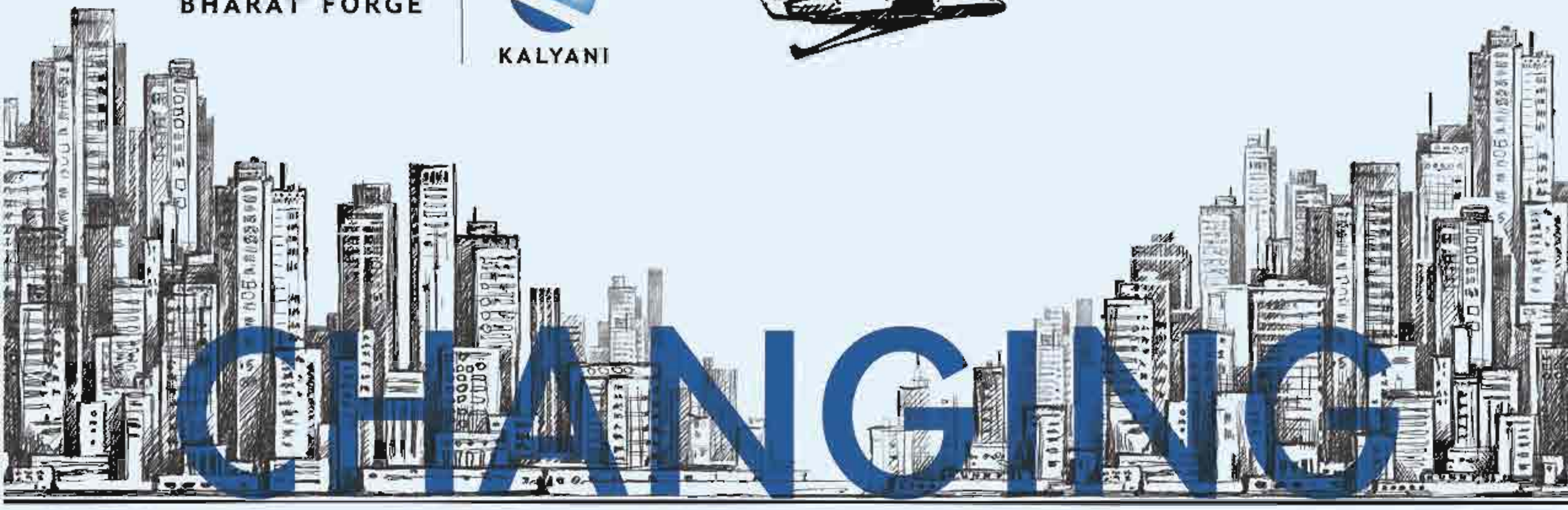
SUBSIDIARY COMPANIES ANNUAL REPORT

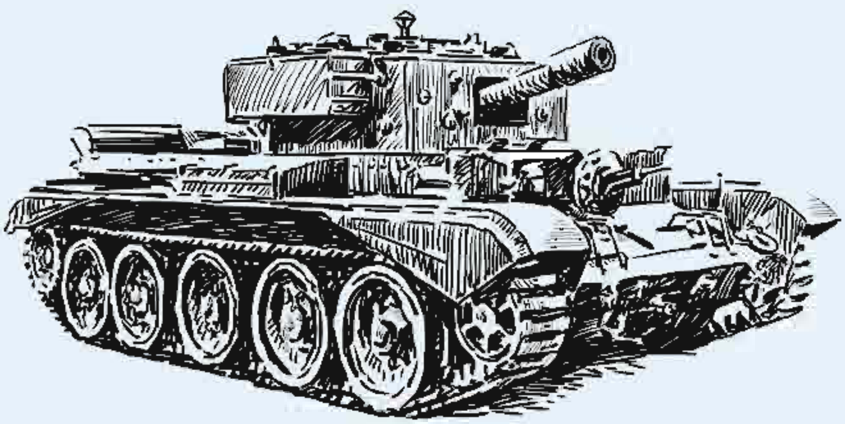
16/17

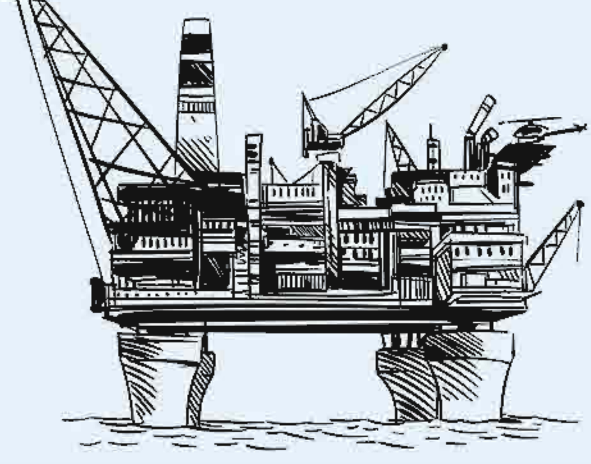
BHARAT FORGE

KALYANI



CHANGING WITH INDIA





CONTENTS

Note:

The Financial Statements are stated in the respective local currencies. The same are converted into Indian Rupees (INR) by applying the following rates:

Currency	Rate for conversion Equivalent INR
EURO	71.6175
SEK	7.4600
USD	67.9547

The Financial Statements have been prepared as per Generally Accepted Accounting Practices, in the respective countries and the same are not converted as per the Indian GAAP.

Bharat Forge Global Holding GmbH

Managing Director
Mr. Michael Weis
Mr. Martin Kubelback

Registered Office
Mittelstrasse 64
58256 Ennepetal
Germany

Auditors
Dr. Wehberg Und Partner HbR
Wirtschaftsprufungsgesellschaft
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar
Prof. Dr. Uwe Loos

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of the Bharat Forge Global Holding GmbH, Ennepetal, for the business year from January 1st to December 31st, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („Handelsgesetzbuch": „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting.

Hagen, 12th May, 2017

(Börstinghaus)	(Lingnau)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Bharat Forge Global Holding GmbH, Ennepetal
Balance Sheet as at December 31st, 2016

ASSETS	Rs.		EUR		As at 31/12/2015 EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		-		-	-
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	38,341,502.88		535,365.00		555,058.00
2. Technical equipment and machinery	-		-		0.00
3. Other plant, factory and office equipment	594,210.40		8,297.00		10,329.00
4. Prepayments on tangible assets and construction in progress	-	38,935,713.28	-	543,662.00	0.00
					565,387.00
III. Financial assets					
1. Shares in affiliated companies	6,137,449,689.95		85,697,625.44		84,262,322.69
2. Loans to affiliated companies	311,178,037.50		4,345,000.00		4,345,000.00
3. Investments	71.62		1.00		2.00
4. Loans to associated companies	71.62		1.00		1.00
		6,448,627,870.69		90,042,627.44	88,607,325.69
		6,487,563,583.97		90,586,289.44	89,172,712.69
B. Current assets					
I. Accounts receivable and other assets					
Receivables from affiliated companies of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year of which Rs. 135,975,672.59 EUR 1,898,637.52 (12/31/2015: EUR 854,461.69) to shareholders	1,178,609,443.86		16,457,003.44		7,603,324.20
Receivables from associated companies of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year	100,264.50		1,400.00		-
Other assets of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year	71,859,776.27		1,003,382.92		284,598.60
		1,250,569,484.63		17,461,786.36	7,887,922.80
II. Cash on hands, bank balances		147,587,621.60		2,060,775.95	26,580.46
		1,398,157,106.23		19,522,562.31	7,914,503.26
C. Prepaid expenses		-		-	-
Asset side difference from offsetting of plan assets		2,403,554.92		33,561.00	28,479.00
Total		**7,888,124,245.12**		**110,142,412.75**	**97,115,694.95**

Bharat Forge Global Holding GmbH, Ennepetal
Balance Sheet as at December 31st, 2016

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2015* EUR
A. Equity					
I. Share Capital		358,087,500.00		5,000,000.00	5,000,000.00
II. Capital reserves		4,115,458,672.29		57,464,428.00	57,464,428.00
III Profit/loss brought forward		760,656,708.03		10,621,101.10	33,431,986.18
IV Net income for the year		570,232,430.94		7,962,194.03	(22,810,885.08)
		5,804,435,311.26		81,047,723.13	73,085,529.10
B. Accruals					
1. Accruals for pensions and similar obligations	105,471,163.87		1,472,701.00		1,386,164.00
2. Tax accruals	33,230,520.00		464,000.00		187,000.00
3. Other accruals	40,974,687.14		572,132.33		469,268.03
		179,676,371.01		2,508,833.33	2,042,432.03
C. Liabilities					
1. Liabilities to Banks	429,705,000.00		6,000,000.00		6,000,106.24
up to one year: EUR 0.00 (12/31/2015- EUR 666,772.91)					
(Due Later than one year Rs. 429,705,000 EUR 6,000,000					
(12/31/2015 : EUR 5,333,333.33)					
2. Trade payables	5,201,069.11		72,622.88		53,674.63
· up to one year: Rs.5,201,069.11 EUR 72,622.88					
· Due later than one year EUR 0.00 (12/31/2015 : EUR 0.00)					
3. Payables to affiliated companies	1,206,937,221.03		16,852,546.11		12,387,876.68
· up to one year: Rs. 1,206,937,221.03 EUR 16,852,546.11					
(12/31/2015: EUR 12,387,876.68)					
· Due later than one year EUR 0.00 (12/31/2015 : EUR 0.00)					
of which Rs.166,446,930.02 EUR 2,324,109.75					
(12/31/2015: EUR 2,406,795.75) to shareholders					
4. Other liabilities	262,169,272.71		3,660,687.30		3,546,076.27
· up to one year: Rs.262,169,272.71 EUR 3,660,687.30					
(12/31/2015: EUR 85,868.66)					
· due later than one year : EUR 0.00					
· of which Rs. 9,400,336.87 EUR 131,257.54					
(12/31/2015 EUR 85,868.66) relating to taxes					
of which Rs. 1,289.12 EUR 18.00 (12/31/2015: EUR 0.00)					
relating to social security					
		1,904,012,562.85		26,585,856.29	21,987,733.82
Total		**7,888,124,245.12**		**110,142,412.75**	**97,115,694.95**

Bharat Forge Global Holding GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2016

	Rs.		EUR		Previous Year EUR
1. Sales		271,050,979.99		3,784,703.18	0.00
2. Other operating income		296,531,875.60		4,140,494.65	1,400,696.19
		567,582,855.59		7,925,197.83	1,400,696.19
3. Personnel expenses					
a) Wages and saleries	(143,944,754.49)		(2,009,910.35)		(1,597,267.77)
b) Social security contributions and pension expenses thereof Rs. 6398786.41 EUR 75,383.62 (2015 : EUR 199,862.11) for pension expenses	(21,122,414.26)		(294,933.70)		(379,039.26)
		(165,067,168.75)		(2,304,844.05)	(1,976,307.03)
4. Depreciation and amortization on intangible fixed assets and tangible assets		(1,758,750.34)		(24,557.55)	(22,641.06)
5. Other operating expenses		(191,772,183.61)		(2,677,727.98)	(16,907,830.31)
		208,984,752.89		2,918,068.25	(17,506,082.21)
6. Income from Profit & Loss transfer agreements	433,806,538.52		6,057,270.06		1,384,160.89
7. Other interest and similar income	8,867,105.91		123,812.00		123,569.00
thereof Rs. 8,766,841.41 EUR122,412.00					
(2015 : EUR 123,569.00) from affiliated companies					
8. Depreciation on financial assets	0.00		0.00		(679,919.00)
9. Expenses out of profit and loss transfer agreements	0.00		0.00		(5,796,390.58)
10. Interest and similar expenses	(47,420,235.65)		(662,131.96)		(498,885.49)
thereof Rs. 27,385,386.12 EUR 382,384.00					
(2015 :EUR 203,562.00) to affiliated companies					
thereof Rs. 4,418,155.19 EUR 61,691.00					
(2015: EUR 64,291.00) from discounting of provisions					
		395,253,408.78		5,518,950.10	(5,467,465.18)
		604,238,161.67		**8,437,018.35**	**(22,973,547.39)**
11. Taxes on income		(33,283,374.43)		(464,738.01)	170,042.63
12. Income after Tax		570,954,787.24		7,972,280.34	(22,803,504.76)
13. Other taxes		(722,356.30)		(10,086.31)	(7,380.32)
14. Net income for the year		**570,232,430.94**		**7,962,194.03**	**(22,810,885.08)**

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2016

1. General notes relating to annual accounts

Bharat Forge Global Holding GmbH has its registered office in Ennepetal and is registered at the local court in Hagen under No. HRB 6669.

Bharat Forge Global GmbH is a small enterprise according to § 267 paragraph 1 of the German Commercial Code (HGB).

The financial year comprises the period from 1st January to 31st December 2016.

2. General Information regarding content and structure of the Financial Statements

The presentation of the annual accounts was – with exception of the impacts from first time adoption of the new German Commercial Law (Bilanzrichtlinienum-setzungsgesetz – BilRUG) - not changed compared with the previous year. The revenues are not comparable to the revenues of prior year.

Being considered already in the previous year there were revenues amounting to kEUR 1,139 and other operative income of kEUR 262 instead.

Extraordinary items now are included in other expenses due to discontinuation of the respective item in the profit and loss account. An amount of kEUR 15,818 of previous year has been reclassified.

The structure of balance sheet and profit & loss account follow §§ 266 und 275 HGB. For the profit & loss account the total cost format was selected (§ 275 paragraph 2 HGB).

While preparing the notes the company takes some relief according to the rules for small enterprises.

For the profit & loss account the total cost format was selected (§ 275 paragraph 2 HGB).

While compiling the notes the company takes partly relief with regard to small companies' rules.

3. Accounting and valuation principles

The annual accounts for the fiscal year 2016 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional rules according to limited liability company law have been considered.

The accounting and valuation principles did not change compared with the previous year.

Purchased **intangible and tangible assets** are valued at their acquisition costs. In the case of assets only used for a limited period of time the acquisition costs have been reduced by scheduled depreciation. In case of expected permanent impairment the assets are accounted at fair value. In the year of acquisition depreciation is considered pro rata temporis.

Low-value items, i.e. items, the acquisition or manufacturing costs of which do not exceed EUR 150, are fully depreciated in their year of acquisition or manufacture. If the acquisition or manufacturing costs of an individual asset amount to more than EUR 150, but no more than EUR 1,000 it is included in a collective item shown as asset addition. One fifth of such collective item is released and debited to the profit and loss account in its year of creation and during each of the following four fiscal years.

Lifetimes of depreciable fixed assets is considered as follows:

Fixed Asset	**Lifetimes**
Intangible fixed assets	3-5 years
Land and buildings	33 years
Factory and Office equipment	5-10 years
IT-equipment	3 years

Financial assets are accounted at their acquisition costs, or, in case of expected permanent impairment, at fair value.

Receivables and other accounts receivable are valued at their face value taking into account value adjustments in respect of apparent individual risks. Short-term foreign currency receivables are shown at the average middle rate as of the balance sheet date.

Share capital is accounted at nominal amount.

Provisions for **pension obligations** have been set off with respective plan assets (liability insurances) in case of being pledged**.** The capital value of these plan assets has to be accounted at fair value. Since there is no active market there is no fair value available. Moreover there are not sufficient information to achieve proper valuation according to general accepted valuation principles. Hence the liability insurances are rated at their continued acquisition costs. This represents the cover of insurance including surplus sharing.

Tax provisions and other provisions cover all apparent liabilities and risks and contract loss provisions, so far as there are. They are generally valued at the amount payable on the basis of a reasonable commercial assessment.

Short-time provisions are not discounted. Provisions with expected remaining periods of more than one year have been discounted in accordance with § 253 paragraph 2 sentence 1 HGB due to the average interest rate of the last ten years with regard to their remaining period. In case of anniversary provisions and similar obligations an interest rate according to § 253 paragraph 2 sentence 2 HGB is used which is applicable with a remaining periods of 15 years overall.

Payables are shown at their repayment values.

Short-term **foreign currency payables** are shown at the average middle rate as of the balance sheet date.

4. Notes relating to balance sheet

4.1 Pension provisions

The amount of the pension obligations not yet accrued in accordance with Article 67 EGHGB (Allocation of the adjustment amount resulting from changed valuation in accordance with BilMoG) with an original amount of kEUR 369 totals kEUR 88 as at 31st December, 2016.

Setoffs of assets and liabilities in accordance with § 246 paragraph 2 sentence 2 HGB were made for single obligations. The individual values of the provisions were offset against the corresponding assets. The present values of the assets offset amount to kEUR 172 and the acquisition cost have the same value. The repayment amounts of the liabilities to be offset amount to kEUR 139. There is a remaining as-set value from the offset against the repayment amount of the liabilities. Due to the fact that the remaining periods of obligations and corresponding assets are not fully congruent the pension provision is not balanced at the amount of the corresponding assets.

From discounting according to a market interest rate at an average of ten years there is a lower amount of kEUR 160 compared with the average of seven years, which was used in the previous years. This impact has been settled in personnel expenses (social security contributions and pension expenses).

4.2 Payables

There were no liabilities with a residual term of more than five years as of the balance sheet date. There are liabilities of Mio. EUR 9.6 which are secured by charges on the land of an affiliated company.

4.3 Contingent liabilities and other financial commitments

There are financial commitments from leasing contracts amounting to kEUR 116, thereof kEUR 69 within the year 2017.

Guarantees existed as of 31.12.2016 as follows:

Nature	Maturity	Value as of balance sheet date	Granted Securities
Liabilities from letters of comfort: Collateral promises in favour of an affiliated company	2019 2020 2021	kEUR 6,667 kEUR 615 kEUR 2,422	land charge kEUR 9,600 by affiliated company
		kEUR 9,704	

The contract leading to the value of kEUR 6,667 is being dissolved in March 2017.

5. Notes relating to profit and loss account

5.1 Other operative income

Income from currency conversions amounts to kEUR 42.

5.2 Other operative expenses

Losses from currency conversions did not occur.

5.3 Interests and similar expenses

With regard to offsetting of plan assets and obligations respective income and expenses had also been offset amounting to kEUR 5, which is accounted in the financial expenses.

6. Other information

6.1 Employees

In 2016 the company employed 8 employees in the average.

6.2 Information about the group

Bharat Forge Global Holding GmbH, Ennepetal, is the parent company, which prepares the group accounts for the smallest part of group companies. In so far as a disclosure of these accounts is required they may be inspected at the E-Bundesanzeiger.

Ennepetal, 17th, March, 2017

Bharat Forge Global Holding GmbH

Michael Weis Martin Kübelbäck

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Bharat Forge CDP GmbH

Managing Director
Mr. Michael Weis
Mr. Martin von Werne

Registered Office
Mittelstrasse 64
58256 Ennepetal
Germany

Auditors
WuP Truehand GmbH
Wirtschaftsprufungsgesellschaft
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar
Prof. Dr. Uwe Loos

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Bharat Forge CDP GmbH for the business year from January 1st to December 31st, 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („Handelsgesetzbuch“: „German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements, complies with the legal requirements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hagen, May 12th, 2017

W U P T r e u h a n d G m b H
Wirtschaftsprüfungsgesellschaft

(Börstinghaus)	(Lingnau)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Bharat Forge CDP GmbH, Ennepetal

Balance Sheet as at December 31st, 2016

ASSETS	Rs.		EUR		*As at 31/12/2015* EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		4,853,876.06		67,775.00	136,021.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	533,292,814.12		7,446,403.66		6,537,711.66
2. Technical equipment and machinery	1,003,813,511.13		14,016,316.00		14,202,385.00
3. Other plant, factory and office equipment	726,821,299.46		10,148,655.00		9,757,555.00
4. Prepayments on tangible assets and construction in progress	177,490,762.47	2,441,418,387.18	2,478,315.53	34,089,690.19	4,324,786.95
					34,822,438.61
III. Financial assets					
1. Shares in affiliated companies		112,460,418.11		1,570,292.43	1,550,000.00
		2,558,732,681.35		35,727,757.62	36,508,459.61
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	628,341,375.79		8,773,573.16		8,963,642.77
2. Work in progress	838,147,007.75		11,703,103.40		10,937,732.34
3. Finished goods and merchandise	470,931,898.22		6,575,653.97		4,901,738.34
		1,937,420,281.76		27,052,330.53	24,803,113.45
II. Accounts receivable and other assets					
1. Trade receivables - of which EUR 0.00 (2015: Eur0.00) due after more than one year	1,323,240,586.92		18,476,497.88		21,126,178.03
2. Receivables from affiliated companies - of which EUR 0.00 (2015 0.00)due after more than one year - of which Rs.605,987,913.28 EUR 8.461.450,25 (2015: Eur 5.058.095,33) to shareholders	987,390,791.20		13,787,004.45		8,850,018.80
3. Other assets - of which Rs. 29,026,572.75EUR 405,300.00 (2015: Eur 405,300.00)due after more than one year	75,113,377.91		1,048,813.18		2,707,692.61
		2,385,744,756.03		33,312,315.51	32,683,889.44
III. Cash on hands, bank balances		138,354.98		1,931.86	278,808.52
		4,323,303,392.77		60,366,577.90	57,765,811.41
C. Prepaid expenses		3,784,507.19		52,843.33	43,544.31
Total		**6,885,820,581.31**		**96,147,178.85**	**94,317,815.33**

Bharat Forge CDP GmbH, Ennepetal

Balance Sheet as at December 31st, 2016

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2015* EUR
A. Equity					
I. Share Capital		35,808,750.00		500,000.00	500,000.00
II. Capital reserves		2,984,192,069.90		41,668,475.86	41,668,475.86
III. Profit/loss brought forward		-		-	-
		3,020,000,819.90		42,168,475.86	42,168,475.86
B. Accruals					
1. Accruals for pensions and similar obligations	385,556,965.07		5,383,558.00		5,031,106.00
2. Other accruals	388,589,852.32		5,425,906.41		5,873,462.92
		774,146,817.39		10,809,464.41	10,904,568.92
C. Liabilities					
1. Liabilities to Banks	1,280,360,904.36		17,877,765.97		15,388,863.08
- upto one year: Rs. 707,420,904.36Eur 9,877,765.97 (2015 Eur12,380,797.27)					
- due later than one year:Rs.572,940,000.00 Eur8,000,000.00 (2015 :Eur 3,008,065.81)					
2. Trade payables	1,251,480,906.85		17,474,512.61		23,797,148.32
- up to one year: Rs.1,251,480,906.85 EUR 17,474,512.61					
Due later than one year : Rs.0.00 Eur0.00(2015: Eur 0.00)					
3. Payables to affiliated companies	489,969,130.99		6,841,472.14		336,115.55
up to one year: Rs. 489,969,130.99 EUR 6,841,472.14 (2015: Eur336,115.55)					
of which Rs. 466,351,752.10 EUR 6,511,701.08 (2015:EUR 0.00) to shareholders					
of which Rs. 7,404,680.85 EUR 103,392.06 (2015 : Eur101,115.55) from supplies & services					
4. Other liabilities	69,793,342.12		974,529.16		1,722,623.60
- up to one year: Rs.69,793,342.12 EUR 974,529.16 (2015 :EUR 1,722,623.60)					
Due later than one year Rs.0.00 Eur 0.00 (2015 : Eur 0.00)					
- of which Rs.25,959,130.05 EUR 362,469.09 (2015 : EUR 997,807.14) taxes					
- of which Rs. 93,031.13 EUR 1,299.00EUR 0.00 relating to social security					
		3,091,604,284.32		43,168,279.88	41,244,750.55
D. Deferred Income		68,659.70		958.70	20.00
Total		**6,885,820,581.31**		**96,147,178.85**	**94,317,815.33**

Bharat Forge CDP GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2016

	Rs.		EUR		Previous Year Eur
1. Sales		11,243,615,340.90		156,995,362.04	176,268,322.67
2. Increase/Decrease in finished good inventories and work-in-process		174,695,614.52		2,439,286.69	282,106.97
3. Production for own plant and equipment capitalised		52,504,301.81		733,121.12	198,070.20
		11,470,815,257.23		160,167,769.85	176,748,499.84
4. Other operating income		97,642,197.31		1,363,384.61	1,279,736.27
		11,568,457,454.54		161,531,154.46	178,028,236.11
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	(5,123,881,861.00)		(71,545,109.24)		(89,809,045.63)
b) Cost of purchased services	(2,086,650,319.63)		(29,136,039.65)		(32,444,447.74)
		(7,210,532,180.63)		(100,681,148.89)	(122,253,493.37)
		4,357,925,273.91		60,850,005.57	55,774,742.74
6. Personnel expenses					
a) Wages and salaries	(2,036,502,807.23)		(28,435,826.54)		(29,352,894.97)
b) Social security contributions and pension expenses thereof Rs. 7,040,293.16 EUR 98.304.09 (2015: EUR 1,020,678.00) for Pension Expenses	(388,104,164.63)		(5,419,124.72)		(6,562,854.65)
		(2,424,606,971.86)		(33,854,951.26)	(35,915,749.62)
7. Depreciation and amortization on intangible fixed assets and tangible assets		(624,769,707.22)		(8,723,701.71)	(8,359,952.54)
8. Other operating expenses		(1,121,305,874.33)		(15,656,869.82)	(18,027,549.26)
		187,242,720.50		2,614,482.78	(6,528,508.68)
9. Income from Profit & Loss transfer agreements	57,819,628.05		807,339.38		1,771,258.52
10. Other interest and similar income thereof Rs. 112,797 EUR 1,575.00 (2015 :EUR 0.00) from affiliated companies thereof Rs. 364,934.13 EUR 5,095.60 (2015 : EUR 0.00) from discounting	483,537.01		6,751.66		92.65
11. Depreciation on financial assets	(910,437.47)		(12,712.50)		(11,021.34)
12. Interest and similar expenses thereof Rs.801,757.91 EUR 11,195.00 (2015 :EUR 0.00) to affiliated companies thereof Rs. 18,134,088.13 EUR253,207.50 (2015: EUR 241,403.46) from discounting provisions	(46,994,597.09)		(656,188.74)		(519,305.00)
		10,398,130.50		145,189.80	1,241,024.83
		197,640,851.00		**2,759,672.58**	**(5,287,483.85)**
13. Taxes from Income		0.00		0.00	0.00
14. Income after Taxes		197,640,851.00		2,759,672.58	(5,287,483.85)
15. Other taxes		(17,759,098.90)		(247,971.50)	(377,308.60)
16. Income from loss transfer		-			5,664,792.45
17. Expenses from Profit & Loss Transfer Agreements		(179,881,752.10)		(2,511,701.08)	
18. **Net income for the year**		-		0.00	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2016

1. General notes about the company

The company is entered in the commercial register of the Hagen Local Court ("Amtsgericht") under the company name "Bharat Forge CDP GmbH" and HRB 10053. The company has its registered office in Ennepetal.

Bharat Forge CDP GmbH, Ennepetal, is a major company limited by shares in accordance with Section 267(3) HGB (German Commercial Code).

The business year comprises the period from 01.01.2016 to 31.12.2016.

2. General details about the content and classification of the annual financial statement

With the exception of the effects as a result of the initial application of the German Balance Sheet Guideline Implementation Act (BilRUG), the presentation of the annual financial statement has not been amended. Therefore, the sales revenue of the business year cannot be fully compared to that of the previous year.

In the case of taking into consideration the sales revenue in accordance with BilRUG, in the previous year the sales revenue was €k 176,802 and other operating income €k 746.

The extraordinary expenses are attributable to the cessation of the corresponding position in the income statement in accordance with BilRUG under the other operating expenses. The re-allocated previous year's amount is €k 78.

The classification of the balance sheet and income statement corresponds with Sections 266 and 275 HGB. The income statement continues to be prepared using the total cost type of accounting within the meaning of Section 275(2) HGB.

3. Accounting and valuation methods

The annual financial statement as per 31.12.2016 was prepared in accordance with the requirements of Sections 242 to 256a and 264 to 278 HGB. Supplementary provisions of the German Limited Liability Companies Act regarding the annual financial statement were complied with.

The accounting and valuation methods applied were unchanged compared to the previous year.

Acquired **intangible assets** are stated at acquisition cost. In the case of assets, the use of which is limited in terms of time, the acquisition costs are reduced by way of scheduled depreciation. Normally, three years are taken as a basis for the useful life if a period to the contrary does not apply as a result of the type of asset.

The **property, plant and equipment** is, in principle, stated at acquisition or manufacturing cost less scheduled utilisation-related depreciation. In addition to the directly attributable costs, the proportionate overhead costs are incorporated in the manufacturing costs of the fixed assets constructed by the company, however excluding cost components that do not have to be capitalised in accordance with tax requirements.

With regard to depreciation, the straight-line depreciation method has been used for additions since 2010. Low-value investment assets, which are items that have acquisition or manufacturing costs up to and including € 150, are depreciated in full in the year of addition. With regard to fixed asset additions in a business year, a group item is created if the acquisition or manufacturing costs in respect of the individual investment asset are more than € 150 but not more than € 1,000. The respective group item is to be liquidated in the year of creation and in the following four business years in each case at one fifth in the income statement.

The depreciation applies on a pro rata temporis basis in the case of additions. Where own work capitalised is to be recognised, this is valued at manufacturing cost that also contains the appropriate parts of the necessary material and production overhead costs as well as production-related depreciation.

The useful life is specified as follows according to investment groups:

Asset	**Useful life**
Intangible assets	3 years
Buildings	25 – 33 years
Grounds	8 - 33 years
Technical systems and machines	5 - 10 years
Tools	3 years
Furniture and fittings	5 - 10 years
EDP equipment	3 years

The **financial assets** are stated at acquisition cost.

Insofar as the value of the assets determined according to the above principles exceeds the value that is attributable to them on the closing date of the accounts, consideration is given to this in the case of a likely lasting loss of value by way of non-scheduled depreciation or value adjustments.

The **inventories** are stated at acquisition or manufacturing cost by way of applying the permissible valuation simplification procedure or lower attributable values. In addition to the directly attributable costs, the production and material overhead costs are incorporated in the manufacturing costs, however excluding cost components that do not have to be capitalised in accordance with tax requirements Similarly, interest for outside capital is not stated. The administration costs are only stated in the case of determining the manufacturing costs insofar as they are caused by the production. Storage and marketability risks are taken into consideration by way of appropriate discounts. Marketing and administration costs were not included in the loss-free evaluation of consignment goods.

The **accounts receivable** and other assets are stated at acquisition cost by way of deduction of appropriate value adjustment for identifiable individual risks. The general credit risk is taken into account by way of a general bad debt allowance.

The **prepaid expenses** item comprises general expenses prior to the reporting date, provided they constitute expenses for a certain period after that date.

The share **capital** is stated at the nominal amount.

The value of the pension provisions is calculated on an actuarial basis using the Projected Unit Credit method and application of the guide tables of Dr. Klaus Heubeck 2005 G by way of the following assumptions:

- Interest rate:	4.01 % p.a.
- Expectancy trend:	2.00 % p.a.
- Trend of income limit for the assessment of contributions:	2.00 % p.a.
- Pension trend:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

The **other provisions** take in consideration all identifiable risks, contingent liabilities and impending losses from pending business transactions insofar as these apply. They are to be valued at the required settlement amount based on a reasonable commercial assessment.

Provisions with a residual term of more than one year, are discounted in accordance with Section 253(2) Sentence 1 HGB at their average market interest rate for the past seven years in line with their residual term. In the case of anniversary reserves and similar obligations due on a long-term basis, the interest rate is applied in accordance with Section 253(2) Sentence 2 HGB that arises in the case of a residual term assumed on a flat rate basis of 15 years.

The compulsory amount from partial retirement was stated as a balance at the current value of the securities deposit for insolvency security of the partial retirement claims of the employees.

The **liabilities** reflect their repayment amounts. In accordance with Section 256a HGB, foreign currency liabilities are converted at the average spot exchange rate on the closing date of the accounts.

The **other provisions** are stated following a reasonable commercial assessment at the likely repayment amount. They take into account all identifiable risks and contingent liabilities. Medium and long-term obligations were discounted in accordance with Section 253(2) Sentence 1 HGB.

The **liabilities** reflect their repayment amounts. In accordance with Section 256a HGB, foreign currency liabilities are converted at the average spot exchange rate on the closing date of the accounts.

4. Balance sheet and income statement details

4.1 Fixed assets

The composition and development of the fixed assets is presented in the following statement of asset additions and disposals.

Bharat Forge CDP GmbH, Ennepetal
Assets analysis as at 31st December, 2016

		Historical Aqusition or manufacturing cost					Accumulated Depreciation					Book Value	
		1/1/2016*	Additions	Disposals	Reclassification	12/31/2016	1/1/2016*	Additions**	Disposals	Reclassification	12/31/2016	12/31/2016	1/1/2016
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**												
	Purchased Concessions, Industrial and Similar rights and assets and licenses in such rights and assets	1,528,672.87	25,494.18	-	-	1,554,167.05	1,392,651.87	93,740.18	-	0.00	1,486,392.05	67,775.00	136,021.00
		1,528,672.87	25,494.18	-	-	1,554,167.05	1,392,651.87	93,740.18	-	0.00	1,486,392.05	67,775.00	136,021.00
II.	**Tangible assets**												
	1. Land, land rights and Buildings, including buildings on third party land	11,231,744.71	516,951.02	-	1,130,914.82	12,879,610.55	4,694,033.05	739,173.84	-	0.00	5,433,206.89	7,446,403.66	6,537,711.66
	2. Technical equipment and machinery	36,299,548.58	1,548,416.06	42,938.03	1,144,907.30	38,949,933.91	22,097,163.58	2,879,392.36	42,938.03	0.00	24,933,617.91	14,016,316.00	14,202,385.00
	3. Other plant, factory and office equipment	43,357,206.22	4,263,682.13	13,811,980.94	1,143,533.20	34,952,440.61	33,599,651.22	5,011,395.33	13,807,260.94	0.00	24,803,785.61	10,148,655.00	9,757,555.00
	4. Prepayments on tangible assets and construction in progress	4,779,729.09	1,581,792.74	8,908.84	(3,419,355.32)	2,933,257.67	454,942.14	-	-	-	454,942.14	2,478,315.53	4,324,786.95
		95,668,228.60	7,910,841.95	13,863,827.81	0.00	89,715,242.74	60,845,789.99	8,629,961.53	13,850,198.97	0.00	55,625,552.55	34,089,690.19	34,822,438.61
III.	**Financial Assets**												
	Shares in affiliated companies	1,550,000.00	20,292.43	-	-	1,570,292.43	-	-	-	-	-	1,570,292.43	1,550,000.00
		1,550,000.00	20,292.43	-	-	1,570,292.43	-	-	-	0.00	-	1,570,292.43	1,550,000.00
		98,746,901.47	**7,956,628.56**	**13,863,827.81**	**-**	**92,839,702.22**	**62,238,441.86**	**8,723,701.71**	**13,850,198.97**	**0.00**	**57,111,944.60**	**35,727,757.62**	**36,508,459.61**

4.2 Accounts receivable and other assets

The other assets contain anticipatory items which, in a legal sense, only arise following the closing date of the accounts, claims for electricity and energy tax reimbursement in the sum of €k 303.

4.3 Pension provisions

As per 31.12.2016, the share of the pension obligations not yet accrued in accordance with Article 67(1) EGHGB (German Introductory Act to the German Commercial Code) (distribution of adjustment amount resulting from the valuation amendment in accordance with BilMoG (German Accounting Law Modernisation Act), which was initially €k 1,181, totals €k 630.

Compared to the discounting at the average market interest rate of the past seven years, the discounting of the pension commitments at the average market interest rate of the past ten years produces a difference of €k 855. The effect from the interest change was set off with an effect of reducing the figures for the personnel expenses (social security contributions and expenses for old-age pension) A distribution block within the meaning of Section 253(6) HGB applies in this amount.

The pension obligation on the balance sheet date is €k 5,384.

4.4 Other reserves

The other reserves contain the following key items:

	€k
Personnel	3,089
Customers	1,495
Suppliers	619
Others	223
	5,426

4.5 Liabilities

Of the liabilities due to banks, €k 8,000 have a residual term of 1 – 5 years. All other receivables have a residual term of up to one year.

The liabilities due to a bank in the sum of € 8,000 result from loan agreements and are secured by way of land charges in the sum of €k 4,000. Land charges apply in the sum of €k 13,600 in favour of this bank of which €k 9,600 are attributable to contingent liabilities in favour of Bharat Forge Global Holding GmbH (see 4.1). Furthermore, current account liabilities of € 9,878 due to two banks are secured via an agreement in favour of these banks by way of which all inventories and accounts receivable from trading are deemed transferred by way of security.

4.6 Allocation of sales revenue

Sales are divided as follows in Germany and abroad:

	2016	2015	Change
	€k	**€k**	**€k**
Domestic	58,698	67,960	-9,262
Abroad	98,297	108,308	-10,011
	156,995	176,268	-19,273

4.7 Income and expenses unrelated to the period under review

The other operating income comprises income of €k 875, which was attributable to the previous business years. It includes income from the liquidation of reserves in the sum of €k 437.

The other operating expenses contain expenses in the sum of €k 209, which were attributable to the previous business years, of which €k 78 result from the utilisation of the collection option for pension reserves in accordance with Section 67 EGHGB.

4.8 Expenses and income setting off

Expenses and income in the sum of €k 12 are set off in the financial result.

5. Other disclosures

5.1 Contingent liabilities and other financial obligations

The **other financial obligations** apply in the case of tenancy / leasing agreements totalling € 3,085 / €k 595, of which €k 66 / €k 450 fall due in 2017.

On 25.05.2015, the former CDP Bharat Forge GmbH, the Verband der Metall- und Elektroindustrie Nordrhein-Westfalen e.V. and the IG Metall District Headquarters for North Rhine-Westphalia, entered into a special collective wage agreement "Securing the future" with effect for 2015-2020. The background in that respect was the pressure to achieve a result due to market price demands and the associated decision to bring about a reduction in personnel costs jointly with the employees.

By way of the agreement that has been entered into, the employees undertake to perform more unpaid working hours from July 2015 to June 2018 and waive part of the flexi-time credit. In return, the employer has promised a series of measures such as waiving operational-related dismissals, taking on apprentices in permanent employment contracts, making specific investments or granting profit-sharing in favour of employees in the case of achieving certain net operating margins. The last stated profit-sharing is limited to € 3.2 million.

Bharat Forge Global Holding GmbH was granted a bank loan in the sum of € 6.0 million and a guarantee in the sum of € 3.6 million. To that end, the bank is liable by way of entered land charges in the sum of € 9.6 million. The economic situation and business prospects do not give reason to expect these to be utilised; detailed viewing of planning documents has been granted. The covenants specified in the credit contracts were honoured.

5.2 Number of employees

The annual average number of employees at the company was as follows:

	2016	Previous year
Commercial employees	378	376
Salaried employees	128	132
Apprentices	40	43
	546	551

5.3 Members of the management

The following were appointed managing directors:

- Michael Weis, Dipl.-Ing., Development and Strategy Division, Schönaich
- Michael Kasperski, Sales Division Cologne (to 31.12.2016, deleted on 09.01.2017)
- Martin von Werne, Dipl.-Ing., Technical Division, , Ennepetal

The total emoluments of the management for the 2016 business year were €k 750.

5.4 Fees of auditor of annual accounts

The overall fee charged by the auditor of annual accounts for the 2016 business year in accordance with Section 285 No. 17 HGB is stated in the corresponding notes to the consolidated financial statement as per 31 December 2016 of Bharat Forge Global Holding GmbH.

5.5 Shareholdings

	Equity	Share	Last result
	€k	%	€k
Bharat Forge Daun GmbH	3,587	100	807 *)
OOO Bharat Forge Trading/Moskau	-13	99	-36 **)

*) before profit appropriation to Bharat Forge CDP GmbH

**) preliminary

5.6 Incorporation in the consolidated financial statement

Bharat Forge Ltd., Mundhwa, Pune, India, is the parent company that prepares the consolidated financial statement for the largest group of companies. In the event of disclosure, this applies in the Registrar of Companies in Maharashtra, Pune, India. Bharat Forge Global Holding GmbH, Ennepetal, is the parent company that prepares the consolidated financial statement for the smallest group of companies. In the event of disclosure, this applies in the electronic version of the Official Gazette of the Federal Republic of Germany.

5.7 Supplementary report

There were no events of particular importance that occurred following the end of the business year on 31.12.2016 and are neither taken into consideration in the income statement nor in the balance sheet.

5.8 Proposal for the appropriation of profits

The annual surplus for the business year is transferred to the parent company in accordance with the profit and loss transfer agreement. Reserves are not earmarked for allocation.

Ennepetal, dated 17.02.2017

Bharat Forge CDP GmbH

Michael Weis Martin von Werne

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Bharat Forge Holding GmbH

Managing Director	***Registered Office***	***Auditors***
Mr. Michael Weis	Mittelstrasse 64 58256 Ennepetal Germany	Dr. Wehberg Und Partner GbR Wirtschaftsprufungsgesellschaft Feithstrasse 177 58097 Hagen Germany

Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of the Bharat Forge Holding GmbH, Ennepetal, for the business year from January 1st to December 31st, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („Handelsgesetzbuch“: „German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting.

Hagen, 12th May, 2017

(Börstinghaus)	(Lingnau)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Bharat Forge Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2016

ASSETS	Rs.	EUR	*As at 31/12/2015* EUR
A. Fixed Assets			
I. Financial assets			
Shares in affiliated companies	719,847,243.89	10,051,275.79	10,051,275.79
B. Current assets			
I. Accounts receivable and other assets			
Receivables from affiliated companies - of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year	373,445,925.87	5,214,450.74	1,633,671.26
II. Cash on hands, bank balances	0.00	0.00	754.83
Total	**1,093,293,169.76**	**15,265,726.53**	**11,685,701.88**

Bharat Forge Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2016

EQUITY AND LIABILITIES	**Rs.**	**EUR**	***As at 31/12/2015*** **EUR**
A. Equity			
I. Share Capital	1,790,437.50	25,000.00	25,000.00
II. Capital reserves	273,865,320.00	3,824,000.00	3,824,000.00
III. Profit/loss brought forward	143,328,738.71	2,001,308.88	2,001,308.88
IV Net income for the year	0.00	0.00	0.00
	418,984,496.21	5,850,308.88	5,850,308.88
B. Accruals			
Other Provisions	515,932.47	7,204.00	6,200.00
C. Liabilities			
1. Liabilities to Banks	119.60	1.67	0.00
up to one year: Rs. 119.60 EUR 1.67			
(12/31/2015-EUR 0.00)			
(Due later than one year EUR 0.00			
(12/31/2015 : EUR 0.00)			
2 Payables to affiliated companies	673,792,621.48	9,408,211.98	5,829,193.00
- up to one year: Rs. 673,792,621.48 EUR 9,408,211.98			
(12/31/2015: EUR 5,829,193.00)			
- Due later than one year EUR 0.00			
(12/31/2015 : EUR 0.00)			
Total	**1,093,293,169.76**	**15,265,726.53**	**11,685,701.88**

Bharat Forge Holding GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2016

	Rs.		EUR		*Previous Year* EUR
1. Other operating expenses		(743,497.08)		(10,381.50)	(7,497.14)
2. Income from Profit & Loss transfer agreements	257,063,888.88		3,589,400.48		1,398,671.26
3. Other interest and similar income	0.00		0.00		25,287.06
thereof EUR 0.00					
(2015: EUR 25,287.06) from affiliated companies					
4. Interest and similar expenses	(2,395,605.38)		(33,450.00)		(33,450.00)
thereof Rs. 2,395,605.38 EUR 33,450.00					
(2015 :EUR 33,450.00) to affiliated companies					
		254,668,283.50		3,555,950.48	1,390,508.32
		253,924,786.42		**3,545,568.98**	**1,383,011.18**
5. Taxes on income		0.00		0.00	1,149.71
6. Results after taxes on Income		253,924,786.42		3,545,568.98	1,384,160.89
7. Expenses out of profit & loss transfer agreements		(253,924,786.42)		(3,545,568.98)	(1,384,160.89)
8. Net income for the year		**0.00**		**0.00**	**0.00**

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2016

1. General notes relating to annual accounts

Bharat Forge Holding GmbH has its registered office in Ennepetal and is registered at the local court in Hagen under No. HRB 6998.

Bharat Forge Holding GmbH, is a small enterprise according to § 267 paragraph 1 of the German Commercial Code (HGB).

The financial year comprises the period from 1^{st} January to 31^{st} December 2016.

2. General Information regarding content and structure of the Financial Statements

The presentation of the annual accounts was – with exception of the impacts from first time adoption of the new German Commercial Law (Bilanzrichtlinienumsetzungsgesetz – BilRUG) - not changed compared with the previous year.

However for the company relevance is only given with respect to replacement of subtotal-items in the profit and loss accounts regarding existence and denomination.

The structure of balance sheet and profit & loss account follow §§ 266 und 275 HGB. For the profit & loss account the total cost format was selected (§ 275 paragraph 2 HGB).

While compiling the notes the company takes partly relief with regard to small companies' rules.

3. Accounting and valuation principles

The annual accounts for the fiscal year 2016 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional rules according to limited liability company law have been considered.

The accounting and valuation principles did not change compared with the previous year.

Assets and **liabilities** are generally valued at their acquisition costs due to § 253 paragraph 1 HGB.

Shares in affiliated companies were valued at cost price or in case of expected permanent impairment at fair value.

Receivables from affiliated companies and other accounts receivable are valued at their acquisition costs taking into account value adjustments in respect of apparent individual risks.

Share capital is accounted at nominal amount.

Other provisions are generally valued at the amount payable on the basis of a reasonable commercial assessment. They cover all apparent liabilities and risks and contract loss provisions, so far as there are.

Payables are shown at their repayment values.

The **accounts payable due to affiliated companies** comprise only accounts payable to shareholders.

4. Other information

4.1 Employees

There are no people employed in Bharat Forge Holding GmbH.

4.2 Information about the group

Bharat Forge Global Holding GmbH, Ennepetal is the parent company that prepares the consolidated accounts for the smallest circle of companies.

