in which the losses arose. This loss can be carried forward indefinitely.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by ₹ 1,092.00 million (March 31, 2016 : ₹ 1,029.00 million). Further details on taxes are disclosed in note 21.

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 and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

37. Group information

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

Name	Principal activities	Country of incorporation	% equity interest March 31, 2017	March 31, 2016	April 1, 2015	Financial year ended on
Bharat Forge Global Holding GmbH (BFGH) (formerly known as CDP Bharat Forge GmbH (CDP BF) and its wholly owned subsidiaries	Forging	Germany	100%	100%	100%	December 31, 2016
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries	Forging	Germany	100%*	100%*	100%*	December 31, 2016
a) Bharat Forge Aluminiumtechnik GmbH (BFAT) and its wholly owned subsidiary	Forging	Germany	100%*	100%*	100%*	December 31, 2016
b) Bharat Forge Aluminiumtechnik Verwaltngs GmbH (merged with BFAT in September 2015)	Forging	Germany	NA	NA	100%*	December 31, 2016
ii. Bharat Forge Beteiligungs GmbH and its wholly owned subsidiary (merged with BFGH in Septmeber 2015)	Forging	Germany	NA	NA	100%*	December 31, 2016
a) Bharat Forge Kilsta AB	Forging	Sweden	100%*	100%*	100%*	December 31, 2016
b) Bharat Forge Hong Kong Limited	Forging	Hong Kong	100%*	100%*	100%*	December 31, 2016
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary		Germany	100%*	100%*	NA	December 31, 2016
a) Bharat Forge Daun GmbH (formerly a subsidiary of CDP BF)	Forging	Germany	100%*	100%*	100%*	December 31, 2016
b) Bharat Forge CDP Trading (with effect from February2, 2016)	Forging	Russia	100%*	100%*	NA	December 31, 2016
iv. BF New Technologies GmbH (merged with BF GH in September 2015)	Forging	Germany	NA	NA	100%*	December 31, 2016
v. Mecanique Generale Langroise	Forging	France	100%*	100%*	100%*	December 31, 2016
Bharat Forge International Limited (formerly a subsidairy of BF GH)	Forging	U.K.	100%	100%*	100%*	March 31, 2017
Bharat Forge America Inc. and its wholly owned subsidiaries	Forging	U.S.A	100%	100%	100%	December 31, 2016
i. Bharat Forge PMT Technologie LLC (with effect from December 1, 2016)	Forging	U.S.A	100%*	NA	NA	December 31, 2016
ii. Bharat Forge Tennessee Inc. (with effect from December 1, 2016)	Forging	U.S.A	100%*	NA	NA	December 31, 2016
BF Infrastructure Limited and its' Subsidiary (Refer note 40)	Others	India	100%	100%	100%	March 31, 2017
i. BFIL-CEC JV	Others	India	100%*	100%*	100%*	March 31, 2017
BF Infrastructure Ventures Limited upto April 1, 2015 (refer note 40)	Others	India	NA	NA	NA	March 31, 2017
Kalyani Strategic Systems Limited and its' subsidiary	Others	India	51%	51%	100%	March 31, 2017
i. Kalyani Rafael Advanced Systems Private Limited (formed on August 21, 2015)	Others	India	100%*	100%*	NA	March 31, 2017
Analogic Controls India Limited	Others	India	60%	60%	60%	March 31, 2017
BF Elbit Advance Systems Private Limited	Others	India	51%*	74%*	74%*	March 31, 2017

* held through subsidiaries

37. Group information (Contd.):

List of Subsidiaries which are not included in the consolidation based on materiality

Name	Principal activities	Country of incorporation	% equity interest March 31, 2017	March 31, 2016	April 1, 2015	Financial year ended on
Kalyani Polytechnic Private Limited (upto January 2017)	Others	India	NA	100%	100%	March 31, 2017

List of associates which are not included in the consolidation based on materiality

Name	Principal activities	Country of incorporation	% equity interest March 31, 2017	March 31, 2016	April 1, 2015	Financial year ended on
Talbahn GmbH	Others	Germany	35%*	35%*	35%*	December 31, 2016
Tecnica UK Limited (shares held through subsidiary)	Others	U.K.	NA	Closed (in December 2015)	30%*	December 31, 2016

* held through subsidiaries

Details of the Group's ownership interest in associate, which have been included in the consolidation, are as follows:

Name	Principal activities	Country of incorporation	% equity interest March 31, 2017	March 31, 2016	April 1, 2015	Financial year ended on
Ferrovia Transrail Solutions Private Limited	Others	India	49%*	49%*	49%*	March 31, 2017
Hospet Bellary Highways Private Limited	Others	India	35%*	35%*	-	March 31, 2017

* held through subsidiaries

Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Country of incorporation	% equity interest March 31, 2017	March 31, 2016	April 1, 2015	Financial year ended on
ALSTOM Bharat Forge Power Private Limited (formerly known as ALSTOM Bharat Forge Limited)	Projects	India	NA**	49%	49%	March 31, 2017
David Brown Bharat Forge Gear Systems India Limted (upto September 2015)	Others	India	NA	NA	50%*	March 31, 2017
BF Premier Energy Systems Private Limited	Others	India	50%*	50%*	NA	March 31, 2017
BF NTPC Energy Systems Limited	Others	India	51%	51%	51%	March 31, 2017

* held through subsidiaries

** Refer note 33

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

38. Business combinations and acquisition of non-controlling interests
Acquisitions during the year ended 31 March 2017

Acquisition of Bharat Forge PMT Technologie LLC and Bharat Forge Tennessee Inc., USA

On December 1, 2016, pursuant to a block deal the Group acquired 100 % stake of 2 entities of Walker Forge Group Inc. ("seller"). 100% of the voting shares in Bharat Forge Tennessee Inc. (BFT) (formerly known as "PMT Holdings LLC") and 100% of the voting shares of Bharat Forge PMT Technologie LLC (BF PMT) (formerly known as "Walker Forge Tennessee LLC") including shares held through BFT. Both the aquirees are non-listed LLCs based in USA and specialising in manufacture and sale of steel forgings to customers in the automotive, construction, and truck industries. The acquisition of Walker Forge Tennessee LLC fits well with Group's strategy to build an asset platform that offers value to its customers, partners, and collaborators. The acquisition of Walker Forge Tennessee creates a strategic manufacturing footprint of the Group in North America to leverage the existing customer relationships while simultaneously enabling the Group to address new end market segments and broaden the product portfolio.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of BF PMT and BFT as at the date of acquisition were:

In ₹ Million

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	507.92
Cash and cash equivalents	0.13
Trade recievables	191.92
Inventories	258.21
Prepaid expenses	0.26
Liabilities	
Trade payables	78.29
Total identifiable net assets at fair value	**880.15**
Goodwill arising on acquisition	-
Purchase consideration transferred	**880.15**

The gross amount and fair value of the trade receivables is ₹ 191.92 million. None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

1) An assumed discount rate of 14%
2) A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from 2% to 4%, which has been used to determine income for the future years
3) A reinvestment ratio of 60% of earnings

From the date of acquisition, BF PMT has contributed ₹132 million of revenue and ₹ (10) million to the loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been more by ₹ 1,882 million and the profit before tax from continuing operations for the Group would have been lower by ₹ (336) million.

38. Business combinations and acquisition of non-controlling interests (Contd.):

Purchase consideration

	In ₹ Million
Shares issued, at fair value	6.32
	6.32
Analysis of cash flows on acquisition	
Transaction costs of the acquisition (included in cash flows from operating activities)	18.23
Net cash acquired with the subsidiary (included in cash flows from investing activities)	(0.13)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	-
Net cash flow on acquisition	**18.10**

39. Merger of BF Infrastructure Ventures Limited ('BFIVL') and BF Infrastructure Limited ('BFIL')

Pursuant to the Honourable High Court order dated at July 8, 2016, BFIL acquired BFIVL for synergies of operations and cost savings. The Group has opted to follow accounting treatment as stated in the High Court order. However,as per Ind AS the same will not be construed as a business combination since the aquired components do not meet the definition of business. Accordingly, with effect from the appointed date i.e. April 1, 2015, BFIL has accounted for this merger using pooling of interest method under Accounting Standard 14 for "Accounting for Amalgamations". As per this method, the assets and liabilities are recorded by BFIL at the carrying values (as appearing in the books of BFIVL). The identity of the reserves will be preserved in the financial statements of BFIL.

Thus, the consolidated financial statements have been restated from April 1, 2015 to give effect to the above transaction. There is no impact on the consolidated financial statements due to merger since it is a common control transaction.

40. 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:

		% equity interest		
Name	Country of incorporation	March 31, 2017	March 31, 2016	April 1, 2015
Kalyani Strategic Systems Limited	India	49%	49%	100%
Analogic Controls India Limited	India	40%	40%	40%
BF Elbit Advance Systems Limited	India	49%	26%	26%

Information regarding non-controlling interest

In ₹ Million

	March 31, 2017	March 31, 2016	April 1, 2015
Accumulated balances of material non-controlling interest:			
Kalyani Strategic Systems Limited	89.33	8.73	-
Analogic Controls India Limited	11.03	(51.40)	(34.87)
BF Elbit Advance Systems Limited	0.04	0.04	-
Profit/(loss) allocated to material non-controlling interest:			
Kalyani Strategic Systems Limited	(1.53)	(4.78)	-
Analogic Controls India Limited*	62.55	(26.17)	-
BF Elbit Advance Systems Limited*	-	-	-

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

*Since there is no binding obligation on the part of the non-controlling interest, the losses of the respective entities have not been allocated and the non-controlling interest has been limited to their respective shareholding.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

40. Material partly owned subsidiaries (Contd.):

Summarised statement of profit and loss for the year ended March 31, 2017:

In ₹ Million

	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Limited
Revenue	1.14	77.21	-
Cost of raw materials and components consumed	5.05	24.71	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scraps	(5.05)	11.32	-
Employee benefits expense	-	12.62	-
Depreciation and amortisation expense	-	3.25	0.26
Finance costs	-	35.35	8.74
Other expenses	3.94	39.21	1.29
Profit before tax	**(2.80)**	**(49.25)**	**(10.29)**
Income tax	(0.33)	(1.11)	-
Profit for the year from continuing operations	**(3.13)**	**(50.36)**	**(10.29)**
Share in profit and loss of associates/joint venture	**-**	**-**	**-**
Total comprehensive income	**(3.13)**	**(50.04)**	**(10.29)**
Attributable to non-controlling interests	(1.53)	-	-
Dividends paid to non-controlling interests	-	-	-

Summarised statement of profit and loss for the year ended March 31, 2016:

In ₹ Million

	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Limited
Revenue	0.45	102.96	1.45
Cost of raw material and components consumed	-	44.32	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scraps	-	11.52	-
Employee benefits expense	-	25.74	-
Depreciation and amortisation expense	-	4.02	0.26
Finance costs	-	34.59	6.91
Other expenses	9.69	48.20	19.29
Profit before tax	**(9.24)**	**(65.43)**	**(25.01)**
Income tax	**-**	**-**	**-**
Profit for the year from continuing operations	**(9.24)**	**(65.43)**	**(25.01)**
Share in profit and loss of associate/joint venture	**(0.50)**	**-**	**-**
Total comprehensive income	**(9.74)**	**(64.88)**	**(25.01)**
Attributable to non-controlling interests	(4.78)	(26.17)	-
Dividends paid to non-controlling interests	**-**	**-**	**-**

40. Material partly owned subsidiaries (Contd.):

Summarised balance sheet as at March 31, 2017:

In ₹ Million

	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Limited
Inventories and cash and bank balances (current)	151.10	115.10	18.26
Property, plant and equipment and other non-current financial assets (non-current)	149.44	42.32	1.81
Trade and other payable (current)	(118.09)	(206.73)	(102.05)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(0.17)	(129.53)	
Total equity	**182.28**	**(178.84)**	**(81.98)**
Attributable to:			
Equity holders of parent	92.95	(178.84)	(81.98)
Non-controlling interest	89.33	(11.03)	0.04

Summarised balance sheet as at March 31, 2016:

In ₹ Million

	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Limited
Inventories and cash and bank balances (current)	18.62	124.55	19.20
Property, plant and equipment and other non-current financial assets (non-current)	1.29	45.59	1.98
Trade and other payable (current)	(2.08)	(183.99)	(92.93)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(0.02)	(114.95)	-
Total equity	**17.81**	**(128.80)**	**(71.75)**
Attributable to:			
Equity holders of parent	9.08	(77.40)	(71.79)
Non-controlling interest	8.73	(51.40)	0.04

Summarised balance sheet as at April 1, 2015:

In ₹ Million

	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Limited
Inventories and cash and bank balances (current)	0.01	164.79	0.26
Property, plant and equipment and other non-current financial assets (non-current)	-	50.55	17.84
Trade and other payable (current)	(0.26)	(241.27)	(64.84)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	-	(61.63)	-
Total equity	**(0.25)**	**(87.56)**	**(46.74)**
Attributable to:			
Equity holders of parent	(0.25)	(52.69)	(46.74)
Non-controlling interest	-	(34.87)	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

40. Material partly owned subsidiaries (Contd.):
Summarised cash flow information for the year ended March 31, 2017:

In ₹ Million

	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Limited
Operating	(86.31)	(0.91)	1.31
Investing	(155.51)	50.68	-
Financing	267.62	(50.11)	(1.84)
Net increase/(decrease) in cash and cash equivalents	**25.80**	**(0.34)**	**(0.53)**

Summarised cash flow information for the year ended March 31, 2016:

In ₹ Million

	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Limited
Operating	(10.13)	(7.88)	(58.35)
Investing	(11.14)	7.01	0.06
Financing	27.80	(5.60)	58.62
Net increase/(decrease) in cash and cash equivalents	**6.53**	**(6.47)**	**0.33**

41. Interest in Joint Venture

ALSTOM Bharat Forge Power Private Limited
The Group had 49% interest in ALSTOM Bharat Forge Power Private Limited (ABFPPL), a joint venture incorporated in India and involved in manufacturing of the supercritical turbines and generators. The Group's interest in ABFPPL 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:

During the year ended March 31, 2017, the Group divested its stake in its joint venture operation - ALSTOM Bharat Forge Power Limited to its Joint Venture partner GE Pacific Private Limited. The Group has sold its stake of 49% on March 24, 2017. However, as the transaction has concluded near to March 31, 2017, the Group has based on materiality considered March 31, 2017 for the purpose of recording the disposal .

Summarised balance sheet

In ₹ Million

	March 31, 2017	March 31, 2016	April 1, 2015
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:			
Current assets	15,177.56	18,983.79	11,757.97
Non-current assets	12,621.47	12,933.83	10,622.93
Current liabilities	(18,022.09)	(22,093.31)	(15,374.69)
Non-current liabilities	(8,013.21)	(8,315.84)	(6,030.34)
Equity	**1,763.73**	**1,508.47**	**975.87**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity		153.83	912.43
Proportion of the Group's ownership	-	49%	49%
Carrying amount of the investment	-	849.16	588.20

41. Interest in Joint Venture (Contd.):

Summarised statement of profit and loss for the period

In ₹ Million

	March 31, 2017	March 31, 2016
Income		
Revenue from operations	6,128.26	17,537.27
Other income	444.37	192.51
	6,572.63	**17,729.78**
Expenses		
Material cost and erection services	2,545.07	15,360.27
(Increase) / decrease in inventories of work-in-progress	(1,509.13)	(923.92)
Employee benefit expenses	1,009.19	827.59
Finance costs	1,222.92	722.01
Depreciation and amortisation expense	619.75	302.40
Other expenses	1,653.35	737.61
	5,541.15	**17,025.96**
Profit before tax	**1,031.48**	**703.82**
Tax expenses	**763.79**	**171.77**
Profit for the year (discontinuing operations)	**267.69**	**532.05**
Other comprehensive income for the year	**(13.91)**	**0.55**
Group's share in profit for the year	**131.17**	**260.71**
Group share in other comprehensive income	**(6.82)**	**0.27**

David Brown Bharat Forge Gear Systems India Limited

The Group has 50% interest in David Brown Bharat Forge Gear Systems India Limited (DBBFGSIL), a joint venture incorporated in India and involved in manufacture and service of various types of Industrial Gearboxes. The Group's interest in DBBFGSIL is accounted for using the equity method in the consolidated financial statements. During the year 2015-16, Bharat Forge Infrastructure Ventures Limited, one of the direct subsidiaries in the group, divested its stake in its joint venture operation to its joint venture partner David Brown Systems India (Holdings) Limited for ₹ 30.91 Million. The transaction was completed on August 26, 2015 with effect from September 30, 2015. Summarised financial information of the joint venture, based on its Ind AS financial statements:

Summarised balance sheet

In ₹ Million

	September 30, 2015 (unaudited)	April 1, 2015
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:		
Current assets	65.43	61.79
Non-current assets	16.93	17.60
Current liabilities	(15.45)	(11.72)
Non-current liabilities	(0.42)	(0.42)
Equity	**66.49**	**67.25**
Share of the Company in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	33.25	33.62

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

41. Interest in Joint Venture (Contd.):

Summarised statement of profit and loss for the period

In ₹ Million

	September 30, 2015
Income	
Revenue from operations	24.27
Other income	0.98
	25.25
Expenses	
Material cost and erection services	-
Purchase of stock-in-trade (Casing)	8.48
(Increase) / decrease in inventories of work-in-progress	(0.60)
Excise duty on sale of goods	-
Direct expenses	2.86
Employee benefit expenses	7.14
Finance costs	0.04
Depreciation	0.63
Other expenses	7.46
	26.01
Loss before tax	**(0.76)**
Tax expenses	**-**
Loss for the period (discontinuing operations)	**(0.76)**
Other comprehensive income for the period	**-**
Total comprehensive income for the period (discontinuing operations)	**(0.76)**
Group's share in loss for the period	**(0.38)**
Group's share in other comprehensive income	**-**

BF NTPC Energy Systems Limited

The Group has 51% interest in BF-NTPC Energy Systems Limited, a joint venture incorporated in India and involved in 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. The Group's interest in BF-NTPC Energy Systems 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, 2017	March 31, 2016	April 1, 2015
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:			
Current assets	0.29	0.22	0.22
Non-current assets	59.71	59.71	59.72
Current liabilities	(2.12)	(13.74)	(9.68)
Non-current liabilities	(0.12)	(0.07)	(0.04)
Equity	**(57.76)**	**(46.12)**	**50.22**
Proportion of the Group's ownership	51%	51%	51%
Carrying amount of the investment*	-	-	-

41. Interest in Joint Venture (Contd.):

Summarised statement of profit and loss

In ₹ Million

	March 31, 2017	March 31, 2016
Income		
Other income	0.01	0.50
	0.01	0.50
Expenses		
Employee benefit expenses	1.09	1.21
Depreciation	-	0.01
Other expenses	1.38	3.39
	2.47	4.61
Loss before tax	**(2.46)**	**(4.11)**
Tax expenses	-	-
Loss for the year (continuing operations)	**(2.46)**	**(4.11)**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**(2.46)**	**(4.11)**
Group's share of loss for the year*	**-**	**-**

The Group had no contingent liabilities or capital commitments relating to its interest in BF NTPC Energy Systems Ltd. as at March 31, 2017, March 31, 2016 and April 1, 2015

* Since the accumulated losses of the joint venture exceed the value of investment, the investment is shown as zero and no further losses have been allocated.