Ennepetal, 31st March, 2017

Bharat Forge Holding GmbH

Michael Weis

Managing Director

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Bharat Forge Aluminiumtechnik GmbH

Managing Director
Mr. Michael Weis
Mr. Martin Kubelback

Registered Office
Berthelsodorfer StraBe 8
09618 Brand-Erbisdorf
Germany

Auditors
WuP Truehand GmbH
Wirtschaftsprufungsgesellschaf
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. G. Joglekar
Dr. Peter Hopp
Prof. Dr. Uwe Loos

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Bharat Forge Aluminiumtechnik GmbH & Co. KG for the business year from January 1st to December 31st, 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („Handelsgesetzbuch": „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements, complies with the legal requirements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hagen, March 31st, 2017

W U P T r e u h a n d G m b H

Wirtschaftsprüfungsgesellschaft

(Störring)	(Börstinghaus)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Bharat Forge Aluminiumtechnik GmbH
Balance Sheet as at December 31, 2016

ASSETS	Rs.		EUR		*As at 31/12/2015* EUR
A. Fixed Assets					
I. Intangible assets					
1 Concessions, trade mark rights and similar rights values, licenses		8,546,291.74		119,332.45	90,580.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	993,377,598.10		13,870,598.64		14,242,594.14
2. Technical equipment and machinery	1,733,047,890.64		24,198,665.00		25,083,722.89
3. Other plant, factory and office equipment	156,377,455.81		2,183,509.00		2,720,659.00
4. Prepayments on tangible assets and construction in progress	7,388,290.48	2,890,191,235.03	103,163.20	40,355,935.84	1,397,461.51 43,444,437.54
III. Financial assets					
Shares in affiliated companies		-			-
		2,898,737,526.77		40,475,268.29	43,535,017.54
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	268,645,364.64		3,751,113.41		3,509,627.68
2. Work in progress	312,133,137.79		4,358,336.13		5,308,079.69
3. Finished goods and merchandise	123,691,376.34		1,727,111.06		2,197,679.52
4. Prepayments	0.00		0.00		112,333.33
		704,469,878.77		9,836,560.60	11,127,720.22
II. Accounts receivable and other assets					
1. Trade receivables - of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year	211,788,472.72		2,957,216.78		4,361,624.05
2. Receivables from affiliated companies - of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year	592,271.71		8,269.93		-
3 Other assets - of which Rs. 143,384.68 EUR 2,002.09 (12/31/2015: EUR 2,001.09) due after one year	30,426,951.98		424,853.59		605,374.81
		242,807,696.41		3,390,340.30	4,966,998.86
III. Cash on hands, bank balances		2,731,295.93		38,137.27	34,865.55
					16,129,584.63
C. Prepaid expenses		7,822,655.63		109,228.27	209,512.50
D. Asset side difference from offsetting of planned asset		1,185,341.25		16,551.00	16,072.00
Total		**3,857,754,394.76**		**53,866,085.73**	**59,890,186.67**

Bharat Forge Aluminiumtechnik GmbH
Balance Sheet as at December 31, 2016

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2015* EUR
A. Equity					
I. Share capital	594,425,250.00		8,300,000.00		8,300,000.00
II. Capital of limited partner	-		-		-
III. Capital reserve	181,845,662.94		2,539,123.30		2,539,123.30
IV Retained income	483,512,273.37		6,751,314.60		6,751,314.60
V. Net income for the year	-		-		-
		1,259,783,186.31		17,590,437.90	17,590,437.90
B Adjustments for shares held in the own general partner		-		-	-
C Special item for investment grants		570,221,399.70		7,962,040.00	8,926,529.72
D Provisions & Accruals					
1. Accruals for pensions and similar obligations	-		-		-
2. Tax accruals	-		-		-
3. Other accruals	180,122,523.69		2,515,062.99		1,561,364.30
		180,122,523.69		2,515,062.99	1,561,364.30
E Liabilities					
1. Liabilities to banks	1,225,224,157.38		17,107,887.84		23,905,088.72
- of which up to one year: Rs. 485,521,913.41 EUR 6,779,375.34 (12/31/2015: EUR 10,410,906.31)					
2. Trade payables	157,976,703.95		2,205,839.41		4,046,100.08
- of which up to one year: Rs. 156,447,471.94 EUR 2,184,486.64 (12/31/2015: EUR 4,027,833.92)					
3. Payables to affiliated companies	18,053,073.70		252,076.29		267,750.00
- of which up to one year: Rs. 18,053,073.70 EUR 252,076.29 (12/31/2015: EUR 267,750.00)					
- of which Trade payable: Rs. 18,053,073.70 EUR 252,076.29 (12/31/2015: EUR 267,750.00)					
4 Liabilities to limited partner	357,233,227.84		4,988,071.74		1,398,628.13
- of which up to one year: Rs. 357,233,227.84 EUR 4,988,071.74 (12/31/2015: EUR 1,398,628.13)					
5 Other liabilities	89,140,122.19		1,244,669.56		2,194,287.82
- of which taxes: Rs. 9,146,385.51 EUR 127,711.60 (12/31/2015: EUR 876,583.48)					
- of which related to social security: Rs. 375,996.89 EUR 5,250.07 (12/31/2015: EUR 9,481.59)					
- of which upto one year: Rs. 56,610,127.36 EUR 790,451.04 (12/31/2015: EUR 1,517,458.68)					
		1,847,627,285.06		25,798,544.84	31,811,854.75
Total		**3,857,754,394.76**		**53,866,085.73**	**59,890,186.67**

Bharat Forge Aluminiumtechnik GmbH

Profit and Loss Account for the period from January 1 to December 31, 2016

	Rs.		EUR		Previous Year EUR
1. Sales		4,166,373,708.73		58,175,358.10	54,803,342.35
2. Increase or decrease in finished goods and work-in-progress		(87,957,493.84)		(1,228,156.44)	2,480,570.63
		4,078,416,214.89		56,947,201.66	57,283,912.98
3. Other operating income		97,307,833.82		1,358,715.87	2,943,731.13
of which Currency Translation EUR 31,189.14					
(2015: EUR 318,168.89)					
		4,175,724,048.71		58,305,917.53	60,227,644.11
4. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	1,955,693,042.83		27,307,474.33		31,141,882.99
b) Cost of purchased services	378,264,382.07		5,281,731.17		5,809,178.01
		2,333,957,424.90		32,589,205.50	36,951,061.00
5. Personnel expenses					
a) Wages and salaries	631,391,549.36		8,816,162.94		8,510,058.17
b) Social security contributions and pension expense	128,166,049.20		1,789,591.22		1,734,749.85
thereof Rs. 3,836,014.49 EUR 53,562.53 (2015: EUR 74,121.81) for pension expenses					
6. Depreciation and amortization on intangible fixed assets and tangible assets	362,109,624.74		5,056,161.20		4,691,685.79
7. Other operating expenses	395,859,058.65		5,527,406.83		5,738,455.12
of which Currency Translation Rs. 1,136,972.22					
EUR 15,875.62 (2015: EUR 112,891.49)					
		1,517,526,281.95		21,189,322.19	20,674,948.93
		324,240,341.86		4,527,389.84	2,601,634.18
8. Other interest and similar income	530,807.42		7,411.70		85.14
9. Interest and similar expenses	63,966,212.88		893,164.56		1,159,514.46
of which to affiliated companies: Rs. 0.00					
EUR 0.00 (2015: EUR 26,171.68)					
of which from compounding accruals: Rs. 824,961.98					
EUR 11,519.00 (2015: EUR 15,891.00)					
		(63,435,405.46)		(885,752.86)	(1,159,429.32)
10. Results from ordinary business operations		**260,804,936.40**		**3,641,636.98**	**1,442,204.86**
11. Extra Ordinary Income		-			-
		260,804,936.40		3,641,636.98	1,442,204.86
12. Taxes on income and profits	(165,203.67)		(2,306.75)		-
13. Other taxes	3,906,251.21		54,543.25		43,533.60
		3,741,047.54		52,236.50	43,533.60
		257,063,888.86		3,589,400.48	1,398,671.26
14. Expenses out of profit and losse transfer agreement		(257,063,888.86)		(3,589,400.48)	(1,398,671.26)
15. Net income		**-**		**-**	**-**

A. GENERAL NOTES ON THE FINANCIAL STATEMENTS AND ON THE CLASSIFICATION

The Bharat Forge Aluminiumtechnik GmbH is a large corporation within the meaning of Section 267 para.3 of the German Commercial Code (HGB).

The classification of the balance sheet and the profit and loss account correspond essentially to Sections 266 and 275 HGB. For the profit and loss account, the total expenditure format has been applied.

Due to the omission of the extraordinary result through the German Accounting Directives Implementation Act (BilRUG), the P&L classification scheme had to be adjusted and the previous year's income at TEUR 55 reclassified as other operating income.

Sales revenues are not comparable to the previous year, as these were extended due to the redefinition acc. Section 277 para.1 HGB as amended. Given application of the German Accounting Directives Implementation Act (BILRUG) in the previous year, sales revenues would have amounted to TEUR 54,977.

B. ACCOUNTING AND VALUATION PRINCIPLES

The financial statements for the financial year from 01.01. to 31.12.2016 were prepared in accordance with the regulations of the German Commercial Code (Section 242-256a and Section 264-288 HGB). Supplementary provisions of the Limited Liability Company Law (GmbH-Gesetz) were observed in the annual financial statements.

The accounting and valuation methods have been kept unchanged compared to the previous year.

Transactions in foreign currencies were booked at the respective day's exchange rate. Receivables and liabilities with a remaining term of no more than one year were reported in accordance with Section 256a HGB at the average spot exchange rate on the balance sheet date.

Purchased intangible assets are valued at acquisition costs less scheduled straight-line depreciation.

Tangible assets are recognised at acquisition costs. For depreciable moveable assets, the regular straight line method of depreciation is applied. Depreciation on additions is determined on a pro rata temporis basis.

Low-value fixed assets with acquisition costs up to EUR 150 within the meaning of Section 6 para. 2 of the Income Tax Act (EStG) are fully written off within the financial year. Low-value fixed assets with acquisition costs over EUR 150 but not more than EUR 1,000 within the meaning of Section 6 para. 2a EStG are compounded annually and depreciated with an asset life of five years.

Depreciation to the lower fair value is only carried out for intangible assets and fixed assets if this represents a permanent reduction in value.

Investment grants received or claimable are entered as liabilities in a special reserve for investment grants and written back according to the depreciation of the subsidised assets.

Inventories are assessed at acquisition and/or manufacturing costs by applying permissible simplified assessment procedures and/or at their lower market values. The manufacturing costs include directly attributable costs and also manufacturing and materials overhead costs. Administrative costs are only included in the assessment of the manufacturing costs to the extent that they are caused through manufacturing. Costs of general administration, selling costs and interest are not included in the manufacturing costs. Storage and stock turnover risks were taken into account by means of appropriate deductions.

Receivables as well as other assets are assessed at acquisition cost after suitable value adjustments.

Prepaid expenses include general expenditure before the reporting date, provided they represent expenditure for a certain time after this date.

Equity capital (share capital, capital and revenue reserves) is included at the nominal amount.

A pension promise has been made in the form of a contribution-based direct pledge. This pension promise is funded via a reinsurance policy not totally in line with performance. Pension provisions are thus determined for the balance sheet date 31.12.2016 with use of the reference tables 2005 G compiled by Dr. Klaus Heubeck. Calculation was made in accordance with the provisions of Section 249 HGB in connection with Section 252 to 255 HGB. According to Section 253 para. 1 sentence 2 HGB, the pension provision is to be made at the settlement amount determined by reasonable commercial evaluation. Appraisal is based on projected unit credit method.

Calculation was based on the contractual retirement age and the following assumptions:

- an actuarial interest rate of 4.01 % p.a. acc. Section 253 para. 2 HGB and the provisions discounting act for a maturity of 15 years
- a pension dynamic of 1.00 % p.a.
- fluctuation probabilities of 0.00 % p.a.

Due to the pledging of the reinsurance, this is not available to all the other creditors, so that in accordance with Section 246 para. 2 sentence 2 HGB, the pension provision is to be set off against the asset value of the reinsurance. The asset value of the reinsurance is assessed at the amortised acquisition costs. These acquisition costs correspond to the coverage capital including irrevocable profit participation.

In the provisions, all recognisable obligations and risks are covered and are valued at their prospective settlement amount in accordance with reasonable commercial assessment. Anniversary payment provisions are valued according to the “projected unit credit method”, taking into account the reference tables 2005 G by Dr. Klaus Heubeck and an interest rate of 3.24%. This takes into account a fluctuation probability of 3% for the first ten years of service and a flat 20% social security share. Other provisions with a residual term of up to one year have not been discounted.

The liabilities are assessed at their repayment amounts.

C. NOTES TO THE BALANCE SHEET

The breakdown and development of the fixed assets can be seen in the following assets analysis:
Due to a damage within the fixed assets, extraordinary depreciation of T€ 16 was carried out in this fiscal year.

Bharat Forge Aluminiumtechnik GmbH

Assets analysis as at 31st December, 2016

	Historical acquisition or manufacturing costs					Depreciation						
	1/1/2016	Additions	Disposals	Reclassification	12/31/2016	1/1/2016	Additions	Disposals	Reclassification	12/31/2016	Book value 31/12/2016	Book value 31/12/2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
1. Concessions, trade mark rights and similar rights and values, licenses	2,009,158.32	11,427.01	35,910.54	-	1,984,674.79	1,918,578.32	39,869.01	-	35,910.54	1,922,536.79	62,138.00	90,580.00
2. Prepayments on intangible assets	-	57,194.45	-	-	57,194.45						57,194.45	-
	2,009,158.32	68,621.46	35,910.54	-	2,041,869.24	1,918,578.32	39,869.01	-	35,910.54	1,922,536.79	119,332.45	90,580.00
II. Tangible assets												
1. Land, land rights and Buildings, including buildings on third party land	15,804,764.62	256,437.70	-	25,155.26	16,086,357.58	1,562,170.48	653,588.46	-	-	2,215,758.94	13,870,598.64	14,242,594.14
2. Technical equipment and machinery	50,214,152.71	1,403,039.22	181,843.18	1,369,346.84	52,804,695.59	25,130,429.82	3,627,759.95	-	152,159.18	28,606,030.59	24,198,665.00	25,083,722.89
3. Other plant, factory and office equipment	6,583,522.13	227,087.37	267,764.73	2,959.41	6,545,804.18	3,862,863.13	734,943.78	-	235,511.73	4,362,295.18	2,183,509.00	2,720,659.00
4. Prepayments on tangible assets and construction in progress	1,397,461.51	103,163.20	-	(1,397,461.51)	103,163.20	-	-	-	-	-	103,163.20	1,397,461.51
	73,999,900.97	1,989,727.49	449,607.91	-	75,540,020.55	30,555,463.43	5,016,292.19	-	387,670.91	35,184,084.71	40,355,935.84	43,444,437.54
	76,009,059.29	**2,058,348.95**	**485,518.45**	**-**	**77,581,889.79**	**32,474,041.75**	**5,056,161.20**	**-**	**423,581.45**	**37,106,621.50**	**40,475,268.29**	**43,535,017.54**

The item “Other assets” includes accruals that do not legally exist until after the balance sheet date, claims for electricity and energy tax refunds at the amount of T€ 261 as well as claims from insurance reimbursements amounting to T€ 100.

The pension provision of EUR 71,690 has been set off against the coverage capital of the reinsurance of EUR 88,241, resulting in an asset-side difference from offsetting of assets of EUR 16,551.

The discounting of the pension provisions at the average market interest rate of the past ten years compared to discounting at the average market interest rate of the past seven years results in a difference of TEUR 5. This amount is blocked from dividend distribution.

The material other provisions and accruals include outstanding invoices (TEUR 1,062), guarantees (TEUR 290), anniversary bonuses (TEUR 261), bonuses/premiums (TEUR 235), and holiday and flexitime claims (TEUR 210).

Reconciliation with the balance sheet results in the following maturity structure for the liabilities:

	with a remaining term of			
	up to 1 year	1-5 years	over 5 years	1-5 years
	EUR	**EUR**	**EUR**	**EUR**
Liabilities to banks	6,779,375.34	9,840,767.34	487,745.16	17,107,887.84
Trade liabilities	2,199,066.21	6,773.20	0.00	2,205,839.41
Liabilities to affiliated companies	252,076.29	0.00	0.00	252,076.29
Liabilities to shareholders	4,988,071.74	0.00	0.00	4,988,071.74
Other liabilities	790,451.04	454,218.52	0.00	1,244,669.56
	15,009,040.62	10,301,759.06	487,745.16	25,798,544.84

The trade liabilities are secured by the usual retentions of title, and the liabilities to banks by the assignment of security, mortgages and in part through the cumulative assumption of debts by BHARAT FORGE GLOBAL HOLDING GMBH. The other liabilities are also in part secured through the cumulative assumption of debts by BHARAT FORGE GLOBAL HOLDING GMBH. Furthermore, a subordination and non-call agreement has been concluded with the banks regarding the shareholder loan. In the framework of a security pool contract towards several banks, a global assignment of trade liabilities and a storage assignment of the goods in stock continue to exist.

The item “Other liabilities” does not include any accruals that do not legally exist until after the balance sheet date.

Insofar as they are not recognised on the balance sheet as liabilities, lease obligations exist at the amount of TEUR 503 until the end of the respective term. TEUR 285 of this relates to the following financial year and TEUR 0 to a residual term of more than five years. The annual value of the rental obligation amounts to TEUR 192. Future license payments are incurred for the use of a production license. The amount depends on the quantity produced. The corresponding expenditure for the financial year 2016 amounted to TEUR 494.

D. NOTES TO THE PROFIT AND LOSS ACCOUNT

Sales before sales deduction are divided into domestic and foreign as follows:

	2016	2015	change	
	T€	**T€**	**T€**	**in %**
domestic	47,379	42,805	+4,574	+11
foreign	10,40	11,431	-1,091	-10

The sales revenues include income for other accounting periods of T€ 248.

Due to a press fire in October 2016, extraordinary income of T€ 100 was accrued. This amount comprises the expected reimbursement from the insurance company.

The income from the reinsurance policy in the amount of TEUR 3 is offset against the expenses for the pension scheme within the interest expenditure.

E. Events of particular significance after the end of the financial year

No events are known of after the balance sheet date which would have required a different presentation of the economic situation.

F. OTHER NOTES

In the financial year 2016, the company employed on average 255 employees, including 210 industrial staff plus 13 apprentices.

The managing directors in the financial year 2016 were:

Michael Weis, Schönaich, engineer,
Martin Kübelbäck, Meerbusch, businessman,

The managing directors do not receive any remuneration from the company. The costs for the management are passed on within the framework of a management fee by BHARAT FORGE GLOBAL HOLDING GmbH.

BHARAT FORGE GLOBAL HOLDING GmbH, Ennepetal is the parent company, which draws up the consolidated financial statement for the smallest group of companies. In case of publication, the consolidated financial statement is available at the E-Federal Gazette.

Bharat Forge Ltd., Mundhwa/Pune, India is the parent company which draws up the consolidated financial statement for the largest group of companies. In case of publication, the consolidated financial statement is available at the “Registrar of Companies” in Maharashtra, Pune, India.

The company’s advisory board is made up of the following members:

Mr. B. N. Kalyani
Prof Dr U. Loos
Mr. S. Joglekar
Dr P. Hopp
Mr. S. Tandale

Brand-Erbisdorf, 31.03.2017

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Michael Weis Managing Director	Martin Kübelbäck Managing Director

Bharat Forge Daun GmbH

Managing Director
Mr. Martin von Werne

Registered Office
Junius-Saxler-StarB 4
D 54550 Daun
Germany

Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaf
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar
Prof. Dr. Uwe Loos

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Bharat Forge Daun GmbH for the business year from January 1st to December 31st, 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („Handelsgesetzbuch“: „German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements, complies with the legal requirements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hagen, May 12th, 2017

W U P T r e u h a n d G m b H

Wirtschaftsprüfungsgesellschaft

(Börstinghaus)	(Lingnau)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2016

ASSETS	Rs.		EUR		As at 31/12/2015 EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		278,448.84		3,888.00	11,090.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	89,432,854.45		1,248,757.00		1,294,423.00
2. Technical equipment and machinery	303,563,378.43		4,238,676.00		2,601,967.00
3. Other plant, factory and office equipment	123,692,374.69		1,727,125.00		1,020,162.00
4 Prepayments on tangible assets and construction in progress	3,822,632.76		53,375.68		1,738,785.71
		520,511,240.33		7,267,933.68	6,655,337.71
		520,789,689.17		7,271,821.68	6,666,427.71
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	49,699,428.21		693,956.48		569,220.29
2. Work in progress	38,511,605.19		537,740.15		603,290.29
3. Finished goods and merchandise	11,921,797.11		166,464.86		197,573.93
		100,132,830.51		1,398,161.49	1,370,084.51
II. Accounts receivable and other assets					
1. Trade receivables	3,850,713.98		53,767.78		38,679.64
- of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year					
2. Receivables from affiliated companies	87,167,242.71		1,217,122.11		214,327.58
of which EUR 0.00 (12/31/2015: EUR 0.00) trade receivables					
of which EUR 0.00 (12/31/2015: EUR 0.00) to shareholders					
of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year					
3 Other assets	3,788,838.61		52,903.81		390,861.88
- of which EUR 0.00 (12/31/2015: EUR 0.00) due after one year					
		94,806,795.30		1,323,793.70	643,869.10
		715,729,314.98		9,993,776.87	8,680,381.32
III. Cash on hands, bank balances		1,932,693.50		26,986.33	21,780.13
Total		**717,662,008.48**		**10,020,763.20**	**8,702,161.45**

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2016

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2015* EUR
A. Equity					
I. Share Capital		3,580,875.00		50,000.00	50,000.00
II. Capital reserves		107,426,250.00		1,500,000.00	1,500,000.00
III. Profit/loss brought forward		145,903,548.98		2,037,261.13	2,037,261.13
IV. Net income for the year		-		-	-
		256,910,673.98		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	35,087,418.54		489,928.00		468,455.00
2. Other accruals	32,861,598.20		458,848.72		597,714.61
		67,949,016.74		948,776.72	1,066,169.61
C. Liabilities					
1. Trade payables	35,932,833.05		501,732.58		531,308.87
-up to one year: Rs. 35,932,833.05 EUR 501,732.58 (12/31/2015: EUR 531,308.87)					
2. Payables to affiliated companies	353,299,714.00		4,933,147.82		3,466,520.31
- up to one year: Rs. 353,299,714.00 EUR 4,933,147.82 (12/31/2015: EUR 3,466,520.31) of which Rs. 353,299,714.00 EUR 4,933,147.82 (12/31/2015: EUR 3,457,044.31) to shareholders					
3. Other liabilities	3,569,770.71		49,844.95		50,901.53
- up to one year: Rs. 3,569,770.71 EUR 49,844.95 (12/31/2015: EUR 50,901.53)					
- of which Rs. 3,534,475.45 EUR 49,352.12 (12/31/2015: EUR 50,384.17) relating to taxes					
- of which Rs. 14,824.82 EUR 207.00 (12/31/2015: EUR 0.00) relating to social security					
		392,802,317.76		5,484,725.35	4,048,730.71
Total		**717,662,008.48**		**10,020,763.20**	**8,702,161.45**

Bharat Forge Daun GmbH

Profit and Loss Account for the period from January 1st to December 31st, 2016

	Rs.		EUR		Previous Year EUR
1. Sales		947,835,507.04		13,234,691.34	13,112,847.43
2. Increase or Decrease in finished good inventories and work-in-process		(6,922,490.97)		(96,659.21)	58,746.82
3. Production for own plant and equipment capitalised		3,568,134.96		49,822.11	61,067.98
		944,481,151.03		13,187,854.24	13,232,662.23
4. Other operating income		9,215,522.18		128,676.96	35,355.79
		953,696,673.21		13,316,531.20	13,268,018.02
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	181,100,427.70		2,528,717.53		2,672,482.75
b) Cost of purchased services	78,722,392.87		1,099,206.10		1,232,352.35
		(259,822,820.57)		(3,627,923.63)	(3,904,835.10)
		693,873,852.64		9,688,607.57	9,363,182.92
6. Personnel expenses					
a) Wages and saleries	343,074,627.85		4,790,374.25		4,630,260.28
b) Social security contributions and pension expenses thereof Rs. -259,026.17 EUR -3,616.80 (2015: EUR 80,832.18) for pension expenses	64,868,102.80		905,757.71		980,888.58
		(407,942,730.65)		(5,696,131.96)	(5,611,148.86)
		285,931,121.99		3,992,475.61	3,752,034.06
7. Depreciation and amortization on intangible fixed assets and tangible assets		(112,122,416.45)		(1,565,572.89)	(673,351.15)
8. Other operating expenses		(113,078,339.62)		(1,578,920.51)	(1,266,369.75)
		60,730,365.92		847,982.21	1,812,313.16
9 Depreciation on financial assets	0.00		0.00		364.35
10 Interest and similar expenses thereof Rs. 1,729,934.32 EUR 24,155.19 (2015: EUR 23,686.10) from discounting of provisions	1,729,934.32		24,155.19		24,138.10
		(1,729,934.32)		(24,155.19)	(24,502.45)
11 Results from ordinary business operations		**59,000,431.60**		**823,827.02**	**1,787,810.71**
12 Extraordinary Expenses	0.00				0.00
13 Extraordinary Result		0.00		0.00	0.00
14 Taxes on income	-				0.00
15 Other taxes	1,180,803.56		16,487.64		16,552.19
		(1,180,803.56)		(16,487.64)	(16,552.19)
		57,819,628.04		807,339.38	1,771,258.52
16 Expenses out of profit & loss transfer agreement		**(57,819,628.04)**		**(807,339.38)**	**(1,771,258.52)**
17 Net Income for the year		-		-	-

Fixed Assets analysis as at 31st December, 2016

	Historical acquisition or manufacturing costs					Depreciation				Book value	Book value
	1/1/2016	Additions	Disposals	Reclassification	12/31/2016	1/1/2016	Additions	Disposals	12/31/2016	12/31/2016	12/31/2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Purchased concessions, industrial & similar rights and aasets and licenses in such rights & assets	103,603.38	-	-	-	103,603.38	92,513.38	7,202.00	-	99,715.38	3,888.00	11,090.00
	103,603.38	-	-	-	103,603.38	92,513.38	7,202.00	-	99,715.38	3,888.00	11,090.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	1,985,922.66	-	5,976.51	36,750.30	2,016,696.45	691,499.66	76,439.79	-	767,939.45	1,248,757.00	1,294,423.00
2. Technical equipment and machinery	6,058,564.49	1,415,555.17	68,155.31	1,332,410.42	8,738,374.77	3,456,597.49	1,111,256.59	68,155.31	4,499,698.77	4,238,676.00	2,601,967.00
3. Other plant, factory and office equipment	2,274,293.25	711,966.52	82,104.37	369,624.99	3,273,780.39	1,254,131.25	370,674.51	78,150.37	1,546,655.39	1,727,125.00	1,020,162.00
4. Payments in Advance & construction in progress	1,738,785.71	53,375.68	-	(1,738,785.71)	53,375.68	-	-	-	-	53,375.68	1,738,785.71
	12,057,566.11	2,180,897.37	156,236.19	-	14,082,227.29	5,402,228.40	1,558,370.89	146,305.68	6,814,293.61	7,267,933.68	6,655,337.71
Total	**12,161,169.49**	**2,180,897.37**	**156,236.19**	**-**	**14,185,830.67**	**5,494,741.78**	**1,565,572.89**	**146,305.68**	**6,914,008.99**	**7,271,821.68**	**6,666,427.71**

NOTES TO FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2016

1. General

The company is entered in the commercial register of the Wittlich Local Court ("Amtsgericht") under the company name "Bharat Forge Daun GmbH" and HRB 40331. The company has its registered office in Daun.

Bharat Forge Daun GmbH, is a major company limited by shares in accordance with Section 267(3) HGB (German Commercial Code).

The business year comprises the period from 01.01.2016 to 31.12.2016.

2. General details about the content and classification of the annual financial statement

With the exception of the effects as a result of the initial application of the German Balance Sheet Guideline Implementation Act (BilRUG), the presentation of the annual financial statement has not been amended. Therefore, the sales revenue of the business year cannot be fully compared to that of the previous year.

In the case of taking into consideration the sales revenue in accordance with BilRUG, in the previous year the sales revenue was €k 13,116 and other operating income €k 32.

The extraordinary expenses are attributable to the cessation of the corresponding position in the income statement in accordance with BilRUG under the other operating expenses. The re-allocated previous year's amount is €k 5.

The classification of the balance sheet and income statement corresponds with Sections 266 and 275 HGB. The income statement continues to be prepared using the total cost type of accounting within the meaning of Section 275(2) HGB.

3. Accounting and valuation methods

The annual financial statement as per 31.12.2016 was prepared in accordance with the requirements of Sections 242 to 256a and 264 to 288 HGB. Supplementary provisions of the German Limited Liability Companies Act regarding the annual financial statement were complied with.

The accounting and valuation methods applied were unchanged compared to the previous year.

Acquired **intangible assets** are stated at acquisition cost. In the case of fixed assets, the use of which is limited in terms of time, the acquisition costs are reduced by way of scheduled depreciation. Normally, three years are taken as a basis for the useful life if a period to the contrary does not apply as a result of the type of asset.

The **property, plant and equipment** is, in principle, stated at acquisition or manufacturing cost less scheduled utilisation-related depreciation. In addition to the directly attributable costs, the proportionate overhead costs are incorporated in the manufacturing costs of the fixed assets constructed by the company, however excluding cost components that do not have to be capitalised in accordance with tax requirements..

With regard to depreciation, the straight-line depreciation method has been used for additions since 2010. Low-value investment assets, which are items that have acquisition or manufacturing costs up to and including € 150, are depreciated in full in the year of addition. With regard to fixed asset additions in a business year, a group item is created if the acquisition or manufacturing costs in respect of the individual investment asset are more than € 150 but not more than € 1,000. The respective group item is to be liquidated in the year of creation and in the following four business years in each case at one fifth in the income statement. The depreciation applies on a pro rata temporis basis in the case of additions.

Where own work capitalised is to be recognised, this is valued at manufacturing cost that also contains the appropriate parts of the necessary material and production overhead costs as well as production-related depreciation.

The useful life is specified as follows according to investment groups:

Asset	**Useful life**
Intangible assets	3 years
Buildings	25 – 33 years
Grounds	8 - 33 years
Technical systems and machines	5 - 10 years
Tools	3 years
Furniture and fittings	5 - 10 years
EDP equipment	3 years

Insofar as the value of the assets determined according to the above principles exceeds the value that is attributable to them on the closing date of the accounts, consideration is given to this in the case of a likely lasting loss of value by way of non-scheduled depreciation or value adjustments.

The **inventories** are stated at acquisition or manufacturing cost by way of applying the permissible valuation simplification procedure or lower attributable values. In addition to the directly attributable costs, the production and material overhead costs are incorporated in the manufacturing costs, however excluding cost components that do not have to be capitalised in accordance with tax requirements.. Similarly, interest for outside capital is not stated. The administration costs are only stated in the case of determining the manufacturing costs insofar as they are caused by the production. Storage and marketability risks are taken into consideration by way of appropriate discounts. Marketing and administration costs were not included in the loss-free evaluation of consignment goods.

The **accounts receivable** and other assets are stated at acquisition cost by way of deduction of appropriate value adjustment for identifiable individual risks. The general credit risk is taken into account by way of a general bad debt allowance for receivables.

The prepaid expenses item comprises exclusively expenses prior to the reporting date, provided they constitute expenses for a certain period after that date.

The share **capital** is stated at the nominal amount.

The value of the pension provisions is calculated on an actuarial basis using the Projected Unit Credit method and application of the guide tables of Dr. Klaus Heubeck 2005 G by way of the following assumptions:

- Interest rate:	4.01 % p.a.
- Expectancy trend:	0.00 % p.a.
- Trend of income limit for the assessment of contributions:	0.00 % p.a.
- Pension rend:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

The **other provisions** take in consideration all identifiable risks, contingent liabilities and impending losses from pending business transactions insofar as these apply. They are to be valued at the required settlement amount based on a reasonable commercial assessment.

Provisions with a residual term of more than one year, are discounted in accordance with Section 253(2) Sentence 1 HGB at their average market interest rate for the past seven years in line with their residual term. In the case of anniversary reserves and similar obligations due on a long-term basis, the interest rate is applied in accordance with Section 253(2) Sentence 2 HGB that arises in the case of a residual term assumed on a flat rate basis of 15 years.

The compulsory amount from partial retirement was stated as a balance at the current value of the securities deposit for insolvency security of the partial retirement claims of the employees.

The **liabilities** reflect their repayment amounts. In accordance with Section 256a HGB, foreign currency liabilities are converted at the average spot exchange rate on the closing date of the accounts.

The **other provisions** are stated following a reasonable commercial assessment at the likely repayment amount. They take into account all identifiable risks and contingent liabilities. Medium and long-term obligations were discounted in accordance with Section 253(2) Sentence 1 HGB.

The **liabilities** reflect their repayment amounts. In accordance with Section 256a HGB, foreign currency liabilities are converted at the average spot exchange rate on the closing date of the accounts.

4. Balance sheet and income statement details

4.1 Fixed assets

The composition and development of the fixed assets is presented in the following statement of asset additions and disposals (page 7).

4.2 Accounts receivable and other assets

The other assets contain anticipatory items which, in a legal sense, only arise following the closing date of the accounts, claims for electricity and energy tax reimbursement in the sum of €k 46.

4.3 Pension provisions

The share of the pension obligations not yet accruedin accordance with Article 67(1) EGHGB (German Introductory Act to the German Commercial Code) (distribution of adjustment amount resulting from the valuation amendment in accordance with BilMoG (German Accounting Law Modernisation Act), which was initially €k 81, totals €k 44 as per 31.12.2016. Compared to the discounting at the average market interest rate of the past seven years, the discounting of the pension commitments at the average market interest rate of the past ten years produces a difference of €k 100. The effect from the interest change was set off with an effect of reducing the figures for the personnel expenses (social security contributions and expenses for old-age pension) A distribution block within the meaning of Section 253(6) HGB applies in this amount.

The pension obligation on the balance sheet date is €k 490.

4.4 Other provisions

The other reserves contain the following key items:

	€k
Personnel	364
Customers	20
Suppliers	75
	459

4.5 Liabilities

All liabilities have a residual term of up to one year.

4.6 Allocation of sales revenue

Sales are divided as follows in Germany and abroad:

	2016	2015	Change
	€k	**€k**	**€k**
Domestic	13,164	13,065	+ 99
Abroad	71	48	+ 23
	13,235	13,113	+ 122

4.7 Income and expenses unrelated to the period under review

The other operating income comprises income of €k 18, which was attributable to the previous business years.

It includes income from the liquidation of reserves in the sum of €k 14.

The other operating expenses contain expenses in the sum of €k 7, which were attributable to the previous business years, of which €k 5 result from the utilisation of the collection option for pension reserves in accordance with Section 67 EGHGB.

4.8 Expenses and income setting off

Expenses and income in the sum of €k 0.4 are set off in the financial result.

5. Other disclosures

5.1 Contingent liabilities and other financial obligations

The **other financial obligations** apply in the case of tenancy / leasing agreements totalling € 66 / €k 45, of which €k 66 / €k 22 fall due in 2017.

5.2 Number of employees

The annual average number of employees at the company was as follows:

	2016	Previous year
Commercial employees	75	67
Salaried employees	17	17
Apprentices	14	12
	106	96

5.3 Members of the management

The following were appointed members of the management:

- Martin von Werne, Engineer, Ennepetal

The management did not receive any emoluments for 2016.

5.4 Fees of auditor of annual accounts

The overall fee charged by the auditor of annual accounts for the 2016 business year in accordance with Section 285 No. 17 HGB is stated in the corresponding notes to the consolidated financial statement as per 31 December 2016 of Bharat Forge Global Holding GmbH.

5.5 Incorporation in the consolidated financial statement

Bharat Forge Ltd., Mundhwa, Pune, India, is the parent company that prepares the consolidated financial statement for the largest group of companies. In the event of disclosure, this applies in the Registrar of Companies in Maharashtra, Pune, India. Bharat Forge Global Holding GmbH, Ennepetal, is the parent company that prepares the consolidated financial statement for the smallest group of companies. In the event of disclosure, this applies in the electronic version of the Official Gazette of the Federal Republic of Germany.

5.6 Supplementary report

There were no events of particular importance that occurred following the end of the business year on 31.12.2016 and are neither taken into consideration in the income statement nor in the balance sheet.

5.7 Proposal for the appropriation of profits

The annual surplus for the business year is transferred to the parent company in accordance with the profit and loss transfer agreement. Reserves are not earmarked for allocation.

Ennepetal, dated 17.02.2017

Bharat Forge Daun GmbH

Martin von Werne

Bharat Forge Kilsta AB

Chairman
Mr. B. N. Kalyani

Managing Director
Mr. Michael Weis

Director
Mr. S. E. Tandale
Mr. S. G. Joglekar
Mr. Ari Tiuraniemi
Mr. Hans Lindback

Registered Office
Box 428 691 27 Karlskoga
Sweden

Auditors
Ernst & Young AB
Kungsgatan 18, Box 477,
651 11 Karlstad, Sweden

Auditor’s report

To the general meeting of the shareholders of Bharat Forge Kilsta AB, corporate identlty number 556061-2565

Report on the annual accounts

Opinions

We have audited the annual accounts of Bharat Forge Kilsta AB for the financial year 2016-01-01 – 2017-12-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Bharat Forge Kilsta AB as of 30 December 2016 and of its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

Basis of Opinions

We conducted our audit in accordance with international Standard of Auditing (ISA) and generally auditing standard in Sweden. Our responsibility under those standard are further described in the Auditor’s Responsibility section. We are independent of Bharat Forge Kilsta AB in accordance with Professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibility in accordance with those requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other matter

The audit of the annual accounts for the financial year 2015-01-01 – 2015-12-31 was performed by another auditor who submitted an auditor’s report dated 30 March 2016, with unmodified opinions in the Report of annual accounts.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operation

Auditor's responsibility

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

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

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

Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's Internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events In a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audlt, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managlnq Dlrector of Bharat Forge Kilsta AB for the financial year 2016-01-01 - 2016-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from llability for the financial year.

Basis of Opinions

We conducted the audit In accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Bharat Forge Kilsta AB in accordance wlth professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities In accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Dlrectors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according fo the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the adminlstration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed approprlatlons of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a hlgh level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audlt in accordance with generally accepted audlting standards in Sweden, We exercise professional judgment and maintaln professlonal skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting polnt in risk and materiality. This means that we focus the examination on such actlons, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companles Act.

Karlstad, March 27, 2017

Ernst & Young AB

Tomas Karisson

Authorized Public Accountan

Administration Report

General information on the Company and business

The Company is one of the leading manufactures of forged crankshafts for diesel engines in the world. Other products are front axle beams and steering- and transmission ports for the vehicle industry.

The production facilities are three forging presses with a pressing capacity of 2500, 4000 and 16000 tons respectively and equipment for heat-treatment and machinery for cutting processes. The heavy press is fully automatic as well as one of the biggest in the world.

Significant events

Sales during 2016 remained at a high level, but decreased somewhat as compared to 2015. The decrease in volume of heavy forgings was -2%. The production in the 16000 ton press was operated in 5-shift during January-May and in December. During remaining months, the production has operated in 4-shift.

In February, the company replaced its financing with a new financing, in which the financing costs decreased significantly.

The Company has received a shareholder contribution of 14,4 MSEK as of 2016-12-31.

Significant events after year-end

There have not been any significant events after year-end.

Expected future development, risk and uncertainties

The demand has been higher in the beginning of 2017, as compared to the beginning of 2016 and 2015. The order intake indicates that sales during the coming months will remain at a higher level as compared to budget. For the second half of the year, however, the prospects are more uncertain.

The company operates within a strongly, competitive market, and operations are associated with risks. The company is exposed to both operational and financial risks. Development of steel- and energy prices, as well as increased competition, belong to the main operational risks. The financial risk consists of a credit risk, that is, that the company is not being paid for its accounts receivables, and the development of EUR/SEK since the company has its financing in EUR.

Comparative figures covering several years

The financial development for the Company in summary. Definitions of key figures, down below.

	2016	2015	2014	2013	2012
Net sales, TSEK	749 771	808 457	716 294	790 028	806 014
Profit/loss after financial items, TSEK	-20 968	7 184	-44 579	-13 594	-21 772
Balance sheet total, TSEK	416 633	408 638	402 361	439 621	434 356
Number of employees,	295	291	293	328	337
Equity/assets ratio, %	3,5	5,0	3,2	3,8	6,9
Return on total assets, %	Neg	4,3	Neg	0,7	0,5
Return on equity, %	Neg	32,5	Neg	Neg	Neg

Equity/assets ratio
Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Return on total assets
Income before taxes plus financial income related to balance sheet total.

Return on equity
Income after financial items as a percentage of equity and untaxed reserves (less deferred tax).

Research and development

The research and development activities of the Company amounted 0,25 % (0,24 %) of the total operating expenses during the financial year.

Environmental issues

The Company is conducting manufacturing which needs environmental permission. Permission for manufacturing of 120.000 metric tonnes of forge products per year is in place.

The most important environmental influences of the Company is the exploit of resources depending on the huge use of steel and energy. Influence by direct discharge into air and water is insignificant. Almost all of the Company’s production corresponds to the environmental permission.

Change of Equity

	Share capital	Revaluat. reserve	Statutory reserve	Non restricted equity	Total equity
Equity 2015-12-31	**20 000**	**19 185**	**4 000**	**-22 825**	**20 360**
Change revaluation, note 9, 17		-2 025		2 025	-
Shareholder contribution				14 350	14 350
Revaluation of defined benefit pensions				735	735
Net loss for the year	-	-	-	-20 968	-20 968
Equity 2016-12-31	**20 000**	**17 160**	**4 000**	**-26 683**	**14 477**

Proposed treatment of losses

To the disposal of the annual general meeting are the following loss (SEK)

Unappropriated profit brought forward	-5 714 910
Net loss for the year	-20 968 440
	-26 683 350

The Board of Directors propose that the unappropriated loss be distributed as follows

Retained losses carried forward	-26 683 350

Result and financial position

For further information on the Company's result of operations and financial position, refer to the following income statement, balance sheet and accompanying notes.

Bharat Forge Kilsta AB

Balance Sheet as at December 31, 2016

	Note	31/12/2016		31/12/2015
		Rs.'000	SEK'000	SEK'000
Assets				
Fixed assets				
Land and buildings	9	266,434	35,715	37,590
Plant and machinery	11	851,492	114,141	110,874
Equipment, tools, fixtures & fittings	10	53,093	7,117	8,080
Construction in progress	12	13,167	1,765	8,173
		1,184,186	158,738	164,717
Financial assets				
Deferred tax Assets	17	27,416	3,675	3,204
		27,416	3,675	3,204
Total fixed assets		**1,211,602**	**162,413**	**167,921**
Current assets				
Inventories				
Raw materials and consumables		393,970	52,811	49,894
Work in progress		602,402	80,751	69,806
Finished goods and goods for resale		106,932	14,334	17,765
		1,103,304	147,896	137,465
Current receivables				
Accounts receivables - Trade		464,288	62,237	59,513
Other receivables		3,476	466	375
Income tax receivable		23,424	3,140	2,998
Prepaid expenses and accrued income		53,212	7,133	8,264
		544,400	72,976	71,150
Cash and bank balances		248,776	33,348	32,102
Total current assets		1,896,480	254,220	240,717
Total assets		**3,108,082**	**416,633**	**408,638**

Bharat Forge Kilsta AB

Balance Sheet as at December 31, 2016

	Note	31/12/2016		31/12/2015
		Rs.'000	SEK'000	SEK'000
Equity and liabilities				
Equity				
Restricted equity				
Share capital (200 000 shares)		149,200	20,000	20,000
Revaluation Reserve		128,014	17,160	19,185
Statutory reserve		29,840	4,000	4,000
		307,054	41,160	43,185
Unrestricted equity				
Unappropiated Profit brought forward		(42,634)	(5,715)	(30,163)
Net income of the year		(156,421)	(20,968)	7,278
		(199,055)	(26,683)	(22,885)
Total equity		107,999	14,477	20,300
Provisions				
Provisions for pensions		62,851	8,425	9,807
Guarantee reserve		7,460	1,000	1,000
Total provisions		70,311	9,425	10,807
Long-term liabilities				
Liabilities to Group companies		71,347	9,564	-
Total long-term liabilities		71,347	9,564	-
Current liabilities				
Liabilities to credit institutions		1,284,493	172,184	162,274
Accounts payable - trade		819,608	109,867	109,366
Liabilities to group companies		301,056	40,356	59,823
Other liabilities		39,918	5,351	5,849
Accrued expenses and deferred income	23	413,350	55,409	40,219
Total current liabilities		2,858,425	383,167	377,531
Total equity and liabilities		**3,108,082**	**416,633**	**408,638**

Bharat Forge Kilsta AB

Income statement for the period from January 1 to December 31, 2016

	Note	2016		Previous Year
		Rs.'000	SEK'000	SEK'000
Operating income etc.				
Net sales	4	5,593,292	749,771	808,457
Change in inventories of work in progress, finished goods		(111,781)	(14,984)	13,159
Other operating income	5	205,359	27,528	30,937
Operating income etc.		5,686,870	762,315	852,553
Operating expenses				
Raw materials and consumables		(3,009,379)	(403,402)	(472,297)
Other external costs	6,7	(1,096,083)	(146,928)	(152,482)
Personnel costs	8	(1,395,542)	(187,070)	(178,057)
Depreciation of tangible assets	9, 10, 11,12	(229,440)	(30,756)	(36,364)
Other operating expenses	13	(42,050)	(5,637)	(5,975)
Operating expenses		(5,772,494)	(773,793)	(845,175)
Operating profit/(loss)		**(85,624)**	**(11,478)**	**7,378**
Result from financial items				
Interest items and similar items	14	47,214	6,329	10,177
Interest expenses and similar items	15	(121,523)	(16,290)	(10,936)
Loss from financial items		(74,309)	(9,961)	(759)
Profit/(Loss) after financial items		(159,933)	(21,439)	6,619
Income taxes	16	3,514	471	565
Net profit/(Loss) for the year		**(156,419)**	**(20,968)**	**7,184**

Bharat Forge Kilsta AB

Statement of Cash Flow for the period ended December 31 , 2016

	2016		2015
	Rs.'000	**SEK'000**	**SEK'000**
Operating activities			
Income after financial items	(159,933)	(21,439)	6,619
Adjustments for items not requiring an outflow of cash:			
Exchange Rate difference	78,830	10,567	(4,340)
Loss disposal fixed assets	-	-	723
Change in accured interest	13,868	1,859	-
Depreciations	229,432	30,755	36,364
Change in Provisions	(4,379)	(587)	(1,281)
	157,816	21,155	38,085
Income tax paid	(1,059)	(142)	43
Cash flow from operating activities before changes in working capital	**156,757**	**21,013**	**38,128**
Increase(-) /decrease (+) in inventories	(77,815)	(10,431)	(25,987)
Increase(-) /decrease (+) in current receivables	(12,563)	(1,684)	19,891
Increase(+) /decrease (-) in current liabilities	125,492	16,822	25,497
Cash flow from operating activities	**191,871**	**25,720**	**57,529**
Investing activities			
Acquisition of tangible assets	(186,194)	(24,959)	(27,581)
Disposal of tangible assets	1,358	182	-
Cash flow from investing activities	(184,836)	(24,777)	(27,581)
Financing activities			
Loans taken	1,388,328	186,103	-
Proceeds/repayment of borrowings	(1,386,068)	(185,800)	(21,053)
Cash flow from financing activities	2,260	303	(21,053)
Net cash flow for the year	9,295	1,246	8,895
Cash and cash equivalents at beginning of year	239,481	32,102	23,207
Cash and cash equivalents at end of year	**248,776**	**33,348**	**32,102**

NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR 2016

Note 1 Accounting principles

Bharat Forge Kilsta ABs Annual Report is prepared in accordance with the Annual Accounts Act and the guidelines issued by the Accounting Standard Board (BFN) 2012:1 Annual Report and consolidation statement (K3). If nothing else is stated the principles are unchanged compared to last year, with the exception of what is described in Employee benefits.

a) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the closing rate. Transactions in foreign currency are translated using the transaction date. Non- monetary assets and liabilities are not recalculated and are reported at time for acquisition.

b) **Revenues**

Sales of goods are recognized when the significant risks and rewards passes from seller to buyer under conditions of sale. Sales are reported after deduction of VAT and discounts. Interest income is recognized using the effective interest method.

c) **Income taxes**

Current taxes are valued using tax rates and tax laws applicable at the balance sheet date.
Deferred tax loss carryforwards or other future tax deductions are recognized to the extent that is it probable that the deduction can be used against future taxable profits. Receivables and liabilities are reported as net when there is a legally right to set off.

Current taxes, as well as changes in deferred tax is recognized in the income statement unless the tax belongs to an event or transaction which is recognized directly in equity. Tax effects of items recognized directly in equity is recognized in equity.

d) **Intangible fixed assets**

<u>Research and development</u>

The Company applies the expensing model internally generated intangible fixed assets. Expenditures are recognized when they occur.

e) **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Cost includes expenditure that directly belongs to the acquisition of the asset. When a component of a fixed asset is replaced, disposal is made of the remaining old component and the new component is activated. Expenditures for repair and maintenance are recognized as expenses. Capital gain or capital loss on disposal of a fixed asset is recognized as other operating income or other operating costs. Tangible fixed assets are systematically depreciated over estimated useful life. When the depreciation amount is determined also the residual value is considered. Property land has an unlimited useful life and is not depreciated. Linear base are used for other types of tangible fixed assets. No borrowing costs are capitalized.