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 Sysytems 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, 2017	March 31, 2016	April 1, 2015
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:			
Current assets	0.03	0.22	-
Non-current assets	0.02	0.03	-
Current liabilities	(0.90)	(0.26)	-
Non-current liabilities	-	(0.03)	-
Equity	**0.85**	**(0.04)**	**-**
Proportion of the Group's ownership	50%	50%	-
Carrying amount of the investment*	-	-	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

41. Interest in Joint Venture (Contd.):

Summarised statement of profit and loss

In ₹ Million

	March 31, 2017	March 31, 2016
Income		
Other income	0.07	-
	0.07	-
Expenses		
Employee benefit expenses	0.54	0.93
Depreciation	0.01	0.00
Other expenses	0.33	0.11
	0.88	**1.04**
Loss before tax	(0.81)	**(1.04)**
Tax expenses	-	-
Loss for the year (continuing operations)	**(0.81)**	**(1.04)**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**(0.81)**	**(1.04)**
Group's share of loss for the year*	**-**	**-**

The Group had no contingent liabilities or capital commitments relating to its interest in BF Premier Energy Systems Pvt. Ltd. as at March 31, 2017 and March 31, 2016.

* Since the accumulated losses of the joint venture exceed the value of investment, the investment is shown as zero and no further losses have been allocated.

42. Investment in an associate

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 track and track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited.

Summarised statement of balance sheet

In ₹ Million

	March 31, 2017	March 31, 2016	April 1, 2015
Current assets	213.15	190.70	251.64
Non-current assets	142.02	101.48	85.73
Current liabilities	(353.99)	(291.50)	(337.03)
Non-current liabilities	(1.02)	(0.58)	(0.25)
Equity	**0.16**	**0.10**	**0.09**
Proportion of the Group's ownership	**49%**	**49%**	**49%**
Carrying amount of the investment	**0.08**	**0.05**	**0.04**

42. Investment in an associate (Contd.)

Summarised statement of profit and loss

In ₹ million

	March 31, 2017	March 31, 2016
Income		
Revenue from operations	131.91	278.19
Other income	1.25	1.78
	133.16	279.97
Expenses		
Project expenses	67.50	207.34
Employee benefit expenses	1.68	1.54
Finance costs	40.88	40.35
Depreciation	1.74	1.83
Other expenses	20.43	28.39
	132.23	279.45
Profit before tax	**0.93**	**0.52**
Tax expenses	(0.50)	(0.52)
Profit for the year (continuing operations)	**0.43**	**-**
Other comprehensive income	**0.02**	**0.02**
Total comprehensive income for the year (continuing operations)	**0.45**	**0.01**
Group's share of profit for the year	**0.23**	**0.01**

The associate had contingent liabilities on account of claims against the Group not acknowledged as Debts (Group's share) of ₹ 169.11 million as at March 31, 2017, ₹ 156.36 million as at March 31, 2016 and ₹ 87.09 million as at April 1, 2015.

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 following table illustrates the summarised financial information of the Group's investment in Hospet Bellary Highways Private Limited.

Summarised statement of balance sheet

In ₹ Million

	March 31, 2017	March 31, 2016	April 1, 2015
Current assets	0.08	0.09	-
Non-current assets	-	-	-
Current liabilities	(129.45)	(129.42)	-
Non-current liabilities	-	-	-
Equity	**(129.37)**	**(129.33)**	
Proportion of the Group's ownership	35%	35%	-
Carrying amount of the investment	0.05	0.04	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

42. Investment in an associate (Contd.)

Summarised statement of profit and loss

In ₹ million

	March 31, 2017	March 31, 2016
Income		
Revenue from operations	-	-
Other income	-	-
	-	-
Expenses		
Other expenses	0.03	0.03
Loss before tax	(0.03)	(0.03)
Tax expenses	-	-
Loss for the year (continuing operations)	**(0.03)**	**(0.03)**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year (continuing operations)	**(0.03)**	**(0.03)**
Group's share of loss for the year	**(0.01)**	**(0.01)**

The associate had no contingent liabilities or capital commitments as at March 31, 2017 and March 31, 2016.

43. Gratuity and other post-employment benefit plans

Holding Company

(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. 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. The scheme is funded with insurance companies in the form of a 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 practise 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 uncertainities in estimating this increasing risk.

43. Gratuity and other post-employment benefit plans (Contd.):

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 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. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. 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 Company's plan is shown below:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.20%	7.80%	7.80%
Expected rate of return on plan assets	7.80%	7.80%	9.10%
Rate of increase in compensation levels	6.00%	6.00%	6.00%
Expected average remaining working lives (in years)	7.48%	7.36%	7.35%
Withdrawal rate (based on grade and age of employees)			
Age upto 30 years	12.00%	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%	8.00%
Age above 50 years	8.00%	8.00%	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, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the beginning of the period	713.70	677.23	598.83
Interest expense	53.92	51.12	52.79
Current service cost	51.41	51.81	48.06
Benefits (paid)	(44.96)	(43.54)	(37.34)
Remeasurements on obligation [Actuarial (Gain) / Loss]	25.61	(22.92)	14.89
Closing Defined Benefit Obligation	**799.68**	**713.70**	**677.23**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

43. Gratuity and other post-employment benefit plans (Contd.):

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	456.14	386.87	322.98
Interest Income	36.94	31.55	30.87
Contributions	79.77	78.82	69.85
Benefits paid	(44.96)	(43.54)	(37.34)
Remeasurements			
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	1.76	2.44	0.51
Closing fair value of plan assets	**529.65**	**456.14**	**386.87**
Actual return on plan assets	38.70	33.99	31.39

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (Income) / Expense – Obligation	53.92	51.12
Interest (Income) / Expense – Plan assets	(36.94)	(31.55)
Net Interest (Income) / Expense for the period	16.98	19.57

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

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Experience (Gain) / Loss on plan liabilities	0.95	(15.54)
Demographic (Gain) / Loss on plan liabilities	-	(7.38)
Financial (Gain) / Loss on plan liabilities	24.66	-
Experience (Gain) / Loss on plan assets	(5.08)	(7.70)
Financial (Gain) / Loss on plan assets	3.32	5.26

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement for the period-Obligation (Gain)/Loss	25.61	(22.92)
Remeasurement for the period-Plan assets (Gain)/Loss	(1.76)	(2.44)
Total Remeasurement cost/(credit) for the period recognised in OCI	**23.85**	**(25.36)**

43. Gratuity and other post-employment benefit plans (Contd.):

The amounts to be recognised in the balance sheet

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the end of the period	(799.68)	(713.70)	(677.23)
Fair value of plan assets as at the end of the period	529.65	456.14	386.87
Net Asset / (liability) to be recognised in balance sheet	**(270.03)**	**(257.56)**	**(290.36)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	51.41	51.81
Net Interest (Income) / Expense	16.98	19.57
Net periodic benefit cost recognised in the statement of profit & loss	**68.39**	**71.38**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net asset / (liability) recognised at the beginning of the period	(257.56)	(290.36)	(275.85)
Company contributions	79.77	78.82	69.85
Expense recognised at the end of period	(68.39)	(71.38)	(69.98)
Amount recognised outside profit & loss for the period	(23.85)	25.36	(14.38)
Net asset / (liability) recognised at the end of the period	**(270.03)**	**(257.56)**	**(290.36)**

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Funds managed by insurer	100.00%	100.00%	100.00%

Sensitivity analysis

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

In ₹ Million

Discount rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	842.25	750.69	709.00
Increase by 1%	761.39	680.24	644.90

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

In ₹ Million

Salary increment rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	766.61	685.34	649.51
Increase by 1%	835.79	744.71	703.37

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

43. Gratuity and other post-employment benefit plans (Contd.):

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

In ₹ Million

Withdrawal rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	798.63	711.46	672.21
Increase by 1%	800.70	715.85	679.39

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	220.98	136.56	195.04
After one year but not more than five years	291.68	357.37	309.33
After five years but not more than ten years	339.17	323.43	294.84

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.7 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 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.

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

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 helps the Company to manage the defined benefit risk through increased return on the funds made available for the plan.

43. 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 plan.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.20%	7.80%	7.80%
Rate of increase in compensation levels	6.00%	6.00%	6.00%
Expected average remaining working lives (in years)	6.86	6.27	6.05
Withdrawal rate (based on grade and age of employees)			
Age upto 30 years	12.00%	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%	8.00%
Age above 50 years	8.00%	8.00%	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, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the beginning of the period	46.71	45.43	39.11
Interest expense	3.45	3.40	3.24
Current service cost	3.59	3.59	8.30
Benefits (paid)	(4.85)	(3.58)	(6.23)
Remeasurements on obligation [Actuarial (Gain) / Loss]	11.50	(2.13)	1.01
Closing Defined Benefit Obligation	**60.40**	**46.71**	**45.43**

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (Income) / Expense – Obligation	3.45	3.40
Interest (Income) / Expense – Plan assets	-	-
Net Interest (Income) / Expense for the period	**3.45**	**3.40**

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

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Experience (Gain) / Loss on plan liabilities	9.48	(2.13)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	2.02	-
Experience (Gain) / Loss on plan assets	-	-
Financial (Gain) / Loss on plan assets	-	-

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement for the period-Obligation (Gain)/Loss	11.50	(2.13)
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	11.50	(2.13)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

43. Gratuity and other post-employment benefit plans (Contd.):

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of obligation as at the end of the period	(60.40)	(46.71)	(45.43)
Fair value of plan assets as at the end of the period	-	-	-
Net Asset / (liability) to be recognised in balance sheet	**(60.40)**	**(46.71)**	**(45.43)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	3.59	3.59
Net Interest (Income) / Expense	3.45	3.40
Net periodic benefit cost recognised in the statement of profit and loss	**7.04**	**6.99**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net asset / (liability) recognised at the beginning of the period	(46.71)	(45.43)	(39.11)
Company contributions	-	-	-
Benefits directly paid by Company	4.85	3.58	6.23
Expense recognised at the end of period	(7.04)	(6.99)	(11.54)
Amount recognised outside profit & loss for the period	(11.50)	2.13	(1.01)
Net asset / (liability) recognised at the end of the period	**(60.40)**	**(46.71)**	**(45.43)**

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	9.82	8.51	9.57
After one year but not more than five years	32.51	26.49	27.20
After five years but not more than ten years	54.35	37.23	29.37

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 8.97 years

43. Gratuity and other post-employment benefit plans (Contd.):

Sensitivity analysis

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

In ₹ Million

Discount rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	64.10	49.22	47.69
Increase by 1%	57.10	44.45	43.40

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

In ₹ Million

Salary increment rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	57.54	44.47	43.72
Increase by 1%	63.55	48.82	47.30

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

In ₹ Million

Withdrawal rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	57.11	46.47	45.22
Increase by 1%	63.57	46.94	45.43

(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 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 mis match in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successful 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, 2017 (Contd.):

43. 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 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 provident fund.

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult	
Discount rate	7.20%	7.80%	7.80%
Interest Rate declared by EPFO for the year	8.65%	8.80%	8.80%
Yield Spread	0.50%	0.50%	0.50%
Expected average remaining working lives of employees (in years)	7.50*	7.62*	7.62*
Withdrawal Rate			
Age upto 30 years	12.00%	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%	8.00%
Age above 50 years	8.00%	8.00%	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, 2017	As at March 31, 2016	As at April 1, 2015
Present value of expected Interest rate shortfall as at the beginning of the period	22.64	14.40	-
Interest cost	1.77	1.12	-
Current service cost	2.48	2.30	1.79
Actuarial (Gain) / Loss on obligations	31.64	4.82	12.61
Present value of expected Interest rate shortfall as at the end of the period	**58.53**	**22.64**	**14.40**

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of plan assets as at the beginning of the period (Surplus Account)	20.97	16.58	12.09
Interest Income	1.64	1.49	1.09
Actuarial Gain / (Loss) on plan assets	3.81	2.90	3.40
Fair value of plan assets as at the end of the period (Surplus Account)	**26.42**	**20.97**	**16.58**

43. Gratuity and other post-employment benefit plans (Contd.):

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (Income) / Expense – Obligation	1.77	1.12
Interest (Income) / Expense – Plan assets	(1.64)	(1.49)
Net Interest (Income) / Expense for the period	**0.13**	**(0.37)**

Actuarial gain / loss recognised

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Actuarial (Gain) / Loss for the period – Obligation	31.64	4.82
Actuarial (Gain) / Loss for the period – Plan assets	(3.81)	(2.90)
Total (Gain) / Loss for the period	**27.83**	**1.92**
Actuarial (Gain) / Loss recognised in the period	**27.83**	**1.92**

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of expected Interest rate shortfall as at the end of the period	58.53	22.64	14.40
Fair value of the plan assets as at the end of the period (Surplus Account)	26.42	20.97	16.58
Surplus / (Deficit)	**(32.11)**	**(1.67)**	**2.18**
Net asset / (liability) recognised in the balance sheet	(32.11)	(1.67)	2.18

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement for the period-Obligation (Gain)/Loss	31.64	4.82
Remeasurement for the period-Plan assets (Gain)/Loss	(3.81)	(2.90)
Total Remeasurement cost/(credit) for the period recognised in OCI	**27.83**	**1.92**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	2.48	2.30
Net Interest (Income) / Expense	0.13	0.37
Net periodic benefit cost recognised in the statement of profit and loss	**2.61**	**2.67**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

43. Gratuity and other post-employment benefit plans (Contd.):

Overseas subsidiaries

(d) Pension plan

The subsidiaries have a defined pension plan.

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 pension plan.

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mortality table	Heubeck 2005 G	Heubeck 2005 G	Heubeck 2005 G
Discount rate	1.72% to 2.42%	1.72% to 2.42%	1.72% to 2.42%
Expected rate of return on plan assets			
Rate of increase in compensation levels	2.00%	2.00%	2.00%
Expected average remaining working lives (in years)	8.82 to 11.41	8.82 to 11.41	8.82 to 11.41
Withdrawal rate (based on grade and age of employees)			
Age upto 30 years	2.30%	2.30%	2.30%
Age 31 - 44 years	1.10%	1.10%	1.10%
Age 45 - 49 years	0.70%	0.70%	0.70%
Age above 50 years	0.30%	0.30%	0.30%

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening defined benefit obligation	765.32	776.11	560.76
Interest expense	20.36	16.87	23.69
Current service cost	24.09	25.69	20.54
Benefits paid	(16.45)	(15.26)	(8.28)
Remeasurements on obligation [Actuarial (Gain) / Loss]	92.50	(38.09)	179.40
Closing defined benefit obligation	**885.82**	**765.32**	**776.11**

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	-	-	-
Adjustment to opening balance	-	-	-
Interest Income	0.57	-	-
Contributions	0.39	-	-
Benefits paid	-	-	-
Remeasurements-Actuarial gains / (losses)	-	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	18.49	-	-
Closing fair value of plan assets	**19.45**	**-**	**-**
Actual return on plan assets	0.57	-	-

43. Gratuity and other post-employment benefit plans (Contd.):

Net interest (income/expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (Income) / Expense – Obligation	20.36	16.87
Interest (Income) / Expense – Plan assets	(0.57)	-
Net Interest (Income) / Expense for the period	19.79	16.87

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

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Financial (Gain) / Loss on plan liabilities	92.50	(38.09)

Amount recognised in statement of Other Comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Remeasurement for the period-Obligation (Gain)/Loss	92.50	(38.09)
Total Remeasurement cost/(credit) for the period recognised in OCI	92.50	(38.09)
Closing amount recognised in OCI outside profit and loss account	**92.50**	**(38.09)**

Benefit asset/ (liability)

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of defined benefit obligations	(885.82)	(765.32)	(776.11)
Fair value of plan assets	19.45	-	-
Net Asset / (liability) to be recognised in balance sheet	**(866.37)**	**(765.32)**	**(776.11)**

In addition to above, in case of certain subsidiaries actuarial liability is determined based on estimates amounting to ₹ 59.15 million (March 31, 2016: ₹ 74.42 million, April 1, 2015: ₹ 14.43 million)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	24.09	25.69
Net Interest (Income) / Expense	19.79	16.87
Net periodic benefit cost recognised in the statement of profit & loss	**43.88**	**42.56**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net asset / (liability) recognised at the beginning of the period	(765.32)	(776.11)	(560.76)
Company contributions	0.39	-	-
Benefits directly paid by Company	16.45	15.26	8.28
Expense recognised at the end of period	(43.88)	(42.56)	(44.24)
Amount recognised outside profit & loss for the period	(92.50)	38.09	(179.39)
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	18.49	-	-
Net asset / (liability) recognised at the end of the period	**(866.37)**	**(765.32)**	**(776.11)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

43. 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, 2017	As at March 31, 2016	As at April 1, 2015
Funds managed by insurer	100%	-	-

Sensitivity analysis

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 0.50%	90.84	80.80	94.15
Increase by 0.50%	79.34	70.71	81.87

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, 2017	As at March 31, 2016	As at April 1, 2015
Within the next 12 months (next annual	5.72	6.09	6.38
reporting period)	33.68	31.27	32.39
Between 2 and 5 years	101.38	97.57	91.10
Beyond 5 and 10 years	167.17	174.08	178.80
Beyond 10 years	1,234.80	1,268.79	1,359.05
Total expected payments	**1,542.75**	**1,577.80**	**1,667.72**

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 69.11 million (March 31, 2016: ₹ 56.54 million, April 1, 2015: ₹ 32.71 million) and jubilee scheme as governed by the local laws amounting to ₹ 49.95 million (March 31, 2015: ₹ 46.58 million, April 1, 2015: ₹ 39.93 million).

Indian subsidiaries

(f) Gratuity plan

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. The Plan is unfunded as on the valuation date.

43. 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 plan.

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mortality table	IALM 2006-08 Ult	IALM 2006-08 Ult	IALM 2006-08 Ult
Discount rate	7.46%	7.46%	7.77%
Expected rate of return on plan assets	8.25%	8.35%	9.00%
Rate of increase in compensation levels	6.00%	6.00%	6.00%
Expected average remaining working lives (in years)	19.79	20.50	21.35
Withdrawal rate (based on grade and age of employees)			
Age upto 30 years	3.00%	3.00%	3.00%
Age 31 - 44 years	3.00%	3.00%	3.00%
Age 45 - 50 years	3.00%	3.00%	3.00%
Age above 50 years	3.00%	3.00%	3.00%

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening defined benefit obligation	3.03	2.57	0.93
Adjustment to opening balance	-	0.68	-
Interest expense	0.65	0.37	0.25
Current service cost	0.15	0.47	0.95
Benefits paid	(0.58)	(0.22)	(0.22)
Remeasurements on obligation [actuarial (gain) / loss]	(0.25)	(0.84)	0.66
Closing defined benefit obligation	**3.00**	**3.03**	**2.57**

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	0.50	0.02	-
Adjustment to opening balance	1.61	-	0.03
Interest income	0.15	0.02	-
Contributions	0.12	0.69	0.21
Benefits paid	(0.58)	(0.22)	(0.22)
Remeasurements-actuarial gains / (losses)	-	(0.01)	-
Return on plan assets, excluding amount recognized in interest income - gain / (loss)	-	-	-
Closing fair value of plan assets	**1.80**	**0.50**	**0.02**
Actual return on plan assets	0.15	0.01	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

43. Gratuity and other post-employment benefit plans (Contd.):

Net interest (income/expense)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Interest (income) / expense – obligation	0.65	0.37
Interest (income) / expense – plan assets	(0.15)	(0.02)
Net interest (income) / expense for the period	0.50	0.35

Remeasurement for the period [Acturial (Gain)/loss)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Experience (gain) / loss on plan liabilities	-	-
Demographic (gain) / loss on plan liabilities	-	-
Financial (gain) / loss on plan liabilities	(0.25)	(0.84)
Experience (gain) / loss on plan assets	-	-
Financial (gain) / loss on plan assets	-	0.01

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Opening amount recognised in OCI outside profit and loss account	-	-
Remeasurement for the period-Obligation (Gain)/Loss	(0.25)	(0.84)
Remeasurement for the period-Plan assets (Gain)/Loss	-	0.01
Total Remeasurement cost/(credit) for the period recognised in OCI	(0.25)	(0.83)
Closing amount recognised in OCI outside profit and loss account	**(0.25)**	**(0.83)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of defined benefit obligations	(3.00)	(3.03)	(2.57)
Fair value of plan assets	1.80	0.50	0.02
Net Asset / (liability) to be recognised in balance sheet	(1.20)	(2.53)	(2.55)

In case of certain Indian subsidiaries, acturial liability is determined based on estimates amounting to ₹ 0.72 million (March 31, 2016: ₹ 0.26 million, April 1, 2015: ₹ 0.22 million)

43. Gratuity and other post-employment benefit plans (Contd.)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	0.15	0.47
Net interest (income) / expense	0.50	0.35
Net periodic benefit cost recognised in the statement of profit and loss	**0.65**	**0.82**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net asset / (liability) recognised at the beginning of the period	(2.53)	(2.55)	(0.93)
Adjustment to opening balance	1.61	(0.68)	0.03
subsidiary contributions	0.12	0.69	0.21
Expense recognised at the end of period	(0.65)	(0.82)	(1.20)
Amount recognised outside profit & loss for the period	0.25	0.83	(0.66)
Net asset / (liability) recognised at the end of the period	(1.20)	(2.53)	(2.55)

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Funds managed by insurer	100.00%	100.00%	100.00%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 100 basis point Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
8.46%	1.64	2.13	2.40
6.46%	2.07	2.29	2.76

B) Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point Present value of obligation

In ₹ Million

Salary increament rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
7.00%	2.09	2.18	2.18
5.00%	1.63	2.08	2.30

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

In ₹ Million

Withdrawal rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Decrease by 1%	2.09	2.18	2.18
Increase by 1%	1.63	2.08	2.30

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

43. Gratuity and other post-employment benefit plans (Contd.)

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

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Year ending March 31			
Within one year	0.09	0.10	0.09
After one year but not more than five years	0.45	0.44	0.42
After five years but not more than ten years	2.80	2.60	2.65
Total expected payments	3.34	3.14	3.16

44. Contingent liabilities

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Guarantees given by the Group on behalf of other companies			
Balance outstanding	348.47	353.47	1,490.86
(Maximum amount)	(348.47)	(353.47)	(1,490.86)
Claims against the Group not acknowledged as debts - to the extent ascertained * # $	210.78	187.87	162.67
Excise/Service tax demands - matters under dispute #	244.43	422.94	394.16
Customs demands - matters under dispute #	50.97	50.97	50.97
Sales tax demands - matters under dispute #	42.31	37.37	41.83
Income tax demands - matters under dispute #	55.58	100.59	55.58
Others**	230.96	241.91	1.91

* The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

** Includes contingent liability to employees as per agreed terms

The Group 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 tax expense has been accrued in the financial statements for the tax demand raised.

The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of operations.

$ 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.

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

45. Capital and other commitments

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Guarantees given by Group Bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 4,000 million (March 31, 2016: ₹ 4,000 million, April 1, 2015: ₹ 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.	2,232.14	1,442.45	958.50
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,176.15	1,942.41	3,166.27
(c) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	28.00	72.00	-
(d) For commitments relating to lease agreements, please refer note 46			

Performance guarantee:
The Group along with its joint venture partner has given an irrecoverable and unconditional joint undertaking to the customers of joint venture company - ALSTOM Bharat Forge Power Private Limited (ABFPPL), for transfer of technology, training, execution of steam turbines generator sets and auxiliary equipment and for successful performance of the projects awarded to ABFPPL.

46. 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 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 upto three 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, 2017	Year ended March 31, 2016
Minimum lease payments recognised in the statement of profit and loss during the year		
On cancellable leases	245.90	227.02
On non-cancellable leases	13.51	-
	259.41	**227.02**

The Group has entered into non-cancellable operating leases for building, with lease term 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 31 March are, as follows:

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Minimum lease payments recognised in the statement of profit and loss		
Within one year	4.17	-
After one year but not more than five years	1.24	-
More than five years	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

46. Leases (Contd.):
(b) Operating leases : Group as lessor

The group has entered into agreements in the nature of lease/leave and license agreement with different lessees/licensees 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.

The lease rentals received during the period is as under

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals received during the year		
On cancellable leases	4.82	6.31
On non-cancellable leases	-	-
	4.82	6.31

(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

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	66.05	62.29	44.71	39.29	58.19	54.76
After one year but not more than five years	147.08	140.99	189.56	180.17	101.54	96.59
More than five years	19.79	19.62	40.07	39.31	7.29	7.19
Total Minimum Lease Payments (MLP)	**232.92**	**222.90**	**274.34**	**258.77**	**167.02**	**158.54**
Less: Finance charges	10.02	-	15.57	-	8.48	-
Present value of Minimum Lease Payments	**222.90**	**222.90**	**258.77**	**258.77**	**158.54**	**158.54**

47. Deferral/Capitalisation of exchange differences
The Group has availed the option under Ind AS 101 para D13AA, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements on the date of transition.

Accordingly foreign exchange gain/(loss) adjusted against:

In ₹ Million

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cost of the assets / capital work in progress	157.60	(474.34)	(226.59)
FCMITDA	141.07	(441.06)	(243.96)
Amortized in the current year	(331.35)	(402.85)	(254.38)

48. 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, 2017	As at March 31, 2016	As at April 1, 2015
BF Utilities Limited #			
Balance outstanding as at March 31	75.00	75.00	75.00
Maximum amount outstanding during the year	75.00	75.00	75.00

Receivable in 3 years from the date of origination of loan

49. Expenditure on research and development

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
A. On revenue account		
Manufacturing expenses:		
Materials	2.47	9.23
Stores, spares and tools consumed	31.58	34.12
Repairs and maintenance		
- Machinery repairs	9.23	8.85
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, Contribution to provident and other funds		
and schemes etc.	195.37	233.16
Other expenses:		
Legal and professional charges	6.78	1.94
Membership fees	2.60	-
EDP expenses	9.41	14.85
Other expenses	53.49	55.54
Total	**310.93**	**357.69**
B. On capital account	**22.44**	**51.77**
Total research and development expenditure *	**333.37**	**409.46**

* Above expenditures are related to approved R&D facilities of the Group. In addition to above the Group has incurred ₹ 1.00 Million on revenue account and on capital account (March 31, 2016: ₹ 13.28 Million on revenue account and ₹ 0.16 Million on capital account) for R&D Centres which are in the process of approval with DSIR.

50. 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, 2017	Year ended March 31, 2016	Year ended April 1, 2015
BF Utilities Limited	General corporate purpose *	10.00%	75.00	75.00	75.00

* Receivable in 3 years from the date of origination of loan

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

51. Disclosure pursuant to Indian Accounting Standard (Ind AS) 11 "Construction contracts"

In ₹ Million

	Year ended March 31, 2017	Year ended March 31, 2016
Contract revenue recognised during the period	41.02	1.74
In respect of contracts in progress as at March 31:		
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	20.62	80.24

	March 31, 2017	March 31, 2016	April 1, 2015
Amount of customer advances outstanding for contracts in progress up to the reporting date	-	1.70	14.90
Retention amount due from customers for contracts in progress up to the reporting date	12.01	11.78	5.87
Due from customers #	-	5.38	4.07
Due to customers *	1.37	12.85	20.70

Included in trade receivables

* Included in advance from customers

52. Related party disclosures

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

Related parties with whom transactions have taken place during the current year and previous year

Associates	Ferrovia Transrail Solutions Private Limited (Investment through wholly owned subsidiary), India Hospet Bellary Highways Private Limited (Investment through wholly owned subsidiary), India
Joint Ventures	ALSTOM Bharat Forge Power Private Limited, India (up to March 24, 2017) BF NTPC Energy Systems Limited, India David Brown Bharat Forge Gear Systems India Limited, India (up to September 30, 2015) BF Premier Energy Systems Private Limited, India
Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures	Kalyani Carpenter Special Steels Private Limited, India (up to August 4, 2016) Kalyani Steels Limited, India BF Utilities Limited, India Automotive Axles Limited, India Khed Economic Infrastructure Private Limited, India Kalyani Maxion Wheels Private Limited, India Daimler India Commercial Vehicles Private Limited, India (w.e.f. May 19, 2016) ALSTOM Holdings, France GE Power India Limited (formally known as ALSTOM India Limited), India GE India Industrial Private Limited, India ALSTOM POWER INC., USA GE India Industrial Pvt Ltd, India General Electric Energy UK Limited, UK General Electric Switz, Switzerland General Electric Technology GmbH (formerly known as ALSTOM Technology Limited), Germany General Electric (Switzerland) GmbH (formerly known as ALSTOM Switzerland Limited), Switzerland GE Power AG (formerly known as ALSTOM Power GMBH), Germany GE Power SP Z.O.O. (formerly known as ALSTOM Power SP ZOO), Poland ALSTOM Service Sdn Bhd, Malaysia ALSTOM Asia Pacific Sdn Bhd, Malaysia ALSTOM Beizhong Power (Beijing) Co, China ALSTOM Power Italia S.P.A., Italy ALSTOM T&D India Limited, India Thermodyn S.A.S., France ALSTOM Grid SAS, France Alstom Middle East Fze, Dubai (UAE) ALSTOM Technologie AG, Germany ALSTOM Power Systems SA, France ALSTOM Power Systems, France ALSTOM Support, France ALSTOM China Investment Co. Ltd, China ALSTOM S&E Africa (PTY), South Africa
Joint Ventures of fellow subsidiary	Elbit Systems Land and C4I Limited, India
Enterprises having common Key Management Personnel	Integrated Clean Room Technologies Limited, India

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

52. Related party disclosures (Contd.):

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

Key management personnel (including subsidiaries/associates/joint ventures)	Mr. B. N. Kalyani Mr. A. B. Kalyani Mr. G. K. Agarwal Mr. B. P. Kalyani Mr. S. E. Tandale Mr. K. M. Saletore Mr. A. C. Daga (up to July 15, 2016) Ms. Tejaswini R. Chaudhari (w.e.f. July 16, 2016) Mr. Nirjhar Sarkar Mr. Rajesh Mahapatra Mr. Alain Spohr Mr. K. R. Radhakrishnan Mr. Andreas Lusch Mr. Philippe Chochet Mr. Vijay Kumar Neginal Mr. Venkatesh Subramanyam Mr. Deepak Bedekar Mr. Rajkumar Mishra Mr. K. Padmanabham Mr. T. V. Prasad Mr. Jagmohan Bijalwan Mr. P. G. Pawar Mr. S. M. Thakore Mrs. Lalita D. Gupte Mr. P. H. Ravikumar Mr. P. C. Bhalerao Mr. Naresh Narad Dr. T. Mukherjee Mr. Vimal Bhandari Mr. Sandeep Kapoor
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

Transactions and balances less than 10% of the total transactions and balances disclosed as “Others”

52. 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, 2017	Year ended March 31, 2016
1.	**Purchase of raw materials**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	2,576.89	8,963.24
		Kalyani Steels Limited, India	3,995.07	3,586.71
		GE Power AG	14.92	190.66
		Others	558.09	1,343.35
			7,144.97	**14,083.96**
2.	**Other Expenses**			
	- Power, fuel and water	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		BF Utilities Limited, India	114.91	190.58
			114.91	**190.58**
	- Rent	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	0.04	0.13
		Automotive Axles Limited, India	0.16	-
		GE Power India Limited, India	47.48	43.49
			47.68	**43.62**
		Relatives of directors and other directors		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	-Directors' fees and travelling expenses	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	0.70	0.53
		Mr. S. M. Thakore	0.81	0.55
		Mrs. Lalita D. Gupte	0.22	0.30
		Mr. P. H. Ravikumar	0.63	0.50
		Mr. P. C. Bhalerao	0.68	0.75
		Mr. Vimal Bhandari	0.59	0.20
		Mr. Naresh Narad	0.29	0.20
		Dr. T. Mukherjee	0.49	0.20
			4.41	**3.23**
	-Commission to directors other than managing and whole time directors	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.40	1.05
		Mr. S. M. Thakore	1.15	1.10
		Mrs. Lalita D. Gupte	0.45	0.60
		Mr. P. H. Ravikumar	0.80	1.00
		Mr. P. C. Bhalerao	1.35	1.50
		Mr. Naresh Narad	0.50	0.40
		Dr. T. Mukherjee	0.40	0.40
		Mr. Vimal Bhandari	0.65	0.40
			6.70	**6.45**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