In this respect the following depreciation periods are applied:

<u>Number of years</u>

Residential property	50
Industrial buildings	
-Structure	40-50
-Facade, windows, roof	15-30
-Interior finishes	10-15
Land improvments	20
Plant and machinery	1-30
Equipment, tools, fixtures and fittings	3-33

Plant and machinery applies individual component split and amortization are estimated at each investment.

f) **Impairment of non-financial assets**

When there is an indication that an asset is impaired, an assessment is made of impairment. Have the assets a recovery value that is lower than the reported amount, will it be written down to its recoverable amount. When assessing impairment, the recoverable amount for the whole of cash-generating unit to which the asset belongs.

g) Lease

All leases where the Company is the lessee are treated as operating leases, whether the contracts are financial or operational. Lease payments are recognized as an expense on a linear basis over the lease term.

h) **Financial instruments**

Financial instruments recognized in the balance sheet include account receivables and other receivables, payables and loan.

Account receivables and other receivables

Receivables are recognized as current assets. Receivables are recorded at the amount expected to be paid after deductions for individually assessed impaired receivables.

Loan and payables

Loan and payables are recognized initially at cost, less transaction costs.

Netting of financial asset and financial liability

A financial asset and a financial liability are netted and the net amount are presented in the balance sheet only if a legally enforceable right exists and then verifies with a net amount or when a disposal of the asset and adjustment of liabilities will take place.

Impairment of financial assets

At each reporting date, the company estimates whether there is any indication of impairment in any of the financial fixed assets. Impairment is recognized if the impairment is estimated to be permanent. Impairment losses are recognized in the income statement item Income from other investments held as fixed assets. The impairment is tested individually for stocks and shares and other individual financial assets that are essential.

i) Inventories

Inventories are valued under the provisions of the Income Tax Act to the lower of cost or net realizable value. Inventories are valued as acquisition cost using weighted average price. Raw material includes all costs directly attributable to the acquisition of the goods in cost. Goods and finished goods include design costs, raw material, direct labor, other direct costs, related production costs and loan costs. Individual obsolescence assessment is ongoing.

j) **Provisions**

The Company recognizes a provision when there is a legal or constructive obligation and a reliable estimate can be made. The Company calculates the present value of obligations that are expected to be settled after more than twelve months. The increase in the provision due to passage of time is recognized as interest expense.

k) **Employee benefits**

Short term benefits

Short term benefits contain salary, social security contributions, paid vacation, paid sick leave and bonuses. Short term benefits are recognized as an expense and a liability when there is a legal or constructive obligation to pay compensation.

Post-employment benefits

Plans for post-employment benefits are classified as either defined contribution plans and defined benefit pension plans.

In defined contribution plans, the Company pays fixed contributions into a different Company, usually an insurance company and has no further obligation to the employee when the fee is paid.

The size of the employee's retirement benefits depends on the contributions paid and the return on those fees. In defined benefit plans, the company has an obligation to provide the agreed benefits to current and former employees. The company should substantially all the risk that the compensation will be higher than expected (actuarial risk) and risk of return on assets from expectations (investment risk). Investment risk exists even if the assets are transferred to another company.

The charges for defined contribution plans are recognized as an expense. Unpaid fees are recognized as a liability. For defined benefit plans, the Company has elected to apply the simplification rules in BFNAR 2012:1. For defined benefit plans funded in-house, the company has chosen to report these in accordance with IAS 19. Actuarial gains and losses are recognized in equity as retained earnings.

This is a change in accounting principles on which the company previously reported defined benefit plans are funded in-house under the simplification rule in BFNAR 2012:1. As the change in accounting policy is made with retroactive application, the comparative figures for the previous fiscal year are restated. The adjustment effects in the comparison year with regard to personnel costs (-140 tsek) and interest expenses (46 tsek) in the income statement and provision of pensions (-60 tsek) and equity (60 tsek) in the balance sheet. Plans for which pension paid are recognized as contributions which means that payments are expensed in the income statement.

Termination benefits

Termination benefits is payable when the Company decides to terminate employment before normal retirement date or whenever an employee accepts an offer of voluntary retirement in exchange for such compensation. If the compensation not gives any future economic benefit, a liability and an expense is made when the Company has a legal or constructive obligation to provide such compensation. The compensation is valued at the best estimate of the compensation that would be required to settle the obligation at the balance sheet date.

l) Cash flow

The cash flow statement is prepared using the indirect method. Reported cash flow includes only transactions that involve receipts or payments.

Note 2 Estimates and judgements

The preparation of financial statements and application of accounting policies, often based on management's judgments, estimates and assumptions deemed reasonable at the time of the assessment. Estimates and assumptions are based on historical experience and various other factors, which under the circumstances is considered reasonable. The results of these are used to assess the reported values of assets and liabilities that are not readily apparent from other sources. The actual outcome may differ from these estimates. Estimates and assumptions are reviewed regularly.

According to management's significant judgments regarding the accounting policies applied and sources of uncertainty in the estimates for the balance sheet items of significant value in the balance sheet as of 2016-12-31 primarily related to capitalized losses recognized as deferred tax assets. Management has enabled fiscal deficit which is expected to be utilized in the foreseeable future, see note 17 - deferred tax.

Note 3 Transactions Intercompany

	2016	2015
Purchases and sales, Intercompany		
Below are the percentage of purchases and sales, Intercompany.		
Purchases, (%)	3,7	2,5
Sales, (%)	-	-

Ownership structure

The Company is a wholly subsidiary to Bharat Forge Global Holding GmbH, which indirectly is a wholly-owned subsidiary to Bharat Forge Limited. The consolidated financial statements are prepared by the parent company Bharat Forge Ltd which is situated in Mundhwa, Pune, India. The consolidated financial statements are available at “Registrar of companies” in Maharashtra, Pune, India.

Note 4 Net sales classified according to geographical market

	2016	2015
Net sales classified according to operating area as follows:		
Chassis	478 862	507 655
Engines	265 856	294 120
Other	5 053	6 682
Total	749 771	808 457
Net sales classified according to geographic market as follows:		
Nordic countries	434 543	436 925
Europe, excluding the Nordic countries	296 836	352 587
North America	8 359	12 110

	2016	2015
Other markets	10 033	6 835
Total	749 771	808 457

Note 5 Other operating income

	2016	2015
Included in other income, revenues from:		
Scrap	24 301	26 989
Sales of dies	2 458	3 371
Other	492	327
Contributions employees	277	250
Total	27 528	30 937

Note 6 Remuneration to auditors

	2016	2015
Ernst & Young		
Audit engagement	267	-
KPMG		
Audit engagement	-	249
Other services	-	20
Total	267	269

Note 7 Operating lease

	2016	2015
Future minimum payable non cancellable leases:		
Payment due within one year	8 015	7 179
Payment due after one year but within 5 years	10 961	10 446
Payment due after 5 years	678	-
Total	19 654	17 625
During the period, lease	7 421	6 876

Note 8 Salaries, other remuneration and social security contributions

	2016	2015
Average number of employees, with women and males as allocation basis amounts to:		
Women	23	21
Men	272	270
Total for the Company	295	291

	2016	2015
Wages and compensations amounts to		
Board of Directors and Managing Director	24	23
Other employees	129 006	121 964
	129 030	121 987
Statutory and contractual social security contributions	42 677	41 119
Pension costs	12 525	11 644
Total salaries, remuneration, social security contributions and pension costs	184 232	174 750

Managing Director is employed by the parent company since 2015.

Directors and senior executives

Number of board of directors on the closing date

Men	6	6
Total for the Company	6	6

Number of Managing Directors and senior executives

Women	1	1
Men	5	5
Total for the Company	12	12

Note 9 Land and buildings

	2016-12-31	2015-12-31
Opening acquisition cost	37 422	36 771
Changes during the year		
-Redistribution from construction in progress	299	-
-Purchases	1 415	1 484
-Disposals	-499	-833
Closing accumulated acquisition cost	38 637	37 422
Opening depreciation	-24 429	-23 988
-Disposals	499	833
-Depreciation	-992	-1 274
Closing accumulated depreciation	-24 922	-24 429

	2016-12-31	2015-12-31
Opening revaluation	24 597	28 078
Changes during the year		
-Depreciation	-2 597	-3 481
Closing accumulated revaluation	22 000	24 597
Closing residual value according to plan	35 715	37 590

Note 10 Equipment, tools, fixtures and fittings

	2016-12-31	2015-12-31
Opening acquisition cost	57 787	58 283
Changes during the year		
-Redistribution from construction in progress	-	132
-Purchases	187	220
-Disposals	-5 086	-848
Closing accumulated acquisition cost	52 888	57 787
Opening depreciation	-49 707	-48 800
Changes during the year		
-Depreciation	-967	-1 755
-Disposals	4 903	848
Closing accumulated depreciation	-45 771	-49 707
Closing residual value according to plan	7 117	8 080

Note 11 Plant and machinery

	2016-12-31	2015-12-31
Opening acquisition cost	370 234	363 445
Changes during the year		
-Redistribution from construction in progress	9 785	17 277
-Purchases	19 682	10 948
-Disposals	-16 834	-21 435
Closing accumulated acquisition cost	382 867	370 235
Opening depreciation	-259 361	-250 942
Changes during the year		
-Depreciation	-26 199	-29 854
-Disposals	16 834	21 435
Closing accumulated depreciation	-268 726	-259 361

	2016-12-31	2015-12-31
Closing residual value according to plan	114 141	110 874

Accumulated acquistion values at the beginning of the year are reduced by investment contributions during 1997-2000 amounting to a total of 10 MSEK.

Note 12 Constructions in progress

	2016-12-31	2015-12-31
Opening accrued expenses	8 173	11 376
Expenses accrued during the year	3 676	14 206
Fixed assets under construction completed this year	-10 084	-17 409
Closing expenses accrued	1 765	8 173

Note 13 Other operating expenses

	2016	2015
Realized/unrealized exchange loss Realized/unrealized exchange loss	5 637	5 975
Total	5 637	5 975

Note 14 Other interest income and similar profit/loss items

	2016	2015
Other interest income	6	-
Exchange profit on loans and cash	6 323	10 177
Total	6 329	10 177

Note 15 Interest expenses and similar profit/loss items

	2016	2015
Interest expenses to group company	866	807
Interest expenses pensions	215	254
Realized/unreazlied exchange loss loans	10 567	-
Other interest expenses	4 642	9 874

	2016	2015
Total	16 290	10 935

Note 16 Tax on profit for the year

	2016	2015
Deferred tax	471	565
Total	471	565

Reconciliation of effective tax

Profit/loss before tax	-21 439	6 713
Tax calculated at applicable tax rate (22%)	4 717	-1 477
Tax effect of non-deductible expenses	-256	-102
Tax effect of non-deductible income	1	1
Earned unrecognized loss carryforwards/utilization of previously unrecognized loss carryforwards	-3 991	2 143
Recognized tax	471	565

Note 17 Deferred tax

	2016	2015
Deferred tax assets on tax loss	8 515	8 515
Deferred tax on temporary differences		
-guarantee	-	100
Deferred tax liabilities related to revaluation of property	-4 840	-5 411
	3 675	3 204

Total tax loss amount is 148 657 TSEK (130 518 TSEK). For prudential reasons, not the entire deferred tax asset is considered.

Change in deferred tax

Opening balance	3 204	2 639
Changes during the year	471	565
Closing balance	3 675	3 204

Note 18 Proposed treatment of losses

	2016	2015
To the disposal of the annual general meeting are the following losses:		
Unpropriated profit/loss brought forward	-5 715	-30 009
Net gain/loss for the year	-20 968	7 184
	-26 683	-22 825
The board of Directors propose that the unappropriated loss be distributed as follows		
retained losses carried forward	-26 683	-22 825

Share capital is 200 000 A-shares per value 100.

Not 19 Contingent liabilites

	2016-12-31	2015-12-31
Contingent liability to FPG	189	196
Total contingent liabilities	189	196

Note 20 Pledged assets

	2016-12-31	2015-12-31
For provisions, own liabilities and receivables		
Concerning credit insurance FPG liability		
Business mortage	10 000	10 000
Concerning general guarantee		
Business mortage	-	198 200
Total pledged assets	10 000	208 200

Bharat Forge Limited has provided guarantee for current loans. (Business mortgage is missing at creditor, cancellation process completed 2016-08-26).

Note 21 Provisions

	2016	2015
Provisions for pensions and guarantee		
Opening balance provisions	10 807	12 028
Change of the year	-1 382	-1 281
Closing balance provisions	9 425	10 747

The company reports defined benefit pension plan financed in-house (ITP 2 in-house) by the PRI. Provisions for the defined benefit pension plan are recognized under paragraph 28.14a BFNAR in 2012: 1 (K3) and amounts to 8 425 (9 747) tsek. Transition to reporting in accordance with paragraph 28.14a, assessment such as IAS 19, occurred in 2016 when the company previously reported defined benefit pension plan in-house according 28.14b (simplification rule).

The commitments that the company has in ITP2 plan in-house are mostly lifelong retirement pension. Key actuarial assumptions used as the discount rate of 1.45% (2.25%). The company has reported interest expenses attributable to the provision of 215 (254) tsek over the financial result. Furthermore, the Company reported actuarial profit of 735 (-98) tsek directly in equity.

Not 22 Non current liabilites

	2016	2015
Long term liabilities, intercompany		
Due after five years after closing	9 564	-
Total	9 564	0

Note 23 Accrued expenses and deferred income

	2016-12-31	2015-12-31
Accrued salaries	11 255	7 571
Accrued holiday pay	14 123	8 124
Accured social security costs & pensions	12 693	10 416
Accured customer provisions	2 971	866
Accured special employer´s contribution, tax on returns from pension funds and property tax	3 157	3 436
Accured financial expenses	2 083	224
Ongoing claims	875	723
Other items	8 252	8 859
Total	55 409	40 219

Note 24 Cash and cash equivalents

Only placements which can be immediately converted into cash are referred to as cash and bank balances.

Income statement and balance sheet will be submitted to the annual general meeting
2017-03-27 for adoption.

Karlskoga 2017 -03-27

Michael Weis
Managing Director

Babasaheb Kalyani
Chairman

Sanjeev Joglekar

Subodh Tandale

Hans Lindbäck
Employee representive Unionen

Ari Tiuraniemi
Employee representive IF Metall

Our audit report was issued on 2017-03-27.

Ernst & Young

Tomas Karlsson
Authorized public accountant

Bharat Forge Hong Kong Limited

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	14th Floor, Hutchion House	Asian Alliance (HK) CPA Limited
Mr. A. B. Kalyani	10 Harcourt Road	Suites 313-316, 3/F Shui On Centre
Mr. G. K. Agarwal	Central Hongkong SAR	6-8 Harbour Road, Wanchai,
Mr. S. G. Joglekar	Hong Kong	Hong Kong
Mr. K. P. Dixit		

Independent Auditor's Report

TO THE SHAREHOLDERS OF BHARAT FORGE HONG KONG LIMITED

OPINION

We have audited the financial statements of Bharat Forge Hong Kong Limited (the "Company") set out on pages 6 to 24, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER - MATERIAL UNCERTAINTY REGARDING THE GOING CONCERN ASSUMPTION

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicate that the Company incurred loss for the year of US$47,388 and as of that date, the Company had net current liabilities and net liabilities of US$150,623. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this independent auditor's report is Chan Mei Mei.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256

Hong Kong
13 April 2017

Directors' Report For the year ended 31 December 2016

The directors present their annual report and the audited financial statements of Bharat Forge Hong Kong Limited (the "Company") for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding.

RESULTS

The results of the Company for the year ended 31 December 2016 are set out in the statement of profit or loss and other comprehensive income on page 6.

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2016.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 13 to the financial statements.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Mr. Babasaheb Neelkanth Kalyani
Mr. Amit Babasaheb Kalyani
Mr. Gopal Krishan Agarwal
Mr. Sanjeev Gajanan Joglekar
Mr. Kedar Prakash Dixit

There being no provision in the Company's Articles of Association for the retirement of directors by rotation, all the remaining directors will continue in office for the ensuring year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contract of significance, to which the Company's holding companies or fellow subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding companies or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITOR

The financial statements have been audited by Asian Alliance (HK) CPA Limited ("Asian Alliance").

Asian Alliance will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of Asian Alliance as auditor for the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the board

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Sanjeev Gajanan Joglekar
Chairman

Hong Kong
13 April 2017

Bharat Forge Hong Kong Limited

Statement of Financial Position as at 31st December,2016

	Notes	2016		2015
		Rs.	USD	USD
Non Current Assets				
Investment in Subsidiary		-	-	-
Current Assets				
Other receivables		96,088	1,414	3,441
Bank balance and cash	**11**	1,927,943	28,371	45,766
Amount due from immediate holding company	**12**	-		-
Amount due from ultimate holding company	**12**	2,242,505	33,000	33,000
		4,266,536	62,785	82,207
Current Liability				
Other Payable		911,136	13,408	79,141
Amount due to immediate holding company	**12**	13,590,940	200,000	100,000
Tax payable		-	-	4,996
Net current assets		(10,235,540)	(150,623)	(101,930)
Total Net Assets		**(10,235,540)**	**(150,623)**	**(101,930)**
Capital & Reserve				
Share Capital	**13**	1,202,968,417	17,702,505	17,702,505
Accumulated Loss		(1,213,203,957)	(17,853,128)	(17,804,435)
		(10,235,540)	**(150,623)**	**(101,930)**

The Financial Statements were approved and authorised for issue by the board of directors on 13 Apr 2017 and are signed on its behalf by

S. G. Joglekar **K. P. Dixit**

Bharat Forge Hong Kong Limited

Statement of Comprehensive Income for the year ended 31st December,2016

		2016		2015
	Notes	**Rs.**	**USD**	**USD**
Other Income	**8**	2,582	38	575
Administrative Expenses		(2,757,534)	(40,579)	(299,263)
Loss before Tax		(2,754,952)	(40,541)	(298,688)
Income Tax Expense	**9**	**(465,286)**	**(6,847)**	**(11,448)**
Loss for the year	**10**	**(3,220,238)**	**(47,388)**	**(310,136)**
Other Comprehensive Expense/Income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		(88,681)	(1,305)	(10,347)
Total comprehensive expenses for the year		**(3,308,919)**	**(48,693)**	**(320,483)**

Bharat Forge Hong Kong Limited

Statement of Changes in Equity
for the year ended 31st December 2016

	Share Capital		Exchange Reserve		Accumulated Loss		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
At 1st January 2015	1,202,968,417	17,702,505	355,675	5,234	(1,188,472,388)	(17,489,186)	14,851,704	218,553
Loss for the year	-	-	-	-	(21,075,199)	(310,136)	(21,075,199)	(310,136)
Other Comprehensive Expense/Income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	-	-	(703,127)	(10,347)	-	-	(703,127)	(10,347)
Total Comprehensive Expense for the year	-	-	(703,127)	(10,347)	(21,075,199)	(310,136)	(21,778,326)	(320,483)
As at 31st December, 2015	**1,202,968,417**	**17,702,505**	**(347,452)**	**(5,113)**	**(1,209,547,587)**	**(17,799,322)**	**(6,926,623)**	**(101,930)**
Loss for the year	-	-	-	-	(3,220,237)	(47,388)	(3,220,237)	(47,388)
Other Comprehensive Expense/Income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	-	-	(88,681)	(1,305)	-	-	(88,681)	(1,305)
Total Comprehensive Expense for the year	-	-	(88,681)	(1,305)	(3,220,237)	(47,388)	(3,308,918)	(48,693)
Capital Reduction	-						-	-
As at 31st December, 2016	**1,202,968,417**	**17,702,505**	**(436,133)**	**(6,418)**	**(1,212,767,824)**	**(17,846,710)**	**(10,235,541)**	**(150,623)**

Bharat Forge Hong Kong Limited

Statement of cash flows
for the year ended 31st December, 2016

	2016		2015
	Rs.	**USD**	**USD**
Operating activities			
Loss before Tax	(2,754,951)	(40,541)	(298,688)
Adjustments for:			
Bank Interest Income	(2,582)	(38)	(575)
Operating Cash flow before movement in working capital	(2,757,533)	(40,579)	(299,263)
Decrease/(Increase) in other receivables	137,743	2,027	76,780
Increase / (Decrease) in other payable	(4,466,866)	(65,733)	65,733
Cash generated from (used in) operations	(7,086,656)	(104,285)	(156,750)
Income tax paid	(804,788)	(11,843)	(6,452)
Net Cash used in Operating activities	**(7,891,444)**	**(116,128)**	**(163,202)**
Investing activities			
Bank Interest received	2,582	38	575
Increase in amount due from ultimate holding company	-	-	(33,000)
Net Cash from (used in) Investing activities	**2,582**	**38**	**(32,425)**
Financing activities			
Decrease in amount due to a shareholder	-	-	-
(Decrease)/Increase in amount due to immediate holding company	6,795,470	100,000	150,000
Net Cash from (used in) Investing activities	6,795,470	100,000	150,000
Net decrease in Cash and Cash equivalents	**(1,093,392)**	**(16,090)**	**(45,627)**
Cash & cash equivalent at 1 January	**3,110,016**	**45,766**	**101,740**
Effect of foreign exchange rate changes	(88,681)	(1,305)	(10,347)
Cash & cash equivalent at 31 December represented by bank balance	**1,927,943**	**28,371**	**45,766**

Notes to the Financial Statements For the year ended 31 December 2016

1. GENERAL

Bharat Forge Hong Kong Limited (the "Company") was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. Its immediate holding company is Bharat Forge Global Holding GmbH, a limited liability company incorporated in Germany. Its ultimate holding company is Bharat Forge Limited, a limited liability company incorporated in India and its shares are listed on The National Stock Exchange of India Limited and The Bombay Stock Exchange Limited.

The addresses of the registered office and principle place of business of the Company is Unit 1401, Hutchison House, 10 Harcourt Road, Central, Hong Kong.

The financial statements are presented in United State dollars ("US$"), which is the same as the functional currency of the Company.

The Company's principal activity is investment holding.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company incurred loss for the year of US$47,388, and as of that date, the Company had net current liabilities and net liabilities of US$150,623. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support from the ultimate holding company, at a level sufficient to finance the working capital requirements of the Company. The ultimate holding company has agreed to provide adequate funds for the Company to meet its liabilities as they fall due in the foreseeable future. The Company has obtained the undertaking from its immediate holding company not to demand for repayment of debts due from the Company until such time when repayment will not affect the ability of the Company to repay other creditors in the normal course of business. The directors of the Company (the "Directors") are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Company be unable to continue as going concern, adjustments would have to be made to the financial statements to adjust the value of the Company's assets to their recoverable amounts and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in the financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for an accounting period that begins on or after 1 January 2016. These amendments have been applied by the Company for the first time in the current year.

3.

Amendments to HKFRSs that are mandatorily effective for the current year - continued

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to Hong Kong Accounting Standard ("HKAS") 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Company's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017.

New and revised HKFRSs in issue but not yet effective - continued

HKFRS *9 Financial Instruments*

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets; b) impairment of financial assets; and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The Company is still in the process of assessing the impact of HKFRS 9. The Directors believe that it is impractical to disclose the impact in these financial statements until the Company has completed the assessment.

New and revised HKFRSs in issue but not yet effective - continued

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to make disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Directors do not anticipate that the application of these amendments will have a material impact on the Company's financial statements.

Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments provide a number of guidance to help entities assess and estimate whether sufficient taxable profits will be available against which it can utilise a deductible temporary difference. The Directors do not anticipate that the application of these amendments will have a material impact on the Company's financial statements.

Except for the above impact, the Directors do not anticipate that the application of the new and amendments to HKFRSs will have significant impact on the Company's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities, as described below.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

All leases are classified as operating leases.

The Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables, amount due from ultimate holding company and bank balances) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including other payables and amount due to immediate holding company are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Company derecognises financial liability when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the functional currency of the Company (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated into the presentation currency of the Company (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3 to the financial statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Going concerns and liquidity

The financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding company, at a level sufficient to finance the working capital requirements of the Company. The ultimate holding company has agreed to provide adequate funds for the Company to meet its liabilities in full as they fall due. Details are explained in Note 2 to the financial statements.

Key sources of estimation uncertainty

The Directors are of the opinion that no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, exchange reserve and accumulated losses.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risk associates with each class of capital. Based on recommendations of the Directors, the Company will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2016	2015
	US$	US$
Financial assets		
Loan and receivables (including cash and cash equivalents):		
Other receivables	**1,414**	3,441
Amount due from ultimate holding company	**33,000**	33,000
Bank balances	**28,371**	45,766
	62,785	82,207
Financial liabilities		
Other financial liabilities measured at amortised cost:		
Other payables	**13,408**	79,141
Amount due to immediate holding company	**200,000**	100,000
	213,408	179,141

(b) Financial risk management objectives and policies

The Company's major financial instruments include other receivables, bank balances, other payables, amount due from (to) immediate holding company / ultimate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Company's functional currency is US$ in which majority of transactions are denominated. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
Renminbi ("RMB")	**10,126**	9,574	**-**	12,719

In the opinion of the Directors, as the currency risk is minimal, no sensitivity analysis is presented.

Interest rate risk

The Company is exposed to cash flow interest rate risk in relation to bank balances carried at prevailing market rate. However, such exposure is minimal to the Company as they are short- term in nature.

The Directors are of the opinion that the interest rate risk is considered minimal and thus no sensitivity analysis is presented.

Credit risk

At 31 December 2016, the Company's maximum exposure to credit risk which will cause a financial loss to the Company arising from those financial assets whose carrying amounts best represent the maximum exposure to credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

Liquidity risk

In the management of the liquidity risk, the Company finances its working capital requirements mainly by the funds transferred from other group companies. The management monitors its working capital requirements regularly.

All the financial liabilities are non-interest bearing and have remaining contractual maturity of less than 3 months or repayable on demand. The total undiscounted cash flows of each financial liability, based on the earliest date on which the Company can be required to pay approximate to their carrying amounts at the end of the reporting period as follows:

	Carrying amounts US$
At 31 December 2016	
Other payables	**13,408**
Amount due to immediate holding company	**200,000**
	213,408
At 31 December 2015	
Other payables	79,141
Amount due to immediate holding company	100,000
	179,141

(c) Fair value measurements of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values as at 31 December 2016 and 2015.

8. OTHER INCOME

	2016 US$	2015 US$
Bank interest income	**38**	575

9. INCOME TAX EXPENSE

	2016 US$	2015 US$
Current tax:		
PRC Enterprise Income Tax	**6,847**	11,448

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company did not derive any assessable profit for both years.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC representative office is 25% for both years.

The income tax expense for the years can be reconciled to the loss before tax per the statement of profit or loss and other comprehensive income as follows:

	2016	2015
	US$	US$
Loss before tax	**(40,541)**	(298,688)
Tax at Hong Kong Profits Tax rate of 16.5% (2015: 16.5%)	**(6,689)**	(49,283)
Tax effect of income not taxable for tax purpose	**(6)**	(95)
Tax effect of expenses not deductible for tax purpose	**6,695**	49,378
Effect of different tax rate of representative office	**6,847**	11,448
Income tax expense	**6,847**	11,448

10. **LOSS FOR THE YEAR**

	2016	2015
	US$	US$
Loss for the year has been arrived at after charging:		
Staff costs:		
- salaries, allowance and benefits in kind	**-**	179,689
- retirement benefits scheme contributions	**-**	-
	-	179,689
Auditor's remuneration	**5,581**	5,770
Directors' remuneration	**-**	-
Operating lease charges in respect of land and building	**14,907**	22,170

11. **BANK BALANCES**

	2016	2015
	US$	US$
Bank balances	**28,371**	45,766

Cash at banks earn interest at floating rates based on daily bank deposits rates.

Included in bank balances which are subject to foreign exchange control regulations or not freely transferable and are denominated in currencies other than the functional currency of the Company to which is stated as follows:

	2016	2015
RMB	**69,308**	48,085

12. AMOUNT DUE FROM (TO) IMMEDIATE HOLDING COMPANY / ULTIMATE HOLDING COMPANY

Particulars of amount from ultimate holding company are as follows:

Name of Company	Maximum amount outstanding during the year US$	At 31 December 2016 US$	At 31 December 2015 US$
Bharat Forge Limited	**33,000**	**33,000**	33,000

The amount due from (to) immediate holding company / ultimate holding company is unsecured, interest free and repayable on demand.

13. SHARE CAPITAL

	Par value per share	Number of ordinary shares	Amount US$
Issued and fully paid:			
At 1 January 2015 31 December 2015 and **2016**	HK$10	1	1
At 1 January 2015 31 December 2015 and **2016**	US$1	17,702,505	17,702,504
At 1 January 2015 31 December 2015 and **2016**	**N/A**	**17,702,506**	**17,702,505**

14. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of the office premise which fall due as follows:

	2016 US$	2015 US$
Within one year	**-**	13,684

15. **RELATED PARTY TRANSACTIONS**

(a) Other than the balances with related parties disclosed in the Note 12 to the financial statements, there were no other related party transactions for the years ended 31 December 2016 and 31 December 2015.

(b) Compensation of Directors and key management personnel

The Directors consider that they are the only key management personnel of the Company. No emolument was paid or payable to the Directors during the years ended 31 December 2016 and 31 December 2015.

Mécanique Générale Langroise

Registered Office
rue du Stade
52200 Saints Geosmes
France

Auditors
KPMG Audit Rhone Alpes Auvergne
6 rue Paul Verlaine, B.P. 67025
21070 Dijon Cedex
France

Statutory auditor's report on the financial statements

Year ended 31 December 2016

In compliance with the assignment entrusted to us by your General Meeting, we here by report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of SAS Mécanique Générale Langroise;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the President. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we inform you that the assessments made by us focused on the appropriateness of the accounting principles used and the reasonableness of the significant estimates made by the management.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the President, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Dijon, le 28 avril 2017

KPMG Audit Rhône Alpes Auvergne
Isabelle Fanjas

Mécanique Générale Langroise SAS

Balance Sheet as at December 31st, 2016

ASSETS	Rs.		EUR		*As at 31/12/2015* EUR
A. Fixed Assets					
I. Other Intangible assets	41,180.06		575.00		0.00
II. Tangible assets					
1. Land	5,179,950.54		72,328.00		72,328.00
2. Buildings	130,871,957.45		1,827,374.00		2,032,810.00
# Industrial Fixtures,fittings,plant machinery and equipment	27,223,960.28		380,130.00		549,083.00
4. Other Tangible Assets	2,435,890.22		34,012.50		59,475.00
# Fixed Assets in progress	420,036.64		5,865.00		18,738.00
III. Other Fixed Assets	6,660.43		93.00		93.00
		166,179,635.62		2,320,377.50	2,732,527.00
B. Current assets					
I. Inventories					
Raw materials, supplies	23,762,543.28		331,798.00		316,489.00
Work in progress of service	13,896,444.85		194,037.00		207,176.00
Semi-finished and Finished goods	0.00		-		-
II. Accounts receivable and other assets					
Advances and down-payments to suppliers	236,480.99		3,302.00		40.00
Trade Debtors	76,051,697.51		1,061,915.00		914,606.00
Other Debtors	11,251,932.85		157,111.50		437,338.00
Securities	7,574,839.74		105,768.00		103,407.00
other secruties					
Prepaid expenses	1,192,646.20		16,653.00		61,365.00
III. Cash on hands, bank balances	72,397,342.96		1,010,889.00		980,813.00
		206,363,928.38		2,881,473.50	3,021,234.00
Total		**372,543,564.00**		**5,201,851.00**	**5,753,761.00**

Mécanique Générale Langroise SAS

Balance Sheet as at December 31st, 2016

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2015* EUR
A. Equity					
Share Capital (paid up: 600,000)	42,970,500.00		600,000.00		600,000.00
Legal reserves	4,297,050.00		60,000.00		60,000.00
Other Reserve	203,105,511.18		2,835,976.00		1,739,993.00
Retained (profit/losses) brought forward merger	4,054,481.53		56,613.00		1,095,983.00
Net Income or loss of the tax year	**(19,207,598.65)**		**(268,197.00)**		**56,613.00**
Subsidies of Investment	13,925,593.17		194,444.00		217,886.00
Regulated Provisions	8,590,017.80		119,943.00		132,912.00
		257,735,555.03		3,598,779.00	3,903,387.00
Income from profit sharing secruity					20,000.00
B. Accruals		-		-	-
C. Provision for Liabilities & Charges		-		-	-
D. Loans & Debts					
Bank Borrowings	47,896,996.21		668,789.00		939,343.00
Other Financial borrowing & debts					
-Miscellaneous					
-Partners					
Trade Notes & Related Accounts Payable	23,391,636.23		326,619.00		333,555.00
Tax Payables & Social Liabilities					
-Staff	15,177,753.54		211,928.00		132,048.00
-Payroll Taxes	15,515,000.35		216,637.00		243,502.00
-State, Profit Tax	-		-		0.00
-State, Turnover Tax	4,782,759.89		66,782.00		95,794.00
-Other Taxes	3,601,429.22		50,287.00		61,085.00
Liabilities on Fixed Assets & Related Accounts	1,102,623.03		15,396.00		18,876.00
Other Creditors	3,339,810.50		46,634.00		6,171.00
		114,808,008.97		1,603,072.00	1,830,374.00
Total		**372,543,564.00**		**5,201,851.00**	**5,753,761.00**

Mécanique Générale Langroise SAS

Income statement for the period from January 1 to December 31, 2016

	2016		Previous Year
	Rs.	Eur	Eur
Sales of manufactured goods	4,019,890	56,130	23,523
Sales of manufactured services	406,518,476	5,676,245	7,735,182
Stored production	(940,911)	(13,138)	(281,336)
Operating subsidies	-	-	-
Recaptures on depreciations and reserves, expense transfer	7,891,461	110,189	60,666
Other operating income	286	4	249
Total operating income	**417,489,202**	**5,829,430**	**7,538,284**
Operating expenses			
Purchase of raw materials and other supplies (including customs duties)	83,362,698	1,163,999	1,621,250
Variation in inventory (raw materials and supplies)	(1,200,166)	(16,758)	(29,146)
Other purchases and external expenses	101,155,995	1,412,448	1,983,558
Taxes and assimilated payments	14,219,941	198,554	224,531
Salaries and wages expenses	148,385,516	2,071,917	2,256,668
Social security expenses	61,034,510	852,229	919,131
Operating allowances on fixed assets : depreciation allowances	31,469,088	439,405	467,967
Operating allowances on current assets : reserve allowances	293,202	4,094	32,690
Other expenses	-	-	59
Total operating expenses	**438,720,784**	**6,125,888**	**7,476,708**
Operating result	**(21,231,582)**	**(296,458)**	**61,576**
Other interest and assimilated income	169,089	2,361	1,814
Total financial income	**169,089**	**2,361**	**1,814**
Interests and assimilated expenses	1,183,479	16,525	22,615
Total financial expenses	**1,183,479**	**16,525**	**22,615**
Financial result	**(1,014,390)**	**(14,164)**	**(20,801)**
Ordinary result before tax	**(22,245,972)**	**(310,622)**	**40,775**
On operating activities	837,567	11,695	
Extraordinary capital gains	1,648,062	23,012	26,047
Recaptures on reserves and expense transfers	2,188,058	30,552	25,778
Total extraordinary income	**4,673,687**	**65,259**	**51,825**
Extraordinary operating losses	418,533	5,844	-
Depreciation and reserve extraordinary allowances	1,259,251	17,583	36,048
Total extraordinary expense	**1,677,784**	**23,427**	**36,048**
Extraordinary result	**2,995,903**	**41,832**	**15,777**
Income tax	(42,469)	(593)	(60)
Total income	**422,331,978**	**5,897,050**	**7,591,923**
Total expenses	**441,539,578**	**6,165,247**	**7,535,311**
Net result	**(19,207,600)**	**(268,197)**	**56,612**
Including leasing of furnitures	21,906,862	305,887	709,237

Mécanique Générale Langroise SAS

3. STATUS OF THE FIXED ASSETS

	Gross value of assets at the start of the year	Increases; Acquisition, creation, item to item transfer	Reductions via item to item transfer	Reductions via transfer or decommissioning	Gross value of assets at the end of the year	Legal revaluation; Original value at the end of the year
Preliminary & formation expenses, research & development						
Other intangible assets	61,763	641		-	62,404	62,404
Land	72,328		-	-	72,328	72,328
Buildings on owned land	2,377,824		-	-	2,377,824	2,377,824
General equipment, fixtures and fittings	948,408	15,375	-	-	963,783	963,783
Industrial fixtures, fittings, plant machinery & equipment	1,878,675	19,715	-	-	1,898,390	1,898,390
Other installations, fixtures and fittings	289,616		-	-	289,616	289,616
Transportation equipment	81,349		-	-	81,349	81,349
Office & computer equipment, furniture	58,415	4,397	-	656	62,156	62,156
Tangible assets in progress	18,738		12,873	-	5,865	5,865
Total	5,725,353	39,487	12,873	656	5,751,311	5,751,311
Investments valued using the equity method					-	-
Loans and other financial fixed assets	93				93	93
Total	93	-	-	-	93	93
Grand Total	**5,787,209**	**40,128**	**12,873**	**656**	**5,813,808**	**5,813,808**

Mécanique Générale Langroise SAS

4. STATUS OF THE AMORTISATION

	Situations and transactions of the year				Breakdown of the depreciation charges for the year			Transactions affecting the allowance for depreciations	
	Start of the year	Allocations of the year	Write-back of depn. on disposals	End of the year	Linear	Degressive	Extraordinary	Allowances	Write-offs
Preliminary & formation expenses, research & development									
Other intangible assets	61,763	66	-	61,830	66	-	-	-	-
Land									
Buildings on leased land	839,607	140,368		979,975	140,368	-	-	-	827
General equipment, fixtures and fittings	453,815	80,442		534,257	80,442	-	-	-	-
Industrial fixtures, fittings, plant machinery & equipment	1,329,592	188,668		1,518,260	188,668	-	-	17,141	28,793
Other installations, fixtures and fittings	257,377	9,421		266,798	9,421	-	-	-	66
Transportation equipment	66,978	14,371		81,349	14,371	-	-	-	-
Office & computer equipment, furniture	45,549	6,068	(656)	50,962	6,068	-	-	442	866
Total	2,992,919	439,338	(656)	3,431,601	439,338	-	-	17,583	30,552
Grand Total	**3,054,682**	**439,405**	**(656)**	**3,493,431**	**439,405**	**-**	**-**	**17,583**	**30,552**

Accounting rules and methods (1)

Annex to the balance sheet and the income statement for the year ended 2016/12/31 whose total assets prior distribution is 5 201 851 Euros and the income statement of the year, presented as a list and a result of (268 197) Euros.

The exercise has a duration of 12 months, covering the period from 01/01/2016 to 31/12/2016.

Notes or tables below are an integral part of the annual accounts.

The annual accounts have been established in accordance with the provisions of the Commercial Code and the general accounting plan (CCP).

General accounting policies have been applied, in respect of the precautionary principle. in accordance with the basic assumptions:

- continuity of operations,
- permanence of accounting from one exercise to another.
- independence exercises, and in accordance with the General rules of establishment and presentation of the annual accounts.

The basic method adopted for the assessment of the elements registered in accounting is the method of historical costs. The main methods used are the following:

Information on the transactions entered in the balance sheet and income statement are not mentioned in the annex that the significant information.

Depreciation

Tangible fixed assets are valued at their cost of acquisition or production. Given the costs necessary for the pre-trial stage of use of these goods, and after deduction of the discount shopping, discounts, discounts obtained regulations.

The following decisions have been taken at the level of the presentation of the annual accounts:

- decomposable capital: the company has not been able to define decomposable capital or the decomposition of these does not have significant impact.
- no decomposable assets: the potential gap between periods of depreciation according to the duration of use and period of use has been recorded in derogatory depreciation.

The interest on loans specific to the production of fixed assets are not included in the production cost of these assets.

Depreciation for depreciation are calculated according to the linear or degressive modes based on the expected life:

- Computer software 1 year.
- Buildings 10 to 20 years.
- building layouts 04 to 15 years.
- Machinery and industrial equipment 01 to 10 years,
- Layouts, facilities. facilities 03 to 10 years.
- transport equipment 04 to 05 years,
- office equipment and computer 03 to 10 years.

Participation, other long-term securities, investment securities

The gross value is constituted by the cost of buying out incidentals.
When the inventory value is less than this value, an impairment is made up of the amount of the difference.

Stocks

Inventories are valued according to the method "first in, first out".

The gross value of goods and supplies includes the purchase price and incidental expenses.

The manufactured products are valued al production cost including consumption and direct and indirect production costs, depreciation of goods directly involved in production.

The cost of the sub-activity is excluded from the value of stocks.

Interests are always excluded from the valuation of stocks.

Inventories have, where appropriate, written down to reflect their net realizable value at the date of closing of the accounts. Any more one-time two-year-old is valuated at the price of scrap.

Receivables

The receivables are valued at face value. A depreciation is performed when the inventory value is lower than the book value.

Competitiveness (CICE) employment tax credit

CICE is recorded at the pace of engagement, it is to be taken into account as the commitment of loads of corresponding remuneration, whether or not the closure coincides with the calendar year, for the annual in standards French.

ln addition, given the conditions of reliability and probability of getting of CICE, taking this into account for deferred long-tem1compensation elements should be rare.

CICE accounting was conducted by option:

- a decrease in personnel expenses, credit of a sub account 64 (ANC, information note from February 28, 2013).

The impacts of the taking into account of the CICE on financial statements, include:

- reduction of personnel expenses,

- increase in working capital amounting to €73 517 corresponding to the CICE calculated over the period from 01/01/20 16 to 31/12/2016.

In accordance with the provisions of article 244 quarter C of the general tax code, we specify that the CICE for the purpose funding for improving the competitiveness of companies is used through, including efforts for replenishment of working capital.

Retirement commitments

The commitments of the company in terms of severance pay to the retirement of its employees amounted to

€165 071. These have not been the subject of recognition in the annual accounts.

The calculation is based on the following parameters:
- mortality table: TG05
- discount rate: l.31% (rate iboxx to 31/12/20 16)
- the staff turnover rate: 1%
- wage growth rate: 1%

Information required by article R.123 - 198-9 (the commercial code)

The total amount of the fees of the auditor contained in the income statement for the year totalled€15 375 tax-free.