52. 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, 2017	Year ended March 31, 2016
	-Project Cost	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		General Electric (Switzerland) GmbH	12.86	28.10
		General Electric Technology GmbH	-	11.93
		GE Power SP Z.O.O.	-	7.03
		Others	1.87	1.29
			14.73	**48.35**
	-IT/Software/Hardware Cost	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		General Electric (Switzerland) GmbH	19.95	26.14
		GE Power India Limited, India	11.01	14.66
			30.96	**40.80**
	-Purchase of engineering sevices	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		GE Power India Limited, India	122.26	4.62
		General Electric (Switzerland) GmbH	5.49	5.10
		GE Power SP Z.O.O.	7.89	4.67
		ALSTOM Power Systems SA	7.46	6.23
		GE Power AG	0.90	17.26
		Others	2.84	3.43
			146.84	**41.31**
	-Royalty fees	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		General Electric Technology GmbH	34.67	4.90
			34.67	**4.90**
	-Interest on loan taken	**Enterprises having common Key Management Personnel**		
		Integrated Clean Room Technologies Limited, India	0.30	0.30
			0.30	**0.30**
		Key managerial personnel		
		Mr. T. V. Prasad	0.69	0.69
			0.69	0.69
	-Support Services for Transportation	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		General Electric (Switzerland) GmbH	9.80	63.79
		Others	-	1.46
			9.80	**65.25**
			411.87	**445.66**

52. 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, 2017	Year ended March 31, 2016
3.	**Sale of products (net of returns, rebates etc.)**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	450.02	1,658.86
		Daimler India Commercial Vehicles Private Limited	223.38	-
		Automotive Axles Limited, India	268.22	172.99
		Kalyani Steels Limited, India	5.62	13.80
			947.24	**1,845.65**
		Joint Venture		
		ALSTOM Bharat Forge Power Private Limited	7.83	10.04
			7.83	**10.04**
4.	Sale of Services	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		Automotive Axles Limited, India	167.77	130.52
		Kalyani Carpenter Special Steels Private Limited, India	9.21	23.25
			176.98	**153.77**
		Joint Venture		
		ALSTOM Bharat Forge Power Private Limited	-	0.39
		BF NTPC Energy Systems Limited	0.60	0.60
			0.60	**0.99**
		Associates		
		Ferrovia Transrail Solutions Private Limited, India	**-**	4.24
			-	**4.24**
5.	**Project revenue**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		ALSTOM Power Systems	-	3.69
		GE Power India Limited, India	513.38	3.60
		ALSTOM Service Sdn Bhd	2.80	3.42
		ALSTOM Power System SA, France	1.72	2.64
		ALSTOM S&E Africa (PTY)	2.43	1.55
		ALSTOM Beizhong Power (Beijing) Co.	-	0.08
		Others	2.01	0.33
			522.34	**15.31**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

52. 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, 2017	Year ended March 31, 2016
6.	**Other income**			
	-Rent	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		Kalyani Maxion Wheels Limited	0.05	-
			0.05	**-**
7.	**Finance provided:**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
	-Investments	Khed Economic Infrastructure Private Limited	173.16	-
			173.16	**-**
		Joint ventures		
		BF NTPC Energy Systems Limited	7.19	-
			7.19	**-**
	Loans	**Key managerial personnel**		
		Mr. K. Padmanabham	-	3.45
		Mr. T. V. Prasad	-	0.50
			-	**3.95**
8.	**Proceeds from loan given**	**Key managerial personnel**		
		Mr. K. Padmanabham	-	3.45
		Mr. T. V. Prasad	-	0.50
			-	**3.95**
9.	**Interest accrued**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		Kalyani Steels Limited, India	20.22	22.56
		BF Utilities Limited, India	7.50	7.50
			27.72	**30.06**
10.	**Advance from customers**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		GE Power India Limited, India	296.41	192.38
		Others	6.95	1.19
			303.36	**193.57**
11.	**Advance given to vendors**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**		
		ALSTOM Beizhong Power (Beijing) Co.	1.15	62.76
		GE Power India Limited, India	109.41	40.45
		ALSTOM T&D India Limited	49.57	-
		GE Power Sp.z.o.o.	-	13.39
		Others	-	8.86
			160.13	**125.46**

Notes forming part of Consolidated Financial Statements

For the year ended March 31, 2017 (Contd.):

52. 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, 2017	Year ended March 31, 2016
		Joint ventures		
		BF NTPC Energy Systems Limited	0.74	11.67
			0.74	**11.67**
		Associates		
		Ferrovia Transrail Solutions Private Limited, India	311.99	249.31
			311.99	**249.31**
12.	**Managerial remuneration**	**Key management personnel**		
		Mr. B. N. Kalyani	150.92	141.71
		Mr. A. B. Kalyani	43.95	42.65
		Mr. G. K. Agarwal	44.30	43.27
		Mr. S. E. Tandale	34.10	32.78
		Mr. B. P. Kalyani	32.18	30.65
		Mr. K. M. Saletore	24.16	23.70
		Mr. A. C. Daga	1.32	4.12
		Ms. Tejaswini R. Chaudhari	1.50	-
		Mr. Jagmohan Bijalwan	-	-
		Mr. Vijay Kumar Neginal	-	0.45
		MR. Rajkumar Mishra	-	0.47
		Mr. Deepak Bedekar	-	0.26
		Mr. Alain Spohr	7.19	19.56
		Mr. Nirjhar Sarkar	4.12	3.91
		Mr. Rajesh Mahapatra	1.93	1.82
		Mr. Venkatesh Subramanyam	-	-
		Mr. K. Padmanabham	1.25	1.50
		Mr. T. V. Prasad	-	1.38
			346.92	**348.23**
13.	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.12	0.45
		Mr. A. B. Kalyani	1.05	4.03
		Mr. G. K. Agarwal	0.01	0.03
		Mr. B. P. Kalyani	0.01	0.04
		Mr. S. M. Thakore	0.04	-
		Mr. P. H. Ravikumar	0.01	-
			1.24	**4.55**
		Relatives of directors and other directors		
		Mr. G. N. Kalyani	1.04	3.97
		Others	0.22	0.07
			1.26	**4.04**
			2.50	**8.59**

The above disclosure does not include reimbursement of expenses paid or received.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

52. Related party disclosures (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2017	As at March 31,2016	As at April 1, 2015
1.	**Trade payables**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		GE Power AG	-	1,503.48	928.01
		Kalyani Carpenter Special Steels Private Limited, India	-	911.40	2,277.34
		Kalyani Steels Limited, India	292.78	14.61	(341.75)
		ALSTOM Beizhong Power (Beijing) Co	-	426.12	6.57
		BF Utilities Limited	103.30	6.88	0.78
		Others	-	441.59	207.25
			396.08	**3,304.08**	**3,078.20**
		Enterprises having common Key Management Personnel			
		Integrated Clean Room Technologies Limited, India	0.11	1.06	0.79
			0.11	**1.06**	**0.79**
		Associates			
		Ferrovia Transrail Solutions Private Limited, India	-	4.24	-
			-	4.24	-
			396.19	**3,309.38**	**3,078.99**
2.	**Trade receivable**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		Kalyani Carpenter Special Steels Private Limited, India	-	444.37	584.82
		Automotive Axles Limited, India	175.81	100.66	41.71
		Daimler India Commercial Vehicles Private Limited	70.82	-	-
		Kalyani Steels Ltd.	1.51	0.76	0.34
		Kalyani Maxion Wheels Private Limited	0.29	-	-
		Others	1.51	32.64	18.51
			249.94	**578.43**	**645.38**
		Joint ventures			
		ALSTOM Bharat Forge Power Private Limited	1.11	2.18	-
		David Brown Bharat Forge Gear Systems India Limited	-	-	2.66
			1.11	**2.18**	**2.66**
3.	**Non-current investments**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		Khed Economic Infrastructure Private Limited	524.71	210.68	210.68
			524.71	**210.68**	**210.68**
		Joint ventures			
		ALSTOM Bharat Forge Power Limited	-	849.16	588.20
		BF Premier Energy Systems Pvt. Ltd.	-	-	-
		David Brown Bharat Forge Gear Limited	-	-	33.62
		BF NTPC Energy Systems Limited	-	-	-
			-	**849.16**	**621.82**

52. Related party disclosures (Contd.):

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

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2017	As at March 31,2016	As at April 1, 2015
		Associates			
		Ferrovia Transrail Solutions Private Limited	0.08	0.05	0.04
		Hospet Bellary Highways Private Limited	0.05	0.04	-
			0.13	**0.09**	**0.04**
4.	**Loans**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		BF Utilities Limited, India	75.00	75.00	75.00
			75.00	**75.00**	**75.00**
5.	**Security deposits**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		BF Utilities Limited, India	210.00	210.00	210.00
			210.00	**210.00**	**210.00**
6.	**Short term loans and Advances**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		ALSTOM India Limited, India	-	103.47	104.86
		ALSTOM Beizhong Power (Beijing) Co	-	82.77	152.00
		Thermodyn S.A.S.	-	79.75	-
		GE Power AG	-	16.22	36.70
		Others	-	29.81	15.26
			-	**312.02**	**308.82**
7.	**Advance to suppliers**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		BF Utilities Limited, India	30.00	-	-
			30.00	**-**	**-**
8.	**Interest accured**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		Kalyani Steels Limited, India	10.10	-	4.99
		BF Utilities Limited, India	7.50	-	1.10
			17.60	**-**	**6.09**
		Enterprises having common Key Management Personnel			
		Integrated Clean Room Technologies Limited, India	1.22	0.94	2.00
			1.22	**0.94**	**2.00**
9.	**Loan taken**	**Enterprises having common Key Management Personnel**			
		Integrated Clean Room Technologies Limited, India	2.00	2.00	2.00
			2.00	**2.00**	**2.00**
		Key management personnel (including subsidiaries / joint ventures)			
		Mr. T. V. Prasad	4.62	4.62	4.62
			4.62	**4.62**	**4.62**
10.	**Advance from customers**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures**			
		ALSTOM India Limited, India	-	192.38	-
		Automotive Axles Limited, India	8.14	1.19	8.57
			8.14	193.57	8.57

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

52. Related party disclosures (Contd.):

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

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2017	As at March 31,2016	As at April 1, 2015
11.	**Managerial remuneration payable***	**Key management personnel**			
		Mr. B. N. Kalyani	79.00	73.00	120.00
		Mr. A. B. Kalyani	13.00	12.00	24.00
		Mr. G. K. Agarwal	13.00	12.00	24.00
		Mr. S. E. Tandale	17.00	16.00	25.00
		Mr. B. P. Kalyani	17.00	15.50	24.00
		Mr. K. M. Saletore	11.00	10.50	17.00
		Mr. T. V. Prasad	-	1.58	-
		Mr. K. Padmanabham	0.84	0.17	-
			150.84	**140.75**	**234.00**
12.	**Commission to directors other than managing and whole time directors**	**Relatives of directors and other directors**			
		Mr. P. G. Pawar	1.40	1.05	1.85
		Mr. S. M. Thakore	1.15	1.10	1.40
		Mrs. Lalita D. Gupte	0.45	0.60	0.90
		Mr. P. H. Ravikumar	0.80	1.00	1.60
		Mr. P. C. Bhalerao	1.35	1.50	1.05
		Mr. Naresh Narad	0.50	0.40	0.90
		Dr. T. Mukherjee	0.40	0.40	0.90
		Mr. Vimal Bhandari	0.65	0.40	1.00
		Mr. S. K. Chaturvedi	-	-	0.40
			6.70	**6.45**	**10.00**

* 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 and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2017 the Group has not recorded any impairment of receivables relating to amount owed by related parties (March 31, 2016 : Nil, April 1, 2015 : 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.

The Group has various welfare trusts to administer the post employment benefits for its employees which includes Bharat Forge Co. Ltd. Educational Welfare Trust No. II (and various 40 other trusts). Further the Group operates various defined benefit plans by way of gratuity trusts, provident fund trusts etc., for details of contribution to such trusts refer note 43.

The Company has various welfare trusts to administer the long term benefits for its employees. Further the Company operates defined benefit plans by way of gratuity trusts, provident fund trusts etc. For details also refer note 43.

53. 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 unconsolidated 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 has identified its reporting segments as "Forgings", "Projects (Capital goods)" and "Others" which represents the Group businesses not covered in Forgings and Projects (Capital goods) segment. The Chairman is the chief operation decision maker. The Chief operating decision makers monitors the operating results of the business units separately based on the above segments for the purpose of making decisions about resource allocation and performance assessment. Each segment's performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating segments, if any, are on an arm's length basis in a manner similar to transactions with third parties.

The "Forgings" segment produces and sells steel forging products comprising of forgings, finished machined crankshafts, front axle assembly and components and ring rolling etc. The "Projects (Capital goods)" includes engineering, procurement and commissioning business for power related projects. "Others" primarily include infrastructure projects & other activities.

No operating segments have been aggregated to form the above reportable operating segments

In ₹ Million

Sr. No.		March 31, 2017	March 31, 2016
1	**Segment revenue**		
a	Forgings	65,788.55	69,743.07
b	Projects (capital goods)	-	8,593.26
c	Others	257.68	420.93
d	Discontinued operations	3,002.86	-
e	Unallocable	-	-
	Total	**69,049.09**	**78,757.26**
	Adjustments and eliminations	(3,067.53)	(8,741.70)
	Revenue from operations	**65,981.56**	**70,015.56**
2	**Segment results**		
a	Forgings	9,561.31	11,895.72
b	Projects (capital goods)	-	698.65
c	Others	(73.52)	(28.90)
d	Discontinued operations	1,104.66	(0.36)
	Total segment profits	**10,592.45**	**12,565.11**
	Less: Finance cost from continuing operations	(999.60)	(1,513.38)
	Less: Finance cost from discontinued operations	(599.23)	(0.02)
	Less: Other un-allocable expenditure net off un-allocable income	(285.07)	(1,642.31)
	Add: Exceptional items	1,284.34	54.69
	Total profits before tax and exceptional items	**9,992.89**	**9,464.09**
	Adjustments and eliminations	(525.21)	193.94
	Consolidated	**9,467.68**	**9,658.03**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

53. Segment Information (Contd.):

In ₹ Million

Sr. No.		March 31, 2017	March 31, 2016
3	**Segment income/(expense)**		
3.1	Depreciation and amortisation		
a	Forgings	4,442.02	4,218.64
b	Projects (capital goods)	-	150.88
c	All other segements	79.31	80.86
d	Discontinued operations	303.68	0.31
e	Unallocable	-	233.44
	Total segments	**4,825.01**	**4,684.13**
	Adjustments and eliminations (relates to discontinued operations & others)	(304.54)	(154.37)
	Consolidated	**4,520.47**	**4,529.76**
3.2	Income tax expense/income		
a	Forgings	2,491.46	3,163.83
b	Projects (capital goods)	-	(11.32)
c	All other segements	(0.03)	0.93
d	Discontinued operations	374.26	-
	Total segments	**2,865.69**	**3,153.44**
	Adjustments and eliminations	(374.02)	11.32
	Consolidated	**2,491.67**	**3,164.76**
3.3	Share of profit of an associate and a joint venture (including discontinued operations		
a	Forgings	-	-
b	Projects (Capital goods)	-	260.70
c	All other segements	0.20	-
d	Discontinued operations	131.17	(0.37)
	Total segments	**131.37**	**260.33**

In ₹ Million

Sr. No.		March 31, 2017	March 31, 2016	April 1, 2015
4	**Segment assets**			
a	Forgings	69,805.97	60,646.89	62,511.86
b	Projects (Capital goods)	-	14,703.79	10,495.37
c	Others	1,926.90	2,126.57	1,629.21
d	Discontinued operations	-	-	-
e	Unallocable	16,705.19	20,435.67	17,369.32
	Total	**88,438.06**	**97,912.92**	**92,005.76**
	Adjustments and eliminations	(30.62)	(14,993.33)	(10,413.54)
	Consolidated	**88,407.44**	**82,919.59**	**81,592.22**

53. Segment Information (Contd.):

In ₹ Million

Sr. No.		March 31, 2017	March 31, 2016	April 1, 2015
5	**Segment liabilities**			
a	Forgings	11,806.80	8,035.48	11,117.26
b	Projects (Capital goods)	-	5,694.14	7,567.92
c	Others	662.09	709.60	366.41
d	Discontinued operations	-	-	-
e	Unallocable	3,517.80	7,029.53	4,900.56
	Total	**15,986.69**	**21,468.75**	**23,952.15**
	Adjustments and eliminations	(46.90)	(6,174.79)	(7,577.39)
	Consolidated	**15,939.79**	**15,293.96**	**16,374.76**
	Capital employed	**72,467.65**	**67,625.63**	**65,217.46**
6	**Other disclosures**			
6.1	Investments in associates and joint ventures			
a	Forgings	-	-	0.30
b	Projects (capital goods)	-	849.16	588.20
c	All other segements	0.13	0.59	34.16
	Total segments	**0.13**	**849.75**	**622.66**
	Adjustments and eliminations	-	-	-
	Consolidated	**0.13**	**849.75**	**622.66**

In ₹ Million

Sr. No.		March 31, 2017	March 31, 2016
6.2	**Capital expenditure for the year**		
a	Forgings	6,098.98	7,051.59
b	Projects (capital goods)	-	4,271.19
c	All other segements	0.57	35.59
d	Unallocable	-	1,989.47
e	Discontinued operations	765.67	-
	Total segments	**6,865.22**	**13,347.84**
	Adjustments and eliminations	(765.67)	(4,325.75)
	Consolidated	**6,099.55**	**9,022.09**

In ₹ Million

Sr. No.		March 31, 2017	March 31, 2016
7	**Information in respect of geographical areas**		
7.1	Segment revenue from external customers		
a	Within India	20,525.57	20,982.32
b	Outside India	45,455.99	49,033.24
	Total	**65,981.56**	**70,015.56**

The revenue information above is based on location of the customers

In ₹ Million

Sr. No.		March 31, 2017	March 31, 2016	April 1, 2015
7.2	**Segment non-current assets**			
a	Within India	34,491.42	30,235.27	26,075.37
b	Outside India	9,726.45	9,096.21	7,171.60
	Total	**44,217.87**	**39,331.48**	**33,246.97**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

53. Segment Information (Contd.):

Reconciliations to amounts reflected in the financial statements

Inter-segment revenues are eliminated upon consolidation. All adjustments and eliminations are part of detailed reconciliations presented further below.