Average Manpower

Workers categories	Salaried staff	Staff at company's disposal
Executives	4	
Supervisors and technicians	6	
Employees	2	
Workers	30	
Apprentice under contract	1	
TOTAL	**43**	

Financial commitments

GRANTED COMMITMENT’S:

Nature of commitments granted	Amount
Notes receivable discounted	
Warranties, collaterals and guaranties	
Commitments under equipment leases	2 251 050
Commitments under real estate leases	
Other commitments	1 669 843
TOTAL	**3 920 893**

COMMENTS

Detail of other commitments(including commitments with real security : 471 273 €) :
-Bank loans : 668 664 € ; -Mortgage promise : 264 246 € ;
-Pledge of goodwill : 471 273 € ; -Pledge of bank account : 100 000 €
-Other Societe Generale : 165 660 €

Leasing

	Lands	Buildings	Plant & machinery & equipment	Other tangible assets	Total
Original value :			4 755 401		4 755 401
Paper allowances : Up to date Period					
TOTAL					
Paper net value					
Rents					
Up to date			2 092 540		2 092 540
Period			274 459		274 459
TOTAL			**2 366 999**		**2 366 999**
Futural rentals					
Within one year			599 373		599 373
Between one and five years			1 412 064		1 412 064
After more than five years			239 612		239 612
TOTAL			**2 251 049**		**2 251 049**
Residual value					
Within one year			8 679		8 679
Between one and five years			13 791		13 791
After more than five years			18 075		18 075
TOTAL			**40 545**		**40 545**
Charges booked during the period:			305 887		305 887

Capital

Category of shares	Par value		Number of shares			
	As at the beginning of the period	As at the end of the period	As at the beginning of the period	Issued during the period	Redeemed during the period	As at the end of the period
capital composite	75.00000	75.00	8 000			8 000

Change in equity

Headings	Amount
Prior year closing equity before appropriation	3 903 387
Appropriation of earnings to net equity by the Ordinary Shareholders' Meeting	
Opening equity	3 903 387
Change in share capital	
Change ln other items	
Contributions received with retroactive effect to the beginning of the year	
Opening equity after retroactive contributions	3 903 387
Changes in share capital	
Changes in paid-in capital, reserves, retained earnings	56 613
Changes in equity "provisions"	
Revaluation reserve	
Changes in tax-driven provisions and	(36 411)
equipment grants Other changes	
	(324 810)
Changes during the year	(304 608)
Closing balance sheet equity before Ordinary Shareholders' Meeting	3 598 779
Total change in equity during the year	**(304 608)**
Of which structural changes during the year	
Total change in equity during the year excluding structural transactions	**(304 608)**

Fixed Assets

Schedule A	Gross amount opening balance	Increase	
		Revaluations	Acquisitions
Intangible assets			
Set-up and research & development costs			
Other intangible assets	61 763		641
TOTAL	**61763**		**641**
Tangible assets	72 328		
Land	2 377 824		
Buildings			
Buildings on leased land	948 408		
Building fixtures and fittings	1 878 675		15 375
Plant, machinery and equipment	289 616		19 715
Other fixtures and	81 349		
fittings Vehicles	58 414		4 397
Office equipment, computer hardware, furniture			
Returnable containers and miscellaneous	18 738		
Tangible assets in progress			
Payment on account			
TOTAL	**5 725 353**		**39 487**
Financial assets			
Investments in subsidiaries assessed by the equity method			
Other investments in subsidiaries			
Other long term investments			
Loans and other financial assets	93		
TOTAL	**93**		
GRAND TOTAL	**5 787 209**		**40 128**

Schedule B	Reductions		Gross amount closing balance	Revaluation
	Reclassification	Disposal		Original Value
Set-up and research & development costs Other intangible assets			62 403	62 403
TOTAL			**62 403**	**62403**
Land			72 328	72 328
Buildings Buildings on leased land Building fixtures and fittings			2 377 824 963 783	2 377 824 963 783
Plant, machinery and equipment			1898390	1898390
Other fixtures and fittings Vehicles Office equipment, computer hardware, furniture Returnable containers and others	1 2 873	656	289 616 81 349 62156 5 865	289 616 81 349 62156 5 865
Tangible assets in progress Payment on account				
TOTAL	**12 873**	**656**	**5 751 311**	**5 751 311**
Investments in subsidiaries assessed by the equity method Other investments in subsidiaries Other long term investments Loans and other financial assets			93	93
TOTAL			**93**	**93**
GRAND TOTAL	**12 873**	**656**	**5 813 808**	**5 813 808**

Depreciation

Schedule **A**				
SITUATION ANDCHANGES WITHIN THE PERIOD				
DEPRECIABLE ASSETS	Opening balance	Additional allowances	Reductions disposal Rever	Closing balance
intangible assets				
Set-up, research & development costs				
Other Intangible assets	61 763	66		61 828
TOTAL	**61 763**	**66**		**61 828**
Tangible assets				
Land				
Buildings Buildings on other people's lands Building fixtures and fittings	839 607	140 368		979 975
	453 815	80 442		534 258
Plant, machinery and equipment	1 329 592	188 668		1 518 260
Other fixtures and fittings Vehicles	257 377	9 421		266 798
Office equipment, computer hardware, furniture	66978	14 371		81 349
Returnable containers and others	45 550	6 068	656	50 962
TOTAL	**2 992 919**	**439 339**	**656**	**3 431 602**
GRAND TOTAL	**3 054 682**	**439 405**	**656**	**3 493 431**

Schedule B	BREAKDOWN OF DEPRECIATION ALLOWANCES FOR THE PERIOD						
	ALLOWANCES			REVERSALS			
Depreciable assets	Straight line Depreciation	balance Depreciation	Exceptional Depreciation	Straight line Depreciation	balance Depreciation	Exceptional Depreciation	Mouvements nets amort. A fin dexercice
Intangible assets							
Set-up, R&D. costs							
Others Int. assets							
TOTAL							
Tangible assets							
Land							
Buildings							
Buildings on other people's lands					827		(827)
Buildings fixtures & fittings							
Plant, mach., & equipment							
Other fixtures and							
fittings Vehicles		17 141			28 793		(11 652)
Office equip. comput. hardw.					66		(66)
Returnable contain. & others							
		442			866		(424)
TOTAL		**17 583**			**30 552**		**(12 969)**
GRAND TOTAL		**17 583**			**30 552**		**(12 969)**
Unventilated grand total	**17 583**	Unventilated grand total		**30 552**	Unventilated grand total		**(12 969)**

Schedule C				
CHANGES IN DEFERRED CHARGES	Opening balance	Addition Allowances	Allowances for the period	Closing balance
Deferred charges Redemption bond premium				

Provisions

Type of provisions	Opening balance	Additions: Allowances	Reductions Reversals	Ending balance
Tax regulated				
Provisions for reconstitution of mines and oilfields				
Provisions for capital expenditures				
Price increase provisions				
Tax depreciation allowances	132 912	17 583	30 552	119 943
Tax provisions for setting-ups abroad before 01/01/92				
Tax provisions for setting-ups abroad after 01/01/92				
Provisions for set-up loans				
Other tax regulated provisions				
TOTAL	**132 912**	**17 583**	**30 552**	**119 943**
Contingencies and liabilities				
Provisions for litigation				
Provisions for warranties given to customers				
Provisions for losses on future market				
Provisions for penalties				
Provisions for exchange losses				
Provisions for pension and similar commitments				
Provisions for taxes				
Provisions for assets renewals				
Provisions for important repairs				
Provisions for social contributions and taxes due on vacation				
Other provisions for contingencies and liabilities				
TOTAL				

Type of provisions	Opening balance	Additions: Allowances	Reductions Reversals	Ending balance
Provisions for loss in value				
On intangible assets On tangible assets				
On investments assessed on the equity method				
On securities				
On other investments				
On stocks and works in progress				
On trade debtors	32690	4094	2645	34139
Other provisions for loss in value				
TOTAL	**32 690**	**4 094**	**2 645**	**34139**
GRAND TOTAL	**165 603**	**21 677**	**33 197**	**154 082**
Including operating allowances and reversals		4094	2645	
Including financial allowances and reversals				
Including exceptional allowances and reversals		17 583	30 552	
Investments assessed on the equity method: allowances for the period				

Receivables

Receivables (a)	Gross amount	liquidity of the asset	
		Within 1 year	After 1 year
Fixed Assets			
Amount receivable from subsidiaries			
Loans (1) (2)			
Other financial assets	93		93
Current Assets			
Doubtful and in dispute trade debtors			
Other trade debtors	1 061 915	1 061 915	
Receivables representing borrowed securities			
Employees			
Social contributions			
Corporation tax	74170	74 170	
Value-added tax	37 642	37 642	
Other taxes	45 298	45 298	
Sundries			
Intercompany and current accounts (2)			
Other debtors			
Prepaid expenses	16 653	16 653	
TOTAL	**1235772**	**1 235 679**	**93**
(1) Including Joans granted within the period			
(1) Including redemptions received within the period			
(2) Loans and advances granted to partners			

Payables

Payables (b)	Gross amount	Within 1 years	1 to 5 years	After 5 years
Convertible debenture loans (1)				
Other debenture loans (1)				
Bank loans and overdraft (1)				
- Payable over 1 year				
- Payable over more than 1 year	668 789	228 399	440 390	
Other loans and financial liabilities (1) (2)				
Trade creditors	326 619	326 619		
Personnel	211 928	211 928		
Social contributions	216 637	216 637		
Corporation tax Value-				
added tax	66 782	66 782		
Guaranteed bonds	50 287	50 287		
Other taxes				
Fixed assets creditors	15 396	15 396		
Intercompany and current accounts (2)				
Other creditors	46 634	46 634		
Liabilities representing borrowed securities				
Deferred income				
TOTAL	**1 603 072**	**1162 682**	**440 390**	
(1) Loans raised within the period				
(1) Loans redeemed within the period	290 426			
(2) Loans and liabilities raised from partners				

Sales breakdown

Sales breakdown	France	Export	Total
Finished goods			
Semi-finished goods			
Waste products	56 130		56130
Works	2 096 969	131 750	2 228 719
SuNeys			
SeNices	3 386 973	47 191	3 434 164
Goods			
Incomes from other activities	13 362		13 362
TOTAL	5 553 434	178 941	5 732 375

Tax corporation breakdown

	Before Tax	Corporation Tax	After Tax
+ Profit or loss before tax and extra ordinary items	(310 622)	(593)	(310 029)
+ Extraordinary profit or loss	41 832		41 832
- Employee profit-sharing			
Profit or loss	(268 790)	(593)	(268 197)

Accrued receivables

Accrued receivables included in Balance Sheet	31/12/2016	31/12/2015
Amounts receivable from subsidiaries		
other tong-term investments		
Loans		
Other financial assets		
Trade debtors		
Other debtors	45298	29152
Securities	532	444
Other receivables		
Total	**45 830**	**29 597**

Accrued receivables details

Accrued receivables included in Balance Sheet	31/12/2016	31/12/2015
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Other financial assets		
Trade debtors		
Other debtors	45298	29152
44870000 £TAT PRODUTS A RECEVOIR	45298	28722
46870000 PRODUCTS A RECEVOIR		430
		444
Securities	532	444
50880000 INTERNET COURUS S/BONS ET VALEURS	532	
Other receivables		
Total	**45 830**	**29 597**

Accrued payables

Accrued payables included in Balance Sheet	31/12/2016	31/12/2015
Convertible debenture loans		
Other debenture loans		
Bank loans and overdrafts	125	253
Other loans and financial liabilities		
Trade creditors	77 984	47 039
Social contributions	360 184	251172
Fixed assets creditors		
Other creditors		2 312
TOTAL	**438 293**	**300 776**

Accrued payables details

Accrued payables included in Balance Sheet	31/12/2016	31/12/2015
Convertible debenture loans		
Other debenture loans		
Bank loans and overdrafts	125	253
16884000 INTERETS COURUS SUR EMPRUNTS ETS CREDIT	125	253
Other loans and financial liabilities		
Trade creditors	77 984	47 039
40810000 FOURNISSEURS N0N PARYENUES	77 984	47 039
Social contributions	360 184	251172
42820000 DETIES PROVISIONNEES *Pl* CONGES A PAYER	111 928	12 8 869
42860000 PERSONNEL AUTRES CHARGES PA YER	100 000	1 428
43820000 CHARGES SOCIALES SUR CONGES A PAYER	48968	59 048
43860000 CHARGES,\ PAYER SUR ORGA IS\ IES SOCULUX	49000	741
44820000 CHARGES FISCALESSUR CONGES A PAYE R	2384	2 745
44860000 ETJ\TCHARGESA PAYER	47 903	58 341
Fixed assets creditors		
Other creditors		2 312
46860000 CHARGES J\ PAYER		2 312
TOTAL	**438 293**	**300 776**

Prepayments and deferred income

Deferred Income	31/12/2016	31/12/2015
Operating incomes		
Financial incomes		
Extraordinary incomes		
TOTAL		

Prepaid Expenses	31/12/2016	31/12/2015
Operating expenses	16 653	61 367
Financial expenses		
Extraordinary expenses		
TOTAL	**16 653**	**61 367**

Expense reclassifications

Type of expense reclassification	Amount
REFUND OF INSURANCE	41 901
REFACTUREESPERSONNELEXPENSES	2 698
RETIREMENT ALLOWANCES	53 553
AID FOR PERSONNEL EXPENSES	2 216
BENEFIT IN KIND	7 176
Total	107 544

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Bharat Forge International Limited

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	Boston House Business Centre	Eacotts Limited
Mr. A. B. Kalyani	69-75 Boston Manor Road	Grenville Court, Britwell Road
Mr. S. G. Joglekar	Brentford TW8 9JJ	Burnham, Bucks., SL1 8DF
Mr. K. P. Dixit	United Kingdom	United Kingdom

Strategic Report for the year ended 31 March 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

The company has invested in establishing a sound base from which it will trade and develop its client base over the coming year

In spite of the weak global market scenario, the company was able to add new customers and reasonably maintain the volume of business with its existing customer base. Turnover of the company was US$ 152 million during the year.

Analysis of key performance indicators

The directors are of the opinion that the key performance indicator for this business is the turnover which increased from 150 million to 152 million in 2017. The company is focusing on obtaining additional customers while at the same time continuing to develop business with the new customers added during the year.

As a key performance indicator turnover has increased by 1.26% but gross margin decreased from 2.95% to 2.46%.

Analysis of key risks and challenges facing the organization

The company is targeting to achieve a stable to moderate growth in the year 2017-18.

The company has the continued support of the Bharat Forge Group to achieve its objectives and the company will manage the risks facing the business, which are considered to be logistic risks and credit risks in accordance with the group's policies

Other risks are the following;

- Downturn in the automotive and industrial markets or demand in these globally
- Vulnerability to exchange markets or mechanisms
- Inflation risk
- Metal price movements

All companies within this market are exposed to these risks and the directors are of the opinion that the risks have been managed appropriately during the year.

Key personnel

The company also depends on its talented, skilled and loyal workforce to deliver its impeccable customer service. As the economy looks to recover we expect our key personnel to provide their continued support to enable further growth.

On behalf of the board

Mr K.P.Dixit
Director

18 May 2017

Directors' Report for the year ended 31 March 2017

The directors present their annual report and financial statements for the year ended 31 March 2017

Principal activities

The principal activity of the company continued to be that of the distribution of forged and machined components for the automotive and industrial segments. The financial statements have been prepared in US Dollars

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B N Kalyani
Mr A B Kalyani
Mr S G Joglekar
Mr K P Dixit

Results and dividends

The results for the year are set out on page 6
No ordinary dividends were paid. The directors do not recommend payment of a final dividend

Statement of Directors 'responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr K.P.Dixit
Director

18 May 2017

Independent Auditor's Report

We have audited the financial statements of Bharat Forge International Limited for the year ended 31 March 2017 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mr Jeffrey Smith FCA (Senior Statutory Auditor)
for and on behalf of Eacotts International Limited

18 May 2017

Chartered Accountants
Statutory Auditor

Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Bharat Forge International Limited

Balance Sheet As at 31st March 2017

	Notes	2017		2017		2016	
		Rs.	Rs.	USD	USD	USD	USD
Fixed assets							
Tangible assets	9		497,060,701		7,314,589		7,600,482
Current assets							
Stocks	11	4,290,213,635		63,133,435		60,706,299	
Debtors falling due after one year	12	521,048,302		7,667,583		11,480,389	
Debtors falling due within one year	12	3,172,802,362		46,689,962		28,421,608	
Cash at bank and in hand		514,077		7,565		1,092,853	
		7,984,578,376		117,498,545		101,701,149	
Creditors : amount falling due	13						
within one year		(7,245,057,548)		(106,615,989)		(93,160,470)	
Net current liabilities			739,520,828		10,882,556		8,540,679
Total assets less current liabilities			**1,236,581,529**		**18,197,145**		**16,141,161**
Creditors : amount falling due							
more than one year	14		(512,171,584)		(7,536,956)		(9,116,060)
Net assets			**724,409,945**		**10,660,189**		**7,025,101**
Capital and reserves							
Called up share capital	17		7,119,886		104,774		104,774
Profit and loss account			717,290,059		10,555,415		6,920,327
Shareholders funds			**724,409,945**		**10,660,189**		**7,025,101**

The financial statements were approved by the board of directors and authorised for issue on 18 May 2017 and are signed on its behalf by:

K P Dixit

Director

Bharat Forge International Limited

Profit and Loss Account for the year ended 31st March,2017

	Notes	Year ended 31st March 2017 Rs.	USD	Previous Year USD
Turnover	3	10,329,315,614	152,002,961	150,100,871
Cost of sales		(10,074,747,998)	(148,256,824)	(145,675,279)
Gross profit		254,567,616	3,746,137	4,425,592
Administrative expenses		77,134,836	1,135,092	(1,111,209)
Operating Profit	4	331,702,452	4,881,229	3,314,383
Other interest receivable & similar income	**6**	32,193,539	473,750	199,464
Interest payable and similar charges	7	(53,804,561)	(791,771)	(299,739)
Profit before taxation		310,091,430	4,563,208	3,214,108
Tax on loss on ordinary activities	8	(63,070,116)	(928,120)	(654,483)
Profit for the financial year		**247,021,314**	**3,635,088**	**2,559,625**
Total comprehensive income for the year		**247,021,314**	**3,635,088**	**2,559,625**

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Bharat Forge International Limited

Statement of changes in equity for the year ended 31 March 2017

	Share Capital		Profit and loss reserves		Total	
	Rs.	**$**	**Rs.**	**$**	**Rs.**	**$**
Balance at 1 April 2015	7,119,886	104,774	296,330,196	4,360,702	303,450,082	4,465,476
Period ended 31 March 2016:						
Profit and total comprehensive income for the year	-	-	173,938,549	2,559,625	173,938,549	2,559,625
Balance at 31 March 2016	**7,119,886**	**104,774**	**470,268,745**	**6,920,327**	**477,388,631**	**7,025,101**
Period ended 31 March 2017:						
Profit and total comprehensive income for the year	-	-	247,021,315	**3,635,088**	247,021,315	**3,635,088**
Balance at 31 March 2017	**7,119,886**	**104,774**	**717,290,060**	**10,555,415**	**724,409,946**	**10,660,189**

Bharat Forge International Limited

Cash flow statement for the year ended 31st March,2017

	Note	Year ended 31st March 2017				Previous Year	
		Rs.	Rs.	USD	USD	USD	USD
Cash flows from operating activities							
Cash absorbed by operations	**21**		23,544,061		346,467		(8,570,851)
Interest paid			(53,804,561)		(791,771)		(299,739)
Taxation			(87,290,123)		(1,284,534)		(530,037)
Net cash outflow from operating activities			**(117,550,623)**		**(1,729,838)**		**(9,400,627)**
Investing activities							
Purchase of tangible fixed assets		(1,281,694)		(18,861)		(7,834,538)	
Interest received		32,193,539		473,750		199,464	
Net cash (used in)/generated from investing activities			**30,911,845**		**454,889**		**(7,635,074)**
Financing activities							
Proceeds of new bank loans		407,728,200		6,000,000		10,049,200	
Repayment of bank loans		(159,786,915)		(2,351,374)		-	
Net cash generated from/(used in) financing activities			**247,941,285**		**3,648,626**		**10,049,200**
Net decrease in cash and cash equivalents			**161,302,507**		**2,373,677**		**(6,986,501)**
Cash and cash equivalents at beginning of year			(1,008,336,982)		**(14,838,370)**		**(7,851,869)**
Cash and cash equivalents at end of year			**(847,034,475)**		**(12,464,693)**		**(14,838,370)**
Relating to:							
Cash at bank and in hand			514,077		7,565		1,092,853
Bank overdrafts included in creditors			-		-		-
payable within one year			(847,548,552)		(12,472,258)		(15,931,223)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2017

1 Accounting policies

Company information
Bharat Forge International Limited is a private company limited by shares incorporated in England and Wales. The registered office is Boston House Business Centre, 69-75 Boston Manor Road, Brentford, Middlesex, TW8 9JJ

a. Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest $.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The ultimate controlling party is Bharat Forge Limited, a company incorporated in India.

b. Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

c. Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is accrued over the period of loan/investment.

Dividend is accrued in the year in which it is declared, whereby right to receive is established.

Profit/Loss on sale of investments is recognised on contract date.

d. Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Straight line over 30 years
Plant and machinery	33% Straight line
Fixtures, fittings & equipment	10-20% Straight line
Motor vehicles	20% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

e. Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

f. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

g. Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

h. Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.
Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial asset

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the

relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are

recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments

are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

i. Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

j. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

k. Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

l. Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

m. Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

n. Foreign exchange

Transactions in currencies other than US Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	$	$
		Turnover
Forged and machined components for the auto industry	152,002,961	150,100,871

Other significant revenue		
Interest income	473,750	199,464

Turnover analysed by geographical market

	2017	2016
	$	$
United States of America	115,852,300	113,578,962
Europe	30,748,806	26,884,665
United Kingdom	5,401,855	9,637,244
	152,002,961	150,100,871

4 Operating profit

	2017	2016
Operating profit for the year is stated after charging/(crediting):	$	$
Exchange gains	(2,391,717)	(154,166)
Fees payable to the company's auditor for the audit of the company's financial statements	37,439	106,249
Depreciation of owned tangible fixed assets	304,754	267,085
Cost of stocks recognised as an expense	139,816,519	138,651,125
Operating lease charges	253,695	318,229

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Administration	9	9

Their aggregate remuneration comprised:

	2017	2016
	$	$
Wages and salaries	255,743	289,681
Social security costs	21,572	26,856
Pension costs	1,641	-
	278,956	316,537

6 Interest receivable and similar income

	2017	2016
	$	$
Interest income		
Interest receivable from group companies	223,299	-
Other interest income	250,451	199,464
Total income	473,750	199,464

7 Interest payable and similar expenses

	2017	2016
	$	$
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	791,771	299,739

8 Taxation

	2017	2016
	$	$
Current tax		
UK corporation tax on profits for the current period	928,120	674,000
Adjustments in respect of prior periods	-	(19,517)
Total current tax	928,120	654,483

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	$	$
Profit before taxation	4,563,208	3,214,108
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	912,642	642,822
Tax effect of expenses that are not deductible in determining taxable	1,339	7,578
Permanent capital allowances in excess of depreciation	46,891	23,981
Under/(over) provided in prior years	-	(19,517)
Foreign exchange differences	(32,543)	-
Other adjustments	(209)	(381)
Taxation charge for the year	928,120	654,483

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings &	Motor vehicles	Total
	$	$	$	$	$
Cost					
At 1 April 2016	7,366,098	80,503	478,867	62,471	7,987,939
Additions	-	-	18,861	-	18,861
At 31 March 2017	7,366,098	80,503	497,728	62,471	8,006,800
Depreciation and impairment					
At 1 April 2016	231,911	73,554	22,645	59,347	387,457
Depreciation charged in the year	246,028	6,277	49,325	3,124	304,754
At 31 March 2017	477,939	79,831	71,970	62,471	692,211
Carrying amount					
At 31 March 2017	6,888,159	672	425,758	-	7,314,589
At 31 March 2016	7,134,187	6,949	456,222	3,124	7,600,482

10 Financial instruments

	2017	2016
	$	$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	54,106,846	39,768,781
Carrying amount of financial liabilities		
Measured at amortised cost	114,112,686	101,878,042

11 Stocks

	2017	2016
	$	$
Finished goods and goods for resale	63,133,435	60,706,299

12 Debtors

	2017	2016
Amounts falling due within one year:	$	$
Trade debtors	33,192,451	21,298,844
Amounts due from group undertakings	10,526,415	6,498,057
Other debtors	2,740,620	514,085
Prepayments and accrued income	230,476	110,622
	46,689,962	28,421,608

Amounts falling due after more than one year:	2017 $	2016 $
Amounts due from group undertakings	4,136,956	11,315,787
Other debtors	3,530,627	164,602
	7,667,583	11,480,389
Total debtors	54,357,545	39,901,997

Trade debtors disclosed above are measured at amortised cost.

13 Creditors: amounts falling due within one year

	Notes	2017 $	2016 $
Bank loans and overdrafts	15	18,633,128	16,864,363
Trade creditors		13,349,308	7,661,390
Amounts due to group undertakings		73,607,943	66,955,875
Corporation tax		26,585	382,999
Other taxation and social security		13,674	15,489
Other creditors		187,766	439,058
Accruals		797,585	841,296
		106,615,989	93,160,470

14 Creditors: amounts falling due after more than one year

	Notes	2017 $	2016 $
Bank loans and overdrafts	15	7,536,956	9,116,060

15 Loans and overdrafts

	2017 $	2016 $
Bank loans	13,697,826	10,049,200
Bank overdrafts	12,472,258	15,931,223
	26,170,084	25,980,423
Payable within one year	18,633,128	16,864,363
Payable after one year	7,536,956	9,116,060

The company's bankers hold security over all the company's assets (present, future, actual or contingent and whether incurred alone or jointly with another) including interest and expenses.

The company has two loans.

An existing $10,049,200,000 bank loan facility drawn down in March 2016 that is repayable over 36 months. Interest is being charged on this loan at 2.85% above LIBOR. As at the 31 March 2017 $7,897,826 (2015: $10,049,200) is outstanding.

A new $6,000,000 bank loan facility which was drawn down in August 2016 and is repayable over 36 months. Interest is being charged on this loan at 3.00% above LIBOR. As at the 31 March 2017 $5,800,000 (2015: $nil) is outstanding.

16 Retirement benefit schemes

	2017	2016
Defined contribution schemes	$	$
Charge to profit or loss in respect of defined contribution schemes	1,641	-

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2017	2016
	$	$
Ordinary share capital		
Authorised		
64,000 Ordinary shares of £1 each	104,774	104,774
Issued and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	$	$
Within one year	124,236	243,980
Between two and five years	82,151	207,444
	206,387	451,424

19 Related party transactions

Remuneration of key management personnel

Key management personnel who are also directors did not receive any remuneration from this

No guarantees have been given or received.

20 Controlling party

Until the 1 August 2016 the immediate parent company was Bharat Forge Global Holdings GmbH. On the 1 August 2016 100% of the shareholding was sold to Bharat Forge Limited, who then became the parent company.
The ultimate controlling company is Bharat Forge Limited, a company incorporated in India.

21 Cash generated from operations

	2017 $	2016 $
Profit for the year after tax	3,635,088	2,559,625
Adjustments for:		
Taxation charged	928,120	654,483
Finance costs	791,771	299,739
Investment income	(473,750)	(199,464)
Depreciation and impairment of tangible fixed assets	304,754	267,085
Movements in working capital:		
(Increase) in stocks	(2,427,136)	(13,847,918)
(Increase) in debtors	(14,455,548)	(6,778,343)
Increase in creditors	12,043,168	8,473,942
Cash generated from/(absorbed by) operations	346,467	(8,570,851)

Bharat Forge America Inc.

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	100 W Big Beaver Road	Plante & Moran, PLLC,
Mr. A. B. Kalyani	Suite 200	Suite 100, 1111, Michigan Ave,
Mr. S. E. Tandale	Troy, MI	East Lansing,
Mr. S. G. Joglekar	U.S.A.	Michigan 48823,
		U.S.A.

Independent Auditor's Report

To the Board of Directors
Bharat Forge America, Inc.

We have audited the accompanying financial statements of Bharat Forge America, Inc. (a wholly owned subsidiary of Bharat Forge, Ltd.) (the "Company"), which comprise the balance sheet as of December 31, 2016 and 2015, and the related statements of operations, stockholder's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Consolidated financial statements are required for conformity with accounting principles generally accepted in the United States of America. As discussed in Note 2, these parent company only financial statements, which include subsidiaries on the equity basis, are being issued in addition to consolidated financial statements. Information regarding the subsidiaries is disclosed in Note 4.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Bharat Forge America, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC,
Suite 100
1111, Michigan Ave,
East Lansing,
Michigan 48823,
U.S.A.

May 17,2017

Bharat Forge America Inc.

Balance Sheet as on 31st December, 2016

			As at 31/12/2015
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	6,297,702	92,675	264,886
Accounts receivable			
Affiliates (Note 8)	85,917,098	1,264,329	-
Others (Note 4)	29,236,219	430,231	
Inventories	-	-	2,203
Prepaid expenses and other current assets	1,307,924	19,247	48,038
Total current assets	122,758,943	1,806,482	315,127
Equipment - Net (Note 3)	300,971	4,429	10,333
Other Assets - Equity method investment in subsidiaries (Note 4)	913,105,469	13,436,973	-
Total assets	**1,036,165,383**	**15,247,884**	**325,460**
Liabilities and Stockholder's Deficit			
Current Liabilities			
Trade accounts payable	3,075,358	45,256	5,791
Accounts payable to related parties (Note 8)	8,384,319	123,381	336,317
Bank line of credit - Current portion (Note 5)	67,954,700	1,000,000	
Related party note payable (Note 8)	-	-	1,400,000
Accrued liabilities:			
Other accrued liabilities	22,111,780	325,390	31,600.00
Total current liabilities	101,526,157	1,494,027	1,773,708
Long-term Line of Credit (Note 5)	271,818,800	4,000,000	-
Stockholder's Deficit	662,820,426	9,753,857	(1,448,248)
Total liabilities and stockholder's deficit	**1,036,165,383**	**15,247,884**	**325,460**

Bharat Forge America Inc.

Statement of Operations for the period ended December 31, 2016

			Previous Year
	Rs.	**USD**	**USD**
Sales and Other Revenue	-	-	300
Cost of Sales	149,704	2,203	-
Gross Profit	(149,704)	(2,203)	300
Selling and Administrative Expenses	26,106,361	384,173	397,951
Operating Loss	(26,256,065)	(386,376)	(397,651)
Non operating Income (Expense)			
Other income	-	-	946
Interest expense	(5,349,598)	(78,723)	-
Equity in earnings of unconsolidated investees (Note 4)	(9,024,112)	(132,796)	-
Total nonoperating income (expense)	(14,373,710)	(211,519)	946
Loss before income taxes	**(40,629,775)**	**(597,895)**	**(396,705)**
Income tax (recovery) expense	-	-	(12,174)
Net Loss	**(40,629,775)**	**(597,895)**	**(384,531)**

Bharat Forge America Inc

Statement of Stockholder's Equity

	Common Stock		Paid Up Capital		Accumulated Deficit		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance January 1 , 2015	68	1	1,879,772,765	27,662,145	(1,952,057,402)	(28,725,863)	(72,284,569)	(1,063,717)
Additional Capital Contributed	-	-	-	-	-	-	-	-
Net Loss	-	-	-	-	(26,130,689)	(384,531)	(26,130,689)	(384,531)
Balance December 31 , 2015	68	1	1,879,772,765	27,662,145	(1,978,188,091)	(29,110,394)	(98,415,258)	(1,448,248)
Net Loss	-	-	-	-	(40,629,775)	(597,895)	(40,629,775)	(597,895)
Contributions - Additional paid-in capital			801,865,460	11,800,000	-	-	801,865,460	11,800,000
Balance December 31 , 2016	**68**	**1**	**2,681,638,225**	**39,462,145**	**(2,018,817,866)**	**(29,708,289)**	**662,820,427**	**9,753,857**

Bharat Forge America Inc

Statement of Cash Flow for the period ended December 31 , 2016

			Previous Year
	Rs.	**USD**	**USD**
Cash Flow from Operating Activities			
Net Loss	(40,629,775)	(597,895)	(384,531)
Adjustments to reconcile net loss to net cash fom Operating Activities :			
Depreciation	401,205	5,904	5,904
Equity in loss (earnings) of unconsolidated investees	9,024,112	132,796	-
Disposal of inventory	149,704	2,203	-
Gain on extinguishment of related party accrued interest	-	-	-
Amortisation of Deferred Financing charges	-	-	-
Changes in operating assets and liabilities which provided (used) cash :			
Account Receivable	(85,917,098)	(1,264,329)	163,466
Inventory	-	-	-
Prepaid expense and other assets	1,956,485	28,791	43,111
Accounts Payable	2,681,832	39,465	(24,892)
Accounts Payable - Affiliates	(14,470,002)	(212,936)	331,839
Accrued and other liabilities	19,964,410	293,790	176
Customer deposits & advances	-		-
Net cash (used in) provided by operating acitivties	(106,839,127)	(1,572,211)	135,073
Cash Flow from Investing Acitivities			
Purchase of equity method investments	(951,365,800)	(14,000,000)	-
Net cash (used in) provided by investing activity	(951,365,800)	(14,000,000)	-
Cash Flow from Financing Acitivities			
Payments on debt	(95,136,580)	(1,400,000)	(100,000)
Proceeds from revolving credit facilities - Net	339,773,500	5,000,000	-
Contributions of additional paid-in capital	801,865,460	11,800,000	-
Net cash used in financing activities	1,046,502,380	15,400,000	(100,000)
Net (Decrease) Increase in Cash and Cash Equivalents	**(11,702,547)**	**(172,211)**	**35,073**
Cash and Cash Equivalents - Beginning of Year	**18,000,249**	**264,886**	**229,813**
Cash and Cash Equivalents - End of Year	**6,297,702**	**92,675**	**264,886**
Supplemental Cash Flow Information - cash paid for			
Interest	4,804,261	70,698	-
Income taxes	-	-	79,626

Notes to Financial Statements December 31, 2016 and 2015

Note 1 - Nature of Business

Bharat Forge America, Inc. (the "Company") wholly owns Bharat Forge Tennessee, Inc. (BFT) and holds an 82.10 percent ownership interest in Bharat Forge PMT Technologie, LLC (PMT). BFT owns 17.90 percent of PMT.

PMT is engaged in the manufacture and sale of steel and aluminum forgings. PMT sells its products to the automotive, construction, and recreational vehicle industries. BFT owns the building and land from which PMT operates and has a lease arrangement.

The Company is a wholly owned subsidiary of Bharat Forge, Ltd. (BFL or the "Parent"), an Indian company.

Note 2 - Significant Accounting Policies

Basis of Presentation

The Company has issued consolidated financial statements for the year ended December 31, 2016. In addition to consolidated financial statements, the accompanying financial statements are being issued for parties that have a need for financial information of the Company without the consolidated subsidiaries. In the accompanying financial statements, BFT and PMT have been presented using the equity method of accounting, which is is a departure from accounting principles generally accepted in the United States of America (U.S. GAAP) which requires controlled subsidiaries to be consolidated. Information regarding the subsidiaries is presented in Note 4.

Accounts Receivable

Accounts receivable relate to items paid for by the Company on behalf of its affiliates. Amounts are stated at net invoice amounts, less any cash collected by the Company on behalf of the debtor. Based on management's review of outstanding receivable balances and historical collection information, management's best estimate is that all balances will be collected. Accordingly, the Company has not established an allowance for doubtful accounts.

Equipment

Equipment is recorded at cost. Assets are depreciated using the straight-line method over their estimated useful lives. Major maintenance projects that extend the life of the related equipment are capitalized. Costs of maintenance and repairs are charged to expense when incurred.

Investments

The Company's investments in BFT and PMT are accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for the Company’s proportionate share of undistributed earnings or losses. The Company has determined to account for its investments in subsidiaries, over which it can exercise significant influence and has an interest in excess of 50 percent, using the equity method, which is a departure from U.S. GAAP as the subsidiaries should be consolidated. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for the period from December 1, 2016 (date of acquisition) through December 31, 2016.

Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting. A valuation allowance for deferred tax assets is recognized when there is significant uncertainty about the realization of those future tax benefits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

As of January 1, 2016, the Company adopted new guidance related to the presentation of deferred taxes in its balance sheet. Under the new guidance, all deferred tax assets, liabilities, and related valuation allowances are reported as noncurrent. Previously, deferred tax balances were classified as current or noncurrent, depending on the classification of the underlying asset or liability to which the temporary difference relates, or, for loss credit carryforwards, based on when the item was expected to reverse. The adoption of the new guidance had no effect on the 2015 financial statements as previously reported.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 17, 2017, which is the date the financial statements were available to be issued.

Note 3 - Equipment

Property and equipment are summarized as follows:

	2016	2015	Depreciable Life - Years
Transportation equipment	$ 29,522	$ 29,522	5
Less accumulated depreciation	25,093	19,189	
Net property and equipment	$ 4,429	$ 10,333	

Depreciation expense on equipment was $5,904 for 2016 and 2015.

Note 4 - Investments Using the Equity Method

On November 30, 2016, the Company acquired 100 percent of the shares of PMT Holdings, Inc. and approximately 82 percent of the membership interests of Walker Forge Tennessee, LLC, both of which are accounted for using the equity method. PMT Holdings, Inc. owns the remaining membership interests in Walker Forge Tennessee, LLC. The Company had no equity method investments at December 31, 2015.

Subsequent to acquisition, PMT Holdings, Inc. changed its name to Bharat Forge Tennessee, Inc., and Walker Forge Tennessee, LLC changed its name to Bharat Forge PMT Technologie, LLC.

The following is a summary of financial position and results of operations of the Company's equity method investments as of and for the year ended December 31, 2016. The following financial information does not reflect the Company's basis post-acquisition, as the effects of the acquisition have not been pushed down to the subsidiary financial statements:

	Bharat Forge Tennessee, Inc.	Bharat Forge PMT Technologie, LLC
Assets:		
Current assets	$ 30,000	$ 8,344,218
Property, plant, and equipment - Net	4,011,644	13,330,945
Other long-term assets	3,394,627	81,900
Total assets	$ 7,436,271	$ 21,757,063
Liabilities:		
Current liabilities	$ -	$ 2,799,677
Deferred tax liabilities	793,843	-
Total liabilities	$ 793,843	$ 2,799,677
Equity	$ 6,642,428	$ 18,957,386
Sales	$ 30,000	$ 1,965,164
Net loss	$ (6,741)	$ (149,321)

The shares and membership interests were acquired for a purchase price of $14,000,000, less a working capital adjustment of approximately $430,000, which was recorded as a receivable at December 31, 2016.

Note 5 - Lines of Credit

Under a line of credit agreement with a bank, the Company has available borrowings of $5,000,000 through November 30, 2017. The agreement provides for monthly interest payments at an interest rate of 1.20 percent plus the applicable LIBOR at the time of the advance (an effective rate of 1.81 percent at December 31, 2016). At December 31, 2016, the outstanding balance was $1,000,000. The line of credit is unsecured.

Under a line of credit agreement with a bank, the Company has available borrowings of $4,000,000 through November 30, 2021. The agreement provides for monthly interest payments at an interest rate of 1.35 percent plus the applicable LIBOR at the time of the advance (an effective rate of 1.96 percent at December 31, 2016). The agreement stipulates that outstanding balances must be repaid 33 percent in November 2019 ($1,320,000), 33 percent in November 2020 ($1,320,000), and the balance due in November 2021 ($1,360,000). At December 31, 2016, the outstanding balance was $4,000,000. The line of credit is guaranteed by BFL.

Note 6 - Income Taxes

The components of the income tax provision included in the statement of operations for the year ended December 31, 2015 include an increase in the estimated state tax refund that will be recoverable in the amount of $12,174. There was no change in the income tax provision for the year ended December 31, 2016. A valuation allowance was recorded for the full amount of the net deferred tax assets as of both December 31, 2016 and 2015.

The income tax provision for 2016 and 2015 differs from the benefit that would result from applying statutory rates to the loss before income taxes as a result of certain expenses that are not deductible for tax purposes, as well as the change in the valuation allowance recognized for deferred tax assets.

Deferred tax assets result from basis differences for amortized and depreciable assets and net operating loss carryforwards.

In assessing whether the Company will realize the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets resulting from the net operating loss carryforwards will be realized. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of loss carryforwards. The Company has loss carryforwards of approximately $25,811,000 that expire through 2036. Based on the level of historical taxable income, a valuation allowance has been recognized for the majority of the deferred tax assets.

As of December 31, 2016 and 2015, the Company's unrecognized tax benefits were not significant. There were no significant penalties or interest recognized at or during the years ended December 31, 2016 and 2015.

The details of the net deferred tax asset (liability) are as follows:

	2016	2015
Deferred tax assets:		
Depreciation and amortization	$ 124,000	$ -
Accrued related party interest	1,055,000	1,055,000
Net operating loss and tax credit carryforward	8,775,000	8,645,000
Gross deferred tax assets	9,954,000	9,700,000
Valuation allowance recognized for deferred tax assets	(9,922,000)	(9,700,000)
Net deferred tax assets	32,000	-
Deferred tax liabilities - Timing differences from subsidiaries	(32,000)	-
Net deferred tax asset (liability)	$ -	$ -

Note 7 - Common Stock

Common stock consists of 3,000 authorized shares of $0.01 par value stock. As of December 31, 2016 and 2015, there were 60 shares issued and outstanding.

Note 8 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Accounts Receivable

During the year ended December 31, 2016, the Company paid for operating expenses on behalf of its subsidiary, PMT, which were partially repaid by BFA's collection of PMT's accounts receivable. At December 31, 2016, the Company had net accounts receivable from PMT totaling approximately $1,264,000.

Accounts Payable

At December 31, 2015, the Company had accounts payable to BFL totaling approximately $213,000, primarily for advances related to an agreement for the reimbursement of payroll costs associated with several company employees. The Company had no accounts payable to BFL at December 31, 2016. At both December 31, 2016 and 2015, the Company had accounts payable to Bharat Forge International, Ltd. totaling $123,000.

Note Payable

During the year ended December 31, 2011, the Company borrowed $1,700,000 from CDP Bharat Forge GmbH (CDP), a related party that is commonly owned by BFL. The loan was unsecured and interest was payable in monthly installments at the three-month LIBOR plus 250 bps p.a., for an effective rate of 3.11 percent at December 31, 2015. The balance of the loan was $1,400,000 at December 31, 2015 and the loan was paid in full during December 2016. The Company paid approximately $71,000 of interest to CDP in 2016 related to this loan. The Company did not pay any interest to CDP in 2015.

Bharat Forge Tennessee Inc.

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani	2105 Schmiede St,	Plante & Moran, PLLC,
Mr. Michael Weis	Surgoinsville,	Suite 100, 1111, Michigan Ave,
Mr. S. E. Tandale	TN 37873,	East Lansing,
Mr. S. G. Joglekar	U.S.A.	Michigan 48823,
Mr. K. P. Dixit		U.S.A.

Independent Auditor's Report

To The Board of Directors

Bharat Forge Tennessee, Inc.

We have audited the accompanying financial statements of Bharat Forge Tennessee, Inc. (a wholly owned subsidiary of Bharat Forge America, Inc.) (the "Company"), which comprise the balance sheet as of November 30, 2016 (date of acquisition) and December 31, 2016, and the related statements of operations, stockholder's equity, and cash flows for the period from December 1, 2016 to December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bharat Forge Tennessee, Inc. (a wholly owned subsidiary of Bharat Forge America, Inc.) as of November 30, 2016 (date of acquisition) and December 31, 2016, and the results of its operations and its cash flows for the period from December 1, 2016 to December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC,
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1111, Michigan Ave,
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Michigan 48823,
U.S.A.

May 17,2017

Bharat Forge Tennessee, Inc.

Balance Sheet as on 31st December, 2016

			As at 31/12/2015
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	-		
Accounts receivable (Note 7)	2,038,641	30,000	-
Inventories			
Prepaid expenses and other current assets			
Total current assets	2,038,641	30,000	0
Land, Building and Equipment - Net (Note 3)	272,610,065	4,011,644	4,025,119
Other Assets - Equity method investment in subsidiaries (Note 4)	230,680,859	3,394,627	3,421,365
Total assets	**505,329,565**	**7,436,271**	**7,446,484**
Liabilities and Stockholder's Deficit			
Current Liabilities			
Trade accounts payable	0		
Accounts payable to related parties	-		
Bank line of credit - Current portion	-		
Related party note payable	-	-	
Accrued liabilities:			
Other accrued liabilities	-		
Total current liabilities	0	0	0
Long-term Liability - Deffered Tax Liability (Note 5)	53,945,363	793,843	797,315.00
Stockholder's Equity (Note 6)	451,384,202	6,642,428	6,649,169
Total liabilities and stockholder's deficit	**505,329,565**	**7,436,271**	**7,446,484**

Bharat Forge Tennessee, Inc.

Statement of Operations for the period ended December 31, 2016

			Previous Year
	Rs.	USD	USD
Lease Income - Affiliate (Note 7)	2,038,641	30,000	-
Depreciation Expense (Note 3)	915,690	13,475	-
Gross Profit	1,122,951	16,525	-
Selling and Administrative Expenses	-		
Operating Loss	1,122,951	16,525	-
Non operating Income (Expense)			
Other income			
Interest expense			
Equity in earnings of unconsolidated investees	(1,816,973)	(26,738)	-
Total nonoperating income (expense)	(1,816,973)	(26,738)	-
Loss before income taxes	**(694,022)**	**(10,213)**	**-**
Income tax (recovery) (Note 5)	(235,939)	(3,472)	
Net Loss	**(458,083)**	**(6,741)**	**-**

Bharat Forge Tennessee, Inc.

Statement of Stockholder's Equity

	Common Stock		Paid Up Capital		Accumulated Deficit		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance November 30 , 2016	68	1	317,830,724	4,677,097	134,011,493	1,972,071	451,842,285	6,649,169
Net Loss	-	-	-	-	(458,083)	(6,741)	(458,083)	(6,741)
Balance December 31 , 2016	**68**	**1**	**317,830,724**	**4,677,097**	**133,553,410**	**1,965,330**	**451,384,202**	**6,642,428**

Bharat Forge Tennessee, Inc.

Statement of Cash Flow for the period ended December 31 , 2016

			Previous Year
	Rs.	**USD**	**USD**
Cash Flow from Operating Activities			
Net Loss	(458,083)	(6,741)	-
Adjustments to reconcile net loss to net cash fom Operating Activities :			
Depreciation	915,690	13,475	
Equity in loss (earnings) of unconsolidated investees	1,816,973	26,738	
Deferred income taxes	(235,939)	(3,472)	
Changes in operating assets and liabilities which provided (used) cash :			
Account Receivable - Affiliates	(2,038,641)	(30,000)	
Net cash (used in) provided by operating acitivties	-	-	-
Net (Decrease) Increase in Cash and Cash Equivalents	**-**	**-**	**-**
Cash and Cash Equivalents - Beginning of Year	**-**	**-**	**-**
Cash and Cash Equivalents - End of Year	**-**	**-**	**-**

Notes to Financial Statements, December 31, 2016 and November 30, 2016

Note 1 - Nature of Business

Bharat Forge Tennessee, Inc. (the "Company") leases land and a forging facility to a party related by common ownership and in which the Company has a minority ownership interest. The Company is a wholly owned subsidiary of Bharat Forge America, Inc. (the "Parent"). Subsequent to its acquisition by the Parent on November 30, 2016, the Company changed its name from PMT Holdings, Inc. to Bharat Forge Tennessee, Inc. The effects of the acquisition have not been pushed down to these financial statements.

Note 2 - Significant Accounting Policies

Major Customer

All revenue and accounts receivable are derived from lease agreements with Bharat Forge PMT Technologie, LLC.

Trade Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. An allowance for doubtful accounts has not been recorded at November 30, 2016 and December 31, 2016, as management considers all accounts receivable collectible.

Land, Building, and Equipment

The Company's land, building, and equipment are recorded at cost. The building and equipment are depreciated using the straight-line method over their estimated useful lives. Major maintenance projects that extend the lives of the assets are capitalized. The lessee is responsible for all maintenance and repairs of the land, building, and equipment.

Investments

The Company's investment in Bharat Forge PMT Technologie, LLC is accounted for using the equity method. Under the equity method, the investment is carried at cost, adjusted for the Company’s proportionate share of undistributed earnings or losses. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for the period from December 1, 2016 through December 31, 2016.

Rental Revenue

The Company leases land and a forging facility to a related party, Bharat Forge PMT Technologie, LLC, under a month-to-month lease agreement, which is accounted for as an operating lease. Bharat Forge PMT Technologie, LLC is responsible for paying property taxes, insurance, and other property expenses.

Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting. A valuation allowance for deferred tax assets is recognized when there is significant uncertainty about the realization of those future tax benefits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

As of November 30, 2016, the Company adopted new guidance related to the presentation of deferred taxes in its balance sheet. Under the new guidance, all deferred tax assets, liabilities, and related valuation allowances are reported as noncurrent. Previously, deferred tax balances were classified as current or noncurrent, depending on the classification of the underlying asset or liability to which the temporary difference relates, or, for loss credit carryforwards, based on when the item was expected to reverse.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 17, 2017, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU did not significantly change the accounting requirements for lessors and, accordingly, application of the new lease standard is not expected to have a significant effect on the Company’s financial statements. The new lease guidance will be effective for the Company’s year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

Note 3 - Land, Building, and Equipment

Land, building, equipment are summarized as follows:

	December 31, 2016	November 30, 2016	Depreciable Life - Years
Land	$ 282,889	$ 282,889	-
Land improvements	341,046	341,046	30
Buildings	3,121,281	3,121,281	10-30
Machinery and equipment	950,354	950,354	10
Total cost	4,695,570	4,695,570	

Less accumulated depreciation	683,926	670,451
Net property and equipment	$ 4,011,644	$ 4,025,119

Depreciation expense for the period from December 1, 2016 through December 31, 2016 was $13,475. Upon acquisition by the Parent, the Company changed its estimate of depreciable lives. The effect of this change was to reduce depreciation expense in the period from December 1, 2016 through December 31, 2016 by approximately $10,000.

Note 4 - Investments Using the Equity Method

The Company owns approximately 18 percent of the outstanding membership interest of Bharat Forge PMT Technologie, LLC (PMT), and has accounted for the investment using the equity method.

The following is a summary of financial position of PMT as of November 30, 2016 and December 31, 2016:

	December 31, 2016	November 30, 2016
Assets:		
Current assets	$ 8,344,218	$ 7,046,360
Property, plant, and equipment	13,330,945	13,267,542
Other assets (net)	81,900	-
Total assets	$ 21,757,063	$ 20,313,902
Liabilities - Current	$ 2,799,677	$ 1,207,195
Members' equity	$ 18,957,386	$ 19,106,707

PMT had sales of $1,965,164 and a net loss of $149,321 for the period from December 1, 2016 through December 31, 2016.

Note 5 - Income Taxes

The details of the net deferred tax liability are as follows:

	December 31, 2016	November 30, 2016
Deferred tax assets - Net operating loss carryforward	$ 6,483	$ -
Deferred tax liabilities:		
Depreciation	(794,115)	(797,315)
Other	(6,211)	-
Gross deferred tax liabilities	(800,326)	(797,315)
Net deferred tax liability	$ (793,843)	$ (797,315)

Deferred tax assets result from net operating loss carryforwards, which totaled approximately $19,000 at December 31, 2016. In assessing whether the Company will realize the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets resulting from the net operating loss carryforwards will be realized. Based on the level of historical taxable income and the expected income to be generated from operations, no valuation allowance has been recognized for the deferred tax assets.

As of December 31, 2016 and November 30, 2016, the Company's unrecognized tax benefits were not significant. There were no significant penalties or interest recognized at or during the period from December 1, 2016 through December 31, 2016.

Note 6 - Capital Stock

Common stock consists of 10,000 authorized shares of $0.01 par value stock. As of December 31, 2016 and November 30, 2016, there were 100 shares issued and outstanding.

Note 7 - Related Party Transactions

During the period from December 1, 2016 through December 31, 2016, the Company leased land and a forging facility to Bharat Forge PMT Technologie, LLC (PMT), a related party which is commonly owned by Bharat Forge America, Inc., and in which the Company owns a minority interest. This month-to-month lease agreement is in the amount of $30,000 monthly, and requires PMT to pay for property taxes, insurance, and other property expenses. For the period from December 1, 2016 through December 31, 2016, the Company earned lease revenue of $30,000, and at December 31, 2016, the Company had accounts receivable from PMT totaling $30,000. At November 30, 2016, there was no receivable from PMT.

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Bharat Forge PMT Technologie LLC

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani	2105 Schmiede St,	Plante & Moran, PLLC,
Mr. Michael Weis	Surgoinsville,	Suite 100, 1111, Michigan Ave,
Mr. S. E. Tandale	TN 37873,	East Lansing,
Mr. S. G. Joglekar	U.S.A.	Michigan 48823,
Mr. K. P. Dixit		U.S.A.

Independent Auditor's Report

To the Board of Directors
Bharat Forge PMT Technologie, LLC

We have audited the accompanying financial statements of Bharat Forge PMT Technologie, LLC (the "Company"), which comprise the balance sheet as of November 30, 2016 (date of acquisition) and December 31, 2016, and the related statements of operations, members' equity, and cash flows for the period from December 1, 2016 through December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bharat Forge PMT Technologie, LLC as of November 30, 2016 (date of acquisition) and December 31, 2016, and the results of its operations and its cash flows for the period from December 1, 2016 through December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

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Michigan 48823,
U.S.A.

May 17, 2017

Bharat Forge PMT Technologie, LLC

Balance Sheet as on 31st December, 2016

			As at 30-Nov-16
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	149,500.00	2,200	2,459
Accounts receivable - Trade	299,643,396	4,409,458	2,959,031
Inventories (Note 3)	257,636,790	3,791,302	4,080,633
Prepaid expenses and other current assets	9,599,145	141,258	4,237
Total current assets	567,028,831	8,344,218	7,046,360
Property and Equipment - Net (Note 4)	905,900,368	13,330,945	13,267,542
Other Assets - Deposits	5,565,490	81,900	-
Total assets	**1,478,494,689**	**21,757,063**	**20,313,902**
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable - Trade	66,543,349	979,231	564,582
Accounts payable to related parties (Note 7)	85,917,098	1,264,329	-
Accrued liabilities:	37,790,764.00	556,117	642,613
Other accrued liabilities	-		
Total current liabilities	190,251,211	2,799,677	1,207,195
Members' Equity	1,288,243,478	18,957,386	19,106,707
Total liabilities and stockholder's deficit	**1,478,494,689**	**21,757,063**	**20,313,902**

Bharat Forge PMT Technologie, LLC

Statement of Operations period from December 1, 2016 through December 31, 2016

			Previous Year
	Rs.	**USD**	**USD**
Net Sales	133,542,130	1,965,164	-
Cost of Sales	140,100,642	2,061,677	-
Gross Loss	(6,558,512)	(96,513)	-
Selling and Administrative Expenses	3,588,552	52,808	
Net Loss	**(10,147,064)**	**(149,321)**	**-**

Bharat Forge PMT Technologie, LLC

Statement of Members' Equity

	Rs.	USD
Balance November 30 , 2016	1,298,390,542	19,106,707
Net Loss	(10,147,064)	(149,321)
Balance December 31 , 2016	**1,288,243,478**	**18,957,386**

Bharat Forge PMT Technologie, LLC

Statement of Cash Flow period from December 1,2016 through December 31 , 2016

	Rs.	USD	Previous Year USD
Cash Flow from Operating Activities			
Net Loss	(10,147,064)	(149,321)	
Adjustments to reconcile net loss to net cash fom Operating Activities :			
Depreciation	8,030,343	118,172	
Equity in loss (earnings) of unconsolidated investees	-	-	
Deferred income taxes	-	-	
Changes in operating assets and liabilities which provided (used) cash :			
Account Receivable	(98,563,332)	(1,450,427)	
Inventory	19,661,401	289,331	
Prepaid expense and other assets	(14,876,710)	(218,921)	
Accounts Payable - Trade	28,177,348	414,649	
Accounts Payable - Related parties	85,917,098	1,264,329	
Accrued and Other liabilities	(5,877,810)	(86,496)	
Net cash provided by operating acitivties	12,321,274	181,316	-
Cash Flows Used in Investing Activities			
Purchase of property, plant, and equipment	(12,338,875)	(181,575)	
Net (Decrease) Increase in Cash and Cash Equivalents	**(17,601)**	**(259)**	**-**
Cash and Cash Equivalents - Beginning of Period	**167,101**	**2,459**	**-**
Cash and Cash Equivalents - End of Period	**149,500**	**2,200**	**-**

Notes to Financial Statements December 31, 2016

Note 1 - Nature of Business

Bharat Forge PMT Technologie, LLC (the "Company") is engaged in the manufacture and sale of steel forgings. The Company sells its products primarily to customers in the automotive, construction, and recreational vehicle industries. On November 30, 2016, the Company was acquired by Bharat Forge America, Inc. and Bharat Forge Tennessee, Inc. The effects of the acquisition have not been pushed down to these financial statements. Subsequent to acquisition, the Company changed its name from Walker Forge Tennessee, LLC to Bharat Forge PMT Technologie, LLC.

Note 2 - Significant Accounting Policies

Trade Accounts Receivable

Accounts receivable consist of uncollateralized customer obligations which generally require payment within 30 to 75 days from the invoice date. Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. An allowance for doubtful accounts has not been recorded at December 31, 2016 or November 30, 2016, as management considers all accounts receivable collectible.

Revenue and Cost Recognition

Revenue is recognized by the Company upon shipment to customers when the customer takes ownership and assumes the risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the sale price is fixed and determinable. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

Concentrations

Two major customers accounted for approximately 57 and 61 percent of accounts receivable at December 31, 2016 and November 30, 2016, respectively, and 56 percent of sales for the period from December 1, 2016 through December 31, 2016.

Inventories

Inventories are stated at the lower of cost or market, with cost determined on the basis of first-in, first-out method (FIFO).

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over their estimated useful lives. Major maintenance projects that extend the life of the related equipment are capitalized. Costs of maintenance and repairs are charged to expense when incurred.

Shipping and Handling Costs

Shipping and handling costs are recorded as costs of sales as they are incurred.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. Members are taxed individually on their pro-rata ownership share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Company's operating agreement. In the state of Tennessee, the Company is taxed as a separate entity and the Company pays Tennessee income and net worth tax. Any provision for income taxes relates to Tennessee.

Income or loss of the Company is allocated to the members pro rata based on ownership percentage. No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by the respective members on their income tax returns.

Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and Tennessee tax accounting. A valuation allowance for deferred tax assets is recognized when there is significant uncertainty about the realization of those future tax benefits. At December 31, 2016 and November 30, 2016, management has recorded a valuation allowance against the full value of these deferred tax assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 17, 2017, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Company's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Company has not yet determined which application method it will use, and the adoption is not expected to have a significant effect on its income statement.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Company's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The leases are expected to increase long-term assets and lease liabilities upon adoption, but the effects on the results of operations are not expected to be significant.

Note 3 - Inventory

Inventory at December 31, 2016 and November 30, 2016 consists of the following:

	December 31, 2016	November 30, 2016
Raw materials	$ 1,190,979	$ 1,126,781
Work in progress	2,118,630	2,057,177
Finished goods	481,693	896,675
Total	$ 3,791,302	$ 4,080,633

At December 31, 2016 and November 30, 2016, finished goods inventory was recorded net of reserves for lower of cost or market and obsolescence of approximately $495,000 and $535,000, respectively. At December 31, 2016 and November 30, 2016, work in progress inventory was recorded net of reserves for lower of cost or market of approximately $185,000 and $205,000, respectively.

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

	December 31, 2016	November 30, 2016	Depreciable Life - Years
Machinery and equipment	$ 34,722,333	$ 34,689,187	4-15
Production tools and dies	804,124	804,124	4-8
Vehicles	40,911	40,911	9
Construction in progress	347,257	238,113	-
Total cost	35,914,625	35,772,335	
Less accumulated depreciation and impairment	22,583,680	22,504,793	
Net property and equipment	$ 13,330,945	$ 13,267,542	

Depreciation expense for the period ended December 31, 2016 was $118,172. Upon acquisition by BFA, the Company changed its estimate of depreciable lives. The effect of this change was to reduce depreciation expense in the period from December 1, 2016 through December 31, 2016 by approximately $401,000.

Note 5 - Income Taxes

The details of the net deferred tax asset are as follows:

	December 31, 2016	November 30, 2016
Deferred tax assets:		
State loss carryforward	$ 1,211,000	$ 1,198,000
State tax credit carryforward	268,000	268,000
Gross deferred tax assets	1,479,000	1,466,000
Valuation allowance recognized for deferred tax assets	(1,479,000)	(1,466,000)
Net deferred tax asset	$ -	$ -

At December 31, 2016 and November 30, 2016, the Company has approximately $18,629,000 and $18,426,000, respectively, of Tennessee state net operating loss carryforwards available to reduce future state income taxes, expiring during the years 2024 through 2031. In addition, the Company has state tax credit carryforwards available totaling approximately $268,000 at both December 31, 2016 and November 30, 2016 which expire during the years 2024 through 2031.

Note 6 - Operating Leases

The Company is obligated under operating leases with unrelated parties primarily for equipment, expiring at various dates through 2022. Total rent expense under these leases was approximately $10,000 for the period ended December 31, 2016.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2017	$ 126,359
2018	34,518
2019	12,615
2020	7,162
2021	7,162
Thereafter	597
Total	$ 188,413

Note 7 - Related Party Transactions

At December 31, 2016, the Company had accounts payable to Bharat Forge America, Inc. (BFA), a Company which has an approximately 82 percent ownership interest in the Company. At December 31, 2016, the Company owed approximately $1,264,000 to BFA for advances related to general operating expenses which were paid by BFA on the Company's behalf, less cash collected by BFA from the Company's customers. There were no amounts payable to BFA as of November 30, 2016.

Lease Commitment

The Company conducts its operations from premises leased from Bharat Forge Tennessee, Inc. (BFT), an entity which owns approximately 18 percent of the Company, and is also related through common ownership. The month-to-month lease agreement requires the Company to pay $30,000 per month, plus taxes, insurance, and maintenance on the property. Rent expense was $30,000 for the period from December 1, 2016 through December 31, 2016, all of which was due at December 31, 2016. There were no amounts due to BFT at November 30, 2016.

Analogic Controls India Limited

Directors	Registered Office	Auditors
Mr. K. Padmanabham	S.No.23/2,	P.V. Deo
Mr. T.V. Prasad	P.O.Gundlapochampally,	Chartered Accountant
Mr. Rajinder Singh Bhatia	NH-7, via Hakimpet,	604, Jeevan Heights,
Mr. Kishore Mukund Saletore	Hyderabad,	Thorat Colony, Erandwana,
Mr. Vikram Manohar Munje	Telangana – 500 014.	Pune – 411 004.

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2017

To,

The Members,

Your Directors have pleasure in presenting the Board Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2017.

1. PERFORMANCE OF THE COMPANY

During the financial year company has incurred a loss of Rs. 500.38 million. The financial results are summarized here under:

(Rupees in Millions)

Particulars	As on March 31, 2017	As on March 31, 2016
Total Revenue	775.24	1035.10
Depreciation/Amortization	32.52	40.17
Other expenses	1231.98	1643.75
Total expenses	1264.50	1683.92
Profit/(Loss) before tax	(489.26)	648.82
Current Tax	(11.12)	-
PAT	(500.38)	(648.82)
Earnings per equity share Basic/ Diluted	(18.25)	(23.72)

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.

The financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes to the accounts and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out separately in the notes forming part of financial statements for the year ended March 31, 2017.

3. DIVIDEND

Since the Company has incurred losses during the year under review, the Board is not in a position to recommend any dividend for the financial year ended March 31, 2017.

4. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

5. STATE OF COMPANY'S AFFAIRS

As on March 31, 2017, the total revenues of the Company were Rs. 775.24 million as against the Rs. 1035.10 million during the last year.

Further, during the year under review, the Company has entered into a Memorandum of Understanding with Kalyani Strategic Systems Limited (KSSL)a fellow subsidiary, to sell the land bearing Sy No 23/2, admeasuring 6,315 Square yards, located at Gundlapochampally Village, Medchal Mandal, Ranga Reddy District Hyderabad, Telangan and the building thereon for a lump sum consideration of Rs. 5,27,70,000/- (Rupees Five Crores Twenty Seven Lakhs Seventy Thousand Only) plus the applicable taxes thereon.

The Company has received an advance aggregating to Rs. 5,08,08,080/- (Rupees Five Crores Eight Lakhs Eight Thousand and Eighty Only) from KSSL. The said advance has been utilized by the Company to make a part repayment of the term loan granted by ICICI Bank Limited. Later, once the transaction is concluded, the Company would take the aforementioned assets from KSSL on rent / right to use basis for continuing its operations.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

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

7. SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on March 31, 2017 stood at Rs.27,586,700/- divided into 27,58,670 Equity Shares of Rs. 10/- each.

As on March 31, 2017, Company had a total 15,73,100- 0% Unsecured Compulsory Convertible Debentures of Rs. 100/- each fully paid up.

Further 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.

8. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary or an associate company.

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

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

10. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

11. NUMBER OF MEETINGS OF THE BOARD

In 2016-17, the Board of Directors of the Company met seven times on May 11, 2016, June 1, 2016, July 5, 2016, October 20, 2016, January 11, 2017, February 1, 2017and March 20, 2017. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

12. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with provisions of the Companies Act, 2013 Mr. Kishore Saletore and Mr. Vikram Munje retire by rotation and being eligible, offer themselves for reappointment.

Further, the tenure of Mr. K. Padmanabham as a Managing Director of the Company has expired on March 31, 2017. Thus he ceases to be a Managing Director (“KMP”) of the Company and continues to be a director of the Company.

13. AUDITORS AND AUDITORS' REPORT

At the Annual General Meeting held on August 23, 2014, Mr. Prashant V. Deo, Chartered Accountant, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2019. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of Mr. Prashant V. Deo, Chartered Accountant, as Statutory Auditors of the Company, will be placed for ratification by the shareholders at the ensuing Annual General Meeting of the Company. In this regard, the Company has received a certificate from the Auditors to the effect that their appointment, if ratified, will be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Further, the Notes on financial statement as on March 31, 2017 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.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, Directors confirm that:

a) in preparation of the annual financial statement for the year ended March 31, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to 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 loss of the Company for the year under review;
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; and
e) they have devised a proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

15. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control which commensurate with its size and the nature of its operations.

Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

16. 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.

17. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is appended as **Annexure "A"** to this report.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the financial year under review there has been no related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large, further form AOC-2 is annexed as **Annexure "B"** to this report.

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

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/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 annexed herewith as **Annexure "C"** to this report.

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

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 information as to names of the top ten employees in terms of remuneration drawn is appended as **Annexure "D"** to this report.

22. ACKNOWLEDGEMENT:

The Directors sincerely thank all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and On behalf of the Board of Directors

Place: Pune
Date: May 23, 2017

Rajinder Singh Bhatia
Chairman
DIN: 05333963

ANNEXURE "A"

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	U28932TG1996PLC024629
ii)	Registration date	July 12, 1996
iii)	Name of the Company	Analogic Controls India Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad, Telangana – 500014, Tel. No. +91-9391145768 Fax No. +91-7569005719
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

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.	Safety Arming Mechanism	30304	48%
2.	Launcher Relay Unit	30304	21%
3.	Antenna Pointing System	26515	13%

***** On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	60%	Sec 2(46)

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

i) Category-wise Share Holding as of 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 Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	NIL	1103468	1103468	40%	NIL	1103468	1103468	40%	NA
b) Bodies Corp.	NIL	1655202	1655202	60%	NIL	1655202	1655202	60%	NA
Sub-total (A) (1)	**NIL**	**2758670**	**2758670**	**100%**	**NIL**	**2758670**	**2758670**	**100%**	**NA**
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**2758670**	**2758670**	**100%**	**NIL**	**2758670**	**2758670**	**100%**	**NA**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**2758670**	**2758670**	**100%**	**NIL**	**2758670**	**2758670**	**100%**	**NA**

ii) Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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.	Bharat Forge Limited with its nominees	1655202	60%	NIL	1655202	60%	NIL	NIL
2.	Mr. T.V. Prasad	496638	18%	NIL	496638	18%	NIL	NIL
3.	Mr. K. Padmanabham	206500	7.49%	NIL	206500	7.49%	NIL	NIL
4.	Mr. K. Prabhakar	170450	6.18%	NIL	170450	6.18%	NIL	NIL
5.	Mr. C. Muralidhar Reddy	188500	6.83%	NIL	188500	6.83%	NIL	NIL
	Total	**2717290**	**98.5%**	**NIL**	**2717290**	**98.5%**	**NIL**	**NIL**

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	2717290	98.5%	2717290	98.5%
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	#	#	#	#
3.	At the End of the year	2717290	98.5%	2717290	98.5%

There is no change in the total shareholding of the Promoters between April 1, 2016 and March 31, 2017.

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
	NIL	NIL	NIL	NIL	NIL

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. T. V. Prasad				
	As on 01.04.2016	496638	18%	496638	18%
	As on 31.03.2017	496638	18%	496638	18%
2.	Mr. K. Padmanabham				
	As on 01.04.2016	206500	7.49%	206500	7.49%
	As on 31.03.2017	206500	7.49%	206500	7.49%

*Other Directors and KMP's do not hold shares in the Company.

V. INDEBTEDNESS

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

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	120,756,730	185,875,837	-	306,632,567
ii.) Interest due but not paid	-	-	-	-
iii.) Interest accrue but not due	-	2,654,137	-	2,654,137
Total(i+ii+iii)	120,756,730	188,529,974	-	309,286,704

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the Financial year				
i.) Addition	85,294,800	9,588,609	-	94,883,409
ii.) Reduction	(108,929,511)	(20,284,683)	-	(129,214,194)
Net Change	(23,634,711)	(10,696,074)	-	(34,330,785)
Indebtedness at the end of the Financial year				
i.) Principal Amount	97,122,019	173,826,463	-	270,948,482
ii.) Interest due but not paid	-	-	-	-
iii.) Interest accrue but not due	-	4,007,437	-	4,007,437
Total(i+ii+iii)	97,122,019	177,833,900	-	274,955,919

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager	Total Amount
		Mr. K. Padmanabham Managing Director	
1.	Gross Salary	-	-
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12,50,000	12,50,000
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	
2.	Stock Option	-	
3.	Sweat Equity	-	
4.	Commission:		
	- As a % of Profit	-	
	- others, specify	-	
5.	Others, please specify	-	
Total			**12,50,000**
Ceiling as per the Act			6,000,000

B. Remuneration to other Directors

The Company does not pay remuneration to any other Directors.

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

The Company does not have Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure-"B"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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	NIL
I	Name(s) of the related party and nature of relationship	NIL
J	Nature of contracts/arrangements/transactions	NIL
K	Duration of the contracts / arrangements/transactions	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 Strategic Systems Limited	Kalyani Strategic Systems Limited	Bharat Forge Limited
b.	Nature of contracts/ arrangements/transactions	Sale of Goods, etc.	Memorandum of Understanding for sale of Land and Building	Repayment of Inter Corporate Deposits
c.	Duration of the contracts/ arrangements/transactions	One time transaction	Six months from February 1, 2017 which can be mutually extended by the Parties	Payable on demand
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	In tune with market parameters. The transaction value was Rs. 39,14,530/-	Sale of land and building thereon for a lump sum consideration of Rs. 5,27,70,000/- plus the applicable taxes thereon.	Repayment of Inter Corporate Deposits of Rs. 43,00,000/-
e.	Date(s) of approval by the Board, if any	July 5, 2016	February 1, 2017	-
f.	Amount paid/ received as advances, if any	Rs. 39,14,530/-	Rs. 5,08,08,080/-	-

For and On behalf of the Board of Directors

Place: Pune
Date: May 23, 2017

Rajinder Singh Bhatia
Chairman
DIN: 05333963

ANNEXURE "C"

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

a. Steps taken or impact on conservation of energy during 2016-2017

The Company has always been conscious about the need for conservation of energy and during the year the Company has made all efforts for reduction of energy consumption by putting the system in place.

The Company is saving around 10% electricity during the year.

b. Steps taken by the Company for utilizing alternate sources of energy

NIL

c. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

a. Efforts made towards technology absorption, adaptation and innovation

The Company has continued its endeavor to absorb the best of technologies for its products.

Currently, the Company is using advanced electronic components and is adhering to the global standards for example ISO, IPC-620 and move to AS 9100.

b. Benefits derived as a result of above efforts

The Company has witnessed increased customer satisfaction, widened customer scope and new RFQs from new customer segment.

(C) Foreign Exchange Earnings and Outgo

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

i)	Total Foreign Exchange Earning	:	Rs. Nil
ii)	Total Foreign Exchange Outgo	:	Rs. 33,88,954/-

ANNEXURE "D"

A statement showing the names of the top ten employees in terms of remuneration drawn
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.

Sr. No.	Name of the employee	Remuneration received (In Rs.)	Nature of employment	Qualification	Experience (Years)	Date of commencement of employment	Age	Last employment	Percentage of equity shares held	Whether any such employee is relative of any Director and if so name of such Director
1.	Mr. K. Padmanabham	12,50,000	Managing Director	M. Tech	34	12/7/1996	56	-	7.49%	No
2.	Jasti Siva Rama Krishna	720,000	Permanent	M.Com	19	6/3/1998	42	-	0.77	No
3.	Battina Shankar Rao	432,000	Permanent	B.Tech	15	9/1/2002	43	-	0	No
4.	VaralaVishwanatham	384,000	Permanent	Diploma	15	11/24/2004	46	-	0	No
5.	S V Ramana	384,000	Permanent	Diploma	20	5/2/2016	49	-	0	No
6.	Patange Vijay Kumar	360,000	Permanent	ITI - Elect	18	9/2/1998	42	-	0	No
7.	K Sanjay Khamitkar	312,000	Permanent	Diploma	20	12/8/1998	45	-	0	No
8.	ChittalaSatyanarayana	300,000	Permanent	SSC	15	7/23/2010	40	-	0	No
9.	Ch Lakshmi Andalu	240,000	Permanent	SSC	18	5/26/1998	35	-	0	No
10.	Mirdoddi Muralidhar	240,000	Permanent	ITI - Fitter	15	5/1/2007	39	-	0	No

Independent Auditor's Report

To the Members of Analogic Controls India Limited

Report on the Financial Statements

I have audited the accompanying financial statements of **Analogic Controls India Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND ASs) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit.

I 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.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid 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 including Ind ASs; of the state of affairs of the Company as at 31st March, 2017, and its loss including other comprehensive income, the changes in equity and its cash flows 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 Companies Act, 2013, I give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

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

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

   e) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 my separate Report in "**Annexure B**".

   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 my opinion and to the best of my information and according to the explanations given to me :

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note No. 38 to the financial statements;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to

30th December, 2016 and these are in accordance with the books of account maintained by the Company. Refer Note No. 44 to the financial statements.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 23, 2017

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ANALOGIC CONTROLS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state that:

(i)

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

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii)

(a) The inventory comprising stock of raw materials and work in progress was physically verified at reasonable intervals during the year by the management. As explained to me, no material discrepancies were noticed by the management on physical verification of stocks.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii)

(a) According to the records of the Company, the Company was not found to be regular, in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities, where instances of delayed payments were observed. According to the information and explanations given to me, no undisputed amounts payable in respect of any statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date those became payable, save and except the following liability which was outstanding as at 31st March, 2017 for a period of more than six months from the date that became payable.

- Value Added Tax : Rs. 217,500/-.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute, save and except the following:

Name of the Statute	Nature of the Dues	Amount Rs.	Period	Forum where dispute is pending
The Income Tax Act, 1961	Dues on Regular Assessment for which the Company has filed appeal	659,399	Assessment Year 2005-06.	The Commissioner of Income tax (Appeals) – 8, Hyderabad.
The Central Excise Act,1944/Central Excise Rules,2002	Central Excise Duty and Penalty	1,348,264	January 2008 to March 2009.	The Central Excise and Service Tax Appellate Tribunal, Bengaluru

(viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution, bank, government or debenture holders.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Moneys raised by the Company by way of term loans were applied for the purpose for which those were raised.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has paid managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 23, 2017

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ANALOGIC CONTROLS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

I have audited the internal financial controls over financial reporting of **Analogic Controls India Limited** ("the Company") as of 31st March, 2017 in conjunction with my audit of the 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 ('ICAI'). 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 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's 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 my 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 31st March, 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.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 23, 2017

Analogic Controls India Limited
CIN : U28932TG1996PLC024629

Balance Sheet as at 31st March, 2017.

		Note No.	As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs
I	**ASSETS**				
	1 Non-current Assets				
	(a) Property, Plant and Equipment	5	**10,057,803**	39,957,153	44,433,742
	(b) Capital Work-in-Progress		**-**	293,154	273,097
	(c) Intangible assets	6	**1,077,990**	1,572,298	1,054,659
	(d) Financial Assets				
	(i) Other financial assets	7	**226,495**	278,846	197,415
	(e) Other non-current assets	8	**754,311**	1,245,357	2,452,600
	(f) Income tax assets (net)	9	**2,585,828**	2,246,968	2,138,838
			14,702,427	45,593,776	50,550,351
	2 Current Assets				
	(a) Inventories	10	**33,876,548**	48,707,728	61,715,320
	(b) Financial Assets				
	(i) Trade receivables	11	**61,854,944**	65,281,638	77,981,606
	(ii) Cash and cash equivalents	12	**120,802**	454,212	6,937,781
	(iii) Bank balances other than (ii) above	13	**-**	-	6,924,016
	(iv) Other financial assets	14	**15,069,700**	4,568,046	5,869,227
	(c) Other Current Assets	15	**4,175,510**	5,540,144	5,360,703
			115,097,504	124,551,768	164,788,653
	3 Non current assets held for sale	16	**27,617,654**	-	-
	TOTAL		**157,417,585**	170,145,544	215,339,004
II	**EQUITY AND LIABILITIES**				
	1 Equity				
	(a) Equity Share Capital	17	**27,586,700**	27,586,700	27,586,700
	(b) Other Equity		**(206,419,684)**	(156,382,027)	(115,149,758)
			(178,832,984)	(128,795,327)	(87,563,058)
	2 Non-current Liabilities				
	(a) Financial Liabilities				
	(i) Long term Borrowings	18	**127,737,285**	113,052,844	59,472,970
	(b) Long term Provisions	19	**1,787,904**	1,894,318	2,154,764
	(c) Deferred tax liabilities (Net)	20	**-**	-	-
			129,525,189	114,947,162	61,627,734
	3 Current Liabilities				
	(a) Financial Liabilities				
	(i) Short term Borrowings	21	**114,513,386**	145,567,567	195,954,744
	(ii) Trade payables	22	**17,231,762**	16,183,926	15,412,980
	(iii) Other financial liabilities	23	**15,247,837**	9,590,707	20,847,145
	(b) Short term Provisions	24	**7,571,494**	11,951,033	4,033,561
	(c) Other Current Liabilities	25	**1,352,821**	700,476	5,025,898
			155,917,300	183,993,709	241,274,328
	4 Liabilities directly associated with the assets classified as held for sale	26	**50,808,080**	**-**	**-**
	TOTAL		**157,417,585**	170,145,544	215,339,004
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1-54			

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Vikram Munje
Director
DIN : 02772991

Kishore Saletore
Director
DIN : 01705850

Place : Pune
Date : May 23, 2017

Place : Pune
Date : May 23, 2017

Analogic Controls India Limited
CIN : U28932TG1996PLC024629

Statement of Profit and Loss for the year ended 31st March, 2017.

		Note No.	Year ended 31st March, 2017 Rs	Year ended 31st March, 2016 Rs
I	Revenue from Operations	27	**73,417,818**	100,534,448
II	Other Income	28	**3,788,750**	2,430,405
III	**TOTAL INCOME**		**77,206,568**	102,964,853
IV	**EXPENSES**			
	Cost of Material Consumed	29	**24,710,353**	44,319,480
	Changes in inventories of work-inprogress	30	**11,316,251**	11,521,149
	Employee Benefit Expenses	31	**12,616,056**	25,743,209
	Finance Costs	32	**35,347,703**	34,592,920
	Depreciation & Amortisation Expense	33	**3,252,298**	4,016,693
	Other Expenses	34	**39,207,371**	48,198,825
	TOTAL EXPENSES		**126,450,032**	168,392,276
V	**Loss before tax**		**(49,243,464)**	(65,427,423)
VI	**Tax Expense**			
	Current tax		**-**	-
	Current tax for earlier year		**(1,111,482)**	-
	Deferred tax		**-**	-
			(1,111,482)	-
VII	**Loss for the Year**		**(50,354,946)**	(65,427,423)
VIII	**OTHER COMPREHENSIVE INCOME**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		**317,289**	545,170
	Total other comprehensive income, net of tax		**317,289**	545,170
IX	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**(50,037,657)**	(64,882,253)
X	**Earnings per share (of P 10/- each):**			
	Basic	43	**(18.25)**	(23.72)
	Diluted	43	**(18.25)**	(23.72)
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1-54		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Vikram Munje
Director
DIN : 02772991

Kishore Saletore
Director
DIN : 01705850

Place : Pune
Date : May 23, 2017

Place : Pune
Date : May 23, 2017

Analogic Controls India Limited
CIN : U28932TG1996PLC024629

Statement of changes in equity for the year ended 31st March, 2017.

a. Equity share capital

	As at March 31, 2017		As at March 31, 2016	
	Nos.	**Rs**	**Nos.**	**Rs**
Equity shares of B 10/- each issued, subscribed and fully paid up				
As at beginning of the year	**2,758,670**	**27,586,700**	2,758,670	27,586,700
Changes in equity share capital during the year	-	-	-	-
As at end of the year	**2,758,670**	**27,586,700**	2,758,670	27,586,700

b. Other Equity

	Reserves and Surplus			Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures	Other Comprehensive Income	Total Other Equity
	Securities Premium	Retained earnings	Total		Other Items	
	Rs	Rs	Rs	Rs	Rs	Rs
Balance as at 1st April, 2015 as per previous GAAP	1,135,000	(141,628,012)	(140,493,012)	-	-	(140,493,012)
Changes in accounting policy due to adpotion of Ind ASs	-	(11,989,523)	(11,989,523)	39,618,342	(665,377)	26,963,442
Prior period errors	-	(1,620,188)	(1,620,188)	-	-	(1,620,188)
Restated balance as at 1st April, 2015 as per Ind ASs	**1,135,000**	**(155,237,723)**	**(154,102,723)**	**39,618,342**	**(665,377)**	**(115,149,758)**
Changes in other equity for the year ended 31st March, 2016						
Prior period errors	-	5,051	5,051	-	-	5,051
Remeasurement of the net defined benefit liability/asset, net of ta:	-	-	-	-	545,170	545,170
Changes in accounting policy due to adpotion of Ind ASs	-	-	-	23,644,933	-	23,644,933
Loss for the year	-	(65,427,423)	(65,427,423)	-	-	(65,427,423)
Balance as at 31st March, 2016	**1,135,000**	**(220,660,095)**	**(219,525,095)**	**63,263,275**	**(120,207)**	**(156,382,027)**
Changes in other equity for the year ended 31st March, 2017						
Remeasurement of the net defined benefit liability/asset, net of ta:	-	-	-	-	317,289	317,289
Loss for the year	-	(50,354,946)	(50,354,946)	-	-	(50,354,946)
Balance as at 31st March, 2017	**1,135,000**	**(271,015,041)**	**(269,880,041)**	**63,263,275**	**197,082**	**(206,419,684)**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1-54

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Vikram Munje
Director
DIN : 02772991

Kishore Saletore
Director
DIN : 01705850

Place : Pune
Date : May 23, 2017

Place : Pune
Date : May 23, 2017

Analogic Controls India Limited
CIN : U28932TG1996PLC024629

Cash Flow Statement for the year ended 31st March, 2017.

		Year ended 31st March. 2017 Rs	Year ended 31st March. 2016 Rs
A.	**Cash flow from operating activities :**		
	Net loss after tax and exceptional items	**(50,354,946)**	(65,427,423)
	Adjusted for :		
	Tax expense	**1,111,482**	-
	Depreciation	**3,252,298**	4,016,693
	Interest Paid	**35,347,703**	34,592,920
	Interest Received	**(56,420)**	(85,960)
	Provision for Liquidated damages	**111,988**	11,443,325
	Provision for Doubtful Trade Receivables (net)	**(185,129)**	167,000
	Provision for Other Receivables	**758,398**	-
	Profit on Sale of Property, Plant and Equipment	**-**	(82,388)
	Prior period errors considered in other equity	**-**	5,051
	Other Comprehnsive Income		
	Remeasurement of the net defined benefit liability/asset	**317,289**	545,170
		40,657,609	50,601,811
	Operating Profit before working capital changes :	**(9,697,337)**	(14,825,612)
	Changes in :		
	Trade and other receivables	**(4,993,275)**	15,368,263
	Inventories	**14,831,180**	13,007,592
	Liabilities and Provisions	**1,151,556**	(20,751,121)
		10,989,461	7,624,734
	Cash generation from operations :	**1,292,124**	(7,200,878)
	Direct Taxes paid	**(2,197,265)**	(677,304)
	Net Cash from operating activities :	**(905,141)**	(7,878,182)
B.	**Cash flow from investing activities :**		
	Purchase of Property, Plant and Equipment	**(183,140)**	(1,585,617)
	Sale of Property, Plant and Equipment	**-**	1,590,205
	Interest received	**56,420**	85,960
	Fixed deposits matured during the year	**-**	6,924,016
	Advance against Sale of Property, Plant and Equipment	**50,808,080**	-
	Net cash from investing activites :	**50,681,360**	7,014,564

Analogic Controls India Limited
CIN : U28932TG1996PLC024629

Cash Flow Statement for the year ended 31st March, 2017.

	Year ended 31st March. 2017 Rs	Year ended 31st March. 2016 Rs
C. Cash flow from financing activities :		
Proceeds from long term borrowings	-	70,663,300
Repayment of long term borrowings	14,684,441	(3,738,712)
Proceeds from short term borrowings	-	131,552,980
Repayment of short term borrowings	(31,054,181)	(181,940,157)
Interest paid	(33,739,889)	(22,138,793)
Net cash used in financing activities :	(50,109,629)	(5,601,382)
Net changes in cash and cash equivalents (A+B+C) :	(333,410)	(6,465,000)
Cash and Cash Equivalents, at the beginning :	454,212	6,919,212
Add : Net changes in cash and cash equivalents, as above	(333,410)	(6,465,000)
Cash and Cash Equivalents, at the close :	120,802	454,212
Cash and Cash Equivalents :		
Cash and Bank Balances:	120,802	454,212
	120,802	454,212

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1-54

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place : Pune
Date : May 23, 2017

On behalf of the Board of Directors,

Vikram Munje
Director
DIN : 02772991

Kishore Saletore
Director
DIN : 01705850

Place : Pune
Date : May 23, 2017

Analogic Controls India Limited
CIN : U28932TG1996PLC024629

Notes forming part of the Financial Statements for the year ended 31st March, 2017.

1. Corporate information:

Analogic Controls India Limited is a public limited company incorporated on 12th July, 1996. The Company is engaged in the business of designing, developing and manufacturing of reliable electronic systems and sub-systems for mission critical applications. The Company offers products and services for mission critical technologies of national importance in Defence, Aerospace, Communications and Industrial Electronics.

The Company is a subsidiary of Bharat Forge Limited.

Bharat Forge Limited, the erstwhile promoters of the Company and the Company have entered into a Shareholders' Agreement on 18th June, 2013 and have agreed to various terms and conditions which have also become part of the Articles of Association of the Company. The Shareholders' Agreement has put certain restrictions on transferrability of the equity shares held by the erstwhile promoters of the Company. Bharat Forge Limited is entitled for options to acquire shareholding from the erstwhile promoters in future.

2 Going concern :

The Company has incurred losses of Rs. 50,037,657 (31st March, 2016 : Rs. 64,882,253) during the year. As at 31st March, 2017, the Company's accumulated losses are Rs. 271,015,041 (31st March, 2016 : Rs. 220,660,095) which have completely eroded the net worth of the Company. The Company also has net current liabilities of Rs. 40,819,796 as at 31st March, 2017 (31st March, 2016 : Rs. 59,441,941). The management has implemented the series of measures to deal with the challanges posed by the situation. Those include fundamental changes in business strategy, streamling operations, efficient cost structures, focus on export market development, weeding out uneconomical products and projects, better capacity utilisation, etc. Leveraging property plant and equipments for substantial reduction of bank borrowings and efforts for timely recoveries agaist trade receivables are expected to bring down finance costs. The Company continues to enjoy adquate working capital limits from its bankers. Further, the majority shareholders have confirmed their continued commitment and have agreed to provide support to the Company. The auditors have reviwed and relied upon the management representations. Accordingly, these financial statements have been prepared on going concern basis, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

3. First -time adoption of Ind ASs

These financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind ASs. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The transition to Ind ASs has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind ASs has affected the Company’s Balance Sheet and Statement of Profit and Loss, is set out separately hereinafter.

4 Significant accounting policies:

4.1 Basis of accounting and preparation of financial statements:

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.
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 or revalued amount :

i Derivative financial instruments,
ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Rupee.

4.2 Current versus non-current bifurcation:

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

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,
ii Held primarily for the purpose of trading,
iii Expected to be realised within twelve months after the reporting period, or
iv Cash or cash equivalent 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 treated as current when:

i It is expected to be settled in normal operating cycle,
ii It is held primarily for the purpose of trading,
iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified 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.

4.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, 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. 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 profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences
The Company has availed the option available under Ind AS 101 para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii 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 currency 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. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, 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.

4.4 Fair value measurement :

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

i In the principal market for the asset or liability, or

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

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

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii 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, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.
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.

4.5 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 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.

a) Sale of Goods :

Domestic sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch from the point of sale, consequent to property in goods being transferred. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

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.

b) Sale of Services :

Revenue from the services rendered on a time basis is recognized based on services rendered and chargeable to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on milestones achieved as specified in the contracts, on the percentage of completion basis. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

c) Contract Revenues :

Revenue from contracts is recognized on a percentage completion method. Contract revenue associated with project related activity is recognised as revenue and expenses respectively by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion of contract costs incurred for work performed up to the balance sheet date to the estimated total contract costs. Full provision is made for any loss in the period in which it is first foreseen. Contract revenues thus recognized include unbilled revenues, in respect of which stage of commercial billing has not been reached as per the underlying contracts.

d) 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 Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

4.6 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or 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 tax assets and deferred taxes relate to 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 temporary 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 temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

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

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

4.7 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment proerty are capitalised. Such cost includes the cost of replacing part of the 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the

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. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Buildings	
	(a) Factory buildings	30 years
	(b) Fences, wells and tube wells	5 years
	(c) Others, including temporary structures	3 years
ii)	Computer and Data Processing Equipments	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
iii)	Furnitures and Fixtures	10 years
iv)	Office Equipments	5 years
v)	Plant and Machinery (including test jigs)	15 years
vi)	Vehicles	8 years

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 used 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 the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.8 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 profit or loss in the period in which the expenditure is incurred.

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

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

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Software	5 years

4.9 Inventories :

a) Raw Materials :

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. The costs are determined using the FIFO method.

b) Work in Progress :

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The costs are determined using the FIFO method.

4.10 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 dependant on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

Company as a Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the 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 recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

4.11 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 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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 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 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 or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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.
Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

4.12 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

4.13 Retirement and other employee benefits :

a) Gratuity :

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out 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 profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and
ii 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:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leave benefits :

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

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

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

4.14 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.

A Financial Asset :

a) 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.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

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

ii 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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

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

ii The asset's contractual cash flows represent SPPI.

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

e) 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 P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, 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 P&L.

g) 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 Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

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

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 17

iv 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

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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.

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:

i 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.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

i 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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, financial guarantee contracts and derivative financial instruments.

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. 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 profit or loss.

ii 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 profit or 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.

iii 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.

c) 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 or loss.

C 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 or loss.

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

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company’s senior management determines change in the business model as a result of external or internal changes which are significant to the Company’s operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E 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.

4.15 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments 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 consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

4.16 Dividend to equity holders :

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.

4.17 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.

4.18 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

4.19 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

4.20 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

Analogic Controls India Limited
CIN : U28932TG1996PLC024629

5 Property, Plant and Equipment :

	Freehold Land	Factory Building	Computers and Printers	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
GROSS BLOCK, AT COST :								
As at 1st April, 2015.	413,976	34,557,516	4,191,462	12,550,684	4,638,829	2,085,507	2,610,367	**61,048,341**
Additions	-	-	115,220	702,680	-	-	-	**817,900**
Disposals	-	-	-	(1,500,000)	-	(1,349,838)	-	**(2,849,838)**
Adjustments	-	-	-	-	-	-	-	**-**
As at 31st March, 2016.	**413,976**	**34,557,516**	**4,306,682**	**11,753,364**	**4,638,829**	**735,669**	**2,610,367**	59,016,403
Additions	-	-	-	476,294	-	-	-	**476,294**
Disposals	-	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	-	**-**
Reclassified as assets held for sale	(413,976)	(34,557,516)	-	-	-	-	-	**(34,971,492)**
As at 31st March, 2017.	**-**	**-**	**4,306,682**	**12,229,658**	**4,638,829**	**735,669**	**2,610,367**	**24,521,205**
DEPRECIATION AND AMORTIZATION :								
Upto 1st April, 2015.	-	4,933,723	3,541,613	3,417,927	1,682,326	1,508,383	1,530,627	**16,614,599**
Disposals	-	-	-	-	-	(1,267,226)	-	**(1,267,226)**
Adjustments	-	-	-	(74,795)	-	-	-	**(74,795)**
For the year	-	1,361,489	227,915	767,852	455,121	215,465	758,830	**3,786,672**
Upto 31st March, 2016.	**-**	**6,295,212**	**3,769,528**	**4,110,984**	**2,137,447**	**456,622**	**2,289,457**	**19,059,250**
Disposals	-	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	-	**-**
For the year	-	1,058,626	221,148	797,219	432,898	101,756	146,343	**2,757,990**
In respect of assets held for sale	-	(7,353,838)	-	-	-	-	-	**(7,353,838)**
Upto 31st March, 2017.	**-**	**-**	**3,990,676**	**4,908,203**	**2,570,345**	**558,378**	**2,435,800**	**14,463,402**
NET BLOCK :								
As at 31st March, 2016.	413,976	28,262,304	537,154	7,642,380	2,501,382	279,047	320,910	39,957,153
As at 31st March, 2017.	**-**	**-**	**316,006**	**7,321,455**	**2,068,484**	**177,291**	**174,567**	**10,057,803**

6 Intangible assets :

	Softwares	Total Intangible Assets
	Rs	Rs
GROSS BLOCK, AT COST :		
As at 1st April, 2015.	1,146,277	**1,146,277**
Additions	747,660	**747,660**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2016.	**1,893,937**	**1,893,937**
Additions	-	**-**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2017.	**1,893,937**	**1,893,937**
DEPRECIATION AND AMORTIZATION :		
Upto 1st April, 2015.	91,618	**91,618**
Disposals	-	**-**
Adjustments	-	**-**
For the year	230,021	**230,021**
Upto 31st March, 2016.	**321,639**	**321,639**
Disposals	-	**-**
Adjustments	-	**-**
For the year	494,308	**494,308**
Upto 31st March, 2017.	**815,947**	**815,947**
NET BLOCK :		
As at 31st March, 2016.	1,572,298	1,572,298
As at 31st March, 2017.	**1,077,990**	**1,077,990**

		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs
7	**Other financial assets (Non-current, Good):**			
	Security deposits[(a)]	**226,495**	278,846	178,846
	Balances with Bank			
	Deposits with original maturity of more than 12 months[(b)]	-	-	18,569
	TOTAL :	**226,495**	278,846	197,415
	(a) Financial assets carried at amortized cost			
	(b) Balances with banks held as margin money deposits against guarantees			
8	**Other non-current assets :**			
	(Good, unless stated otherwise)			
	Prepaid Expenses	**50,811**	76,937	-
	Value Added Tax refund claims	**-**	-	1,871,680
	Excise duty refund claims			
	Good	**703,500**	1,168,420	580,920
	Doubtful	**464,920**	-	-
	Less : Allowances for credit losses	**(464,920)**	-	-
		703,500	1,168,420	580,920
	TOTAL :	**754,311**	1,245,357	2,452,600
9	**Other non-current assets :**			
	Income tax assets (net)	**2,585,828**	2,246,968	2,138,838
	TOTAL :	**2,585,828**	2,246,968	2,138,838
10	**Inventories :**			
	(As taken, valued and certified by the Directors)			
	Raw materials	**29,887,151**	33,402,076	34,888,519
	Work-in-progress	**3,989,397**	15,305,652	26,826,801
	TOTAL :	**33,876,548**	48,707,728	61,715,320
11	**Trade Receivables :**			
	(Unsecured)			
	Outstanding for more than six months from the date those became due for payment			
	Good	**28,180,924**	52,745,408	62,210,571
	Doubtful	**3,941,871**	4,127,000	3,960,000
	Less : Allowances for credit losses	**(3,941,871)**	(4,127,000)	(3,960,000)
		28,180,924	52,745,408	62,210,571
	Other Trade Receivables, Good	**33,674,020**	12,536,230	15,771,035
	TOTAL :	**61,854,944**	65,281,638	77,981,606

		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs
12	**Cash and cash equivalents**			
	Balances with banks			
	In current accounts	**-**	170,907	6,859,893
	Cash on hand	**120,802**	283,305	77,888
	TOTAL :	**120,802**	454,212	6,937,781
13	**Other Bank balances**			
	In deposit accounts, with original maturity of less than 12 months[a]	**-**	-	6,924,016
	TOTAL :	**-**	-	6,924,016
	(a) Balances with banks held as margin money deposits against guarantees	-	-	6,924,016
14	**Other financial assets (Current, Good):**			
	Interest receivable[a]	**15,700**	-	1,799,904
	Unbilled Revenue[a]	**15,054,000**	4,568,046	4,069,323
	TOTAL :	**15,069,700**	4,568,046	5,869,227
	(a) Financial assets carried at amortized cost			
15	**Other current assets :**			
	(Good, unless stated otherwise)			
	Advances to suppliers			
	Good	**710,179**	2,135,176	3,760,914
	Doubtful	**293,478**	-	-
	Less : Allowances for credit losses	**(293,478)**	-	-
		710,179	2,135,176	3,760,914
	Pre-paid expenses	**766,889**	1,582,691	555,217
	Balances with government authorities			
	CENVAT credit receivable	**982,546**	1,867	1,867
	Service tax credit receivable	**1,558,596**	1,442,976	1,038,446
	Others	**7,500**	-	-
	Other advances recoverable in cash or in kind or for value to be received	**149,800**	377,434	4,259
	TOTAL :	**4,175,510**	5,540,144	5,360,703
16	**Non current assets held for sale :**			
	(At the lower of carrying amount and fair value less costs to sell)			
	Land	**413,976**	-	-
	Building	**27,203,678**	-	-
	TOTAL :	**27,617,654**	-	-

				As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs
17 Share Capital :						
Authorised :						
3,000,000	(3,000,000)	(3,000,000)	Equity Shares of P 10/-, each	**30,000,000**	**30,000,000**	30,000,000
3,000,000	(3,000,000)	(3,000,000)		**30,000,000**	**30,000,000**	30,000,000
Issued, Subscribed and Paid up :						
2,758,670	(2,758,670)	(2,758,670)	Equity Shares of P 10/-, each, fully paid up	**27,586,700**	**27,586,700**	27,586,700
2,758,670	(2,758,670)	(2,758,670)		**27,586,700**	**27,586,700**	27,586,700

(a) The Company has only one class of shares referred to as equity shares having a par value of P 10/-. Each holder of equity shares is entitled to one vote per share.

(b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) The reconciliation of the number of shares outstanding and the amount of paid-up share capital as at 31st March, 2016 and 31st March, 2015 is set out below.