In ₹ Million

	March 31, 2017	March 31, 2016
Reconciliation of Revenues		
Segment Revenue	**69,049.09**	**78,757.26**
Less: Revenue from discontinued operations	3,002.86	12.13
Less: Revenue from joint ventures and associates	64.67	8,729.57
Total Revenue	**65,981.56**	**70,015.56**
Reconciliation of Results		
Segment Results	**9,992.89**	**9,464.09**
Less: Results from discontinued operations	505.32	(0.34)
Less: Results from joint ventures and associates	19.89	(193.60)
Total Results	**9,467.68**	**9,658.03**
Reconciliation of Depreciation and amortisation		
Depreciation and amortisation	**4,825.01**	**4,684.13**
Less: Depreciation and amortisation from discontinued operations	303.68	0.31
Less:Depreciation and amortisation from joint ventures and associates	0.86	154.06
Total Depreciation and amortisation	**4,520.47**	**4,529.76**
Reconciliation of Income tax expense/income		
Income tax expense/income	**2,865.69**	**3,153.44**
Less: Income tax expense/income from discontinued operations	374.26	-
Less:Income tax expense/income from joint ventures and associates	(0.24)	(11.32)
Total Income tax expense/income	**2,491.67**	**3,164.76**

Reconciliation of Assets

In ₹ Million

	March 31, 2017	March 31, 2016	April 1, 2015
Segment Assets	**88,438.06**	**97,912.92**	**92,005.76**
Less: Assets pertaining to joint ventures and associates	30.62	14,993.33	10,409.65
Less: Assets pertaining to discontinued operations	-	-	3.89
Total Assets	**88,407.44**	**82,919.59**	**81,592.22**

Reconciliation of Liabilities

In ₹ Million

	March 31, 2017	March 31, 2016	April 1, 2015
Segment Liabilities	**15,986.69**	**21,468.75**	**23,952.15**
Less: Liabilities pertaining to joint ventures and associates	46.90	6,174.79	7,571.32
Less: Liabilities pertaining to discontinued operations	-	-	6.07
Total Liabilities	**15,939.79**	**15,293.96**	**16,374.76**

53. Segment Information (Contd.):

Reconciliation of Capital expenditure

In ₹ Million

	March 31, 2017	March 31, 2016
Segment Capital expenditure	**6,865.22**	**13,347.84**
Less: Capital expenditure pertaining to joint ventures and associates	-	4,325.75
Less: Capital expenditure pertaining to discontinued operations	765.67	-
Total Capital expenditure	**6,099.55**	**9,022.09**

54. Hedging activities and derivatives

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.

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

	March 31, 2017		March 31, 2016		April 1, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments	3,526.86	-	1,754.9	-	5,260.46	-

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 or loss. Notional amounts of outstanding forward contracts are as follows

In ₹ Million

Nature of instrument	Currency	Purpose	March 31, 2017		March 31, 2016		April 1, 2015	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	398.11	29,533.80	480.11	31,807.29	567.10	35,438.08
Forward Contracts	EUR	Hedging of highly probable sales	83.40	7,633.74	123.77	9,328.77	201.92	13,567.21

The cash flow hedges of the expected future sales during the year ended March 31, 2017 were assessed to be highly effective and a net unrealised gain of ₹ 3,377.78 million, with a deferred tax liability of ₹ 1,168.98 million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended March 31, 2016 were assessed to be highly effective and an unrealised gain of ₹ 1,694.12 million with a deferred tax liability of ₹ 586.30 million was included in OCI in respect of these contracts

The amount removed from OCI during the year and included in the carrying amount of the hedging items as a basis adjustment for the year ended March 31, 2017 is detailed in Note 34, totalling ₹ 872.70 million (net of deferred tax) (March 31, 2016: ₹ 2,139.59 million). The amounts retained in OCI at March 31, 2017 are expected to mature and affect the statement of profit and loss till year ended March 31, 2020.

Reclassifications to statement of profit and loss during the year gains or losses included in OCI are shown in note 34.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

55. 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, 2017 which is also the date of valuation unless otherwise stated.

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	-	-	524.71
Gupta Energy Private Limited	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	79.50	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3,526.86	-
Financial assets at FVTPL			
Unquoted funds			
Investments in private equity fund	-	72.79	-
Investments in mutual funds	-	10386.78	-
Quoted funds			
Investments in mutual funds	851.67	-	-

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2016:

In ₹ million

Particulars	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	-	-	250.29
Gupta Energy Private Limited	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	90.63	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	1,754.90	-
Financial assets at FVTPL			
Unquoted funds			
Investments in private equity fund	-	26.07	-
Investments in mutual funds	-	7,231.26	-
Quoted funds			
Investments in mutual funds	401.12	-	-

55. Fair value hierarchy (Contd.):

Quantitative disclosure fair value measurement hierarchy for assets as at April 1, 2015:

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	-	-	315.6
Gupta Energy Private Limited	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	115.55	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	5,260.46	-
Financial assets at FVTPL			
Unquoted funds			
Investments in private equity fund	-	-	-
Investments in mutual funds	-	4,404.21	-
Quoted funds			
Investments in mutual funds	160.42	-	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2017 and March 31, 2016.

56. 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, 2017, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ million

	Carrying value			Fair Value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
(i) Investments	3,683.79	773.11	436.15	3,683.79	773.11	436.15
(ii) Loans	37.64	127.85	88.84	37.64	127.85	88.84
(iii) Trade receivables	8.07	20.87	-	8.07	20.87	-
(iv) Derivative instruments	1,564.89	600.58	1,837.83	1,564.89	600.58	1,837.83
(v) Other non-current financial assets	359.94	370.85	261.68	359.94	370.85	261.68
Total Financial assets	**5,654.33**	**1,893.26**	**2,624.50**	**5,654.33**	**1,893.26**	**2,624.50**
(i) Borrowings	10,590.70	16,381.41	16,601.45	10,590.70	16,381.41	16,601.45
Total Financial liabilities	**10,590.70**	**16,381.41**	**16,601.45**	**10,590.70**	**16,381.41**	**16,601.45**

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 recievables approximate their carrying amounts largely due to 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

56. Financial Instruments by category (Contd.):

(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 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 31 March 2017, 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 fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own nonperformance risk as at March 31, 2017 was assessed to be insignificant.

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, 2017 are as shown below

	Valuation technique	"Significant unobservable inputs"	"Range (weighted average)"	"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, 2017: ₹ 9.30 million to ₹ 12.60 million /acre (Weighted average: ₹ 10.70 million/acre.) March 31, 2016: ₹ 8.80 million to ₹ 12.60 million/acre (Weighted average: ₹ 10.40 million/acre.) April 1, 2015: ₹ 8.80 million to Rs. 12.60 million/acre (Weighted average: ₹ 10.40 million/acre.)	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.45 (March 31, 2016: ₹ 1.54, April 1, 2015: ₹ 1.54).
		Estimated realization rates for undeveloped Land	Not Applicable	

The Group has an investment in equity instrument of Gupta Energy Private Limited ("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 Group has made attempts to obtain latest information for the purpose of valuation. However, such information is not availabe 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 in Nil as at April 1, 2015.

56. Financial Instruments by category (Contd.):

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited
As at April 1, 2015	315.60	-
Remeasurement recognised in OCI	(65.31)	-
Purchases	-	-
Sales	-	-
As at March 31, 2016	250.29	-
Remeasurement recognised in OCI	101.26	-
Purchases	173.16	-
Sales		
As at March 31, 2017	524.71	-

57. 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. All 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, 2017 and March 31, 2016.
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, 2017.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations and provisions.

The following 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, 2017 and March 31, 2016 including the effect of hedge accounting

57. Financial risk management objectives and policies (Contd.):

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.

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 reference to an agreed-upon notional principal amount. However, there were no interest rates swaps entered in to by the Group during any of the periods reported. At March 31, 2017, the Group's entire long term borrowings are at a floating rate of interest (March 31, 2016: 91%).

Interest rate sensitivity

The Group's total interest cost the year ended March 31, 2017 was ₹ 999.62 million and for year ended March 31, 2016 was ₹ 1,159.60 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 borrowings, as follows:

	Change in basis points	Effect on profit before tax and equity (In ₹ Million)
March 31, 2017		
USD	50	72.47
EUR	+50	18.67
EUR*	-50	-
GBP	+50	2.76
March 31, 2016		
USD	50	82.83
EUR	50	11.50
GBP	50	3.46

*During the year, EURIBOR was trading in negative zone and Euro borrowings were floored at zero.

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 and long term foreign currency borrowings.

57. Financial risk management objectives and policies (Contd.):

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.

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.

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 impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in FC/INR rate	Effect on profit before tax and equity (₹ million)
31 March, 2017		
	USD 1	175.79
	EUR 1	19.55
31 March, 2016		
	USD 1	210.02
	EUR 1	44.52

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

As the Group has a back to back pass through arrangements for volatility in raw material prices there is no impact on the profit and loss and equity of the Group.

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 ₹ 597.50 million. Sensitivity analysis of these investments have been provided in Note 56.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 79.50 million. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 7.95 million on the OCI or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

57. Financial risk management objectives and policies (Contd.):

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, 2017, receivable from the Group's top 5 customers accounted for approximately 32% (March 31, 2016: 26%) 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. 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 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, 2017 and March 31, 2016 is the carrying amounts as illustrated in the respective notes except for financial guarantees and derivative financial instruments. The Group's maximum exposure relating to financial guarantees and financial derivative instruments is noted in Note 44 and the liquidity table below.

Liquidity risk

Cash flow forecasting is performed by Treasury function. Treasury monitors rolling forecasts of the Group'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 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 ₹ 11,238.45 million (March 31, 2016: ₹ 7,632.38 million, April 1, 2015:₹ 6,564.63 million) and other liquid assets of ₹ 3,360.82 million (March 31, 2016: ₹ 4,492.93 million, April 1, 2015: ₹ 4,235.49 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 loans.

57. 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, 2017				
Borrowings	12,251.45	10,533.73	56.97	**22,842.15**
Trade and other payables	8,463.34	-	-	**8,463.34**
Other financial liabilities	9,343.00	6.4	-	**9,349.40**
	30,057.79	**10,540.13**	**56.97**	**40,654.89**
March 31, 2016				
Borrowings	13,052.17	16,291.81	89.60	**29,433.58**
Trade and other payables	8,372.05	-	-	**8,372.05**
Other financial liabilities	5,010.88	2.67	-	**5,013.55**
	26,435.10	**16,294.48**	**89.60**	**42,819.18**
April 1, 2015				
Borrowings	14,327.51	16,601.45	-	30,928.96
Trade and other payables	9,025.57	-	-	9,025.57
Other financial liabilities	2,690.22	5.32	-	2,695.54
	26,043.30	**16,606.77**	**-**	**42,650.07**

58. 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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	31,240.63	33,751.69	32,747.84
Less: Cash and other liquid assets	14,465.41	12,075.94	10,800.12
Net debt	**16,775.22**	**21,675.75**	**21,947.72**
Equity	**41,264.07**	**34,089.59**	**32,469.55**
Net debt /equity Ratio	**0.40**	**0.63**	**0.68**

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, 2017 and March 31, 2016.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

59. Statutory Group Information

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, 2017	102.81	42,319.32	82.32	5,850.77	156.55	1,622.22	91.77	7,472.99
Balance as at 31 March, 2016	104.93	35,815.20	103.30	6,976.18	121.28	(2,350.37)	96.06	4,625.81
Subsidiaries								
Indian								
1) B F Infrastructure Limited								
Balance as at 31 March, 2017	0.49	200.76	(0.47)	(33.10)	(0.01)	(0.13)	(0.41)	(33.23)
Balance as at 31 March, 2016	(0.13)	(45.60)	(0.47)	(31.97)	(0.01)	0.21	(0.66)	(31.76)
2) Kalyani Strategic Systems Limited								
Balance as at 31 March, 2017	0.46	188.61	0.01	0.44	-	-	0.01	0.44
Balance as at 31 March, 2016	0.06	20.57	(0.10)	(6.98)	-	-	(0.14)	(6.98)
3) Kalyani Rafael Advanced Systems Private Limited								
Balance as at 31 March, 2017	0.48	198.28	(0.05)	(3.58)	-	-	(0.04)	(3.58)
Balance as at 31 March, 2016	(0.00)	(0.76)	(0.03)	(2.26)	-	-	(0.05)	(2.26)
4) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2017	(0.20)	(81.98)	(0.14)	(10.29)	-	-	(0.13)	(10.29)
Balance as at 31 March, 2016	(0.21)	(71.75)	(0.37)	(25.01)	-	-	(0.52)	(25.01)
5) Analogic Controls India Limited								
Balance as at 31 March, 2017	(0.43)	(178.83)	(0.71)	(50.35)	0.03	0.32	(0.61)	(50.03)
Balance as at 31 March, 2016	(0.38)	(128.80)	(0.97)	(65.43)	(0.03)	0.55	(1.35)	(64.88)
6) BFIL - CEC JV								
Balance as at 31 March, 2017	0.00	0.08	0.00	0.03	-	-	0.00	0.03
Balance as at 31 March, 2016	0.00	0.05	0.00	0.04	-	-	0.00	0.04
Foreign								
1) Bharat Forge Global Holding GmbH								
Balance as at 31 March, 2017	16.82	6,922.91	7.72	548.50	1.91	19.76	6.98	568.26
Balance as at 31 March, 2016	18.91	6,454.34	(22.31)	(1,506.41)	0.52	(10.14)	(31.49)	(1,516.55)
2) Bharat Forge CDP GmbH								
Balance as at 31 March, 2017	6.85	2,819.74	(1.04)	(73.72)	(7.43)	(76.96)	(1.85)	(150.68)
Balance as at 31 March, 2016	8.79	3,001.42	0.74	50.05	(1.49)	28.96	1.64	79.01

59. Statutory Group Information (Contd.):

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
3) Bharat Forge Holding GmbH								
Balance as at 31 March, 2017	1.02	418.98	-	-	-	-	-	-
Balance as at 31 March, 2016	1.24	424.15	0.07	4.89	-	-	0.10	4.89
4) Bharat Forge Aluminiumtechnik GmbH								
Balance as at 31 March, 2017	3.06	1,260.08	0.14	10.14	(0.04)	(0.45)	0.12	9.69
Balance as at 31 March, 2016	3.71	1,266.18	0.19	12.83	0.02	(0.44)	0.26	12.39
5) Bharat Forge Kilsta AB								
Balance as at 31 March, 2017	0.38	157.06	(1.35)	(95.90)	0.56	5.78	(1.11)	(90.12)
Balance as at 31 March, 2016	0.42	142.80	1.20	81.04	(0.03)	0.67	1.70	81.71
6) Bharat Forge Hong Kong Limited								
Balance as at 31 March, 2017	(0.02)	(10.22)	(0.04)	(3.18)	-	-	(0.04)	(3.18)
Balance as at 31 March, 2016	(0.02)	(6.78)	(0.29)	(19.91)	-	-	(0.41)	(19.91)
7) Bharat Forge Daun GmbH								
Balance as at 31 March, 2017	0.57	235.86	(0.03)	(2.45)	(0.58)	(6.04)	(0.10)	(8.49)
Balance as at 31 March, 2016	0.72	247.04	(0.13)	(8.56)	(0.31)	6.02	(0.05)	(2.54)
8) Mécanique Générale Langroise								
Balance as at 31 March, 2017	0.79	323.53	(0.82)	(58.51)	0.07	0.78	(0.71)	(57.73)
Balance as at 31 March, 2016	1.12	383.81	(0.42)	(28.51)	(0.09)	1.66	(0.56)	(26.85)
9) Bharat Forge International Limited								
Balance as at 31 March, 2017	1.11	455.50	3.43	243.88	-	-	2.99	243.88
Balance as at 31 March, 2016	1.34	459.05	2.48	167.56	-	-	3.48	167.56
10) Bharat Forge America Inc.								
Balance as at 31 March, 2017	1.61	662.82	(0.57)	(40.19)	-	-	(0.49)	(40.19)
Balance as at 31 March, 2016	(0.28)	(96.06)	(0.37)	(24.67)	-	-	(0.51)	(24.67)
11) Bharat Forge PMT Technologie LLC								
Balance as at 31 March, 2017	3.13	1,288.24	(0.14)	(10.04)	-	-	(0.12)	(10.04)
Balance as at 31 March, 2016	-	-	-	-	-	-	-	-
12) Bharat Forge Tennessee Inc.								
Balance as at 31 March, 2017	1.10	451.38	(0.01)	(0.45)	-	-	(0.01)	(0.45)
Balance as at 31 March, 2016	-	-	-	-	-	-	-	-
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2017	(0.24)	(100.40)	(0.86)	(60.89)	(0.01)	(0.13)	(0.75)	(61.02)
Balance as at 31 March, 2016	0.12	42.63	0.46	30.73	(0.01)	0.22	0.64	30.95
Associates (accounting as per the equity method)								
1) Ferrovia Transrail Solutions Private Limited*								
Balance as at 31 March, 2017		0.16	0.00	0.01	0.00	0.03	0.00	0.04
Balance as at 31 March, 2016		0.10	-	-	(0.00)	0.01	0.00	0.01

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

59. Statutory Group Information (Contd.):

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
2) Hospet Bellary Highways Private Limited*								
Balance as at 31 March, 2017		(129.37)	-	-	-	-	-	-
Balance as at 31 March, 2016		(129.34)	-	-	-	-	-	-
Joint Ventures (accounting as per the equity method)								
1) ALSTOM Bharat Forge Power Private Limited*								
Balance as at 31 March, 2017		1,762.25	1.85	131.17	(0.66)	(6.82)	1.53	124.35
Balance as at 31 March, 2016		1,508.46	3.86	260.70	(0.01)	0.27	5.42	260.97
2) BF NTPC Energy Systems Limited*								
Balance as at 31 March, 2017		57.75	(0.02)	(1.26)	-	-	(0.02)	(1.26)
Balance as at 31 March, 2016		46.12	(0.03)	(2.10)	-	-	(0.04)	(2.10)
3) BF Premier Energy Systems Pvt. Limited*								
Balance as at 31 March, 2017		(0.85)	0.01	0.40	-	-	0.00	0.40
Balance as at 31 March, 2016		(0.04)	0.01	0.52	-	-	0.01	0.52
4) David Brown Bharat Forge Gear Systems India Limited*								
Balance as at 31 March, 2017		66.49	-	-	-	-	-	-
Balance as at 31 March, 2016		67.25	(0.01)	(0.38)	-	-	(0.01)	(0.38)
Adjustments arising out of consolidation								
March 31, 2017	(39.76)	(16,368.05)	10.77	765.75	(50.39)	(522.14)	2.99	243.61
March 31, 2016	(40.36)	(13,775.27)	13.20	891.25	(19.83)	384.37	26.49	1,275.62
Total after elimination on account of consolidation-2017	100.00	41,163.67	100.00	7,107.18	100.00	1,036.22	100.00	8,143.40
Total after elimination on account of consolidation-2016	100.00	34,132.22	100.00	6,753.60	100.00	(1,938.01)	100.00	4,815.59

* The net assets of the entity have not been consolidated under the equity method.

60. First time adoption

These financial statements, for the year ended March 31, 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP').

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 1,2015 and the financial statements as at and for the year ended March 31, 2016.

Exceptions applied

The Group has applied all the mandatory exceptions in accordance with Ind AS 101. Following are the exceptions with significant impact:

1) Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

FVTOCI – unquoted and quoted equity shares

FVTPL – debt securities

Impairment of financial assets based on expected credit loss model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

2) Classification and measurement of financial assets

The Group has classified financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

3) Derecognition of financial assets and financial liabilities

The Group has elected to apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after April 1, 2015. However, for certain financial assets and financial liabilities derecognition requirements in Ind AS 109 were applied retrospectively where information needed was obtained at the time of initially accounting for derecognition.

4) Hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks respectively. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The Group has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Group, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the Group continues to apply hedge accounting after the date of transition to Ind AS.

5) Government loans

The Group has elected to apply the requirements of Ind AS 109 Financial Instruments and Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind AS and has not recognised the corresponding benefit of the government loan at a below-market rate of interest as a government grant.

60. First time adoption (Contd.):

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

1) **Deemed cost for Property, plant and equipment and Intangible assets**

   The Group has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition. The Group has elected to continue with the carrying value for all of its exploration and evaluation assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition.

2) **Embedded lease**

   Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

3) **Long term foreign currency monetary items**

   The Group has elected to continue the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before April 1, 2016 as per the previous GAAP.

4) **Business combinations**

   Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before April 1, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Group recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets (including goodwill) and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree.

   Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

   Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at April 1, 2015. The group has used same exemptions for interest in associates and joint ventures.

5) **Currency translation differences**

   Cumulative currency translation differences for all foreign operations are deemed to be zero as at April 1, 2015

60. First time adoption (Contd.):

6) Accounting of joint ventures

The group exercises joint control over Alstom Bharat Forge Private Limited, David Brown Bharat Forge Gear Systems India Limited and BF Premier Energy System Private Limited. Under Indian-GAAP the Group has proportionately consolidated its interest in these entities in the Consolidated Financial Statements. On transition to Ind AS, the group has assessed and determined that these entities are its joint ventures under Ind AS 111 Joint Arrangements. Therefore, these entities need to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the Group had previously proportionately consolidated.

7) Non-controlling interests

As per Ind AS 110, entities are required to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition. Consequently, the group has applied the above requirement prospectively.

61. Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

Since the Group does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Group.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2017 (Contd.):

62. Reconciliation of equity and statement of profit and loss

Reconciliation of equity as at April 1, 2015 (date of transition to Ind AS)

In ₹ Million

	Notes	Indian GAAP*	Ind AS Adjustments	Ind AS
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	12, 15	25,601.97	231.34	25,833.31
(b) Capital work-in-progress	12	8,585.89	(4,688.86)	3,897.03
(c) Investment property	6	-	2.89	2.89
(d) Goodwill	15	537.24	(110.03)	427.21
(e) Other Intangible assets		147.66	(0.14)	147.52
(f) Intangible assets under development		110.54	-	110.54
(g) Investment in associates and joint ventures	15	0.84	621.82	622.66
(h) Financial assets				
(i) Investments	1	388.05	48.10	436.15
(ii) Loans	13	93.31	(4.47)	88.84
(iii) Trade receivables		-	-	-
(iv) Derivative instruments	3	1,841.73	(3.90)	1,837.83
(v) Other financial assets	13,15	362.61	(100.93)	261.68
(i) Income tax assets (net)	15	433.52	(39.40)	394.12
(j) Other non-current assets	15	1,746.03	(293.84)	1,452.19
		39,849.39	**(4,337.42)**	**35,511.97**
II. Current assets				
(a) Inventories	12, 15	10,338.95	(1,675.17)	8,663.78
(b) Financial assets				
(i) Investments	1	4,566.46	(1.84)	4,564.62
(ii) Loans		338.38	-	338.38
(iii) Trade receivables	2, 7, 15	6,843.97	9,122.74	15,966.71
(iv) Derivative instruments	3	3,433.40	(10.77)	3,422.63
(v) Cash and cash equivalents	15	3,629.51	(132.78)	3,496.73
(vi) Other bank balances		2,764.14	-	2,764.14
(vii) Other financial assets	15	824.42	(738.30)	86.12
(c) Other current assets	15, 17	8,058.36	(1,281.22)	6,777.14
(d) Asset held for sale	16	1.03	(1.03)	-
		40,798.62	5,281.63	46,080.25
Total assets		**80,648.01**	**944.21**	**81,592.22**

62. Reconciliation of equity and statement of profit and loss (Contd.);

Reconciliation of equity as at April 1, 2015 (date of transition to Ind AS) (Contd.):

In ₹ Million

	Notes	Indian GAAP*	Ind AS Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		465.68	-	465.68
(b) Other equity	1,2,3,4,9,14,15	33,975.95	(1,937.21)	32,038.74
Equity attributable to equity holders of the parent		34,441.63	(1,937.21)	32,504.42
Non-controlling interests		-20.40	(14.47)	(34.87)
Total equity		**34,421.23**	**(1,951.68)**	**32,469.55**
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	10, 11, 15	19,815.10	(3,213.65)	16,601.45
(ii) Other financial liabilities		5.32	-	5.32
(b) Provisions		1,196.94	(8.47)	1,188.47
(c) Deferred tax liabilities (net)	9, 15	1,637.69	1,510.33	3,148.02
(d) Other non-current liabilities		590.12	-	590.12
		23,245.17	**(1,711.79)**	**21,533.38**
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	7, 10, 11, 15	3,830.26	10,497.25	14,327.51
(ii) Trade payables	15	11,391.33	(2,365.76)	9,025.57
(iii) Other current financial liabilities	15	4,853.77	(2,163.55)	2,690.22
(b) Provisions	4	1,668.52	(1,286.18)	382.34
(c) Other current liabilities	15	1,132.59	(74.08)	1,058.51
(d) Current tax liabilities (net)		105.14	-	105.14
		22,981.61	**4,607.68**	**27,589.29**
Total liabilities		**46,226.78**	**2,895.89**	**49,122.67**
Total equity and liabilities		**80,648.01**	**944.21**	**81,592.22**

* The previous GAAP amounts have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

62. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of equity as at March 31, 2016

In ₹ Million

	Notes	Indian GAAP*	Ind AS Adjustments	Ind AS
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	12, 15	34,681.37	(3,903.83)	30,777.54
(b) Capital work-in-progress	12	5,658.02	(1,739.59)	3,918.43
(c) Investment property	6	-	2.89	2.89
(d) Goodwill	15	553.74	(110.02)	443.72
(e) Other Intangible assets		118.47	-	118.47
(f) Intangible assets under development		169.70	-	169.70
(g) Investment in associates and joint ventures	15	0.59	849.16	849.75
(h) Financial assets				
(i) Investments	1	816.05	(42.94)	773.11
(ii) Loans	13	119.46	8.39	127.85
(iii) Trade receivables		20.87	-	20.87
(iv) Derivative instruments	3	606.29	(5.71)	600.58
(v) Other financial assets	13, 15	582.58	(211.73)	370.85
(i) Income tax assets (net)	15	377.65	(41.39)	336.26
(j) Other non-current assets	15	2,023.48	(157.72)	1,865.76
		45,728.27	**(5,352.49)**	**40,375.78**
II. Current assets				
(a) Inventories	12, 15	11,825.68	(1,857.86)	9,967.82
(b) Financial assets				
(i) Investments	1	7,220.44	10.82	7,231.26
(ii) Loans		266.02	-	266.02
(iii) Trade receivables	2, 7, 15	11,464.21	2,553.22	14,017.43
(iv) Derivative instruments	3	1,157.95	(3.63)	1,154.32
(v) Cash and cash equivalents	15	3,733.02	(22.06)	3,710.96
(vi) Other bank balances		781.97	-	781.97
(vii) Other financial assets	15	801.46	(538.40)	263.06
(c) Other current assets	15, 17	6,500.54	(1,349.57)	5,150.97
(d) Asset held for sale	16	0.69	(0.69)	-
		43,751.98	(1,208.17)	42,543.81
Total assets		**89,480.25**	**(6,560.66)**	**82,919.59**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		465.68	-	465.68
(b) Other equity	1,2,3,4,9,14,15	35,291.91	(1,625.37)	33,666.54
Equity attributable to equity holders of the parent		35,757.59	(1,625.37)	34,132.22
Non-controlling interests		(36.13)	(6.50)	(42.63)
Total equity		**35,721.46**	**(1,631.87)**	**34,089.59**

62. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of equity as at March 31, 2016

In ₹ Million

	Notes	Indian GAAP*	Ind AS Adjustments	Ind AS
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	10, 11, 15	20,614.09	(4,232.68)	16,381.41
(ii) Other non-current financial liabilities		2.67	-	2.67
(b) Provisions	17	1,174.05	(10.98)	1,163.07
(c) Deferred tax liabilities (net)	9, 15	1,830.89	133.21	1,964.10
(d) Other non-current liabilities		630.96	-	630.96
		24,252.66	**(4,110.45)**	**20,142.21**
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	7, 10, 11, 15	7,582.87	5,469.30	13,052.17
(ii) Trade payables	15	11,575.40	(3,203.35)	8,372.05
(iii) Other current financial liabilities	15	7,555.30	(2,544.42)	5,010.88
(b) Provisions	4	723.32	(230.40)	492.92
(c) Other current liabilities	15	1,836.37	(299.47)	1,536.90
(d) Current tax liabilities (net)	15	232.87	(10.00)	222.87
		29,506.13	**(818.34)**	**28,687.79**
Total liabilities		**53,758.79**	**(4,928.79)**	**48,830.00**
Total equity and liabilities		**89,480.25**	**(6,560.66)**	**82,919.59**

* The previous GAAP amounts have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

62. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of statement of profit and loss for the year ended March 31, 2016

In ₹ Million

	Notes	Indian GAAP	Ind AS Adjustments	Ind AS
Income				
Revenue from operations	8, 15	76,465.30	(6,449.74)	70,015.56
Other income	1,15	1,335.52	(14.25)	1,321.27
Total income (I)		**77,800.82**	**(6,463.99)**	**71,336.83**
Expenses				
Cost of raw materials and components consumed	12	27,491.19	(374.94)	27,116.25
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	12	(1,473.78)	37.80	(1,435.98)
Excise duty on sale of goods	8	-	1,924.08	1,924.08
Project cost	15	7,505.86	(7,425.62)	80.24
Employee benefits expense	5, 15	9,455.77	(303.14)	9,152.63
Depreciation and amortisation expense	12, 15	4,187.24	342.52	4,529.76
Finance costs	5, 15	1,402.58	(242.98)	1,159.60
Other expenses	9, 15	19,273.56	(176.03)	19,097.53
Total expenses (II)		**67,842.42**	**(6,218.31)**	**61,624.11**
Profit before share of profit/(loss) of an associate and joint venture, exceptional items and tax from continuing operations[I - II]		**9,958.40**	**(245.68)**	**9,712.72**
Share of profit/(loss) of associates and joint ventures		**0.01**	**(0.01)**	**-**
Profit before exceptional items and tax from continuing operations[I - II]		**9,958.41**	**(245.69)**	**9,712.72**
Exceptional items gain/(loss)		**(54.69)**	**-**	**(54.69)**
Profit before tax from continuing operations		**9,903.72**	**(245.69)**	**9,658.03**
Tax expense				
Current tax		**3,203.14**	**16.74**	**3,219.88**
Adjustment of tax relating to earlier periods		-	-	-
Deferred tax	9	205.30	(260.42)	(55.12)
Total tax expense		**3,408.44**	**(243.68)**	**3,164.76**
Profit for the year from continuing operations		**6,495.28**	**(2.01)**	**6,493.27**
Discontinued operations				
Share of profit/(loss) of joint venture (net of tax)	15	(25.05)	285.38	260.33
Profit for the year		**6,470.23**	**283.37**	**6,753.60**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent period (net of tax)				
Net movement on cash flow hedges	3	-	(2,238.51)	(2,238.51)
Foreign Currency Monetary Items Translation Difference Account	18	-	(38.21)	(38.21)
Foreign Currency Translation reserve		-	384.58	384.58
(A)		**-**	**(1,892.14)**	**(1,892.14)**

62. Reconciliation of equity and statement of profit and loss (Contd.):

Reconciliation of statement of profit and loss for the year ended March 31, 2016 (Contd.):

In ₹ Million

	Notes	Indian GAAP	Ind AS Adjustments	Ind AS
Other comprehensive Income that will not be reclassified to profit or loss in subsequent period (net of tax)				
Re-measurement gains / (losses) of defined benefit plans	5	-	44.09	44.09
Net gain/(loss) on FVTOCI equity securities	1	-	(90.23)	(90.23)
Share of other comprehensive income arising from discontinued operations			0.27	0.27
(B)		**-**	**(45.87)**	**(45.87)**
Other comprehensive income for the year, net of tax [A+B]		**-**	**(1,938.01)**	**(1,938.01)**
Total comprehensive income for the year, net of tax attributable to:		**6,470.23**	**(1,654.64)**	**4,815.59**

* The previous GAAP amounts have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

62. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and statement of profit and loss for the year ended March 31, 2016

1) Financial assets

Under Indian GAAP, the Group accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

Under Indian GAAP, the Group accounted for long term investments in debt securities as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated certain investments as FVTPL debt investments. Ind AS requires FVTPL to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and amortised cost as at the date of transition has been recognised in other equity, net of related deferred taxes.

Under Indian GAAP, the Group accounted for mutual funds as investment measured at lower of cost or NRV. Under Ind AS, the Group classified these mutual funds as FVTPL investments. Ind AS requires such investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments at fair value and cost as at the date of transition has been recognised in other equity, net of related deferred taxes.

2) Trade receivables

Under Indian GAAP, the Group has created provision for impairment of receivables which consists only in respect of specific amount for probable losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to ECL model, the Group impaired its trade receivable by ₹ 41.70 million (net of related deferred tax) on April 1, 2015 which has been eliminated against other equity.

3) Derivative instruments

The Group has taken certain forward foreign exchange contracts which were designated as hedging instruments under Indian GAAP and have been designated as at the date of transition to Ind AS as hedging instrument in cash flow hedges for expected future sales for which the Group has firm commitments or expected sales that are highly probable. The corresponding adjustment has been recognised as a separate component of equity, in the cash flow hedge reserve. On the date of transition, cash flow hedge reserve was debited by ₹ 1,771.01 million on April 1, 2015 and net movement of ₹ 2,238.51 million (net of related deferred tax) during the year ended on March 31, 2016 was recognized in OCI and subsequently taken to cash flow hedge reserve. Further, the Group has recognized Credit Value Adjustments ('CVA')/Debit Value Adjustments ('DVA') as part of fair valuation of these instruments and the same has been adjusted in the other equity on the date of transition to Ind AS and in the statement of profit and loss subsequently.