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	**Amount in Rs**	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
Balance at the beginning of the year	2,758,670	27,586,700	2,758,670	27,586,700	2,758,670	27,586,700
Add: Shares issued during the year	-	-	-	-		
Balance at the close of the year	2,758,670	27,586,700	2,758,670	27,586,700		

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	**As at 31st March, 2017**		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	**% age**	No. of Shares	% age	No. of Shares	% age
Bharat Forge Ltd.$	1,655,202	**60.00**	1,655,202	**60.00**	1,655,202	60.00
Mr. T. V. Prasad	496,638	**18.00**	496,638	**18.00**	496,638	18.00
Mr. K. Padmanabham	206,500	**7.49**	206,500	**7.49**	206,500	7.49
Mr. K. Prabhakar	170,450	**6.18**	170,450	**6.18**	170,450	6.18
Mr. C. Muralidhar Reddy	188,500	**6.83**	188,500	**6.83**	188,500	6.83

$ The Holding Company

	Current			Non - Current		
	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs	**As at 31st March, 2017 Rs.**	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs
18 Long-term Borrowings :						
Secured						
Term Loans from Banks[(a) (b) (c)]	-	3,744,000	3,796,666	-	11,000	3,749,712
Less : Shown under "Other Current Liabilities" (Refer Note No. 23)	-	3,744,000	3,796,666	-	-	-
Subtotal :	-	-	-	-	11,000	3,749,712
Unsecured						
Debentures[(d)] 0% Unsecured Compulsorily Convertible Debentures of r 100/- each, fully paid up	-	-	-	**127,737,285**	113,041,844	55,723,258
TOTAL :	-	-	-	**127,737,285**	113,052,844	59,472,970

(a) Term Loan from ICICI Bank : This loan was repayable in 29 monthly instalments from the date of first disbursement i.e. April, 2015 and carries interest at base rate plus 3% p.a.	-	3,755,000	-

The Term loan was 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.

(b) Term Loans from Andhra Bank :

Term Loan - I : This loan was repayable in 72 monthly instalments from the date of its origniation i.e. April, 2011 and carried interest at base rate plus 4% p.a. The loan has since been repaid in full.	-	-	2,452,240
Term Loan - II : This loan was repayable in 72 monthly instalments from the date of its origniation i.e. August, 2011 and carried interest at base rate plus 4.75% p.a. The loan has since been repaid in full.	-	-	5,047,472

The loans from Andhra Bank were primarily secured by Equitable Mortgage of Land, Building and Hypothecation of equipment, furniture & fittings (Present & future) proposed to be constructed /purchased out of the term loans. The loans were collaterally secured by Equitable Mortgage of certain immovable properties belonging to the erstwhile promoters of the Company and also by the first charge on unencumbered fixed assets of the Company. The loans were guaranteed by the erstwhile promoters of the Company.

(c) Term Loans from HDFC Bank

Balance outstanding :	-	-	46,666

The loan was secured by hypothecation of motor cars purchased, thereunder.
Loan was repayable in 60 monthly installments from date of its origination i.e. 5th August, 2010 and carried interest at 11% to 13% p.a. The loan has since been repaid in full.

(d) The Company has issued the following Unsecured 0% Compulsorily Convertible Debentures
Balance outstanding :

Date of Allotment	No of Debentures	Tenor (in months)	Conversion Terms	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
9/30/2013	574,480	60	Refer Notes (ii),(iv)	**47,914,577**	42,402,280	37,524,141
2/17/2014	291,987	60	Refer Notes (ii),(iv)	**23,238,454**	20,565,003	18,199,117
10/1/2015	706,633	40	Refer Notes (iii),(iv)	**56,584,254**	50,074,561	-
TOTAL :	1,573,100			**127,737,285**	113,041,844	55,723,258

Notes :
i) All the above debentures have been issued to and held by Bharat Forge Limited, the Holding Company.
ii) These debentures, shall unless otherwise agreed, but subject to the provisions of the Shareholders' Agreement, be converted into the equity shares of the Company any time after 48 months from the date of allotment, but not before exercise of the Call Option 2, by Bharat Forge Limited, as per the Shareholders' Agreement.
iii) These debentures, shall unless otherwise agreed, but subject to the provisions of the Shareholders' Agreement, be converted into the equity shares of the Company any time after 29 months from the date of allotment, but not before exercise of the Call Option 2, by Bharat Forge Limited, as per the Shareholders' Agreement.
iv)The conversion shall be at the higher of (i) Fair Value determined in accordance with the provisions of the Shareholders' Agreement or (ii) Par Value.

		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs
19	**Long-Term Provisions :**			
	Provision for employee benefits :			
	Gratuity	**1,474,613**	1,670,753	2,154,764
	Compensated absences	**313,291**	223,565	-
	TOTAL :	**1,787,904**	1,894,318	2,154,764
20	**Deferred tax Liabilities (net)**			
	Deferred Tax Liabilities :			
	Timing differences for			
	Depreciation	**3,144,800**	3,624,500	3,000,700
	Less : Deferred Tax Assets :			
	Timing differences for			
	Disallowances and unabsorbed depreciation	**3,144,800**	3,624,500	3,000,700
	TOTAL :	**-**	-	-
21	**Short-Term Borrowings :**			
	Secured			
	Cash Credit[(a)]	**-**	-	106,815,947
	Overdraft[(b)]	**97,122,019**	117,001,730	-
	Raw Material Assistance from NSIC [(c)]	**-**	-	14,414,340
	Unsecured			
	Overdrawn current account	**874,904**	-	-
	LC Discounting Facility[(d)]	**6,792,006**	14,551,250	-
	Demand loans from companies[(e) (f) (g)]	**5,104,457**	9,394,587	70,104,457
	Demand loans from directors[(e)]	**4,620,000**	4,620,000	4,620,000
	TOTAL :	**114,513,386**	145,567,567	195,954,744

(a) Cash Credit Facility from Andhra Bank :

Cash Credit facility availed from Andhra Bank was primarily secured by hypothecation of stock of Raw Materials, Work in Progress, Finished Goods and book debts. The facility was collaterally secured by Equitable Mortgage of certain immovable properties belonging to the erstwhile promoters of the Company and also by the first charge on unencumbered fixed assets of the Company. The facility was guaranteed by the erstwhile promoters of the Company. Rate of interest applicable was 3.75% over Base Rate, p.a. The said facility has since been fully repaid.

(b) Overdraft Facility from ICICI Bank :

Overdraft facility availed from ICICI Bank is secured by first and exclusive charge by way of hypothecation of stocks of raw materials, semi finished and finished goods, consumables, stores, spares and such other moveables including book debts, bills, oustanding monie and receivables. The facility is also secured by second charge on all fixed assets except vehicles financed. Rate of Interest applicable is 3% over Base Rate, p.a.

(c) Raw Material Assistance from NSIC :

Raw Material Assistance availed from NSIC was secured by bank guarantee equivalent to the value of limit sanctioned from Andhra Bank. Maximum repayment period was 90 days and the facility carried interest @13.40% p.a.The said facility has since been fully repaid.

(d) LC Discounting Facility from ICICI Bank :

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.

(e) Rates of interest for demand loans from companies and directors are in the range from 13% p.a. to 18% p.a.

(f)	Includes Loan from Bharat Forge Limited, the Holding Company	**-**	4,290,130	65,000,000
(g)	Includes Loans from other related parties	**2,000,000**	2,000,000	2,000,000

		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 1st April, 2015 Rs
22	**Trade Payables :**			
	Micro and Small Enterprises	**1,348,231**	1,939,398	788,844
	Others	**15,883,531**	14,244,528	14,624,136
	TOTAL :	**17,231,762**	16,183,926	15,412,980
23	**Other financial liabilities :**			
	Current maturities of long term debt (Refer Note No. 18)	**-**	3,744,000	3,796,666
	Creditors for capital expenditure	**402,505**	402,505	2,658,162
	Interest accrued	**4,563,124**	2,955,310	5,109,218
	Advances from customers	**9,360,000**	2,441,763	9,242,000
	Other amounts payable	**922,208**	47,129	41,099
	TOTAL :	**15,247,837**	9,590,707	20,847,145
24	**Short-Term Provisions :**			
	Provision for employee benefits :			
	Gratuity	**43,359**	10,634	237,114
	Compensated absences	**55,236**	174,359	598,334
	Other provisions :			
	Liquidated damages[(a)(b)]	**7,472,899**	11,766,040	3,198,113
	TOTAL :	**7,571,494**	11,951,033	4,033,561

(a) In pursuance of Ind AS-37 'Provisions, contingent liabilities and contingent assets', the provisions required have been incorporated in the books of account in the following manner:

Opening Balance	**11,766,040**	3,198,113	2,234,901
Arising during the year	**123,768**	17,544,003	2,548,105
Utilised during the year	**(3,169,203)**	(8,075,634)	(1,508,226)
Provision Written Back	**(1,247,706)**	(900,442)	(76,667)
Closing balance	**7,472,899**	11,766,040	3,198,113

(b) Provision for liquidated damages represents the expected claims which the Company may need to pay for non-fulfilment of certain commitments as per the terms of the respective sales contracts. These are determined on a case to case basis considering the dynamics of each contract and the factors relevant to that sale.

25	**Other Current Liabilities :**			
	Statutory liabililties	**1,352,821**	700,476	3,784,788
	Pre-Received Income	**-**	-	1,241,110
	TOTAL :	**1,352,821**	700,476	5,025,898
26	**Liabilities directly associated with the assets classified as held for sale :**			
	Advance received from a fellow subsidiary against sale of assets	**50,808,080**	-	-
	TOTAL :	**50,808,080**	-	-

		For the year ended 31st March, 2017 Rs	For the year ended 31st March, 2016 Rs
27	**Revenue from operations :**		
	Sale of products (including Excise Duty)	**56,819,664**	97,922,116
	Sale of services	**16,598,154**	872,499
	Contract Receipts	**-**	1,739,833
	TOTAL :	**73,417,818**	100,534,448
28	**Other income :**		
	Interest Income	**56,420**	85,960
	Miscellaneous Income	**2,226,155**	735,503
	Profit on Sale of Property, Plant and Equipment	**-**	82,388
	Depreciation Written Back	**-**	74,795
	Provisions written back	**1,506,175**	1,451,759
	TOTAL :	**3,788,750**	2,430,405
29	**Cost of raw material and components consumed[(a)] :**		
	Inventory at the beginning of the year	**33,402,076**	34,888,519
	Add: Purchases	**21,195,428**	42,833,037
		54,597,504	77,721,556
	Less: Inventory at the end of the year (Refer note 10)	**(29,887,151)**	(33,402,076)
	Cost of raw material and components consumed	**24,710,353**	44,319,480
(a)	Refer note 40		
30	**Changes in inventories of work in progress :**		
	Inventories at the beginning of the year		
	Work-in-progress	**15,305,652**	26,826,801
		15,305,652	26,826,801
	Inventories at the close of the year		
	Work-in-progress	**3,989,401**	15,305,652
		3,989,401	15,305,652
	TOTAL :	**11,316,251**	11,521,149
31	**Employee benefit expenses :**		
	(Including Managing and Wholetime Directors' remuneration)		
	Salaries and Wages	**11,309,949**	22,202,014
	Contributions to		
	- Provident fund	**545,057**	993,324
	- Other fund / scheme	**151,635**	261,424
	- Gratuity	**213,874**	1,518,242
	Staff welfare expenses	**395,541**	768,205
	TOTAL :	**12,616,056**	25,743,209
32	**Finance costs :**		
	Interest on Bank Borrowings	**16,773,026**	17,454,775
	Interest on other Borrowings	**16,400,163**	16,283,909
	Other Interest	**2,174,514**	854,236
	TOTAL :	**35,347,703**	34,592,920

		For the year ended 31st March, 2017 Rs	For the year ended 31st March, 2016 Rs
33	**Depreciation :**		
	Depreciation on Property, Plant and Equipment	**2,757,990**	3,786,672
	Depreciation on Intangible Assets	**494,308**	230,021
	TOTAL :	**3,252,298**	4,016,693
34	**Other expenses :**		
	Contract Costs	**-**	2,221,520
	Consumption of Stores and Spares	**121,833**	144,382
	Labour and Processing Charges	**268,896**	296,414
	Power and Fuel	**979,371**	1,254,735
	Excise duty on sale of goods	**5,469,819**	7,420,522
	Repairs and Maintenance - Buildings	**154,913**	344,797
	Repairs and Maintenance - Plant and Machinery	**175,890**	457,118
	Repairs and Maintenance - Others	**182,551**	318,033
	Insurance	**164,852**	255,227
	Rates and Taxes	**210,385**	136,468
	Liquidated damages (Refer note 24)	**123,768**	17,544,003
	Communication	**195,680**	351,055
	Bank Charges and Commission	**3,555,024**	2,628,732
	Printing and Stationery	**206,114**	385,169
	Travelling and Conveyance	**2,474,907**	5,508,479
	Professional Fees	**912,066**	1,328,444
	Technical Consultancy	**1,969,799**	4,632,837
	Security Services	**474,359**	531,878
	Sales promotion	**25,333**	92,412
	Freight and Forwarding	**52,496**	286,368
	Payment to Auditors	**299,000**	183,200
	Miscellaneous Expenses[#]	**1,150,717**	367,899
	Amounts Written Off	**-**	24,250
	Bad Debts	**19,199,523**	1,266,386
	Allowances for credit losses on financial assets	**-**	167,000
	Allowances for credit losses on other assets	**758,398**	-
	Loss on Foreign Exchange Fluctuations (Net)	**81,677**	51,497
	TOTAL :	**39,207,371**	48,198,825

Miscellaneous Expenses includes general office expenses, penalties and fines, rental charges etc.

35 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹545,057/- (Previous Year:₹993,324/-, FY 2014-15 : 1,216,172) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) 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.

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

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 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 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. 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:

	Year ended March 31, 2017	**Year ended March 31, 2016**	**Year ended March 31, 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%
Salary Growth Rate	4.00%	4.00%	4.00%
Expected average remaining working lives (in years)	19.79	20.50	21.35
Withdrawal rate	3.00%	3.00%	3.00%

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

	Year ended March 31, 2017 Rs	**Year ended March 31, 2016** Rs	**Year ended March 31, 2015** Rs
Present value of obligation as at the beginning of the year	**2,235,286**	1,793,865	931,066
Adjustment to opening balance	**-**	676,558	-
Interest expense	**166,752**	183,323	74,093
Current service cost	**71,530**	362,978	341,321
Benefits (paid)	**(317,740)**	(222,116)	(215,625)
Remeasurements on obligation [Actuarial (Gain) / Loss]	**(317,289)**	(559,322)	663,010
Present value of obligation as at the end of the year	**1,838,539**	2,235,286	1,793,865

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

	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Fair value of plan assets at the beginning of the year	**553,899**	23,468	-
Acquisition adjustment	**-**	3,981	29,142
Interest Income	**24,408**	23,866	2,367
Contributions	**60,000**	738,852	209,951
Benefits paid	**(317,740)**	(222,116)	(215,625)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**-**	(14,152)	(2,367)
Fair value of plan assets at the end of the year	**320,567**	553,899	23,468
Actual return on plan assets	**24,408**	9,714	-

Net Interest (Income/Expense)

	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Interest (Income) / Expense – Obligation	**166,752**	183,323	74,093
Interest (Income) / Expense – Plan assets	**(24,408)**	(23,866)	(2,367)
Net Interest (Income) / Expense for the period	**142,344**	159,457	71,726

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

	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Experience (Gain) / Loss on plan liabilities	**-**	-	-
Demographic (Gain) / Loss on plan liabilities	**-**	(545,170)	665,377
Financial (Gain) / Loss on plan liabilities	**(317,289)**	-	-
Experience (Gain) / Loss on plan assets	**-**	-	-
Financial (Gain) / Loss on plan assets	**-**	-	

Amount recognised in Statement of Other comprehensive Income (OCI)

	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Opening amount recognised in OCI outside profit and loss account	**-**	-	-
Remeasurement for the period-Obligation (Gain)/Loss	**(317,289)**	(545,170)	665,377
Remeasurement for the period-Plan assets (Gain)/Loss	-	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	**(317,289)**	(545,170)	665,377
Closing amount recognised in OCI outside profit and loss account	**(317,289)**	(545,170)	665,377

The amounts to be recognised in the Balance Sheet

	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Present value of obligation as at the end of the period	**(1,838,539)**	(2,235,286)	(1,793,865)
Fair value of plan assets as at the end of the period	**320,567**	553,899	23,468
Net Asset / (liability) to be recognised in balance sheet	**(1,517,972)**	1,681,387	1,770,397

Expense recognised in the statement of profit and loss

	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Current service cost	**71,530**	362,978	341,321
Net Interest (Income) / Expense	**142,344**	159,457	71,726
Net periodic benefit cost recognised in the statement of profit & loss	**213,874**	522,435	413,047

Reconciliation of Net Asset/(Liability) recognised:

	Year ended March 31. 2017 Rs	Year ended March 31. 2016 Rs	Year ended March 31. 2015 Rs
Net asset / (liability) recognised at the beginning of the period	**(1,681,387)**	(2,442,974)	(901,924)
Company contributions	**60,000**	738,852	209,951
Expense recognised at the end of period	**(213,874)**	(522,435)	(413,047)
Amount recognised outside profit & loss for the period	**317,289**	545,170	(665,377)
Net asset / (liability) recognised at the end of the period	**(1,517,972)**	(1,681,387)	(1,770,397)

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

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Funds managed by insurer	100%	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount rate	Present value of obligation		
	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Increase in discount rate by 100 basis points	**1,627,908**	2,147,614	2,241,283
Decrease in discount rate by 100 basis points	**2,090,828**	2,305,254	2,750,489

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

Salary growth rate	Present value of obligation		
	Year ended March 31. 2017 Rs	Year ended March 31. 2016 Rs	Year ended March 31. 2015 Rs
Increase in salary growth rate by 100 basis points	**2,074,192**	2,292,438	2,756,860
Decrease in salary growth rate by 100 basis points	**1,643,881**	2,125,620	2,401,595

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

Withdrawal rate	Present value of obligation		
	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs	Year ended March 31, 2015 Rs
Increase in withdrawal rate by 100 basis points	**1,627,908**	2,082,016	2,304,291
Decrease in withdrawal rate by 100 basis points	**2,090,828**	2,178,385	2,178,385

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

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

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

Year Ending	March 31, 2017 Rs	March 31, 2016 Rs	March 31, 2015 Rs
Within the next 12 months (next annual reporting period)	**86,121**	180,964	-
Between 2 and 5 years	**446,611**	-	-
Total expected payments	**532,732**	180,964	-

Amount for the current and previous three years are as follows:

	March 31, 2017 Rs	March 31, 2016 Rs	March 31, 2015 Rs	March 31, 2014 Rs
Present Value of Defined Benefit Obligation	**1,838,539**	2,235,286	1,793,865	931,066
Fair Value of Plan Asset	**320,567**	553,899	23,468	-
Funded Status [Surplus/ (Deficit)]	**(1,517,972)**	(1,681,387)	(1,770,397)	255,912
Experience gain / (loss) adjustments on plan liabilities	**-**	559,322	(663,010)	(700,837)
Experience gain / (loss) adjustments on plan assets	**-**	(14,152)	(2,367)	-

(c) Other Long Term Employee Benefits :

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

Sr. No.		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
1	Present Value of Obligation	**(368,527)**	(397,924)	(598,334)
2	Fair Value of Plan Assets	**-**	-	-
3	Net asset/(liability) recognized in the Balance Sheet	**(368,527)**	(397,924)	(598,334)

36 Segment Reporting :

The Company is engaged in the business of designing, developing and manufacturing of reliable electronic systems and sub-systems for mission critical applications. All activities of the Company revolve around this single business segment. As such, there are no separate reportable segments, as per the Ind AS – 108 on 'Operating Segments.'

37 Related Party Disclosure :

A. Related Parties and their relationships :

a) Holding Company :	i) Bharat Forge Limited
b) Fellow Subsidiary :	i) Kalyani Strategic Systems Limited
c) Key Managerial Personnel :	i) Mr. K. Padmanabham - Managing Director (Mr. K. Padmanabham was a directors, was appointed as the Managing Director w.e.f. 1st June, 2016) ii) Mr. T. V. Prasad - Director (KMP till 31st March, 2016)
d) Enterprises owned or significantly influenced by Key Management Personnel :	i) Integrated Clean Room Technologies Limited

B. Transactions with Related Parties :

Particulars	Terms and Conditions (Refer foot note no.)	Key Managerial Personnel Rs	Director Rs	Holding Company Rs	Fellow Subsidiary Rs	Enterprises having common Key Management Personnel Rs	Total Rs
Remuneration	(a)	**1,250,000** (3,560,096)	**-** -	**-** -	**-** -	**-** -	**1,250,000** (3,560,096)
Issue of 0% Compulsorily Convertible Debentures	(b)	- -	- -	- (70,663,300)	- -	- -	**-** (70,663,300)
Interest paid	(c)	**-** (693,000)	**693,000** -	**201,050** (4,480,018)	**-** -	**300,000** (300,000)	**1,194,050** (5,473,018)
Capital advance received	(d)	- -	- -	- -	**50,808,080** -	- -	**50,808,080** -
Sale	(e)	- -	- -	- -	**3,914,530** -	- -	**3,914,530** -
Loans taken	(f)	- (3,950,000)	**-** -	- (4,290,130)	**-** -	**-** -	**-** (8,240,130)
Repayment of loans taken	(f)	**-** (3,950,000)	**-** -	**4,300,000** (65,000,000)	**-** -	**-** -	**4,300,000** (68,950,000)

(Figures in bracket indicate previous year)

(a) Remuneration paid to the Managing Director as per terms of appointment

(b) Debentures have been allotted by the Company to Bharat Forge Limited, the Holding Company. Refer note 17 for detailed terms and conditions.

(c) The loan borrowed from a related party is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest in the range from 13% p.a. to 18% p.a.

(d) Please refer to note no. 54

(e) Sale to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(f) The loans accepted from related parties are unsecured and repayable on demand.

C. Balance with Related Parties:

	Key Managerial Personnel Rs	Director Rs	Holding Company Rs	Fellow Subsidiary Rs	Enterprises having common Key Management Personnel Rs	Total Rs
Amounts payables	**838,942**	**1,512,275**	**-**	**-**	**1,330,906**	**3,682,123**
	(170,000)	(1,576,171)	-	-	(1,060,906)	(2,807,077)
Amounts Receivable	-	-	-	**214,530**	-	**214,530**
	-	-	-	-	-	-
Capital advance received	-	-	-	**50,808,080**	-	**50,808,080**
	-	-	-	-	-	-
Loans taken	**-**	**4,620,000**	**-**	**-**	**2,000,000**	**6,620,000**
	-	(4,620,000)	(4,290,130)	-	(2,000,000)	(10,910,130)

(Figures in bracket indicate previous year)

38 Contingent Liabilities not provided for in respect of :

		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
a)	Income tax[(i)]	**659,399**	659,399	659,399
b)	Central Excise Duty and Penalty[(i)]	**1,348,264**	1,348,264	1,348,264
c)	State Value Added Tax and Penalty	**-**	-	14,053,037
d)	Claims against the Company not acknowledged as debts[(ii)]	**5,875,180**	4,079,400	-
	TOTAL :	**7,882,843**	6,087,063	16,060,700

(i) These matters are under dispute. The Company has contested 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.

(ii) The Company has disputed certain amounts claimed by its suppliers/customers which the Company believes to be not payable as per the underlying contracts. The Company has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

39 Value of imports calculated on CIF basis :

		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs
a)	Raw materials and Components	**3,920,496**	4,927,200
	TOTAL :	**3,920,496**	4,927,200

40 Consumption of raw materials

	Year ended 31st March, 2017		Year ended 31st March, 2016	
	Rs	%	Rs	%
Imported	**7,183,848**	**29.07%**	9,558,201	21.57%
Indigenous	**17,526,505**	**70.93%**	34,761,279	78.43%
TOTAL :	**24,710,353**	**100%**	44,319,480	100%

41 Unhgedged foreign currency exposure :

	As at 31st March, 2017.		As at 31st March, 2017.	As at 31st March, 2016.		As at 31st March, 2016.	As at 1st April, 2015.		As at 1st April, 2015.
	Foreign Currency		Rs	Foreign Currency		Rs	Foreign Currency		Rs
1 Assets :									
Advances to Trade Creditors	**USD**	**49**	**3,202**	USD	170	11,277	USD	5,177	322,590
	EUR	**3,783**	**261,946**	EUR	3,783	284,068	EUR	8,679	580,662
			265,148			295,345			903,252
2 Liabilities :									
Trade Payable	**USD**	**10,169**	**659,368**	USD	35,804	2,374,983	USD	34,806	2,168,915
			659,368			2,374,983			2,168,915
			924,516			**2,670,328**			**3,072,167**

42 Payment To Auditors (inclusive of service tax) :

		As at 31st March, 2017 Rs	As at 31st March, 2016 Rs
a)	As auditor	**241,500**	**125,950**
b)	For tax audit	**57,500**	**57,250**
c)	Reimbursement of expenses	**-**	**-**
	TOTAL :	**299,000**	**183,200**

43 Earning per Share (Face Value of a 10 Each) :

	Year ended 31st March, 2017 Rs	Year ended 31st March, 2016 Rs
Loss for the year after taxation	**(50,354,946)**	(65,427,423)
Weighted Average Number of Equity Shares, outstanding during the period	**2,758,670**	2,758,670
Basic Earning per Share in rupees	**(18.25)**	(23.72)
Diluted Earning per Share in rupees[(a)]	**(18.25)**	(23.72)

(a) Potential Equity Shares arising out of 0% Compulsorily convertible debentures issued by the Company are anti-dilutive and hence not considered for the purpose of calculating diluted Earning per Share

44 Details of Specified Bank Notes(SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016.

Particulars	SBNs	Other	Total
	Rs	Rs	Rs
Closing Cash in hand as on 8th November, 2016.	352,000	50,592	402,592
Add : Permitted receipts	-	177,217	177,217
Less : Permitted payments	(22,000)	(116,431)	(138,431)
Less : Amount deposited in Banks	(330,000)	-	(330,000)
Closing Cash in hand as on 30th December, 2016	-	111,378	111,378

Note : The above details have been stated on the basis of physical verification of cash balances conducted by the management at the beginning of business hours on 9th November, 2016 and at the close of business hours on 30th December, 2016. The composition of receipts, payments, amounts deposited in banks are as per the records maintained by the Company. The auditors have relied upon the management representations in this regard.

45 Deferred Tax Asset :

a) The Company has not recognized deferred tax asset in respect of timing differences on account of unabsorbed depreciation and business loss aggregating to R 42,225,900 (Previous Year: r 38,787,600) under the Income Tax Act, 1961 on the considerations of prudence.

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:

	Year ended 31st March, 2017 Rs	**Year ended 31st March, 2016** Rs
Accounting profit before tax	**(49,243,464)**	(65,427,423)
At India's enacted tax rate of 30.90% (31 March 2016: 30.90%)	**-**	-
Current tax expenses for the current year	**-**	-
Current tax expenses for the previous years	**(1,111,482)**	-
Income tax expense reported in the statement of profit and loss	**(1,111,482)**	-

46 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

Particulars	**As at 31st March, 2017 Rs**	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,348,231	1,939,398	788,844
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	254,514	301,173	78,717
(iii) (a) The amount of interest paid to the supplier beyond the appointed day	-	-	-
(b) The amounts of the payment made to the supplier beyond the appointed day	1,230,601	4,209,853	4,584,578
(iv) The amount of interest due and payable for the year	254,514	222,456	55,494
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	555,687	301,173	78,717
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	17,986	24,627	8,134

Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.

47 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, and 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

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is 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. Actual amounts available for offset depend upon acertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availabliity of adquate taxable income within the time permissible as per the taxing legislations.

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.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

48 Fair values :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value			**Fair value**		
	Year ended March 31, 2017	Year ended March 31, 2016	As at April 1, 2015	**Year ended March 31, 2017**	Year ended March 31, 2016	As at April 1, 2015
	Rs	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
I) Financial assets						
Others non current financial assets						
Security Deposits	226,495	278,846	178,846	226,495	278,846	178,846
Others current financial assets						
Interest receivable	15,700	-	1,799,904	15,700	-	1,799,904
Unbilled Revenue	15,054,000	4,568,046	4,069,323	15,054,000	4,568,046	4,069,323
	15,296,195	**4,846,892**	**6,048,073**	**15,296,195**	**4,846,892**	**6,048,073**
II) Financial liabilities						
Long term borrowings						
	127,737,285	113,041,844	55,723,258	127,737,285	113,041,844	55,723,258
0% Unsecured Compulsorily Convertible Debentures of ₹100/- each, fully paid up						
Term Loan from Banks	-	11,000	3,749,712	-	11,000	3,749,712
Short term borrowings						
Cash Credit	-	-	106,815,947	-	-	106,815,947
Overdraft	97,122,019	117,001,730	-	97,122,019	117,001,730	-
Raw Material Assistance from NSIC	-	-	14,414,340	-	-	14,414,340
LC Discounting Facility	6,792,006	14,551,250	-	6,792,006	14,551,250	-

Demand loans from companies	5,104,457	9,394,587	70,104,457	5,104,457	9,394,587	70,104,457
Demand loans from directors	4,620,000	4,620,000	4,620,000	4,620,000	4,620,000	4,620,000
Other financial liabilities						
Current maturities of long term debt	-	3,744,000	3,796,666	-	3,744,000	3,796,666
Creditors for capital expenditure	402,505	402,505	2,658,162	402,505	402,505	2,658,162
Interest accrued	4,563,124	2,955,310	5,109,218	4,563,124	2,955,310	5,109,218
Advances from customers	9,360,000	2,441,763	9,242,000	9,360,000	2,441,763	9,242,000
Other amounts payable	922,208	47,129	41,099	922,208	47,129	41,099
	256,623,604	**268,211,118**	**276,274,859**	**256,623,604**	**268,211,118**	**276,274,859**

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts, cash credit, Raw Material Assistance from NSIC and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

49 Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed					
Security Deposits	3/31/2017	-	-	226,495	226,495
Interest receivable	3/31/2017	-	-	15,700	15,700
Liabilities for which fair value has been disclosed					
	3/31/2017	-	-	127,737,285	127,737,285
0% Unsecured Compulsorily Convertible Debentures of ₹100/- each, fully paid up					
Overdraft	3/31/2017	-	-	97,122,019	97,122,019
LC Discounting Facility	3/31/2017	-	-	6,792,006	6,792,006
Demand loans	3/31/2017	-	-	9,724,457	9,724,457
Creditors for capital expenditure	3/31/2017	-	-	402,505	402,505
Interest accrued	3/31/2017	-	-	4,563,124	4,563,124
Advances from customers	3/31/2017	-	-	9,360,000	9,360,000
Other amounts payable	3/31/2017	-	-	922,208	922,208
Assets for which fair value has been disclosed					
Security Deposits	3/31/2016	-	-	278,846	278,846
Unbilled Revenue	3/31/2016	-	-	4,568,046	4,568,046
Liabilities for which fair value has been disclosed					
	3/31/2016	-	-	113,041,844	113,041,844
0% Unsecured Compulsorily Convertible Debentures of ₹100/- each, fully paid up					
Term Loan from Banks	3/31/2017	-	-	11,000	11,000
Overdraft	3/31/2016	-	-	117,001,730	117,001,730
LC Discounting Facility	3/31/2016	-	-	14,551,250	14,551,250
Demand loans	3/31/2016	-	-	14,014,587	14,014,587
Current maturities of long term debt	3/31/2016	-	-	3,744,000	3,744,000
Creditors for capital expenditure	3/31/2016	-	-	402,505	402,505
Interest accrued	3/31/2016	-	-	2,955,310	2,955,310
Advances from customers	3/31/2016	-	-	2,441,763	2,441,763
Other amounts payable	3/31/2016	-	-	47,129	47,129
Assets for which fair value has been disclosed					
Security Deposits	4/1/2015	-	-	178,846	178,846
Interest receivable	4/1/2015			1,799,904	1,799,904
Unbilled Revenue	4/1/2015			4,069,323	4,069,323
Liabilities for which fair value has been disclosed					
	4/1/2015	-	-	55,723,258	55,723,258
0% Unsecured Compulsorily Convertible Debentures of ₹100/- each, fully paid up					
Term Loan from Banks	3/31/2017	-	-	3,749,712	3,749,712
Cash Credit	4/1/2015	-	-	106,815,947	106,815,947
Raw Material Assistance from NSIC	4/1/2015	-	-	14,414,340	14,414,340
Demand loans	4/1/2015	-	-	74,724,457	74,724,457
Current maturities of long term debt	4/1/2015	-	-	3,796,666	3,796,666
Creditors for capital expenditure	4/1/2015	-	-	2,658,162	2,658,162
Interest accrued	4/1/2015	-	-	5,109,218	5,109,218
Advances from customers	4/1/2015	-	-	9,242,000	9,242,000
Other amounts payable	4/1/2015	-	-	41,099	41,099

50 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances that derive directly from its operations.

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 financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management 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. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A) 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, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016.
The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, 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, March 31, 2016 and April 1, 2015 including the effect of hedge accounting(if any)

i) Intererst 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.

ii) 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 operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

iii) 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 monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
		Rs	Rs
March 31st, 2017	5.00%	(32,808)	(32,808)
	-5.00%	32,808	32,808
March 31st, 2016	5.00%	(118,185)	(118,185)
	-5.00%	118,185	118,185
April 1st, 2015	5.00%	(92,316)	(92,316)
	-5.00%	92,316	92,316

	Change in EUR Rate	Effect on profit before tax	Effect on equity pre-tax
		Rs	Rs
March 31st, 2017	5.00%	13,097	13,097
	-5.00%	(13,097)	(13,097)
March 31st, 2016	5.00%	14,203	14,203
	-5.00%	(14,203)	(14,203)
April 1st, 2015	5.00%	29,033	29,033
	-5.00%	(29,033)	(29,033)

B) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's 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 an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

C) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. 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.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Year ended March 31st, 2017						
0% Unsecured Compulsorily Convertible Debentures of R 100/- each, fully paid up	-	-	-	127,737,285	-	127,737,285
Overdraft	97,122,019	-	-	-	-	97,122,019
LC Discounting Facility	6,792,006	-	-	-	-	6,792,006
Demand loans from companies	5,104,457	-	-	-	-	5,104,457
Demand loans from directors	4,620,000	-	-	-	-	4,620,000
Creditors for capital expenditure	402,505	-	-	-	-	402,505
Interest accrued	4,563,124	-	-	-	-	4,563,124
Advances from customers	9,360,000	-	-	-	-	9,360,000
Other amounts payable	922,208	-	-	-	-	922,208
	128,886,319	**-**	**-**	**127,737,285**	**-**	**256,623,604**
Year ended March 31st, 2016						
0% Unsecured Compulsorily Convertible Debentures of R 100/- each, fully paid up	-	-	-	113,041,844	-	113,041,844
Term Loan from Banks	-	11,000	-	-	-	11,000
Overdraft	117,001,730	-	-	-	-	117,001,730
LC Discounting Facility	14,551,250	-	-	-	-	14,551,250
Demand loans from companies	9,394,587	-	-	-	-	9,394,587
Demand loans from directors	4,620,000	-	-	-	-	4,620,000
Current maturities of long term debt	3,744,000	-	-	-	-	3,744,000
Creditors for capital expenditure	402,505	-	-	-	-	402,505
Interest accrued	2,955,310	-	-	-	-	2,955,310
Advances from customers	2,441,763	-	-	-	-	2,441,763
Other amounts payable	47,129	-	-	-	-	47,129
	155,158,274	**11,000**	**-**	**113,041,844**	**-**	**268,211,118**
As at April 1st, 2015						
0% Unsecured Compulsorily Convertible Debentures of R 100/- each, fully paid up	-	-	-	55,723,258	-	55,723,258
Term Loan from Banks	3,749,712	-	-	-	-	3,749,712
Cash Credit	106,815,947	-	-	-	-	106,815,947
Raw Material Assistance from NSIC	14,414,340	-	-	-	-	14,414,340
Demand loans from companies	70,104,457	-	-	-	-	70,104,457
Demand loans from directors	4,620,000	-	-	-	-	4,620,000
Current maturities of long term debt	3,796,666	-	-	-	-	3,796,666
Creditors for capital expenditure	2,658,162	-	-	-	-	2,658,162
Interest accrued	5,109,218	-	-	-	-	5,109,218
Advances from customers	9,242,000	-	-	-	-	9,242,000
Other amounts payable	41,099	-	-	-	-	41,099
	220,551,601	**-**	**-**	**55,723,258**	**-**	**276,274,859**

51 Exemptions availed on first time adoption of Ind-AS :

a) Property, plant & equipment :
The Company has elected to continue with the carrying values for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition to Ind ASs in accordance with paragraph D7AA of Ind AS 101 "First Time Adoption of Ind AS".

b) The Company has elected to continue the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ending 31st March, 2016 as per the previous GAAP.

52 Reconciliation of equity as previously reported under IGAAP and Ind AS

	Note	As at March 31, 2016			As at April 1, 2015		
		IGAAP	Effects of transition to Ind-AS	Ind-AS	IGAAP	Effects of transition to Ind-AS	Ind-AS
		Rs	Rs	Rs	Rs	Rs	Rs
I. ASSETS							
1. Non-current assets							
(a) Property, Plant and Equipment		39,957,153	-	39,957,153	44,433,742	-	44,433,742
(b) Capital Work-in-Progress		293,154	-	293,154	273,097	-	273,097
(c) Intangible assets		1,572,298	-	1,572,298	1,054,659	-	1,054,659
(d) Financial Assets							
(i) Other financial assets		278,846	-	278,846	197,415	-	197,415
(e) Other non-current assets		1,245,357	-	1,245,357	2,452,600	-	2,452,600
(f) Income tax assets (net)		2,246,968	-	2,246,968	2,138,838	-	2,138,838
		45,593,776	-	45,593,776	50,550,351	-	50,550,351
2. Current assets							
(a) Inventories		48,707,728	-	48,707,728	61,715,320	-	61,715,320
(b) Financial Assets			-				
(ii) Trade receivables	A	69,315,441	(4,033,803)	65,281,638	81,941,606	(3,960,000)	77,981,606
(iii) Cash and cash equivalents		454,212	-	454,212	6,937,781	-	6,937,781
(iv) Bank balances other than (iii) above		-	-	-	6,924,016	-	6,924,016
(v) Other financial assets	B	4,568,046	-	4,568,046	4,753,132	1,116,095	5,869,227
(c) Other Current Assets	B	5,528,949	11,195	5,540,144	5,360,703	-	5,360,703
		128,574,376	(4,022,608)	124,551,768	167,632,558	(2,843,905)	164,788,653
	TOTAL :	174,168,152	(4,022,608)	170,145,544	218,182,909	(2,843,905)	215,339,004
II. EQUITY AND LIABILITIES							
1. Equity							
a) Equity share capital		27,586,700	-	27,586,700	27,586,700	-	27,586,700
b) Other equity	A, B, C & D	(196,627,575)	40,245,548	(156,382,027)	(140,493,012)	25,343,254	(115,149,758)
		(169,040,875)	40,245,548	(128,795,327)	(112,906,312)	25,343,254	(87,563,058)
2 Non-current Liabilities							
(a) Financial Liabilities							
(i) Long term Borrowings	D	157,321,000	(44,268,156)	113,052,844	90,396,412	(30,923,442)	59,472,970
(b) Long term Provisions	B	1,894,318	-	1,894,318	1,533,283	621,481	2,154,764
(c) Deferred tax liabilities (Net)		-	-	-	-	-	-
		159,215,318	(44,268,156)	114,947,162	91,929,695	(30,301,961)	61,627,734
3 Current Liabilities							
(a) Financial Liabilities							
(i) Short term Borrowings		145,567,567	-	145,567,567	195,954,744	-	195,954,744
(ii) Trade payables	B	16,183,926	-	16,183,926	13,298,178	2,114,802	15,412,980
(ii) Other financial liabilities		9,590,707	-	9,590,707	20,847,145	-	20,847,145
(b) Short term Provisions		11,951,033	-	11,951,033	4,033,561	-	4,033,561
(c) Other Current Liabilities		700,476	-	700,476	5,025,898	-	5,025,898
		183,993,709	-	183,993,709	239,159,526	2,114,802	241,274,328
	TOTAL :	174,168,152	(4,022,608)	170,145,544	218,182,909	(2,843,905)	215,339,004

53 **Reconciliation of Statement of Profit and loss as previously reported under IGAAP and Ind AS**

		Note	For the year ended March 31, 2016		
			IGAAP	Effects of transition to Ind-AS	Ind-AS
			Rs	Rs	Rs
I	Revenue from Operations		100,534,448	-	100,534,448
II	Other Income		2,430,405	-	2,430,405
III	**TOTAL INCOME**		102,964,853	-	102,964,853
IV	**EXPENSES**				
	Cost of Material Consumed		44,319,480	-	44,319,480
	Changes in inventories of finished goods, Stock-in -Trade and work-in progress		11,521,149	-	11,521,149
	Employee Benefit Expenses	C	25,198,039	545,170	25,743,209
	Finance Costs	D	24,292,701	10,300,219	34,592,920
	Depreciation & Amortisation Expense		4,016,693	-	4,016,693
	Other Expenses	B & C	49,751,354	(1,552,529)	48,198,825
	TOTAL EXPENSES (IV)		159,099,416	9,292,860	168,392,276
V	**Loss before tax**		(56,134,563)	(9,292,860)	(65,427,423)
VI	**Tax Expense**				
	Current tax		-	-	-
	Current tax for earlier year		-	-	-
	Deferred tax		-	-	-
			-	-	-
VII	**Loss for the Year**		(56,134,563)	(9,292,860)	(65,427,423)
VIII	**OTHER COMPREHENSIVE INCOME**				
	Items that will not be reclassified subsequently to profit/loss				
	Remeasurement of the net defined benefit liability/asset	C	-	545,170	545,170
	Total other comprehensive income, net of tax		-	545,170	545,170
IX	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		(56,134,563)	(8,747,690)	(64,882,253)

Notes :

A. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss Model (ECL), the Company impaired its trade receivables by R 3,960,000/- on 1st April, 2015 which has been eliminated against retained earnings. The impact of R 73,803 for the year ended 31st March, 2016 has been recognised in the statement of profit and loss.

B. Indian GAAP requires the impact of prior period items to be included in the current year statement of profit and loss, with a separate disclosure. Under Ind AS, prior period errors has been corrected retrospectively in the financial statements by restating the comparative amounts for the prior period presented in which error occurred. Effect of the error occurred before the earliest prior period presented has been given by way of restating opening balances of assets, liabilities and equity for earliest prior period presented.

C. As per Ind AS 19 - Employee Benefits, actuarial gains and losses are recognised in other comprehensive income and not reclassified to statement of profit and loss in a subsequent period.

D. The Company has classified 0% Unsecured Compulsorily Convertible Debentures issued by it as financial liability being debt instrument with valuation at Fair Value, with retrospective effect from the respective dates of allotments of the debentures. The corresponding effects on the retained earnings have been considered in the restated balance sheets as at the transition date i.e. 1st April, 2015 and also as at 31st March, 2016 corresponding effects have also been considered by way of finance costs under the head "Interest on Other Borrowings" in the statement of profit and loss for the year ended 31st March, 2016 given in the comparative information.

54 **Assets held for sale :**

The Company has entered into a memorandum of understanding for sale of land and building to Kalyani Strategic Systems Limited, a fellow subsidiary for total consideration of r 52,770,000/-. The Company has received advance aggregating to r 50,808,080/- from the said company.

		Amount Rs
a)	**Carrying value of assets held for sale as at 1st February, 2017 is given below :**	
i.	Land at Survey no. 23/2, Gundlapochampally Village, Medchal Mandal, Ranga Reddy District, Telangana	413,976
ii.	Buiilding on above mentioned land	27,203,678
	Total:	**27,617,654**
b)	**Liabilities directly associated with the assets classified as held for sale as at 31st March, 2017:**	
i.	Advance received from Kalyani Strategic Systems Limited	50,808,080
	Total:	**50,808,080**

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Vikram Munje
Director
DIN : 02772991

Kishore Saletore
Director
DIN : 01705850

Place : Pune
Date : May 23, 2017

Place : Pune
Date : May 23, 2017

BF Elbit Advanced Systems Private Limited

Directors	**Registered Office**	**Auditors**
Mr. B.N. Kalyani	Pune Cantonment,	P.V. Deo
Mr. A.B. Kalyani	Mundhwa,	Chartered Accountant
Mr. Rajinder Singh Bhatia	Pune 411 036	604, Jeevan Heights,
Mr. Shai Israel Cohen		Thorat Colony, Erandwana,
Mr. Yehuda Vered		Pune – 411 004.

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2017

To,

The Members,

Your Directors have pleasure in presenting the Board Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2017.

1. PERFORMANCE OF THE COMPANY

The Company has not yet started any commercial activities.

(Amount in Rupees)

Particulars	As on March 31, 2017	As on March 31, 2016
Total Revenue	-	1,454,012
Depreciation/Amortization	259,587	260,299
Other expenses	1,291,167	19,292,278
Total expenses	10,291,229	26,459,557
Profit/(Loss)	(10,291,229)	(25,005,545)
Current Tax	NIL	NIL
PAT	(10,291,229)	(25,005,545)
Earnings per equity share Basic/Diluted	(561.69)	(1,850.48)

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.

The financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes to the accounts and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out separately in the notes forming part of financial statements for the year ended March 31, 2017.

3. DIVIDEND

Since the Company does not have any distributable profit, the Board has not recommended any dividend for the financial year ended March 31, 2017.

4. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

5. STATE OF COMPANY'S AFFAIRS

There has been no change in the business of the Company during the financial year ended 31st March, 2017.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

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

7. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture and associate company.

8. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

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

The Company has not made any Investment, given guarantee and securities during the year under review.

10. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control which commensurate with its size and the nature of its operations.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

11. MEETINGS OF THE BOARD OF DIRECTORS

In financial year 2016-17, the Board of the Company met six times on May 16, 2016, June 17, 2016, July 1, 2016, October 26, 2016, November 28, 2016 and March 15, 2017. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

12. DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mr. B. N. Kalyani and Mr. Yehuda Vered retire by the rotation and being eligible, offers themselves for reappointment.

During the year under review, there has been no change in directorship of the Company.

13. SHARE CAPITAL

During the year under review, the Company has issued 6,095 Equity Shares of face value of Rs.10/- each at par on preferential basis to Elbit Systems Land and C4I Limited.

Thus as on March 31, 2017 paid up share capital of the Company is 19,608 Equity Shares of face value of Rs.10/- each amounting to Rs. 196,080/-

As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to 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 at March 31, 2017 and of the Loss of the Company for the year under review;

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

15. 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.

16. APPOINTMENT OF AUDITORS

At the Annual General Meeting held on August 23, 2014, Mr. P. V. Deo, Chartered Accountants, Pune were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2019. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of Mr. P. V. Deo, Chartered Accountants, as Statutory Auditors of the Company, will be placed for ratification by the shareholders at the ensuing Annual General Meeting of the Company. In this regard, the Company has received a certificate from the auditors to the effect that if their appointment, if ratified by the shareholder, will be in accordance with the provisions of Section 141 of the Companies Act, 2013.

17. AUDITORS' REPORT

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 remarks.

18. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No.MGT-9 as required under Section 92 of the Companies Act, 2013 for the financial year ending March 31, 2017 is appended as **Annexure "A"** and forms part of this report.

19. CONSOLIDATED FINANCIAL STATEMENTS

The Company doesn't have any subsidiaries so there is no need to prepare consolidated financial statement for the F. Y. 2016-17.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 entered by the Company during the financial year ended 31st March, 2017 is appended as **Annexure "B"** in prescribed Form AOC-2 and forms part of this report.

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

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in "**Annexure C"** and is attached to this report.

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

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

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

There are no employees in the Company.

24. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and on behalf of the Board of Directors

Place:	**Pune**	**Amit Kalyani**	**Rajinder Singh Bhatia**
Date:	**May 8, 2017**	Director	Director
		DIN: 00089430	DIN: 05333963

Annexure "A"

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	U29270PN2012PTC144268
ii)	Registration date	August 2, 2012
iii)	Name of the Company	BF Elbit Advanced Systems Private Limited
iv)	Category/Sub category of the Company	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. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

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
	NIL	NIL	NIL

.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	51	Sec 2(46)

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

i) Category-wise Share Holding as of 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 Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	10000	10000	74	NIL	10000	10000	51	NIL
Sub-total (A) (1):-	**NIL**	**10000**	**10000**	**74**	**NIL**	**10000**	**10000**	**51**	**NIL**
(2) Foreign									
a) NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	3513	3513	26	NIL	9608	9608	49	NIL
Sub-total (A) (2):-	**NIL**	**3513**	**3513**	**26**	**NIL**	**9608**	**9608**	**49**	**NIL**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**13513**	**13513**	**100**	**NIL**	**19608**	**19608**	**100**	**NIL**
B.Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2.Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**13513**	**13513**	**100**	**NIL**	**19608**	**19608**	**100**	**NIL**

ii) Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	Bharat Forge Limited	10000	74	NIL	10000	51	NIL	(23)
2	Elbit Systems Land and C4I Limited	3513	26	NIL	9608	49	NIL	23
	Total	**13513**	**100**	**-**	**19608**	**100**	**-**	**-**

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	NIL	NIL	NIL	NIL
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):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

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
	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors & KMPs:

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	-	85,530,399	-	-
ii.) Interest due but not paid	-	6,216,281	-	-
iii.) Interest accrue but not due	-	-	-	-
A. Total(i+ii+iii)	-	**91,746,680**	-	-
Change in Indebtedness during the Financial year	-	-	-	-
i.) Addition	-	8,370,428	-	-
ii.) Reduction	-	-	-	-
B. Net Change	-	**8,370,428**	-	-

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the Financial year	-	-	-	-
i.) Principal Amount	-	92,250,680	-	-
ii.) Interest due but not paid	-	7,866,428	-	-
iii.) Interest accrue but not due	-	-	-	-
Total(A+B)	-	**100,117,108**	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act				N.A.

B. Remuneration to other Directors

The Company does not pay remuneration to any other directors.

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

The Company does not have any Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure -"B"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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	NIL
i	Name(s) of the related party and nature of relationship	NIL
j	Nature of contracts/arrangements/transactions	NIL
k	Duration of the contracts / arrangements/transactions	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**	**Bharat Forge Limited Holding Company**	**Bharat Forge Limited Holding Company**	**Kalyani Strategic Systems Limited Fellow Subsidiary**
b	Nature of contracts/ arrangements/ transactions	Inter Corporate Deposit	Lease of Property	Inter Corporate Deposit
c	Duration of the contracts / arrangements/transactions	Payable on Demand	Three years. Can be extended mutually	Payable on Demand
d	Salient terms of the contracts or arrangements or transactions including the value, if any	At an interest of 10% p.a.	As per sub let agreement	At an interest of 9.7% p.a.
e	Date(s) of approval by the Board, if any	March 29, 2016	March 12, 2014	September 9, 2015
f	Amount paid as advances, if any	NIL	NIL	NIL

For and on behalf of the Board of Directors

Place: **Pune**
Date: **May 8, 2017**

Amit Kalyani
Director
DIN: 00089430

Rajinder Singh Bhatia
Director
DIN: 05333963

Annexure -"C"

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

a. Steps taken or impact on conservation of energy during 2016-2017

NIL

b. Steps taken by the Company for utilizing alternate sources of energy

NIL

c. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

(1) Efforts made towards technology absorption, adaptation and innovation

The Company has continued its endeavor to absorb the best of technologies for its products.

(2) Benefits derived as a result of above efforts

The project was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

(C) Foreign Exchange Earnings and Outgo

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

i)	Total Foreign Exchange Earning	:	NIL
ii)	Total Foreign Exchange Outgo	:	NIL

Independent Auditor's Report

To the Members of BF Elbit Advanced Systems Private Limited

Report on the Financial Statements

I have audited the accompanying financial statements of **BF Elbit Advanced Systems Private Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND ASs) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit.

I 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.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid 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 including the IND ASs; of the state of affairs of the Company as at 31st March, 2017, and its loss including other comprehensive income, changes in equity and its cash flows 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 Companies Act, 2013, I give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

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

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In my opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

   e) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 my `separate Report in "**Annexure B**".

   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 my opinion and to the best of my information and according to the explanations given to me :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to

30th December, 2016 and these are in accordance with the books of account maintained by the Company. Refer Note 23 to the financial statements.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 8, 2017

“ANNEXURE A” REFERRED TO IN THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i)

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

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) The Company does not own any immovable properties.

(ii) As explained to me, the Company was not required to hold any physical inventories during the financial year covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii)

(a) According to the records of the Company, the Company was found to be generally regular in depositing undisputed statutory dues including income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to me by the Management, the provisions of the Employees’ State Insurance Act, 1948 and the Employees’ Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date those became payable save and except the following liabilities which were outstanding as at 31st March, 2017 for a period of more than six months from the date those became payable.

- Tax Deducted at source : Rs. 646,333/-,
- Service Tax : Rs. 14,500/-, since paid.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has made private placement of equity shares during the year under review and based upon the audit procedures performed and the information and explanations given to me, the requirements of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 8, 2017

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

I have audited the internal financial controls over financial reporting of **BF Elbit Advanced Systems Private Limited** ("the Company") as of 31st March, 2017 in conjunction with my audit of the 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 ('ICAI'). 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 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's 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 my 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 31st March, 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.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 8, 2017

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Balance sheet as at March 31, 2017

	Notes	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at April 1, 2015 Rs.
I. ASSETS				
1. Non-current assets				
a) Property, Plant and Equipment	4	**66,934**	326,521	586,820
b) Capital work in progress		**-**	-	32,144
c) Financial Assets				
i) Other financial assets	5	**25,000**	25,000	17,119,200
d) Other non-current assets	6	**1,713,144**	1,627,731	103,448
		1,805,078	1,979,252	17,841,612
2. Current assets				
a) Financial Assets				
i) Cash and cash equivalents	7	**22,548**	546,538	208,300
b) Other current assets	8	**18,238,281**	18,654,585	50,773
		18,260,829	19,201,123	259,073
TOTAL :		**20,065,907**	21,180,375	18,100,685
II. EQUITY AND LIABILITIES				
1. Equity				
a) Equity share capital	9	**196,080**	135,130	135,130
b) Other equity	10	**(82,176,833)**	(71,885,604)	(46,880,059)
		(81,980,753)	(71,750,474)	(46,744,929)
2. Current liabilities				
a) Financial Liabilities				
i) Borrowings	11 (i)	**92,250,680**	85,530,399	20,000,000
ii) Trade Payables	11 (ii)	**218,670**	121,470	946,716
iii) Other Financial Liabilities	11 (iii)	**7,866,428**	6,216,281	43,814,362
b) Other current liabilities	12	**1,710,882**	1,062,699	84,536
		102,046,660	92,930,849	64,845,614
TOTAL :		**20,065,907**	21,180,375	18,100,685
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 32			

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 8, 2017

On behalf of the Board of Directors,

Amit B Kalyani
Director
DIN: 00089430

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 8, 2017

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Statement of profit and loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
I. Income			
a) Other Income	13	-	1,454,012
Total Income		-	1,454,012
II. Expenses			
a) Finance Costs	14	**8,740,475**	6,906,980
b) Depreciation and amortization expenses	15	**259,587**	260,299
c) Other expenses	16	**1,291,167**	19,292,278
Total expenses		**10,291,229**	26,459,557
III. Loss before tax		**(10,291,229)**	(25,005,545)
IV. Tax expenses		-	-
V. Loss for the year		**(10,291,229)**	(25,005,545)
VI. Other Comprehensive Income		-	-
VII. Total Comprehensive Income for the period (V+VI)		**(10,291,229)**	(25,005,545)
VIII. Earnings per equity share for continuing operations [nominal value of share Rs.10/-]			
a) Basic (In Rs.)	20	**(561.69)**	(1,850.48)
b) Diluted (In Rs.)	20	**(561.69)**	(1,850.48)
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 32		

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 8, 2017

On behalf of the Board of Directors,

Amit B Kalyani
Director
DIN: 00089430

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 8, 2017

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

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

a Equity share capital

	Balance at the beginning of the year Rs.	Changes in Equity share Capital during the year Rs.	Balance at the end of the year Rs.
i) For the Period ended 31st March 2017	135,130	60,950	196,080
ii) For the Period ended 31st March 2016	135,130	-	135,130

b Other equity

	Retained Earnings Rs.
Balance at the beginning of the Year	(46,880,059)
Add :	
Total Comprehensive Income for the Year	(25,005,545)
Balance at the end of the Year 31st March, 2016.	(71,885,604)
Add :	
Total Comprehensive Income for the year	(10,291,229)
Balance at the end of the Year 31st March, 2017.	**(82,176,833)**
c Total equity (a+b)	**(81,980,753)**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1 to 32

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 8, 2017

Amit B Kalyani
Director
DIN: 00089430

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 8, 2017

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Cash Flow Statement for the year ended March 31, 2017

			For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
(A)	**Cash flow from operating activities**			
	Loss before tax		**(10,291,229)**	(25,005,545)
	Add :			
	Depreciation		**259,587**	260,299
	Interest Paid		**8,740,475**	6,906,980
			(1,291,167)	(17,838,266)
	Less :			
	Foreign Exchange Gain Realised		**(2,221)**	-
	Amounts Written Off		**-**	(32,144)
	Operating loss before working capital changes		**(1,293,388)**	(17,870,410)
	Movements in working capital :			
	(Increase) / decrease in other non-current assets		**(85,413)**	(1,524,283)
	(Increase) / decrease in other financial assets-Current		**-**	17,094,200
	(Increase) / decrease in other current assets		**416,304**	(18,603,812)
	Increase / (decrease) in Trade Payables		**97,200**	(825,246)
	Increase / (decrease) in other Financial liabilities		**1,650,147**	(37,598,081)
	Increase / (decrease) in other Current liabilities		**648,183**	978,163
			2,726,421	(40,479,059)
	Cash generated from operations		**1,433,033**	(58,349,469)
	Direct taxes paid (net of refunds)		**(119,540)**	(272)
	Net cash flows from operating activities	**(A)**	**1,313,493**	(58,349,741)
(B)	**Cash flows from investing activities**			
	Purchase of fixed assets		**-**	64,288
	Net cash flows from investing activities	**(B)**	**-**	64,288
(C)	**Cash flows from financing activities**			
	Proceeds from issue of equity shares		**63,171**	-
	Proceeds from short term borrowings		**6,720,281**	65,530,399
	Interest Paid		**(8,620,935)**	(6,906,708)
	Net cash flows from financing activities	**(C)**	**(1,837,483)**	58,623,691
(D)	**Net increase / (Decrease) in cash and cash equivalents (A+B+C)**		**(523,990)**	338,238
(E)	**Cash and cash equivalents at the beginning of the year**		**546,538**	208,300
(F)	**Cash and cash equivalents at the end of the year**		**22,548**	546,538

		As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Components of cash and cash equivalents as at			
Balances with Banks in Current accounts		**22,548**	546,538
	TOTAL :	**22,548**	546,538

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 8, 2017

Amit B Kalyani
Director
DIN: 00089430

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 8, 2017

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Notes forming part of the Financial Statements for the year ended March 31, 2017.

1. **Corporate information:**

   BF Elbit Advanced Systems Private Limited was incorporated on August 2, 2012, as a private limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited and thus deemed to be a public company within the meaning of Sec. 2(71) of the Companies Act, 2013. The Company is a 51:49 Joint Venture between Bharat Forge Limited and Elbit Systems Land and C4I Limited of Israel. Bharat Forge Limited is the Holding Company.

   The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres. During the financial year covered by these statements, the Company was engaged exclusively in carrying out trial runs of its products.

2. **First -time adoption of Ind AS**

   These financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in
   The transition to Ind ASs has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind ASs has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out separately hereinafter.

3. **Significant accounting policies:**

3.1 Basis of accounting and preparation of financial statements:

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, read with the Companies (Indian Accounting Standards) Amendment Rules, 2016 and the provisions of the Companies Act, 2013 (to the extent notified). For the period ended March 31, 2016, the Company had prepared its financial statements in accordance 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).

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

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

The financial statements are presented in INR and all values are rounded to the nearest Rupee.

3.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

- i Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- ii Held primarily for the purpose of trading,
- iii Expected to be realised within twelve months after the reporting period, or
- iv Cash or cash equivalent 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 treated as current when:

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

All other liabilities are classified 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.

3.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, 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. 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 profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

For the purpose of a and b above, the Company treats a foreign currency 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. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, 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.

3.4 Fair value measurement :

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

i In the principal market for the asset or liability, or

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

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

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii 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, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.
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.

3.5 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.

Notes forming part of the Financial Statements for the year ended March 31, 2017.

3.6 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.
Current income tax relating to items recognized outside profit or loss is recognized outside profit or 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.
The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or 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 tax assets and deferred taxes relate to 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 temporary 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 temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

i When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii When receivables and payables are stated with the amount of tax included.

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

3.7 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalised. Such cost includes the cost of replacing part of the 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Building - Temporary structure	3 Years
ii)	Office equipment's	5 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used 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 the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

3.9 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 dependant on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

Company as a Lessee
Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the 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 recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

3.10 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 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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 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 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 or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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.
Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.11 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.12 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.

A Financial Asset :

a) 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.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

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

ii 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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

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

ii The asset's contractual cash flows represent SPPI.

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

e) 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 P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, 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 P&L.

g) 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 Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

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

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 17

iv 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

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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.

For recognition of impairment loss on other financial assets and risk exposure, the Company 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 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:

i 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

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

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

i 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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.

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

ii Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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.

iii 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.

c) 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 or loss.

C 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 or loss.

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

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company’s senior management determines change in the business model as a result of external or internal changes which are significant to the Company’s operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E 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.

3.13 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments 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 consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.14 Dividend to equity holders :

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.

3.15 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.

3.16 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.17 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.18 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

BF Elbit Advanced Systems Private Limited

CIN U29270PN2012PTC144268

Notes forming part of the Financial Statements for the year ended March 31, 2017.

4. Property, Plant and equipment :

	Building - Temporary structure Rs.	Office Equipments Rs.	Total Rs.
Gross Block, at Cost :			
As at 1st April, 2015.[a]	667,813	156,950	824,763
Additions	-	-	-
Disposals	-	-	-
Adjustments	-	-	-
As at 31st March, 2016.	667,813	156,950	824,763
Additions	-	-	**-**
Disposals	-	-	**-**
Adjustments	-	-	**-**
As at 31st March, 2017.	**667,813**	**156,950**	**824,763**
Depreciation and Amortization :			
As at 1st April, 2015.[a]	193,330	44,613	237,943
Disposals	-	-	-
Adjustments	-	-	-
For the year	222,928	37,371	260,299
Upto 31st March, 2016.	416,258	81,984	498,242
Disposals	**-**	**-**	**-**
Adjustments	**-**	**-**	**-**
For the year	**222,319**	**37,268**	**259,587**
Upto 31st March, 2017.	**638,577**	**119,252**	**757,829**
Net Block :			
As at 31st March, 2016.	251,555	74,966	326,521
As at 31st March, 2017.	**29,236**	**37,698**	**66,934**
	-	-	-

[a] The Company has elected to continue with the carrying value for all of its property, plant and equipments as recognised in the financial statements as at the date of transition to IND ASs, measured as per the previous GAAP and used that as its deemed cost as at the date of transition.

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Notes forming part of the Financial Statements for the year ended March 31, 2017.

5. Other Financial Assets - Non Current

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Capital Advance to a Related Party	**-**	-	17,119,200
Deposits	**25,000**	25,000	-
TOTAL :	**25,000**	25,000	17,119,200

6. Other non-current assets

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
CENVAT credits and balances with Central Excise Department	**1,713,144**	1,627,731	103,448
TOTAL :	**1,713,144**	1,627,731	103,448

7. Cash and cash equivalents

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Balances with banks			
In Current accounts	**22,548**	546,538	208,300
TOTAL :	**22,548**	546,538	208,300

8. Other current assets

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Prepaid Expenses	**2,700**	600	-
Advance against expenses	**80,773**	80,773	50,773
Advances recoverable in cash or in kind for value to be received			
From Related Party	**18,154,808**	18,573,212	-
TOTAL :	**18,238,281**	18,654,585	50,773

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Notes forming part of the Financial Statements for the year ended March 31, 2017.

9. Equity share capital

				As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Authorised						
15,000,000	(15,000,000)	(15,000,000)	Equity shares of Rs. 10/- each	**150,000,000**	150,000,000	150,000,000
Issued						
19,608	(13,513)	(13,513)	Equity shares of Rs. 10/- each	**196,080**	135,130	135,130
Subscribed and fully paid-up						
19,608	(13,513)	(13,513)	Equity shares of Rs. 10/- each	**196,080**	135,130	135,130
Total issued, subscribed and fully paid-up share capital :				**196,080**	135,130	135,130

(a) Reconciliation of the 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	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	**13,513**	**135,130**	13,513	135,130	10,000	100,000
Shares Issued during the year	**6,095**	**60,950**	-	-	3,513	35,130
Shares bought back during the year	**-**	**-**	-	-	-	-
Outstanding at the end of the year	**19,608**	**196,080**	13,513	135,130	13,513	135,130

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

(c) 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	
	Nos.	% of Holding	Nos.	% of Holding	Nos.	% of Holding
Equity shares of Rs. 10 each fully paid						
Bharat Forge Limited, the Holding Company#	**10,000**	**51**	10,000	74	10,000	74
Elbit Systems Land and C4I Limited	**9,608**	**49**	3,513	26	3,513	26

including the shares held through nominees

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Notes forming part of the Financial Statements for the year ended March 31, 2017.

10. Other equity

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Retained earnings			
As per last account	**(71,885,604)**	(46,880,059)	(43,182,651)
Add : Total comprehensive income for the year	**(10,291,229)**	(25,005,545)	(3,697,408)
Less : Appropriations	**-**	-	-
Closing balance	**(82,176,833)**	(71,885,604)	(46,880,059)

11. Financial Liabilities

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
i) Borrowings :			
Unsecured			
Demand loans from companies[(a)(b)]	**92,250,680**	85,530,399	20,000,000
SUBTOTAL (i):	**92,250,680**	85,530,399	20,000,000
(a) Includes Loan from Bharat Forge Ltd, the Holding Company which carries interest @ 10% p.a.	**82,851,390**	76,530,399	20,000,000
(b) Includes Loan from other related party which carries interest @ 9.70% p.a.	**9,399,290**	9,000,000	-
ii) Trade Payables :			
Total outstanding dues of micro enterprises and small enterprises	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**218,670**	121,470	946,716
SUBTOTAL (ii):	**218,670**	121,470	946,716
iii) Other Financial Liabilities :			
Interest accrued and due	**7,866,428**	6,216,281	-
Reimbursements payable to Bharat Forge Limited, the Holding Company	**-**	-	43,814,362
SUBTOTAL (iii):	**7,866,428**	6,216,281	43,814,362
TOTAL :	**100,335,778**	91,868,150	64,761,078

12. Other current liabilities

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Statutory liabilities	**1,710,882**	1,062,699	84,536
TOTAL :	**1,710,882**	1,062,699	84,536

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Notes forming part of the Financial Statements for the year ended March 31, 2017.

13. Other Income:		
	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
Foreign Exchange Gain	**-**	1,454,012
TOTAL :	**-**	1,454,012

14. Finance costs :		
	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
Interest on borrowings	**8,740,475**	6,906,980
TOTAL :	**8,740,475**	6,906,980

15. Depreciation and amortization expenses		
	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
Depreciation on Tangible Assets	**259,587**	260,299
TOTAL :	**259,587**	260,299

16. Other expenses		
	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
Consumables	**-**	8,239,635
Business promotion expenses	**-**	6,995,420
Rent (Refer Note 19)	**480,000**	3,720,000
Legal and professional fees	**51,969**	167,950
Payment to Auditors (Refer details below)	**90,000**	65,000
Foreign Exchange Loss	**416,183**	-
Miscellaneous expenses#	**253,015**	104,273
TOTAL :	**1,291,167**	19,292,278

Miscellaneous Expenses include general office expenses, printing and stationery, amounts written off etc.

Payment to auditors

	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
As auditor:		
- Audit fee	**80,000**	40,000
- Certification	**-**	15,000
- Income Tax matters	**10,000**	10,000
TOTAL :	**90,000**	65,000

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

Notes forming part of the Financial Statements for the year ended March 31, 2017.

17. Segment Reporting :
The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres. During the financial year covered by these statements, the Company was engaged exclusively in carrying out trial runs of its products. As such, there are no separate reportable segments, as per the Ind AS – 108 on 'Operating Segments'.

18. Related Party disclosures

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

Holding Company	Bharat Forge Limited
Enterprises having significant influence in the Company:	Elbit Systems Land and C4I Limited, Israel
Fellow Subsidiary Companies :	Kalyani Strategic Systems Limited

(ii) **Related parties with whom transactions have taken place during the year**

Sr. No.	Nature of transaction	Note	Bharat Forge Limited	Elbit Systems Land and C4I Limited	Kalyani Strategic Systems Limited	Total
			Rs.	Rs.	Rs.	Rs.
1	Share capital issued	(a)	**-** -	**60,950** -	**-** -	**60,950** **-**
2	Reimbursement of expenses paid	(b)	**-** (6,995,420)	**-** -	**-** -	**-** (6,995,420)
3	Rent paid	(c)	**480,000** (3,720,000)	**-** -	**-** -	**480,000** (3,720,000)
4	Demand loans taken	(d)	**-** -	**-** -	**-** (9,000,000)	**-** (9,000,000)
5	Interest Paid	(d) & (e)	**7,828,744** (6,463,324)	**-** -	**911,731** (443,656)	**8,740,475** (6,906,980)

(a) Equity shares have been allotted by the Company at par to the related parties in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(b) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(c) The Company has entered into an arrangement with the Holding Company, in the nature of cancellable operating lease for land for locating its manufacturing facilities. The lease is for a period of three years. The term of leases can be extented mutually by the parties.

(d) The loan borrowed from a related party is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest at the rate of 9.70% p.a.

(e) The Company has paid interest on loan borrowed from a its Holding Company at the rate of 10% p.a.

(iii) **Balances outstanding**

Sr. No.	Nature of transaction		Bharat Forge Limited	Elbit Systems Land and C4I Limited	Kalyani Strategic Systems Limited	Total
			Rs.	Rs.	Rs.	Rs.
1	Demand Loans		**82,851,390** (76,530,399)	**-** -	**9,399,290** (9,000,000)	**92,250,680** (85,530,399)
2	Other Advance Given		**-** -	**18,154,808** (18,573,212)	**-** -	**18,154,808** (18,573,212)
3	Interest Payable		**7,045,870** (5,816,991)	**-** -	**820,558** (399,290)	**7,866,428** (6,216,281)

(Figures in bracket indicate previous year)

Notes forming part of the Financial Statements for the year ended March 31, 2017.

19. Leases

The Company has entered into an arrangement in the nature of cancellable operating lease for land for locating its manufacturing facilities. The lease is for a period of three years. The term of leases can be extented mutually by the parties. The particulars as per the Ind AS 17 with regard to the above are as under :

Sr.No	Particulars	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
a)	Payments recognised in the statement of profit and loss	**480,000**	3,720,000
b)	There are no transactions in the nature of sub-lease.		

20. Earnings per share (EPS)

	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
Numerator for basic and diluted EPS		
Profit for the year attributable to shareholders as at March 31	**(10,291,229)**	(25,005,545)
Weighted average number of equity shares in calculating basic EPS	**18,322**	13,513
EPS - Basic (in Rs.)	**(561.69)**	(1,850.48)
EPS - Diluted - (in Rs.)	**(561.69)**	(1,850.48)

21. Details of unhedged foreign currency exposures

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	USD	Rs.	USD	Rs.	USD	Rs.
Other Advance	**280,000**	**18,154,808**	280,000	18,573,212	280,000	17,119,200

22. Commitments

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for.	219,802,854	224,868,531	194,567,388

23. Details of Specified Bank Notes(SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016.

Particulars	SBNs	Other Denominations notes	Total
Closing Cash in hand as on 8th November, 2016	NIL	NIL	NIL
Add : Permitted receipts	NIL	NIL	NIL
Less : Permitted payments	NIL	NIL	NIL
Less : Amount deposited in Banks	NIL	NIL	NIL
Closing Cash in hand as on 30th December, 2016.	NIL	NIL	NIL

24. 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, and 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

Operating lease commitments – Group as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is 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 z 371,313/- (March 31, 2016: u 302,762/- and April 1, 2015 : 225,650/-) of tax losses carried forward. These losses expire in 8 years and may not be used to offset taxable income. The Company neither has any material taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. 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 p 278,144/- (March 31, 2016 x 93,553/-). Further details on taxes are disclosed in Note No. 31

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 25 and 26 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

25. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

		Carrying value			Fair value	
	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.	As at April 1, 2015. Rs.	**Year ended March 31, 2017. Rs.**	Year ended March 31, 2016. Rs.	As at April 1, 2015. Rs.
I) Financial assets						
Other current financial assets						
Deposits	**25,000**	25,000	-	**25,000**	25,000	-
Loans and Advances	**-**	-	17,119,200	**-**	-	17,119,200
Other non-current financial assets						
Loans and Advances	**18,154,808**	18,573,212	-	**18,154,808**	18,573,212	-
Total	**18,179,808**	18,598,212	17,119,200	**18,179,808**	18,598,212	17,119,200
II) Financial liabilities						
Other current financial liabilities						
Borrowings	**92,250,680**	85,530,399	20,000,000	**92,250,680**	85,530,399	20,000,000
Interest accrued and due	**7,866,428**	6,216,281	-	**7,866,428**	6,216,281	-
Reimbursements payable	**-**	-	43,814,362	**-**	-	43,814,362
Total	**100,117,108**	91,746,680	63,814,362	**100,117,108**	91,746,680	63,814,362

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

26. Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed					
Deposits	**3/31/2017**	**-**	**-**	**25,000**	**25,000**
Loans and Advances	**3/31/2017**	**-**	**-**	**18,154,808**	**18,154,808**
Liabilities for which fair value has been disclosed					
Fixed rate borrowing	**3/31/2017**	**-**	**-**	**92,250,680**	**92,250,680**
Interest accrued and due	**3/31/2017**			**7,866,428**	**7,866,428**
Assets for which fair value has been disclosed					
Deposits	3/31/2016	-	-	25,000	25,000
Loans and Advances	3/31/2016	-	-	18,573,212	18,573,212
Liabilities for which fair value has been disclosed					
Fixed rate borrowing	3/31/2016	-	-	85,530,399	85,530,399
Interest accrued and due	3/31/2016	-	-	6,216,281	6,216,281
Assets for which fair value has been disclosed					
Loans and Advances	4/1/2015	-	-	17,119,200	17,119,200
Liabilities for which fair value has been disclosed					
Fixed rate borrowing	4/1/2015	-	-	20,000,000	20,000,000
Reimbursement payable	4/1/2015	-	-	43,814,362	43,814,362

27. Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise borrowing, trade and other payables and Interest on borrowing. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Deposits, cash and cash equivalents that derive directly from its operations.

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 financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management 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. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) 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, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2017 and March 31, 2016.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:
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, March 31, 2016 and April 1, 2015 including the effect of hedge accounting(if any).

i) 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 operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

ii) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD 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 monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
		Rs.	Rs.
March 31st, 2017	5.00%	907,740	907,740
	-5.00%	(907,740)	(907,740)
March 31st, 2016	5.00%	928,661	928,661
	-5.00%	(928,661)	(928,661)

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's 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 an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. 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.

The Company's financial liabilities based on contractual undiscounted payments is payable on demand.

28. Exemptions availed on first time adoption of Ind-AS :

a) Property, plant & equipment :
The Company has elected to continue with the carrying values for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition to Ind ASs in accordance with paragraph D7AA of Ind AS 101 "First Time Adoption of Ind AS".

b) The Company has eletced to continue the policy adpoted for accounting for exchnage differences arising from transalation of long term foreign currency motetary items recognised in the financial statements for the period ending 31st March, 2016 as per the previous GAAP.

BF Elbit Advanced Systems Private Limited
CIN U29270PN2012PTC144268

29. Reconciliation of equity as at March 31, 2016 and April 1, 2015 as previously reported under IGAAP and as per Ind AS

	As at March 31, 2016			As at April 1, 2015		
	IGAAP	Effects of transition to Ind-AS	Ind-AS	IGAAP	Effects of transition to Ind-AS	Ind-AS
I. ASSETS						
1. Non-current assets						
a) Property, Plant and Equipment						
Building - Temporary structure	251,555	-	251,555	474,483	-	474,483
Office Equipments	74,966	-	74,966	112,337	-	112,337
b) Capital work in progress	-	-	-	32,144	-	32,144
c) Financial assets						
Security deposits	25,000	-	25,000	17,119,200	-	17,119,200
d) Other non-current assets						
Cenvat Credit balance	1,627,731	-	1,627,731	103,448	-	103,448
	1,979,252	-	1,979,252	17,841,612	-	17,841,612
2. Current assets						
a) Financial Assets						
i) Cash and cash equivalents						
Balances with banks: In Current accounts	546,538	-	546,538	208,300	-	208,300
b) Other current assets						
Prepaid expenses	18,654,585	-	18,654,585	50,773	-	50,773
	19,201,123	-	19,201,123	259,073	-	259,073
TOTAL :	21,180,375	-	21,180,375	18,100,685	-	18,100,685
II. EQUITY AND LIABILITIES						
1. Equity						
a) Equity share capital	135,130	-	135,130	135,130	-	135,130
b) Other equity	(71,885,604)	-	(71,885,604)	(46,880,059)	-	(46,880,059)
	(71,750,474)	-	(71,750,474)	(46,744,929)	-	(46,744,929)
2. Current liabilities						
a) Financial Liabilities						
i) Borrowings						
Demand loans from companies	85,530,399	-	85,530,399	20,000,000	-	20,000,000
ii) Trade Payables	121,470	-	121,470	946,716	-	946,716
iii) Other Financial Liabilities						
Interest accrued and due	6,216,281	-	6,216,281			
Reimbursements payable to Bharat Forge Limited, the Holding Company	-	-	-	43,814,362	-	43,814,362
c) Other current liabilities						
Statutory Dues	1,062,699	-	1,062,699	84,536	-	84,536
	92,930,849	-	92,930,849	64,845,614	-	64,845,614
TOTAL :	21,180,375	-	21,180,375	18,100,685	-	18,100,685

30. Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016 as previously reported under IGAAP and as per Ind AS

	IGAAP	Effects of transition to Ind-AS	Ind-AS
I. Revenue from operations	-	-	-
II. Other income			
Foreign Exchange Gain	1,454,012	-	1,454,012
III. Total revenue	1,454,012	-	1,454,012
IV. Expenses			
a) Finance costs :			
Interest on borrowings	6,906,980	-	6,906,980
b) Depreciation and amortization expenses	260,299	-	260,299
c) Other expenses			
Consumables	8,239,635	-	8,239,635
Business promotion expenses	6,995,420	-	6,995,420
Rent	3,720,000	-	3,720,000
Legal and professional fees	167,950	-	167,950
Payment to Auditors	65,000	-	65,000
Miscellaneous expenses	104,273	-	104,273
Total expenses	26,459,557	-	26,459,557
V. Loss before tax	(25,005,545)	-	(25,005,545)
VI. Tax expenses	-	-	-
VII. Loss for the period (V-VI)	(25,005,545)	-	(25,005,545)
VIII. Other Comprehensive Income	-	-	-
IX. Total Comprehensive Income for the period (VII+VIII)	(25,005,545)	-	(25,005,545)

31. The Company has incurred losses of Rs. 10,291,229/- (March 31, 2016 : Rs 25,005,545) during the year. As at March 31, 2017, the Company's accumulated losses are Rs. 82,176,833/- (March 31, 2016 : Rs 71,885,604) which have completely eroded the net worth of the Company. The Company also has net current liabilities of Rs. 83,785,831/- as at March 31, 2017 (March 31, 2016 : Rs 73,729,726). The management is recalibrating its business strategy and focusing on streamlining the operations so as to start generating profits upon commencement of commercial operations. The Company is also evaluating more effective capital structure including equity funding from the shareholders, working capital facilities from banks and financial institutions for funding the requirement. Further, the majority shareholders have confirmed their commitment and have provided unconditional support to the Company to ensure that the Company continues to operate and is able to meet all liabilities in future when they fall due for payment. Accordingly these financial statements have been prepared on going concern basis, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

32. Income Tax :

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Accounting loss before tax	**(10,291,229)**	(25,005,545)
At India's enacted tax rate of 29.87% (31 March 2015: 30.90%)	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

As per my attached report of the even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 8, 2017

Amit B Kalyani	**Rajinder Singh Bhatia**
Director	**Director**
DIN: 00089430	**DIN:05333963**

Place: Pune
Date: May 8, 2017

BF Infrastructure Limited

Directors	**Registered Office**	**Auditors**
Mr. Sandeep Kapoor	Pune Cantonment,	RMA & Associates
Mr. Kishore Mukund Saletore	Mundhwa,	Chartered Accountants
Mrs. Deepti R. Puranik	Pune 411 036	48, UG-2, Hasanpur,
Mr. M.V. Krishna		I.P. Extension,
		New Delhi – 110 092

BOARD'S REPORT
For the year ended March 31, 2017

To,
The Members,

Your Directors have pleasure in presenting the Board's Report on the business and operations of the Company and audited accounts for the Financial Year ended March 31, 2017.

1. FINANCIAL HIGHTLIGHTS

The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2017	As on March 31, 2016
Revenue from operations (Gross)	-	-
Revenue from operations (Net)	**-**	**-**
Other income	5,381,830	4,852,955
Total Revenue	**5,381,830**	**4,852,955**
Project Expenses	-	-
Employee benefits expenses	5,457,587	11,437,036
Depreciation and amortization expenses	249,192	583,095
Finance costs	10,464,968	1,863,162
Other Expenses	23,533,628	9,401,430
Total expenses	**39,705,375**	**23,284,723**
Profit before exceptional items & tax	(34,323,545)	(18,431,768)
Exceptional items	-	-
Profit before extraordinary items and tax	(34,323,545)	(18,431,768)
Extraordinary Items (Loss on sale of investment)	-	(12,859,373)
Profit before tax	(34,323,545)	(31,291,140)
Current tax	-	-
Deferred tax	1,223,160	(675,459)
Profit/Loss for the period	(33,100,385)	(31,966,599)
Other Comprehensive income	(127,837)	209,040
Total comprehensive income for the period	**33,228,222**	**(31,757,559)**
Earnings per Equity Share		
a) Basic	(0.35)	(0.47)
b) Diluted	(0.35)	(0.47)

2. DIVIDEND

No dividend is recommended for the year ended March 31, 2017.

3. 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.

These financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes to the accounts and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out separately in the notes forming part of financial statements for the year ended March 31, 2017.

4. STATE OF COMPANY'S AFFAIRS

- **Oil & Gas Exploration Project:**

  Your Company (BFIL) with consortium partners Bharat Petro Resources Limited (BPRL), Engineers India Limited (EIL), Gas Authority of India Limited (GAIL) & Monnet Ispat & Energy Limited (MIEL) has jointly participated in the bidding process in NELP-IX in March 2011. The consortium had been awarded Block CB-ONN-2010/11 and Block CB-ONN-2010/08 in Cambay Basin of a 131 Sq. KM. and 42 Sq. KM. respectively. Work for exploration of these blocks under the Minimum Work Programme are at advanced stage. Positive results have been noted in both blocks and necessary formats have been filed with the Director General of Hydrocarbons (DGH).

- **DFCC Track Laying Project:**

  Your Company had formed a Joint Venture Company named Ferrovia Transrail Solutions Private Limited (FTSPL) with PNC Infratech Limited, with shareholding of 49:51 respectively. FTSPL has won the Project of Design, procurement, Construction of Track and track related works and its testing & commissioning for double track electrified railway line on a Design Build Lump Sum Basis from New Karwandiya (Rly. Km. 564) to Durgawati (Rly. Km. 630) approx. 66 KMs on Mughalsarai-Sonnagar Section of Eastern Dedicated Freight Corridor (Project) as floated by the Dedicated Freight Corridor Corporation of India Limited (DFCCIL). Currently, FTSPL has completed 138 Track Kilo Meters (TKMs) out of total project of 142 TKMs.

- **Railway Electrification Project:**

  Your Company (BFIL) has entered into a Joint Venture Agreement with JV Partner Cimechel Electrical Co. for business of design, supply, erection, testing & commissioning of 25 kV, 50 Hz, Single Phase, AC Electrification works includingg OHE, TSS & SCADA" as composite Electrical tender in Andal(Excl.) –Sitarampur (Excl.) via Jamuria - Ikhra section, Gr.168 of Asansol Division of Eastern Railway under RE Project Bhubneswar, Total 57 RKM / 94.1 TKMs (Project). CRS Inspection and authorization obtained in March, 2017.

- **Scheme of Arrangement**

  During the year under review, Hon'ble High Court of Bombay vide its order dated 8th July, 2016 has approved the Scheme of Arrangement (merger) between the Company and BF Infrastructure Ventures Limited ('BFIVL'). The Financial Statements of the Company have been restated from April 1, 2015 (Appointed Date) to give effect to the aforesaid transaction.

5. SHARE CAPITAL

During the year under review the company has increased authorized share capital from Rs. 750,000,000/- divided into 75,000,000 equity shares of Rs. 10/- each to Rs. 1,030,000,000/- divided into 103,000,000 equity shares of Rs. 10/- each at Shareholders' meeting held on September 30, 2016. Further, the Authorized Share Capital was increased from Rs. 1,030,000,000/- divided into 103,000,000 equity shares of Rs. 10/- each to Rs. 1,130,000,000/- divided into 113,000,000 Equity shares of Rs. 10/- each at the Shareholders' meeting held on March 23, 2017.

The paid-up Share Capital as at March 31, 2017 stood at Rs. 1,173,417,500/- divided into 95,527,700 Equity Shares of Rs. 10/- each and 21,814,050 6% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each.

Pursuant to the Scheme of Arrangement (merger) between the Company and BF Infrastructure Ventures Limited ('BFIVL'),approved by the Hon'ble High Court of Bombay vide its order dated 8th July, 2016, the Company has issued and allotted 40050000 equity shares of Rs. 10/- each fully paid-up to the eligible Shareholders of BF Infrastructure Ventures Ltd (Transferor Company) on 26th September, 2016.

Further, the Company has issued 16,627,800 Equity Shares of Rs. 10/- each on November 15, 2016 and 11,330,300 Equity shares of Rs. 10/- each on March 29, 2017, ranking pari passu in all respect with existing equity shares. Further 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.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY

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

7. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

The Company has one Joint Venture Company named Ferrovia Transrail Solutions Private Limited (FTSPL) with JV Partner PNC Infratech Limited. The Company has another Associate company named Hospet Bellary Highways Private Limited. The Company has one unincorporated Joint Venture named BFIL-CEC JV with JV Partner Cimechel Electrical Co. The Company did not have any subsidiary company for the period under review.

8. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

9. AUDITORS AND AUDITORS' REPORT

At the Annual General Meeting held on September 3, 2014, M/s. RMA & Associates LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2019. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. RMA & Associates LLP, Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if their appointment is ratified by the shareholder, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Notes on financial statement 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.

10. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "A"** to this report.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Kishore Mukund Saletore (DIN: 01705850), Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year under review and till the date of this report, following changes in Key Managerial Personnel took place:
Mr. Shubham Kandhway resigned from the post of Company Secretary of the Company w.e.f. June 17, 2016. Subsequent to his resignation, Ms. Sneha Modi was appointed as Company Secretary and designated as the Key Managerial Personnel of the Company w.e.f. June 24, 2016.
Further, Mr. Virendra Chand, owing to his personal reasons tendered his resignation from the post of Chief Financial Officer of the Company w.e.f. November 9, 2016. Mr. Vineet was appointed as the Chief Financial officer and designated as the Key Managerial Personnel of the Company w.e.f. April 21, 2017.

There were no other changes in Directors or Key Managerial Personnel.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTOR(S)

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013.

12. NUMBER OF MEETINGS OF THE BOARD

In 2016-17, the Board of the Company met 8 (eight) times on April 29, 2016, May 16, 2016, June 24, 2016, August 26, 2016, September 26, 2016, November 15, 2016, March 7 2017 and March 29, 2017. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

13. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Kishore Mukund Saletore, Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajeev Puranik. All the recommendations made by the Audit Committee were accepted by the Board.

14. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and remuneration Committee comprises of Mr. Kishore Mukund Saletore, Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajeev Puranik. The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, KMPs and Senior Management Personnel and their remuneration. The Nomination and Remuneration policy is annexed herewith as **Annexure "B"** to this report.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a) in the preparation of the annual financial statement for the year ended March 31, 2017, the applicable Accounting Standards have been followed and there were no material departures;
b) the Directors had 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 at March 31, 2017 and of the loss of the Company for the year under review;
c) the Directors had 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) the Directors had prepared the annual accounts on a going concern basis; and
e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. SIGNIFICANT AND MATERIAL ORDERS

During the year under review, approval of the Hon'ble Bombay High Court was received on July 8, 2016 to the on-going Scheme of Arrangement (Merger) between your company and BF Infrastructure Ventures Limited (Transferor company) with effect from the appointed date, i.e. April 1, 2015. The said Scheme became effective upon the filing of copy of the order of Hon'ble Bombay High Court with Registrar of Companies, Pune on September 20, 2016. Besides this, there are no other significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

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

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in notes to the Financial Statements.

18. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations.

Your Company is exposed risk from business risk, market risk and risk from changes in government policies. These risks are assessed and steps as appropriate to be taken to mitigate these risks.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, all contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

The particulars of such transactions are provided in Form AOC-2 which is annexed herewith as **Annexure "C"** to this report. Related Party disclosures as per AS-18 have been provided in Note – 28 to the financial statement.

20. 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 annexed herewith as **Annexure "D"** to this report.

21. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, 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.

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

The details of the employees of the Company in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith as **Annexure "E"** to this report.

23. SECRETARIAL AUDIT

Your Company had appointed M/s. Sachin Soni & Associates, Company Secretaries to carry out Secretarial Audit for the year 2016-17. The detailed report on the same is appended as an **Annexure-F** to this Report. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company.

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

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

25. APPRECIATION

The Board of Directors takes this opportunity to thank all its valued stakeholders, financial institutions, banks, Government and other authorities for their continued support to the Company.

For and on behalf of the Board Of Directors

Place: Pune
Date: May 18, 2017

Sandeep Kapoor
Chairman
DIN: 01235153

Form AOC-1

(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

(Information in respect of each subsidiary to be presented with amounts in Rs.)

S. No.	Particulars	Details
1.	Name of the subsidiary	NIL
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency	NA
4.	Share capital	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	

Notes:

1. Name of the subsidiaries which are yet to commence operations - Nil
2. Name of the subsidiaries which have been liquidated or sold during the year - Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/~~Joint Ventures~~	Ferrovia Transrail Solutions Private Limited	Hospet Bellary Highways Private Limited
1. Latest audited Balance Sheet Date	March 31, 2017	March 31, 2017
2. Shares of Associate/Joint Ventures held by the company on the year end:		
No.	4,900 equity shares	3,500 equity shares
Amount of Investment in Associates/Joint Venture	Rs.49,000/-	Rs.35,000/-
Extend of Holding%	49%	35%
3. Description of how there is significant influence	There is significant influence due to percentage (%) of Share Capital holding.	There is significant influence due to percentage (%) of Share Capital holding.
4. Reason why the associate/joint venture is not consolidated	Consolidated	Consolidated
5. Net worth attributable to shareholding as per latest audited Balance Sheet (in Rs.)	38,193	(129,869,000)
6. Profit/Loss for the year	Rs. 61,972/-	Rs. (32,000)/-
i. Considered in Consolidation	Rs. 30,366/-	Rs.(11,200)/-
ii. Not Considered in Consolidation	Rs. 31,606/-	Rs. (20,800)/-

Notes:

1. Name of the Associates or Joint Ventures which are yet to commence operations- Nil
2. Name of the Associates or Joint Ventures which have been liquidated or sold during the year- Nil

For and on behalf of the Board of Directors

Place: Pune
Date: May 18, 2017

K. M. Saletore
Director

Sandeep Kapoor
Director

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Vineet
Chief Financial Officer

Annexure "A"

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	U45203PN2010PLC136755
ii)	Registration date	July 5, 2010
iii)	Name of the Company	BF INFRASTRUCTURE LIMITED
iv)	Category/Sub category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune-411036, Maharashtra Tel. No. +91 120 463 8000 Fax No. +91 120 463 8099
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

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.	NIL	NIL	NIL

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	100%	Sec 2 (46)
2	Ferrovia Transrail Solutions Private Limited, 14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi – 110001	U45300DL2012PTC239645	Associate	49%	Sec 2(6)
3	Hospet Bellary Highways Private Limited CS 8-10, 6th Floor, Tower A The Corenthum, A-41, Sector 62, Noida Gautam Buddha Nagar UP 201301 India	U45400UP2012PTC048390	Associate	35%	Sec 2(6)
4	BFIL-CEC JV	NA	Associate	74%	Sec 2(6)

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

i) Category-wise Share Holding as of 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 Shares	Demat	Physical	Total	% of Total Shares	
A. **Promoters**									
(1) **Indian**									
a) Bodies Corp.	NIL	67,569,600	67,569,600	100	NIL	95,527,700	95,527,700	100	NA
Sub-total (A) (1):-	NIL	67,569,600	67,569,600	100	NIL	95,527,700	95,527,700	100	NA
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	67,569,600	67,569,600	100	NIL	95,527,700	95,,527,700	100	NA
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**67,569,600**	**67,569,600**	**100**	**NIL**	**95,527,700**	**95,527,700**	**100**	**NA**

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	Bharat Forge Limited with its nominees	27,519,600	100	NIL	95,527,700	100	NIL	NA

ii) Change in Promoters' Shareholding:

Sl. 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	27,519,600*	100	27,519,600	100
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)	Allotment of 40,050,000 Equity Shares on September 26, 2016 pursuant to merger	-	67,569,600	100
		Allotment of 16,627,800 Equity Shares on November 15, 2016	-	84,197,400	100
		Allotment of 11,330,300 Equity Shares on March 29, 2017	-	95,527,700	100
3	At the End of the year	95,527,700	100	95,527,700	100

* During the year under review, Hon'ble Bombay High Court has approved the Scheme of Arrangement (Merger) between Bf Infrastructure Limited and BF Infrastructure Ventures Limited with effect from the appointed date, i.e. 1st April, 2015.

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

Not applicable, since entire share capital is held by Bharat Forge Limited with its nominees who is the promoter of the Company.

iv) Shareholding of Directors and Key Managerial Personnel:

None of the Directors holds any shares in their individual capacity in the Company.

V. INDEBTEDNESS

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

(Amount in Rupees)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at April 1, 2016				
i) Principal Amount	314,167,138	NIL	NIL	314,167,138
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	314,167,138	NIL	NIL	314,167,138
Change in Indebtedness during the financial year				
• Addition	63,329,445			63,329,445

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
• (Reduction)	-			-
Net Change	63,329,445	NIL	NIL	63,329,445
Indebtedness as at March 31, 2017				
i) Principal Amount	377,496,583	NIL	NIL	377,496,583
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	377,496,583	NIL	NIL	377,496,583

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Rohit Gogia, Manager	
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,655,292	1,655,292
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	15,000	15,000
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission:		
	- As a % of Profit		
	- others, specify	-	-
5.	Others, please specify	-	-
Total A		**1,670,292**	**1,670,292**
Ceiling as per the Act			**84,00,000/-***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013*

B. Remuneration to other Director

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
1.	Independent Directors · Fee for attending board / committee meetings		NIL
	· Commission		NIL
	· Others, please specify		NIL
Total (1)			NIL
2.	Other Non-Executive Directors · Fee for attending board / committee meetings		NIL
	Commission:		NIL
	- others, specify		NIL
Total (2)			NIL
Total (B)=(1+2)			**NIL**
Total Managerial Remuneration			**1,670,292**
Overall Ceiling as per the Act			**84,00,000***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013 including any amendment thereto.*

C. Remuneration to other Director

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
1.	Independent Directors · Fee for attending board / committee meetings		NIL
	· Commission		NIL
	· Others, please specify		NIL
Total (1)			NIL
2.	Other Non-Executive Directors · Fee for attending board / committee meetings		NIL
	Commission:		NIL
	- others, specify		NIL
Total (2)			NIL
Total (B)=(1+2)			**NIL**
Total Managerial Remuneration			**1,670,292**
Overall Ceiling as per the Act			**84,00,000***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013 including any amendment thereto.*

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

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Ms. Sneha Modi, Company Secretary*	**Mr. Virendra Chand, Chief Financial Officer****	
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	380,763	237,499	618,262
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	11,542	9,125	20,667
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission:	-	-	-
	- As a % of Profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
Total		392,305	246,624	638,929

*Mr. Shubham Kandhway resigned from the post of Company Secretary w.e.f. June 17, 2016. Subsequently, Ms. Sneha Modi was appointed as Company Secretary of the Company w.e.f June 24, 2016.