4) Provisions

Under Indian GAAP, proposed dividends including dividend distribution tax (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Group (usually when approved by shareholders in a general meeting) or paid.

62. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and statement of profit and loss for the year ended March 31, 2016 (Contd.):

In case of the Group, the declaration of dividend occurs after the period end. Therefore, the liability of ₹ 1,260.84 million for the year ended on March 31, 2015 recorded for dividend including DDT theron has been derecognised against other equity on April 1, 2015. The proposed dividend and DDT theron for the year ended on March 31, 2016 of ₹ 140.09 million recognized under Indian GAAP was reduced from other payables and with a corresponding impact in the other equity.

Proposed dividend including DDT liability amounting to ₹ 1,260.84 million which was derecognised as on the transition date, has been recognised in other equity during the year ended March 31, 2016 as declared and paid.

5) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, 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 other equity through OCI. Thus the employee benefit cost is reduced by ₹ 16.58 million and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of related deferred tax.

6) Recognition of Investment Property

The investment properties are reclassified from Property, Plant and Equipment (PPE) and presented separately amounting to ₹ 2.89 million (WDV as on April 1, 2015) as on date of transition to Ind AS by reclassifying from PPE. The depreciation of ₹ Nil have been provided for the year ended March 31, 2016.

7) Bills of exchange discounted

Under IGAAP, trade receivables derecognised by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings of ₹ 8,487.48 million as on March 31, 2016 and ₹ 10,497.25 million as on April 1, 2015.

8) Revenue

Under Indian GAAP, revenue from sale of products was presented excluding excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. Excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 1,924.08 million. There is no impact on total equity and profits.

Under the Indian GAAP certain expenses in the nature of freight and other sales related expenses were netted off against sales. Under Ind AS such expenses have been reclassified to other expenses so as to measure revenue at fair value of consideration received or receivable. This change has no impact on the profits and other equity for the year.

62. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and statement of profit and loss for the year ended March 31, 2016 (Contd.):

9) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. This has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in other equity or a separate component of equity.

10) Government Loan

The Group has a below-market rate government loan of ₹ 6.08 million outstanding as at the date of transition to Ind AS. Such loan was recognized at book value under Indian GAAP. The Group has elected to apply the exemption pertaining to government grant whereby the provisions of Ind AS 109, 'Financial Instruments', and Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance' shall be applied prospectively to such loan from the date of transition to Ind AS. Accordingly, Indian GAAP carrying amount of the loan at the date of transition to Ind AS has been continued as the carrying amount of the loan in the opening Ind AS Balance Sheet.

11) Borrowings

The Group recognized the transaction costs pertaining to the borrowings on a straight line basis over the term of the loan under Indian GAAP. The unamortised portion of such cost was recognized as part of 'prepaid expense' which amounted to ₹ 265.59 million on the date of transition to Ind AS. As per Ind AS 109, borrowings are measured at amortized cost and hence, unamortised portion of transaction costs has been adjusted against the amount of borrowings and not shown separately as part of assets.

12) Dies and spares

The Group develops dies which are used in the production of various auto and non-auto components and such dies were considered as a part of inventory under Indian GAAP. Also, the Group accounted for certain spares which are capable of being used during more than one accounting period or which can be only specifically in combination with another fixed assets as part of inventories under Indian GAAP as required by ASI 2 with respect to insurance spares. Under Ind AS, any asset which satisfies the criteria of Ind AS 16 needs to be accounted as a part of property, plant and equipment. Accordingly, the Group has done an assessment of the relevant dies and spares and reclassified the same from inventory to property, plant and equipment wherever such dies and spares satisfied the criteria of Ind AS 16. Depreciation on such reclassified items have been computed retrospectively and the net amount is considered for reclassification purposes while the balance impact is adjusted in other equity.

13) Discounting of financial assets

Under Indian GAAP, the Group accounted for Security Deposits and other receivable balances as Loans and Advances measured at cost. Under Ind AS, such balances are classified and measured at amortised cost using

62. Reconciliation of equity and statement of profit and loss (Contd.):

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and statement of profit and loss for the year ended March 31, 2016 (Contd.):

effective interest rate method. At the date of transition to Ind AS, the difference between amortised cost and the Indian GAAP carrying amount has been recognised in other equity (net of related deferred tax). The resulting impact of ₹ 102.29 million for April 1, 2015 and ₹ 81.63 million for March 31, 2016 have been reclassified to prepaid expenses and a corresponding decrease of ₹ 24.40 million in total comprehensive income for the year ended March 31, 2016.

14) Foreign currency translation

Under Indian GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Under Ind AS, Cumulative currency translation differences for all foreign operations are deemed to be zero as at April 1, 2015. The resulting adjustment of ₹ 1,048.82 million was recognised against other equity.

15) Joint Venture

The group as at April 1, 2015 exercised joint control over the Alstom Bharat Forge Private Limited, David Brown Bharat Forge Gear Systems India Limited and BF Premier Energy System Private Limited. Under Indian-GAAP group has proportionately consolidated its interest in these entities in the Consolidated Financial Statement. On transition to Ind AS the group has assessed and determined that these entities are its JV under Ind AS 111 Joint Arrangements. Therefore, these need to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investments are measured as the aggregate of Ind AS amount of assets and liabilities that the group had previously proportionately consolidated including any goodwill arising on acquisition. On application of equity method these investment stand increased by ₹ 621.82 million on April 1, 2015 and by ₹ 849.16 million on March 31, 2016. Derecognition of these proportionately consolidated entities has resulted in change in balance sheet, statement of profit and loss and cash flow statement.

16) Discontinued operations

Bharat Forge America ("BFA") is subsidiary of the Company which was operational from 2005 to 2013. From the financial year ended 2013, there had been no operations in this entity. Since then operations had been discontinued, all the fixed assets were sold and asset and external liabilities were settled but the Company still held some current assets. Under Indian GAAP, disclosure was made for these discontinuing operations and the remaining assets were disclosed as "assets held for sale" for FY 12-13 to FY 15-16. In the FY 16-17, BFA has acquired a fully operational Company Walker Forge Tennesse LLC (now known as Bharat Forge PMT Technologie LLC, USA). The Group has made an Ind AS 105 assessment for Bharat Forge America and concluded that it will not satisfy the criteria of "Discontinued Operations" or "Assets held for sale" on the date of transition or subsequently and accordingly, the same are considered as part of continuing operations.

17) Accounting policies under previous GAAP

On the date of transition to Ind AS, in case there are difference in accounting policies as compared to previous GAAP, there may be some resulting adjustment arising because of the different policy being applied to events and transactions before the date of transactions. As per Ind AS 101, such resultant adjustment impact has been considered in retained earnings.

18) Foreign Currency Monetary Items translation difference account

The Group has availed the option to continue the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended March 31, 2016. Accordingly, the exchange differences arising on long-term foreign currency monetary items (which do not pertain to acquisition of a property, plant and equipment) are accumulated in FCMITDA reserve through OCI.

19) Impact on cash flow

The transition from Previous GAAP to Ind AS has no material impact on the statement of cash flow except bank overdraft which has been considered as part of cash and cash equivalents.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2017 (Contd.):

63. The Group had taken a piece of land on lease at Mundra location (Adani Port) in Gujarat and had initially planned to set up its manufacturing facility. However, due to a direction by the Honorable High Court of Gujarat relating to certain pending environmental clearances, the construction work at Mundra had been discontinued during financial year ended 2013. Further, the Group took a decision to move to another site and commenced its alternate construction facility in the financial year 2013, which has been substantially put to use later. As at 1 April 2016, the Group was carrying land and building (capital work in progress) pertaining to the aforesaid mentioned site at Mundra amounting to ₹ 233.70 million and ₹ 2,312.85 million respectively. Management has evaluated the possible case of impairment in absence of any planned alternative use for the constructed building/ land. Accordingly, the management has assessed the realisable value of the building for ₹ 150 million on the basis of the valuation report. As the events triggering the aforesaid impairment happened prior to April 1, 2015, the Group has created a provision for impairment for carrying value (net of realisable value) of capital work in progress (related to building) and concluded that this is a prior period item as per erstwhile Indian GAAP. Consequently, the adjustment is recorded through opening retained earnings as at April 1, 2015. Further, since the rights to the land have expired in the current year, the cost of leased land amounting to ₹ 233.70 million (net of realizable value of ₹ Nil) has been written off in the current year.

Further, the management has also taken into consideration the fact that, there is a contractual asset retirement obligation amounting to ₹ 7.2 million pertaining to Mundra land. This being a prior period item as erstwhile Indian GAAP, the Company has recognized asset retirement obligation on the aforesaid site and adjusted its opening retained earnings as at April 1, 2015.

Further, margin release related to certain projects amounting to ₹ 630.72 million(related tax expense of ₹ Nil) is pertaining to previous year and therefore, recorded in the year ended March 31, 2016.

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 no. 324982E/E300003

per **ARVIND SETHI**
Partner
Membership No. 89802

Place: Pune
Date: May 24, 2017

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

TEJASWINI CHAUDHARI
Deputy Company Secretary

Place: Pune
Date: May 24, 2017

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

In ₹ Million

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 16 to Dec 16	EUR	71.62	358.09	5,446.35	7,888.12	2,083.69	-	271.05	603.52	33.28	570.23	-	100%
2	Bharat Forge CDP GmbH	Jan 16 to Dec 16	EUR	71.62	35.81	2,984.19	6,885.82	3,865.82	-	11,243.62	179.88	-	179.88	-	100%
3	Bharat Forge Holding GmbH	Jan 16 to Dec 16	EUR	71.62	1.79	417.19	1,093.29	674.31	-	-	(3.14)	-	(3.14)	-	100%
4	Bharat Forge Aluminiumtechnik GmbH	Jan 16 to Dec 16	EUR	71.62	594.43	665.36	3,857.75	2,597.97	-	4,166.37	256.90	(0.17)	257.06	-	100%
5	Bharat Forge Kilsta AB	Jan 16 to Dec 16	SEK	7.46	149.20	(41.20)	3,108.08	3,000.08	-	5,593.29	(159.93)	(3.51)	(156.42)	-	100%
6	Bharat Forge Hong Kong Limited	Jan 16 to Dec 16	USD	67.95	1,202.97	(1,213.20)	4.27	14.50	-	-	(2.75)	0.47	(3.22)	-	100%
7	Bharat Forge Daun GmbH	Jan 16 to Dec 16	EUR	71.62	3.58	253.33	717.66	460.75	-	947.84	57.82	-	57.82	-	100%
8	Mecanique Generale Langroise	Jan 16 to Dec 16	EUR	71.62	42.97	214.77	372.54	114.81	-	410.54	(19.25)	(0.04)	(19.21)	-	100%
9	Bharat Forge America Inc.	Jan 16 to Dec 16	USD	67.95	-	662.82	1,036.17	373.34	-	-	(40.63)	-	(40.63)	-	100%
10	Bharat Forge PMT Technologie LLC	Jan 16 to Dec 16	USD	67.95	6.62	1,281.62	1,478.49	190.25	-	133.54	(10.15)	-	(10.15)	-	100%
11	Bharat Forge Tennessee Inc.	Jan 16 to Dec 16	USD	67.95	506.02	(54.64)	505.33	53.95	-	-	(0.69)	(0.24)	(0.46)	-	100%
12	Bharat Forge International Limited	Apr 16 to Mar 17	USD	64.84	6.79	684.40	8,092.71	7,401.52	-	9,855.66	295.87	60.18	235.69	-	100%
13	BF Infrastructure Limited	Apr 16 to Mar 17	INR	1.00	955.28	(754.52)	1,010.03	809.27	-	-	(34.32)	(1.22)	(33.10)	-	100%
14	Kalyani Strategic Systems Limited	Apr 16 to Mar 17	INR	1.00	195.90	(7.29)	193.12	4.51	-	-	0.77	0.33	0.44	-	51%
15	Kalyani Rafeal Advanced Systems Private Limited	Apr 16 to Mar 17	INR	1.00	104.10	94.18	212.02	13.74	-	-	(3.58)	-	(3.58)	-	100%
16	BF Elbit Advanced Systems Private Limited	Apr 16 to Mar 17	INR	1.00	0.20	(82.18)	20.06	102.04	-	-	(10.29)	-	(10.29)	-	51%
17	Analogic Controls India Limited	Apr 16 to Mar 17	INR	1.00	27.59	(206.42)	157.42	336.25	-	73.42	(49.24)	1.11	(50.35)	-	60%
18	BFIL-CEC JV *	Apr 16 to Mar 17	INR	1.00	-	0.08	97.56	97.48	-	41.02	0.04	0.01	0.03	-	100%

* Unregistered Association of Persons of BF Infrastructure Limited.

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	ALSTOM Bharat Forge Power Pvt. Ltd. (Note C)	Ferrovia Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited	BF-NTPC Energy Systems Ltd.	Hospet Bellary Highways Pvt. Ltd.
1	**Latest audited Balance Sheet Date**	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
2	**Shares of Associate/Joint Ventures held by the Company on the year end**					
	i Nos.	-	4,900	50,000	6,839,100	3,500
	ii Amount of Investment in Associates/ Joint Venture	-	0.05	0.50	68.39	0.04
	iii Extend of Holding %	0%	49%	50%	51%	35%
3	**Description of how there is significant influence**	Note-C	Note-A	Note-A	Note-A	Note-B
4	**Reason why the Associate/Joint Venture is not consolidated**	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method
5	**Networth attributable to Shareholding as per latest audited Balance Sheet**	-	0.08	(0.42)	29.45	(45.28)
6	**Profit / Loss for the year**					
	i Considered in Consolidation	125.08	0.01	-	-	-
	ii Not Considered in Consolidation	130.18	0.01	(0.81)	(2.46)	(0.03)

Notes:

A. There is significant influence due to percentage (%) of Share Capital.

B. Based on materiality or where control is intended to be temporary.

C. On March 24, 2017, Bharat Forge Limited (BFL) divested its stake in ABFPPL. Hence, as of March 31, 2017 BFL's shareholding in ABFPPL was nil and hence no influence on ABFPPL.

For and on behalf of the Board of Directors of
BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

TEJASWINI CHAUDHARI
Deputy Company Secretary

KISHORE SALETORE
Executive Director & CFO

Place: Pune
Date: May 24, 2017

NOTES

NOTES

BHARAT FORGE LIMITED

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Phone: +91 20 6704 2777/2476 **Fax:** +91 2682 2163
Email: secretarial@bharatforge.com **Website:** www.bharatforge.com

KALYANI

NOTICE

NOTICE is hereby given that the 56th (Fifty-sixth) Annual General Meeting ("AGM") of the Members of **Bharat Forge Limited** ("the Company") will be held on Thursday, August 10, 2017 at 10:30 a.m. (I.S.T.) at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:

    a. the audited standalone Financial Statements of the Company for the Financial Year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon; and

    b. the audited consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 and the report of Auditors thereon.

2. To confirm the payment of an interim dividend and to declare a final dividend on Equity Shares for the Financial Year 2016-17.

3. To appoint a Director in the place of **Mr. G. K. Agarwal** (DIN : 00037678), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in the place of **Mr. Kishore M. Saletore** (DIN : 01705850), who retires by rotation and being eligible, offers himself for re-appointment.

5. **To appoint the Auditors**

    To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

    "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and other applicable rules, if any, M/s. S R B C & CO LLP (Firm Registration No.: 324982E/E300003) be and is hereby re-appointed as the Statutory Auditors of the Company, to hold the office for a period of five (5) consecutive years commencing from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 61st AGM of the Company to be held in the year 2022 (subject to ratification of their appointment at every AGM) on such remuneration plus Service Tax and/or such other tax(es) as may be applicable and reimbursement of out of pocket and travelling expenses etc. on progressive billing basis as may be mutually agreed between the Board of Directors of the Company and the Auditors, based on the recommendation of the Audit Committee."

SPECIAL BUSINESS:

6. **To approve the remuneration of the Cost Auditors**

    To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

    "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the Company be and is hereby accorded for payment of remuneration of ₹ 10,00,000/- (Rupees Ten Lakhs only) plus Service Tax and/or such other tax(es) as may be applicable and reimbursement of out of pocket expenses to M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration No.: 00030) appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year ending March 31, 2018.

    RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For Bharat Forge Limited

Tejaswini Chaudhari
Deputy Company Secretary

Pune: May 24, 2017

Registered Office:
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India
CIN: L25209PN1961PLC012046

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the special business under item no. 6 set out in the notice is annexed herewith.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

3. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty-eight (48) hours before the commencement of the AGM. Proxies submitted on behalf of companies, societies, etc. must be supported by appropriate resolutions/letter of authority as applicable. A person can act as a proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. In case, a proxy is proposed to be appointed by a Member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

4. The register of directors and key managerial personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 ('the Act") and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act will be available for insepction by the Members at the AGM.

5. The Company's Share Transfer Books and the Register of Members will remain closed from Tuesday, August 1, 2017 to Thursday, August 10, 2017 (both days inclusive) for determining the names of the Members eligible for final dividend on Equity Shares, if declared at the AGM.

6. The final dividend on Equity Shares, if declared at the AGM, shall be paid/credited on and before Wednesday, August 16, 2017 to those Members:

   (i) whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company before the closing hours on Monday, July 31, 2017 ; and

   (ii) whose names appear as beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the end of the day on Monday, July 31, 2017.

7. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depositories Participants and those holding shares in physical form are requested to intimate the above mentioned changes to the Secretarial Department at the Registered Office of the Company.

8. Equity Shares of the Company are under compulsory demat trading by all investors. Those Members who have not dematerialised their shareholding are advised to dematerialise their shareholding to avoid any inconvenience in future.

9. Members/Proxies/Authorised Representatives are requested to bring their Attendance Slip alongwith the copy of Annual Report to the AGM.

10. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio Number/s in the Attendance Slip for attending the AGM to facilitate identification of Membership at the AGM.

11. In case of joint holders attending the AGM, only such joint holder whose name appears as first holder in the order of names in the Register of Members of the Company will be entitled to vote.

12. In terms of the Articles of Association of the Company, read with Section 152 of the Companies Act, 2013, **Mr. G. K. Agarwal** and **Mr. Kishore M. Saletore**, Directors of the Company are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments.

    Additional information pursuant to Regulation 17 and 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of Directors seeking re-appointment at the AGM, forms part of the Notice.

13. Those Members who have not encashed/ received their Dividend Warrants for the previous year(s), may approach to the Secretarial Department at the Registered Office of the Company for claiming unpaid/ unclaimed dividend.

14. The Ministry of Corporate Affairs ("MCA") has notified provisions relating to unpaid/ unclaimed dividend under Section 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. As per provisions of the Companies Act, 2013, dividends which are not claimed by the Shareholder for a period of seven (7) consecutive years or more are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF).

    As per Section 124(6) of the Companies Act, 2013 read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for a period of seven (7) consecutive years or more are required to be transferred to the demat account of IEPF Authority.

    The Company has sent notice to all the Shareholders whose dividends are lying unpaid/unclaimed against their name for seven (7) consecutive years or more and has also published advertisement in newspapers. The details of such Members and shares due for transfer to the IEPF are available on the Company's website www.bharatforge.com to enable such Members to verify the details of unpaid/unclaimed dividends and the shares liable to be transferred to the IEPF. The Members are requested to contact Secretarial Department of the Company for encashing the unpaid/unclaimed dividend standing to the credit of their account.

    In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF Authority in accordance with the IEPF Rules.

15. On July 27, 2005, the Company had sub-divided its Equity Shares of the Face Value of ₹ 10/- each into the Equity Shares of Face Value of ₹ 2/- each. Accordingly, the Members were requested to surrender their old Share Certificate(s) of the face value of ₹ 10/- each and obtain from the Company the new Share Certificate(s) of the face value of ₹ 2/- each. Those Members who have still not obtained the new Share Certificate(s) of

the face value of ₹ 2/- each are requested to approach the Secretarial Department at the Registered Office of the Company and exchange their old Share Certificate(s) with the new one.

In terms of Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has transferred such unclaimed shares in Unclaimed Suspense Account. All corporate benefits of such unclaimed shares viz., bonus shares, split, etc. shall also be credited to an Unclaimed Suspense Account and the voting rights on such unclaimed shares shall remain frozen till rightful owner claims the shares.

16. Non-Resident Indian Members are requested to inform the Company/Depository Participant, immediately of:

    a. Change in their residential status on return to India for permanent settlement.

    b. Particulars of their bank account maintained in India with complete bank name, branch, account type, MICR number, account number and address of the bank with pin code number, if not furnished earlier.

17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

18. Members, who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names, are requested to send the Share Certificate(s) to the Company for consolidation into a single folio.

19. The Notice of the AGM alongwith the annual report for the year 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless the Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode.

20. To support the 'Green Initiative', Members who have not registered their e-mail addresses so far, including change, if any, are requested to register their e-mail addresses, immediately in respect of electronic holdings with the Depository through their concerned Depository Participants and Members who hold shares in physical form with the Company at its email address secretarial@bharatforge.com or at its Registered Office at Secretarial Department, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

21. Road map showing directions to reach the venue of the AGM is enclosed with this Notice.

22. In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Members are provided with the facility to cast their vote electronically, through electronic voting (e-voting) services provided by National Securities Depository Limited ("NSDL"), on all the resolutions set forth in the Notice. The instructions of electronic voting are given herein below. The Company will send communication relating to remote e-voting which inter-alia would contain details about

User ID and Password along with a copy of this Notice to the Members separately.

23. Mr. S.V. Deulkar, Partner of M/s. SVD & Associates, Company Secretaries, Pune has been appointed as the Scrutiniser to scrutinise the voting and remote e-voting process in a fair and transparent manner.

24. The facility for voting through Ballot Paper shall be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through Ballot Paper.

25. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

    The remote e-voting period commences on Monday, August 7, 2017 (9:00 a.m.) (I.S.T.) and ends on Wednesday, August 9, 2017 (5:00 p.m.) (I.S.T.) During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the **cut-off date i.e. Thursday, August 3, 2017** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. E-voting rights cannot be exercised by a Proxy.

26. The instruction of e-voting are as under:

    I. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository Participants(s)] :

    (i) Open email and open PDF file viz; “BFL-remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

    Note: Shareholders already registered with NSDL for e-voting will not receive the PDF file “BFL remote e-voting.pdf”.

    (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com

    (iii) Click on Shareholder – Login

    (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

    (v) Password change menu will appear. Change the password/ PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

    (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

    (vii) Select “EVEN” of “BHARAT FORGE LIMITED” which is **106280**.

    (viii) Now you are ready for remote e-voting as Cast Vote page opens.

    (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.

    (x) Upon confirmation, the message “Vote cast successfully” will be displayed.

(xi) Once you have voted on the resolutions, you will not be allowed to modify your vote.

(xii) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Letter of Authority etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in

II. In case a Member receives physical copy of the Notice of AGM (for Members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy) :

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

Even (Remote e-voting Event Number)	User ID	Password/ PIN
106280		

(ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

Note: Shareholders who have forgotten the User Details/ Password can use "Forgot User Details/Password or Physical User Reset Password" option available on at: www.evoting.nsdl.com or contact NSDL at the toll free no.: 1800-222-990.

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DP ID + Client ID).

In case Shareholders are holding shares in physical mode, USER ID is the combination of (Even No. + Folio No.).

You can also update your mobile number and e-mail id in the user profile, which may be used for sending future communication(s).

The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date i.e. Thursday, August 3, 2017.**

Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Thursday, August 3, 2017, may obtain the login ID and password by sending a request at NSDL email address at : evoting@nsdl.co.in

A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Thursday, August 3, 2017 only shall be entitled to avail the facility of remote e-voting or voting at the AGM through Ballot Paper.

The Chairman shall, at the AGM, at the

end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutiniser, by use of "Ballot Paper" for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutiniser shall after the conclusion of voting at the AGM, will first count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in the employment of the Company and shall make, not later than 3 (three) days of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the results of the voting forthwith.

The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company: www.bharatforge.com and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

As required by Section 102(1) of the Companies Act, 2013 ("the Act"), the following Explanatory Statement sets out the material facts relating to the Special Business mentioned under item no. 6 in the accompanying Notice:

ITEM NO. 6:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors – M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration No.:00030) to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 at a remuneration of ₹ 10,00,000/- (Rupees Ten Lakhs only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at item no. 6 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

The Board recommends the Ordinary Resolution as set out at item no. 6 of the Notice for approval by the Members.

None of the Directors / Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors
For **Bharat Forge Limited**

Tejaswini Chaudhari
Deputy Company Secretary

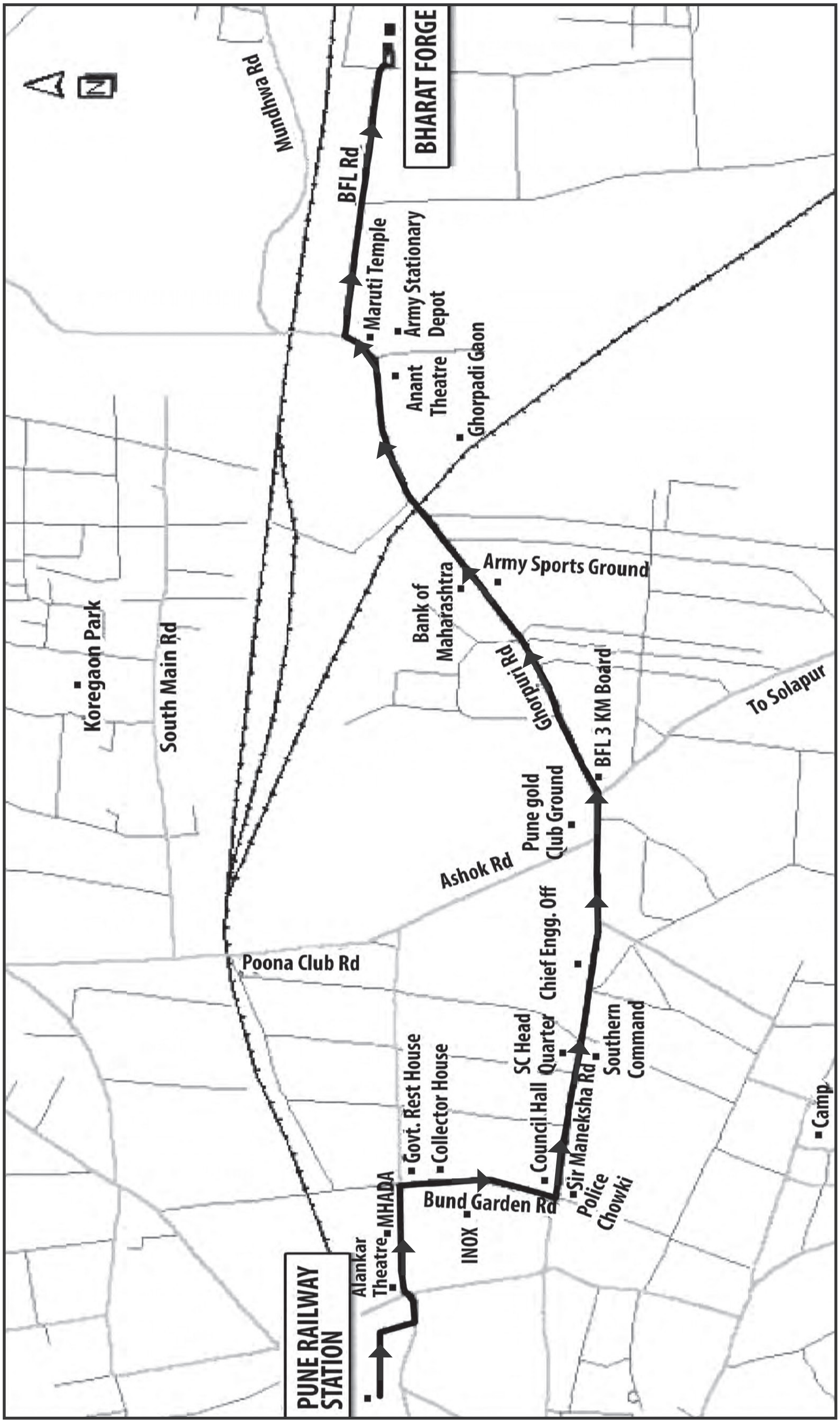
Pune: May 24, 2017

Registered Office:
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India
CIN: L25209PN1961PLC012046

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name of the Director	Mr. G. K. Agarwal	Mr. Kishore M. Saletore
Date of Birth (Age)	February 17, 1951 (66 years)	September 4, 1966 (51 years)
Date of first appointment on the Board	April 1, 1998	February 2, 2015
Qualification	Bachelor of Engineering (Mech.) and M.B.A.	B. Com., C.A. and M.B.A.
Experience	Over 44 years of work experience	Over 29 years of work experience
A brief resume of the Director	After 3 years of work experience at Guest Keen Williams, Mr. G.K. Agarwal joined Bharat Forge in 1976 in Sales function and worked in Kolkata and Mumbai Branches before moving to the Head Office of the Company in Pune where he was responsible for Sales and Marketing functions. Over a period of time he was given additional responsibilities in other functional areas to prepare him for General Management responsibilities.	Mr. Kishore M. Saletore is a Board Member of Bharat Forge Limited since 2015. He joined the Kalyani Group as Group CFO in 2011. His domain areas are Strategic Planning, Corporate Mergers & Acquisitions and the Investment function in the Company. He is also responsible for the Accounting, Taxation, MIS and other related functions within the Company. Prior to joining the Kalyani Group, Mr. Saletore was the Chief Financial Officer at Tata Realty & Infrastructure Limited.
Nature of expertise in specific functional areas	He is responsible for the Company's operations viz. Marketing, Manufacturing, Purchasing, Human Resources and New Projects and for co-ordinating the activities of various Departments to meet the customer needs and Company's business plans. He is also actively involved in Company's strategic growth plans and their implementation.	His domain areas are Strategic Planning, Corporate Mergers & Acquisitions. He is also responsible for the Accounting, Taxation, MIS, Investments and other related functions.
Relationship with other Directors, Managers and other Key Managerial Personnel of the Company	None	None
Names of listed entities in which the person also holds the directorship and the membership of Committees of the Board	NIL	NIL
Shareholding in the Company	He holds 2,455 Equity Shares of ₹ 2/- each of the Company.	NIL
No. of Board Meetings attended during the year	During the year he attended all the five (5) Board Meetings of the Company.	During the year he attended all the five (5) Board Meetings of the Company.
Membership/ Chairmanship of Committees of other Boards	NIL	NIL

ROAD MAP FOR 56TH AGM VENUE



KALYANI

BHARAT FORGE LIMITED

56th Annual Report 2016-17
PROXY FORM

CIN : L25209PN1961PLC012046
Registered Office : Mundhwa, Pune Cantonment, Pune 411036, Maharashtra, India
Phone : +91 20 6704 2777/ 2476 Fax : +91 20 2682 2163
E-mail : secretarial@bharatforge.com Website : www.bharatforge.com

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s):	
Registered Address:	
E-mail Id:	
Folio No.:	
Client ID:	DP ID:

I/We, being the Member(s) of................................ Shares of Bharat Forge Limited, here by appoint:

1. Name: ....
   Address: ....
   ....
   E-mail Id: ....Signature: ...., or failing him
2. Name: ....
   Address: ....
   ....
   E-mail Id: ....Signature: ...., or failing him
3. Name: ....
   Address: ....
   ....
   E-mail Id: ....Signature:..,or failing him

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the **56th (Fifty-sixth) Annual General Meeting** of the Company, to be held on Thursday, August 10, 2017 at 10:30 a.m. (I.S.T.) at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune 411036, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	**Resolutions**	**Vote (Optional - see Note No. 4 below)**	
		For	**Against**
ORDINARY BUSINESS:			
1.	To consider and adopt : a. Audited standalone Financial Statements for the year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon; and b. Audited consolidated Financial Statements for the year ended March 31, 2017 and the report of Auditors thereon.		
2.	To confirm the payment of an interim dividend and to declare a final dividend on Equity Shares for the Financial Year 2016-17.		
3.	To appoint a Director in the place of **Mr. G. K. Agarwal** (DIN : 00037678), who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To appoint a Director in the place of **Mr. Kishore M. Saletore** (DIN : 01705850), who retires by rotation and being eligible, offers himself for re-appointment.		
5.	Appointment of M/s. S R B C & CO LLP as Statutory Auditors of the Company.		
SPECIAL BUSINESS:			
6.	To approve remuneration of the Cost Auditors.		

Signed this .... day of ...., 2017

Please affix Revenue Stamp

Signature of Member(s)

Signature of Proxy holder(s)

Notes :

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 (forty-eight) hours before the commencement of the meeting.
2. A Proxy need not be a Member of the Company.
3. A person can act as a Proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than Ten percent (10%) of the total Share Capital of the Company carrying voting rights. A Member holding more than Ten percent (10%) may appoint a single person as a Proxy and such person shall not act as a Proxy for any other person or Shareholder.
4. It is optional to indicate your preferences. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

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ATTENDANCE SLIP

BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046

Registered Office: Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India
Phone: +91 20 6704 2777/2476, Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com, Website: www.bharatforge.com

NAME AND ADDRESS OF THE MEMBER/PROXY*			
DP ID/CLIENT ID**		**NO. OF EQUITY SHARES OF FACE VALUE OF ₹ 2/- EACH HELD**	
FOLIO NO.			

I hereby record my presence at the **56th (Fifty-sixth) ANNUAL GENERAL MEETING** of the Company held at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India, on **Thursday, August 10, 2017 at 10:30 a.m. (I.S.T.)**

SIGNATURE OF THE MEMBER/PROXY*

* Strike out whichever is not applicable.

** Applicable for Members holding shares in Dematerialised form.

Note: Please handover this slip at the entrance of the Meeting Venue.

E-VOTING

Users who wish to opt for e-voting may use the following login credentials.

EVEN (Remote E-Voting Event No.)	USER ID	PASSWORD
106280		

Please follow steps for e-voting procedure as given in the Notice of Annual General Meeting.

BHARAT FORGE

KALYANI

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

www.bharatforge.com

concept, content and design at aicl [info@aicl.in]