**Mr. Virendra Chand resigned as Chief Financial Officer of the Company with effect from November 9, 2016.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure "B"

NOMINATION AND REMUNERATION POLICY OF BF INFRASTRUCTURE LIMITED

The Board of Directors of BF Infrastructure Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on March 31, 2015 with immediate effect, consisting of Three (3) 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. The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as **"KMP")** and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.

1.4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity.

1.7. 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. **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.

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

3.2.1. Appointment Criteria and qualification:

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, Senior

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 Rs. 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 provisions 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 "C"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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	Nil
i	Name(s) of the related party and nature of relationship	Nil
j	Nature of contracts/arrangements/transactions	Nil
k	Duration of the contracts / arrangements/transactions	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	BFIL – CEC JV (Associate)	Ferrovia Transrail Solutions Pvt. Ltd. (Associate)	BF-NTPC Energy Systems Limited (Fellow subsidiary)
b	Nature of contracts/ arrangements/ transactions	Rendering of Services	Rendering of Services	Reimbursement of expenses
c	Duration of the contracts / arrangements/transactions	On-going basis	On-going basis	On-going basis
d	Salient terms of the contracts or arrangements or transactions including the value, if any	On cost to cost basis	On cost to cost basis	On cost to cost basis
e	Date(s) of approval by the Board, if any	NA	NA	NA
f	Amount paid as advances, if any	Rs. 6,920,387/-	Rs. 36,485,691/-	Rs. 600,120/-

For and on behalf of the Board Of Directors

Place: Pune
Date: May 18, 2017

Sandeep Kapoor
Chairman
DIN: 01235153

Annexure "D"

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

a. Steps taken or impact on conservation of energy during 2016-17

The project is under implementation; however, the employees were adequately trained to conserve energy.

b. Steps taken by the Company for utilizing alternate sources of energy
NIL

c. Capital investment on energy conservation equipment
NIL

(B) Technology Absorption, Adaptation and Innovation

(1) Efforts made towards technology absorption, adaptation and innovation
The project was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

(2) Benefits derived as a result of above efforts
The project was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(Amount in Rupees)

Foreign Exchange earned	NIL	NIL
Foreign Exchange used	NIL	NIL
Net Foreign Exchange earned	NIL	NIL

For and on behalf of the Board Of Directors

Place: Pune
Date: May 18, 2017

Sandeep Kapoor
Chairman
DIN: 01235153

Annexure "E"

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2017.

Sr. No	Particulars	Details					
1	Name of Employee	Mr. Rohit Gogia	Mrs. Payal Singh	Ms. Sneha Modi	Mr. Virendra Chand	Mrs. Meha Chaudhary	Mr. Mr. Premangshu Niyogi
2	Designation of Employee	Manager	HR- Head	Company Secretary	Chief Financial Officer	Executive HR	Executive Accounts
3	Remuneration Received	Rs. 1,670,292/-	Rs. 2,264,628/-	Rs. 392,305/-	Rs. 246,624/-*	Rs. 274,404/-	Rs. 345,024/-
4	Nature of employment, whether contractual or otherwise	Permanent employee	Permanent employee	Permanent employee	Permanent employee	Permanent employee	Permanent employee
5	Qualification & Experience of Employee	Chartered Accountant 16 years	Diploma in Business Management 19 years	CS, B.com 3 years	B.Com; PGDSCM; SAP 7 years	MBA HR, 4 years	B.Sc. 3 years
6	Date of commencement of employment	05.01.2013	01.04.2014	24.06.2016	22.09.2014	21.07.2014	02.09.2013
7	Age of such Employee	42 years	43 Years	27 years	29 years	29 Years	28 Years
8	The last employment held by such employee before joining the Company	Globus Pharmachem	Wings Biotech, New Delhi	Shilpi Cable Technologies Limited, New Delhi	Bharat Forge Limited, Noida	M/s Capital Power Infrastructure Ltd., Noida	None
9	The percentage of equity share held by such employee, if any	-	-	-	-	-	-
10	Whether such employee is a relative of any Director or manager of the Company and if so, name of such director or manager	None	None	None	None	None	None

***Mr. Virendra Chand resigned from the post of Chief Financial Officer w.e.f. November 4, 2016.**

Annexure-"F"

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,
BF Infrastructure Limited
Mundhwa, Pune Cantonment
Pune- 411036, Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BF Infrastructure 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 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 they are made applicable);

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; [**Not Applicable as the Equity shares of the Company are in physical form]**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **[Not applicable as the Company has not received any Foreign Direct Investment or made any Foreign Direct Investment]**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') :- [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

   (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **;**
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015
   (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Shared Based Employees Benefits) Regulations, 2014 notified on 28th October, 2014;
   (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   (d) 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;
   (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
   (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) No law is specifically applicable to the Company.

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

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015 [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

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 except in some cases where Board meetings were held at a short notice to transact urgent business 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 adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and

We further report that during the audit period following events/actions have taken place:

- **Merger / amalgamation / reconstruction, etc.-** During the year under review, Hon'ble High Court of Bombay vide its order dated 8th July, 2016 approved the Scheme of Arrangement (merger) between the Company ('Transferee Company') and BF Infrastructure Ventures Limited ('BFIVL' being Transferor Company) and the said merger became effective from 20th September, 2016.

- **Issue of Equity shares on right basis:**

No of shares	Face value	Total amount (in Rs.)	Date of allotment
16627800	Rs. 10/-	16,62,78,000	November 15, 2016
11330300	Rs. 10/-	11,33,03,000	March 29, 2017

For Sachin Soni & Associates
Company Secretaries

Sachin Soni
Proprietor
ACS No.: 40400
CP No.: 15190

Place: New Delhi
Date: May 18, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of BF Infrastructure Limited

Report on the standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of BF Infrastructure 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 state of affairs (financial position), profit or loss (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 Rule 7 of the Companies (Accounts) Amendment Rules, 2016and the Companies (Indian Accounting Standards) Amendment Rules, 2016. 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 [but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls]. 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.

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 loss 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 A** 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 Rule 7 of the Companies (Accounts) Amendment Rules, 2016and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

(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 B" 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) Amendment Rules, 2017, 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 25 to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in Note 29 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 enquiries, test check of the books of account and other details maintained by the Company 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.

Other Matter

We draw your attention to the following matters in the Notes to the financial statements:

Note Z 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 INR Nil. Our opinion is not qualified in respect of this matter.

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, on which auditor expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N

CA Deepak Gupta
Partner
M.No. 081535

Place of Signature: Delhi
Date: May 18, 2017

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended 31th March,2017:

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

(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) No immovable property is held in the name of the company, hence this clause is not applicable.

2) There is no Inventory in the company, hence clause 2(a) and 2(b) is not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues on the last day of the financial year concerned (31.03.2017) for a period of more than six months from the date they became payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not availed any term loan from banks/financial institutions; hence this clause is not applicable on it.

9) Based on the audit procedures performed and information and explanations given to us by the management, the company has not raised moneys raised by way of initial public offer or further public offer (including debt instruments) an term loans .Hence the provisions of clause 3(ix) of the Order are not applicable to the company.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

12) The Company is not a Nidhi Company. Hence this clause is not applicable on it.

13) In our opinion, all transactions with the related parties are in compliance with section177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and 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. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For RMA & Associates LLP
Chartered Accountants
FRN:000978N

CA Deepak Gupta
Partner
M.No. 081535

Place of Signature: Delhi
Date: May 18, 2017

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements Of BF Infrastructure Limited

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 BF Infrastructure Limited as of 31th March, 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. 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 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.

Auditors' 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 judgment, 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 Company's 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 31th March, 2017, based on our audit procedures.

For RMA & Associates LLP
Chartered Accountants
FRN:000978N

CA Deepak Gupta
Partner
M.No. 081535

Place of Signature: Delhi
Date: May 18,2017

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Balance Sheet as at 31st March , 2017

(Amount in Rupees)

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	202,381	289,103	555,754
Other intangible assets	3	68,258	230,727	471,182
Intangible Assets Under Development	4	534,468,011	169,692,615	110,545,675
Financial assets				
Investments	5	84,000	84,000	43,820,689
Deffered Tax Assets	18	1,117,253	-	569,552
Other non-current assets	6	56,761,246	62,689,831	55,349,691
II. Current assets				
Inventories				
Financial assets				
Trade receivables	7	-	-	122,110,023
Cash and cash equivalent	8	1,227,892	1,416,995	638,462
Loans	9	410,920,119	337,932,032	324,846,244
Other current financal assets	10	5,176,464	5,679,066	3,803,317
Total Assets		**1,010,025,624**	**578,014,369**	**662,710,588**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	955,277,000	675,696,000	598,415,000
Other equity				
Retained earnings	12	(754,519,728)	(721,291,506)	(689,539,112)
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings				
Preference Share capital	11	218,140,500	218,140,500	218,140,500
Provisions	13	688,254	1,014,367	628,000
Deferred tax liabilities (net)	18	-	105,907	-
Others Non Current Liabilities	16	421,622	281,192	977,600
Current liabilities				
Financial liabilities				
Borrowings	14	377,496,583	314,167,138	284,489,961
Trade payables	15	93,299,670	1,614,635	122,842,436
Other Current liabilities	16	119,194,281	88,255,291	125,861,291
Provisions	17	27,442	30,844	894,912
Total		**1,010,025,624**	**578,014,369**	**662,710,588**

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:-01235153

Deepak Gupta
Partner
Membership No 081535

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: 18-05-2017

Vineet
Chief Finance Officer

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Profit and Loss Account for the Year Ended March 31, 2017

Particulars	Note No.	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Revenue			
Revenue from operations	**19**	-	-
Other income	**20**	5,381,830	4,852,955
Total Revenue		**5,381,830**	**4,852,955**
Expenses:			
Project Expenses	**21**	-	-
Employee benefits expenses	**22**	5,457,587	11,437,036
Depreciation and amortization expenses	**3**	249,192	583,095
Finance costs	**23**	10,464,968	1,863,162
Other Expenses	**24**	23,533,628	9,401,430
Total Expenses		**39,705,375**	**23,284,723**
Profit before exceptional items & tax		(34,323,545)	(18,431,768)
Exceptional items			
Extraordinary Items			
Loss on sale of Investment			12,859,373
		(34,323,545)	(31,291,140)
Profit before tax		(34,323,545)	(31,291,140)
Tax expense:			
Current tax		-	-
Deferred tax		1,223,160	(675,459)
Profit for the period from continuing operation		(33,100,385)	(31,966,599)
Profit/ (Loss) from discontinuing operations			
Profit/(Loss) for the period (I)		**(33,100,385)**	**(31,966,599)**
Other Comprehensive Income			
(A) (i)Items that will not be reclassified to Profit and loss		(127,837)	209,040
(ii) income tax relating to the item			
(B) (i) items that will be classified to the Profit and loss			
(ii) Income tax relating to the item			
Total Other comprehensive income (II)		**(127,837)**	**209,040**
Total Comprehensive income for the period (I)+(II)		**(33,228,222)**	**(31,757,559)**
Earnings per equity share			
[Nominal Value of share Rs. 10 (March 31 , 2017 Rs. 10)			
Basic		(0.35)	(0.47)
Diluted		(0.35)	(0.47)

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:-01235153

Deepak Gupta
Partner
Membership No 081535

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: 18-05-2017

Vineet
Chief Finance Officer

Ferrovia Transrail Solutions Pvt. Ltd.
CIN NO:- U45300DL2012PTC239645
Statement of changes in equity for the year ended March 31, 2017

a. Equity Share capital

	Number of shares	Amount Rs.
Equity shares of Rs. 10 each issued, subscribed and fully paid up		
Balance as at April 1, 2015	59,841,500	598,415,000
Changes in equity share capital during the year	7,728,100	77,281,000
Balance as at March 31, 2016	**67,569,600**	**675,696,000**
Changes in equity share capital during the year		
a. issue of equity shares	27,958,100	279,581,000
Balance as at March 31, 2017	**95,527,700**	**955,277,000**

b. Other equity

	Reserve and surplus	OCI	Total
		Reimburshment of Define Benefits Plans	
	Retained earnings Rs.	Rs.	Rs.
Balance as at April 1, 2015	**(689,539,112)**		**(689,539,112)**
Prilimiary Expenses Written Off during the year	5,165		5,165
Profit for the year	(31,966,599)	-	**(31,966,599)**
Total Comprehensive Income for the year	-	209,040	**209,040**
Balance as at March 31, 2016	**(721,500,546)**	**209,040**	**(721,291,506)**
Profit for the year	(33,100,385)	-	(33,100,385)
Total Comprehensive Income for the year	-	(127,837)	(127,837)
Balance as at March 31, 2017	**(754,600,931)**	**81,203**	**(754,519,728)**

The accompanying notes form an intergral part of financial statements

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

For and on behalf of the board of directors

Deepak Gupta
Partner
Membership No 081535

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:-01235153

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: New Delhi
Date: 18-05-2017

Vineet
Chief Finance Officer

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Cash Flow Statement for the year Ended 31st March, 2017

(Amount in Rupees)

Sr. No.	Particulars	For the Year Ended March 31, 2017		For the Year Ended March 31, 2016	
A	**Cash Flow from Operations**				
	Profit before Taxation		**(34,323,545)**		**(31,291,140)**
	Adjustments for:				
	Depreciation	249,192		583,095	
	Finance Charges	10,464,968		1,863,162	
	Interest Income	(704,386)		(254,137)	
	Items that will not be reclassified to Profit and loss	(127,837)	**9,881,937**	209,040	**2,401,160**
	Operating Profit before Working Capital Changes		**(24,441,608)**		**(28,889,980)**
	(Increase)/Decrease in Current Assets				
	Misc. Expenditure Written off	-		5,165	
	Trade Receivables	-		122,110,023	
	Other Current Assets	502,602		(1,875,749)	
	Other Non-current Assets	5,928,585		(7,340,140)	
	Short-term Loans and Advances	(72,988,087)	**(66,556,900)**	(13,085,787)	**99,813,512**
	Increase/(Decrease) in Current Liabilities				
	Trade Payables	91,685,035		(121,227,801)	
	Other Current Liabilities	30,938,990		(37,606,000)	
	Other Long Term Liabilities	140,430		(696,408)	
	Long Term Provision	(326,113)		386,367	
	Short Term Provision	(3,402)	**122,434,940**	(864,068)	**(160,007,910)**
	Cash Inflow/(Outflow) from Operations		**31,436,432**		**(89,084,378)**
	Direct Taxes Paid				
	Income Tax Paid		-	-	
	Income Tax for Earlier years Written Back		-	-	-
	Net Cash Inflow/ (Outflow) from Operation (A)		**31,436,432**		**(89,084,378)**
B	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets		-		(75,990)
	Increase in Intangible Assets Under Development		(364,775,396)		(59,146,940)
	Increase in Investment		-		43,736,689
	Interest Income		704,386		254,137
	Net Cash Inflow/ (Outflow) from Investing Activities (B)		**(364,071,010)**		**(15,232,105)**
C	**Cash Flow from Financing Activities**				
	Increase in Share Capital		279,581,000		77,281,000
	Finance Charges		(10,464,968)		(1,863,162)
	Net Cash Inflow/(Outflow) from Financing Activities (C)		**269,116,032**		**75,417,838**
	Net Change in Cash or Cash Equivalents during the Year		(63,518,547)		(28,898,644)
	Cash and Cash Equivalents at the beginning of the year		(312,750,144)		(283,851,499)
	Cash and Cash Equivalents at the end of the year		**(376,268,691)**		**(312,750,144)**

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:-01235153

Deepak Gupta
Partner
Membership No 081535

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: 18-05-2017

Vineet
Chief Finance Officer

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

3. Fixed Assets **(Amount in Rupees)**

	Tangible				Intangible		
	Office equipments	Furniture and fixtures	Computers	Sub Total	Software	Website	SubTotal
Cost or Deemed Cost							
As at April 01, 2015	**311,892**	**232,148**	**11,714**	**555,754**	**377,155**	**94,027**	**471,182**
Additions	-	-	75,990	75,990	-	-	-
Disposals	-	-	-	-	-	-	-
As at March 31, 2016	**311,892**	**232,148**	**87,704**	**631,744**	**377,155**	**94,027**	**471,182**
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
As at March 31, 2017	**311,892**	**232,148**	**87,704**	**631,744**	**377,155**	**94,027**	**471,182**
Accumulated Depreciation							
As at April 01, 2015				-			-
Charge for the year	68,227	222,859	51,555	342,640	180,018	60,437	240,455
Disposals					-	-	-
At March 31, 2016	**68,227**	**222,859**	**51,555**	**342,640**	**180,018**	**60,437**	**240,455**
Charge for the year	15,811	48,080	22,832	**86,723**	128,879	33,590	162,469
Other adjustments	(154,632)	154,632	-	-	-	-	-
Disposals		-		-			-
At March 31, 2017	**238,669**	**116,307**	**74,387**	**429,363**	**308,897**	**94,027**	**402,924**
Carrying Amount							
As at April 01, 2015	**311,892**	**232,148**	**11,714**	**555,754**	**377,155**	**94,027**	**471,182**
As at March 31, 2016	**243,665**	**9,289**	**36,149**	**289,103**	**197,137**	**33,590**	**230,727**
As at March 31, 2017	**73,223**	**115,841**	**13,317**	**202,381**	**68,258**	**-**	**68,258**

3.1 Net Book Value **(Amount in Rupees)**

	Tangible				Intangible		
	Office equipments	Furniture and fixtures	Computers	Sub Total	Software	Website	SubTotal
As at April 01, 2015	311,892	232,148	11,714	**555,754**	377,155	94,027	**471,182**
As at March 31, 2016	243,665	9,289	36,149	**289,103**	197,137	33,590	**230,727**
As at March 31, 2017	73,223	115,841	13,317	**202,381**	68,258	-	**68,258**

3.2 The Information regarding gross block of assets and accumulated depriciation under previous GAAP is as follows: **(Amount in Rupees)**

	Tangible				Intangible		
	Office equipments	Furniture and fixtures	Computers	Sub Total	Software	Website	SubTotal
As at April 01, 2015							
Gross Block	1,614,388	529,377	23,112	**2,166,877**	2,118,966	581,970	**2,700,936**
Accumulated Depriciation	1,302,496	297,229	11,398	**1,611,123**	1,741,811	487,943	**2,229,754**
Net Block	**311,892**	**232,148**	**11,714**	**555,754**	**377,155**	**94,027**	**471,182**
As at March 31, 2016							
Gross Block	1,614,388	529,377	99,102	**2,242,867**	2,118,966	581,970	**2,700,936**
Accumulated Depriciation	1,370,723	520,088	62,953	**1,953,764**	1,921,829	548,380	**2,470,209**
Net Block	**243,665**	**9,289**	**36,149**	**289,103**	**197,137**	**33,590**	**230,727**

Note:
The Company has elected to continue with the carrying value of all of its plant and equipment as at the transition date, viz., 1 April 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

(Amount in Rupees)

4) Intangible Assets Under Development	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Oil and Gas Exploration	534,468,011	169,692,615	110,545,675
Total	**534,468,011**	**169,692,615**	**110,545,675**

5) Non Current Investment	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(i) Investments in Equity Instruments			
Ferrovia Solutions Private Limited			
(4,900 Equity Shares @ Rs 10)	49,000	49,000	49,000
Hospet Bellary Highways Private Limited			
(3,500 Equity Shares @ Rs 10)	35,000	35,000	-
David Brown Bharat Forge Gear Systems Limited	-	-	43,771,689
Total	**84,000**	**84,000**	**43,820,689**

6) Non Current Assets	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Taxes and Duties including VAT	37,214,762	37,178,009	37,622,040
Income Tax Refundable	15,184,690	15,184,690	11,407,631
TDS Receivable	4,361,794	10,327,132	6,320,020
Total	**56,761,246**	**62,689,831**	**55,349,691**

7) Trade Receivables	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured considered good unless stated otherwise	-	-	122,110,023
Outstanding for a period exceeding six months from the date they became due for payment:			
Total	**-**	**-**	**122,110,023**

8) Cash and Bank Balances	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and Cash Equivalents			
Balances with Banks			
In Current Accounts	1,163,620	1,354,919	593,254
Cash in Hand	64,272	62,075	45,208
Total	**1,227,892**	**1,416,995**	**638,462**

9) Short term Loans and Advances	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
To Related Parties considered good	410,920,119	328,182,032	315,096,244
Others			
Unsecured Considered Good	-	9,750,000	9,750,000
Total	**410,920,119**	**337,932,032**	**324,846,244**

(Amount in Rupees)

10) Other Current Financial Assets	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Prepaid Expenses	31,945	56,240	333,359
Security Deposits	3,673,180	3,452,168	3,285,848
Gratuity Fund with LIC	1,471,339	124,110	124,110
Other Current Assets	-	2,046,548	60,000
TOTAL	**5,176,464**	**5,679,066**	**3,803,317**

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

11. Share Capital

As at	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorized Shares (No.)	1,130,000,000	750,000,000	750,000,000
113,000,000 shares of par value of Rs.10/- each (Previous year 7,50,00,000 shares of par value of Rs.10/- each)			
2,20,00,000 Non Cumulative Redemable Preference shares of par value of Rs.10/- each (Previous Year - 2,20,00,000 Non Cumulative Redemable Preference shares of par value of Rs.10/-	220,000,000	220,000,000	220,000,000
Total	**1,350,000,000**	**970,000,000**	**970,000,000**
Issued , Subscribed and Fully Paid up (No.)			
95,527,700 shares of par value of Rs.10/- each fully paid up (Previous year 5,98,41,500shares of par value of Rs.10/- each fully paid-up)	955,277,000	598,415,000	598,415,000
2,18,14,050 Non Cumulative Redemable Preference shares of par value of Rs.10/- each fully paid up (Previous Year - 2,18,14,050 Non Cumulative Redemable Preference shares of par value of Rs.10/- each fully paid up)	218,140,500	218,140,500	218,140,500
Total Issued , Subscribed and Fully Paid up Capital	**1,173,417,500**	**816,555,500**	**816,555,500**

(a) Reconciliation of the shares outstanding at the beginning

Equity Shares	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No.	In Rs.	No.	In Rs.	No.	In Rs.
At the begining of the year	67,569,600	675,696,000	59,841,500	598,415,000	59,841,500	598,415,000
Issued During the year	27,958,100	279,581,000	7,728,100	77,281,000	-	-
Outstanding at the year end	95,527,700	955,277,000	67,569,600	675,696,000	59,841,500	598,415,000

Preference Shares	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No.	In Rs.	No.	In Rs.	No.	In Rs.
At the begining of the year	21,814,050	218,140,500	21,814,050	218,140,500	21,814,050	218,140,500
Issued During the year						
Outstanding at the year end	21,814,050	218,140,500	21,814,050	218,140,500	21,814,050	218,140,500

(b) Terms rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ` 10/- 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

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.

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

Out of Equity and Preference shares issued by the company , shares held by its holding company are as below :

Details of Equity Shares held by holding company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No.	% Holding	No.	% Holding	No.	% Holding
Bharat Forge Limited	95,527,694	100%	67,569,594	100%	59,841,494	100%
Total	**95,527,694**	**100%**	**67,569,594**	**100%**	**59,841,494**	**100%**

Details of Preference Shares held by holding company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No.	% Holding	No.	% Holding	No.	% Holding
Bharat Forge Limited	21,814,050	100%	21,814,050	100%	21,814,050	100%
Total	**21,814,050**	**100%**	**21,814,050**	**100%**	**21,814,050**	**100%**

(d) Aggregate number of bonus shares issued, shares issued for period of five years immediately preceding 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 preceding reporting date.

e) Details of Equity Shareholders holding more that 5% shares

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No.	% Holding	No.	% Holding	No.	% Holding
Bharat Forge Limited	95,527,694	100%	67,569,594	100%	59,841,494	100%
Total	**95,527,694**	**100%**	**67,569,594**	**100%**	**59,841,494**	**100%**

Details of Preference Shareholders holding more that 5% shares

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No.	% Holding	No.	% Holding	No.	% Holding
Bharat Forge Limited	21,814,050	100%	21,814,050	100%	21,814,050	100%
Total	**21,814,050**	**100%**	**21,814,050**	**100%**	**21,814,050**	**100%**

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

(Amount in Rupees)

12) Reserves and Surplus	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance as per last Financial Statement	(721,291,506)	(689,539,112)	(689,539,112)
Add: Net Profit/Loss for the year	(33,228,222)	(31,757,559)	-
Add: Misc Expenditure Written Off	-	5,165	-
Closing Balance	**(754,519,728)**	**(721,291,506)**	**(689,539,112)**

13) Long Term Provisions	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Employee Benefits			
Provision for Gratuity	402,767	478,804	368,000
Provision for Leave Encashment	285,487	535,563	260,000
Total	**688,254**	**1,014,367**	**628,000**

14) Short Term Borrowings	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash Credit from Bank (Secured)	377,496,583	314,167,138	284,489,961
Total	**377,496,583**	**314,167,138**	**284,489,961**

Cash Credit from bank is secured against hypothecation of fixed assets and current assets such as stocks of raw material, semi finished, finished goods, work in progress, consumable stores and spares, book debts etc.Cash credit is repayable on demand.

15) Trade Payables	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Payables	92,593,721	509,878	121,705,418
Other Current Liabilities	424,455	749,660	819,035
Provision for Expenses	281,494	355,097	317,983
TOTAL	**93,299,670**	**1,614,635**	**122,842,436**

16) Other Liabilities	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Due to Holding Company	119,194,281	88,255,291	125,861,291
Total	**119,194,281**	**88,255,291**	**125,861,291**
Duties and Taxes	421,622	281,192	977,600
Total	**421,622**	**281,192**	**977,600**

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

(Amount in Rupees)

17) Short Term Provisions	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for Gratuity	4,540	5,290	237,000
Provision for Leave Encashment	22,902	25,554	657,912
	27,442	**30,844**	**894,912**

BF Infrastructure Limited

CIN NO:- U45203PN2010PLC136755

Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

(Amount in Rupees)

18) Deferred Tax Liability / (Asset)	As at March 31, 2017	As at March 31, 2016
Deferred Tax Liability		
On account of timing difference in		
Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting	-	105,907
Deferred Tax Asset		
On account of timing difference in		
Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting	(1,117,253)	
Net Deferred Tax Liability /(Asset)	**(1,117,253)**	**105,907**
Net Deferred Tax Profit/(Loss) recognized in Statement of Profit & Loss Account	**1,223,160**	**(675,459)**

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

(Amount in Rupees)

19) Revenue from operations	For the Year Ended March 31,	For the Year Ended March 31,
Contract Revenue	-	-
Sale of Products	-	-
	-	-

Disclosure pursuant to IND AS-11 'Construction Contracts'

(Amount in Rupees)

Particulars	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Contract Revenue Recognized during the period	Nil	Nil
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	Nil	Nil
Amount of customer advances outstanding for contracts in progress up to the reporting date	Nil	Nil
Retention amount due from customers for contract in progress up to the reporting date	Nil	Nil
Due from customers	Nil	Nil
Due to customers	Nil	Nil

20 .Other Income	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Interest Income	704,386	254,137
Other Income	131,320	4,540
Management Consultancy Fees	4,546,124	4,594,278
Total	5,381,830	4,852,955

21. Project Expenses	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Project Expenses	-	-
TOTAL	-	-

22. Employee Benefits Expenses	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Employee Benefits Expenses		
Salaries, wages and bonus (including managing and whole time director's remuneration)	6,509,241	10,666,887
Contributions to		
- Provident fund	355,481	591,278
- Gratuity fund	(1,407,135)	178,871
- Special Gratuity fund		
Total	**5,457,587**	**11,437,036**

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

(Amount in Rupees)

23) Finance Cost	For the Year Ended March 31,	For the Year Ended March 31,
Bank Charges	1,848,012	46,526
BG Commission	-	10,177
Interest Expenses	8,616,956	1,806,459
TOTAL	**10,464,968**	**1,863,162**

24) Other Expenses	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Office and Administration Expenses	532,572	492,214
Insurance Expenses	159,725	433,591
Legal & Professional Expenses	2,284,231	1,159,772
Retainership Fees	4,865,674	5,301,129
Guest House Rent & maintence Expenses	360,094	395,152
Travel & Conveyance	1,226,444	1,034,796
Payment to Auditors	235,000	264,046
Other Expenses	-	320,730
Miscellaneous Expenses	13,869,888	-
Total	**23,533,628**	**9,401,430**

Payment to Auditors	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
As auditors		
- Audit Fee	235,000	264,046
- Other (Including Certification Fee)	-	-
Total	**235,000**	**264,046**

BF Infrastructure Limited

CIN NO:- U45203PN2010PLC136755

Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

(Amount in Rupees)

25) Contingent Liabilities	For the Year Ended March 31,	For the Year Ended March 31,
Bank Guarantees		
Bank Guarantees Extended for Project/Oil Business	208,473,362	213,473,362
Claims against the company not acknowledged as Debts- to the extent ascertained*#	10,000,000	10,000,000
Sales Tax Demand-Matters under dispute #	13,726,771	13,726,771
Total	**232,200,133**	**237,200,133**

*# The claim against the company comprises of dues in respect of local taxes.

\# The company is contesting the damands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appllate process. No tax expense has been accrued in the financial statements for the tax demand raised.

26. Significant accounting estimates and assumptions

The preparation of the financial statements of the Company requires management to make estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures, and 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.

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. The key estimates and assumptions used in the preparation of financial statements are as follows:

The Company has elected to use carrying amount of all its property, plant and equipment as deemed cost as measured in previous GAAP and use that as deemed cost on the date of transition. In respect of assets elected to as per the Ind AS 16. However, the management performed an impairment evaluation of the property, plant and equipement and observed the relisable value / value in use of the property, plant and equipement are more than the carrying value.

BF Infrastructure Limited
CIN NO:- U45203PN2010PLC136755
Notes to Accounts of Financial Statements for the Year Ended March 31, 2017

Note No. 27 to the Financial Statements

Related Party Disclosure:
Name of related parties and related parties relationship

Holding Company	Bharat Forge Limited	
Joint Ventures of Company	Ferovia Transrail Solution P. Ltd.	
	BFIL-CEC JV (Associate)	
Fellow Subsidiary	BF-NTPC Energy Systems Ltd.	
Key Managerial Persons	Mr. Kishore Mukund Saletore	(Director)
	Mr. Sandeep Kapoor	(Director)
	Mr. Rohit Gogia	(Manager)
	Mr. Shubham Kandhway	(Company Secretary, till 16th June, 2016)
	Ms. Sneha Modi	(Company Secretary .Appointed w.e.f 24th June, 2016)
	Mr. Virendra Chand	(Chief Financial Officer (till 8th November, 2016)

(Amount in Rupees)

Sr.No.	**Nature of Transaction**	**Name of Related Party and Nature of Relationship**	**For the Year Ended March 31, 2017**	**For the Year Ended March 31, 2016**
1	**Services Rendred**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	3,667,734	4,238,680
		Total	**3,667,734**	**4,238,680**
		Joint Ventures		
		1. BFIL-CEC JV	1,560,309	1,021,769
		Total	**1,560,309**	**1,021,769**
2	**Reimburshment of Expenses**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	32,817,957	33,226,150
		2. BF-NTPC Energy Systems Limited	600,120	600,000
		3. Bharat Forge Limited	304,881,000	70,116,900
		Total	**338,299,077**	**103,943,050**
		Joint Ventures		
		1. BFIL-CEC JV	5,360,078	5,611,699
		Total	**5,360,078**	**5,611,699**
3	**Investments**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	49,000	49,000
		2. Hospet Bellary Highways Private Limited	35,000	35,000
		Total	**84,000**	**84,000**
4	**Advance Given**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	311,986,783	249,309,757
		2. BF-NTPC Energy Systems Limited	737,850	11,675,170
		2. BFIL-CEC JV	92,354,856	61,139,206
		Total	**405,079,489**	**322,124,133**
Sr.No.	**Balance Outstanding as at Year ended**			
1	**Towards Services Rendered**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	3,667,734	4,238,680
		Total	**3,667,734**	**4,238,680**
		Joint Ventures		
		1. BFIL-CEC JV	1,560,309	1,021,769
		Total	**1,560,309**	**1,021,769**
2	**Towards Reimburshment of Expenses**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	311,986,783	249,309,757
		2. BF-NTPC Energy Systems Limited	600,000	600,000
		3. Bharat Forge Limited	83,000,000	57,700,000
		Total	**395,586,783**	**307,609,757**
		Joint Ventures		
		1. BFIL-CEC JV	92,354,856	61,139,206
		Total	**92,354,856**	**61,139,206**

28 Effect of Ind AS adoption on the statement of cash flow for the year ended March 31, 2016

Particulars	Notes	As at March 31, 2016		
		Previous GAP	Effect of transaction into IND AS	As per IND AS balance sheet
		Rs.	Rs.	Rs.
Net cash flow from operating activities		(46,122,929)	(42,961,449)	(89,084,378)
Net cash flow from investing activities		(110,990)	(15,121,115)	(15,232,105)
Net cash flow from financing activities		46,224,826	29,193,012	75,417,838
Net increase(decrease) in cash and cash equivalents		**(9,093)**	**(28,889,551)**	**(28,898,644)**

28.1 Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flow under Ind AS

	As at March 31, 2016	As at April 1, 2015
	Rs.	Rs.
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	**1,416,995**	**638,462**
Adjustment	-	-
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS	**1,416,995**	**638,462**

29 Disclsoure 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 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
	Rs.	Rs.	Rs.
Closing cash in hand as on November 8, 2016	34,000	1,748	35,748
(+) Permitted receipts	-	110,800	110,800
(-) Permitted payments	-	59,459	59,459
(-) Amount deposited in Banks	34,000	-	34,000
Closing cash in hand as on December 30, 2016	**-**	**53,089**	**53,089**

* 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 8th November, 2016.

30 First time Ind AS adoption reconciliations

30.1 Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

Particulars	Notes	As at March 31, 2016			As at April 1, 2015		
		Previous GAP	Effect of transaction into IND AS	As per IND AS balance sheet	Previous GAP	Effect of transaction into IND AS	As per IND AS balance sheet
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-current assets							
Property, plant and equipment		170,212,445	-	170,212,445	111,572,610	-	111,572,610
Deferred Tax Assets		-	-	-	569,552	-	569,552
Investment		84,000	-	84,000	43,820,689	-	43,820,689
Other Non-Current Assets		62,689,831	-	62,689,831	55,349,691	-	55,349,691
Total non-current assets		**232,986,276**	**-**	**232,986,276**	**211,312,542**	**-**	**211,312,542**
Current assets							
Cash and cash equivalent		1,416,995	-	1,416,995	638,462	-	638,462
Trade Receivables		-	-	-	122,110,023	-	122,110,023
Loans & Advances		337,932,032	-	337,932,032	324,846,244	-	324,846,244
Other current assets		5,679,066	-	5,679,066	3,803,317	-	3,803,317
Total Current assets		**345,028,092**	**-**	**345,028,092**	**451,398,046**	**-**	**451,398,046**
Total assets		**578,014,369**	**-**	**578,014,369**	**662,710,588**	**-**	**662,710,588**
Equity							
Equity share capital		675,696,000	-	675,696,000	598,415,000	-	598,415,000
Other equity		(721,291,506)	-	(721,291,506)	(689,539,112)	-	(689,539,112)
Total equity		**(45,595,506)**	**-**	**(45,595,506)**	**(91,124,112)**	**-**	**(91,124,112)**
Non-current liabilities							
Preference Share Capital		218,140,500	-	218,140,500	218,140,500	-	218,140,500
Deferred Tax Liabilities		105,907	-	105,907	-	-	-
Long term provisions		1,014,367	-	1,014,367	628,000	-	628,000
Other non-current liabilities		281,192	-	281,192	977,600	-	977,600
Total non-current liabilities		**219,541,966**	**-**	**219,541,966**	**219,746,100**	**-**	**219,746,100**
Trade payables		1,614,635	-	1,614,635	122,842,436	-	122,842,436
Borrowings		314,167,138	-	314,167,138	284,489,961	-	284,489,961
Provisions		30,844	-	30,844	894,912	-	894,912
Other current liabilities		88,255,291	-	88,255,291	125,861,291	-	125,861,291
Total current liabilities		**404,067,908**	**-**	**404,067,908**	**534,088,600**	**-**	**534,088,600**
Total equity and liabilities		**578,014,369**	**-**	**578,014,369**	**662,710,588**	**-**	**662,710,588**
		-	-	-	-	-	-

30.2 Reconcilation of total equity as at March 31, 2016 and April 01, 2015

	Notes	As at March 31, 2016	As at April 1, 2015
		Rs.	Rs.
Total equity (Shareholders' funds) under the previous GAAP		(45,595,506)	(91,124,112)
Adjustment		-	-
Total equity under Ind AS		**(45,595,506)**	**(91,124,112)**

Notes to Financial statements for the year ended March 31, 2017

1 Corporate information

BF Infrastructure Limited (BFIL) is 100% subsidiary company of the world's largest forging giant – Bharat Forge Limited. BFIL has emerged out of the diversification scheme of Kalyani Group Company - Bharat Forge Limited. BF Infrastructure Limited, has been formed for the purpose of carrying out the business in India or abroad as Engineering, Procurement and Construction (EPC) contractors, Civil contractors and to carry out the business of manufacturing, assembling, installing, repairing, covering- buying, selling, exchanging, altering, Importing, exporting, hiring, for infrastructure projects in energy, power, oil & gas, transport, air-ways, toll ways, water ways, road, highway, port, culvert, hotels, hospitals, housing projects, railways etc. The company's CIN is U45203PN2010PLC136755.

2 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. For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance 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 31 March 2017 are the first the Company has prepared in accordance with Ind AS.

Significant accounting policies:-

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

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 or revalued amount:

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

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 equivalent 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 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.

a. Foreign currencies

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

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.

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 profit or loss are also recognised in OCI or profit or loss, respectively).

In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, 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.

b. Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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
- Financial instruments (including those carried at amortised cost)

c. 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 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.

The Company assumes 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.

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.

d. Sale of goods

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.

e. Dividends

Revenue is recognised when the Company’s right to receive the payment is established, which is generally when shareholders approve the dividend.

f. Profit / loss on sale of investment

Profit / loss on sale of investment is recognized when all the significant risks and rewards of ownership in investment is transferred.

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 profit or loss is recognised outside profit or 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 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.

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 relating to items recognised outside profit or loss is recognised outside profit or 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on “Accounting for Credit Available in respect of Minimum Alternative Tax” under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

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

h. Non-current assets held for sale/ distribution to owners and discontinued operations

The Company classifies non-current assets and disposal Company's as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution 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/ distribution classification is regarded met only when the assets or disposal Company is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal Company's), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale/ distribution of the asset or disposal Company to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal Company),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal Company) 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 Company's 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.

A disposal Company 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 21. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

i. Property, plant and equipment

Property plant and equipment, capital work in progress and investment property 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 factory cost, including 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 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 profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

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

The Management's estimates of the useful lives of various fixed assets are given below:

Type of assets	Estimated useful life
Office Equipment	5 years
Furniture & Fixture	10 years
Computer	3 years
Software	3 years
Website	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period

Leasehold land is amortised on the straight line method over period of the lease. Freehold land is carried at cost.

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

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 de recognition 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.

j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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.

k. Borrowing costs

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

l. Inventories

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

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

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

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.

m.OIL Acquisition, Exploration and Development Costs

Company is following Full Cost Method (FCM) for valuing oil Acquisition , Exploration and Development cost.

Under FCM all the costs pertaining to acquisition , exploration and development is treated as project work in progress or Intangible asset under development.

n. 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of 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 recognized s finance cost.

o. Employee Benefits:

Retirement benefit in the form of provident fund 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, for example, a reduction in future payment or a cash refund.

The Company operates one defined benefit plan for its employees, viz., gratuity. The cost of providing benefit under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

The following table summarises the components of net expense recognised in the income statement and amounts recognised in the balance sheet for Gratuity:

The amounts recognized in the income statement.

		31/03/2016	31/03/2017
a)	Service Cost	1,06,677	82,303
b)	Net Interest Cost	48,400	(90,342)
c)	Expense recognized in the Income Statement	1,55,077	(8,039)

Other Comprehensive Income (OCI)

		31/03/2016	31/03/2017
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	2,75,983
b)	Actuarial gain / (loss) for the year on PBO	2,75,983	(68,501)
c)	Actuarial gain /(loss) for the year on Asset	--	(4,960)
d)	Unrecognized actuarial gain/(loss) at the end of the year	2,75,983	2,02,567

Balance Sheet and related analyses

	Assets / Liability	31/03/2016	31/03/2017
a	Present value of obligation	4,84,094	4,07,307
b	Fair value of plan assets	--	14,71,339
c	Net assets / (liability) recognized in balance sheet as provision	(4,84,094)	10,64,032
d	**Enterprise best estimate of expense for the next Annual reporting period is Rs.12,433/-.**		

Change in Present Benefit Obligation

		31/03/2016	31/03/2017
a)	Present value of obligation as at the beginning of the period	6,05,000	4,84,094
b)	Interest Cost	48,400	38,728
c)	Service Cost	1,06,677	82,303
d)	Benefits Paid	--	(2,66,319)
e)	Total Actuarial (Gain)/Loss on Obligation	(2,75,983)	68,501
f)	Present value of obligation as at the End of the period	4,84,094	4,07,307

Change in plan assets

		31/03/2016	31/03/2017
a)	Fair value of plan assets at the beginning of the period	--	16,13,372
b)	Actual return on plan assets	--	1,24,110
c)	Employer contribution	--	176
d)	Benefits paid	--	(2,66,319)
e)	Fair value of plan assets at the end of the period	--	14,71,339

The following table summarises the components of net expense recognised in the income statement and amounts recognised in the balance sheet for Earned Leave :

The amounts recognized in the income statement.

		31/03/2016	31/03/2017
a)	Service Cost	66,758	65,229
b)	Net Interest Cost	54,400	25,856
c)	Expense recognized in the Income Statement	1,21,158	91,085

Other Comprehensive Income (OCI)

		31/03/2016	31/03/2017
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	(66,943)
b)	Actuarial gain / (loss) for the year on PBO	(66,943)	(54,376)
c)	Actuarial gain /(loss) for the year on Asset	--	--
d)	Unrecognized actuarial gain/(loss) at the end of the year	(66,943)	(1,21,319)

Balance Sheet and related analyses

		31/03/2016	31/03/2017
a)	Present Value of the obligation at end	3,23,205	3,08,389
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(3,23,205)	(3,08,389)
d)	Unfunded liability recognized in Balance Sheet	(3,23,205)	(3,08,389)

Table showing Change in Benefit Obligation

		31/03/2016	31/03/2017
a)	Present value of obligation as at the beginning of the period	6,80,000	3,23,205
b)	Interest Cost	54,400	25,856
c)	Current Service Cost	66,758	65,229
d)	Benefits Paid	(5,44,896)	(1,60,277)

e)	Actuarial (Gain)/Loss on obligation	66,943	54,376
f)	Present value of obligation as at the End of the period	3,23,205	3,08,389

The principal assumptions used in determining pension and post-employment benefit obligations for the Company's plans are shown below (For Gratuity and Earned Leave):

	31/03/2016	**31/03/2017**
i) Discounting Rate	8.00	7.71
ii) Future salary Increase	6.00	6.00
iii) Mortality table used	100% of IALM (2006 – 08)	100% of IALM (2006 – 08)

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where 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.

Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate		
	Present Value of Obligation at the end of the period	**4,07,307**
a)	Impact due to increase of 0.50 %	(22,438)
b)	Impact due to decrease of 0.50 %	24,053
b) Impact of the change in salary increase		
	Present Value of Obligation at the end of the period	**4,07,307**
a)	Impact due to increase of 0.50 %	24,337
b)	Impact due to decrease of 0.50 %	(22,890)

p. 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.

q. Initial recognition and measurement

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

r. Subsequent measurement

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

s. Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, 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 P&L.

t. 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.

u. 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, financial guarantee contracts and derivative financial instruments.

v. Subsequent measurement

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

w. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

x. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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

y. 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.

z. Merger of BF Infrastructure Ventures Limited (BFIVL) and BF Infrastructure Limited (BFIL)

Pursuant to the 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. 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. The excess/deficit of net assets of BFIVL shall be adjusted in capital reserve/goodwill.

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 in this respect since it is a common control transaction.

BF Infrastructure Limited, is engaged in carrying out the business in India or abroad as engineering, procurement and construction contractors, civil contractors and to carry out the business of manufacturing, assembling, installing, repairing, buying, selling, exchanging, altering, importing, exporting, hiring for infrastructure Projects inter alia in energy, power, oil and gas, transport, airways, toll ways, water ways, highways, ports, culverts, hotels, hospitals, housing projects and railways.

BF Infrastructure Ventures Limited, is engaged in the business of indentifying, carrying on, and acquiring/investing in business/companies including forming joint ventures, consortiums and to act as a holding company in businesses in India or abroad of engineering, procurement and construction contractors, civil contractors and to carry out the business of manufacturing, assembling, installing, repairing, buying, selling, exchanging, altering, importing, hiring for infrastructure projects inter alia in energy, power, oil and gas, transport, airways, toll ways, water ways, highways, ports, culverts, hotels, hospitals, housing projects and railways.

BF Infrastructure Limited has duly issued 40,050,000 Shares in the ratio of 1:1, i.e. 1(one) equity shares of the face value of Rs.10/- each to the shareholders of BF Infrastructure Venture Ltd.

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Kalyani Strategic Systems Limited

Directors	**Registered Office**	**Auditors**
Mr. Kishore Mukund Saletore Mr. Rajinder Singh Bhatia Mr. Vikram Manohar Munje	Pune Cantonment, Mundhwa, Pune 411 036	P.V. Deo Chartered Accountant 604, Jeevan Heights, Thorat Colony, Erandwana, Pune – 411 004.

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2017

To

The Members,

Your Directors have pleasure in presenting the Board Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2017.

1. PERFORMANCE OF THE COMPANY

During the financial year company has incurred a profit of Rs. 444,859/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	Standalone		Consolidated	
	As on March 31, 2017	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016
Revenue from operations	NIL	NIL	NIL	NIL
Other income	1,144,335	443,656	1,144,335	455,213
Total Revenue	1,144,335	443,656	1,144,335	455,213
Administrative and other expenses	366,257	7,423,245	3,942,995	9,694,363
Total expenses	366,257	7,423,245	3,942,995	9,694,363
Profit/(Loss) before Depreciation, Interest and Taxes	778,078	(6,979,589)	(2,798,660)	(9,239,150)
Depreciation/Amortization	4,219	NIL	4,219	NIL
Profit/(Loss) before Interest and Taxes	773,859	(6,979,589)	(2,802,879)	(9,239,150)
Share in Net Profit /(Loss) of Associate / Joint Venture	-	-	-	(5,00,000)
Profit/(Loss) before Interest and Taxes	773,859	(6,979,589)	(2,802,879)	(9,739,150)
Current Tax	329,000	NIL	329,000	NIL
PAT	444,859	(6,979,589)	(3,131,879)	(9,739,150)
Earnings per equity share Basic/ Diluted	0.05	(10.85)	(0.35)	(15.14)

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.

These financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes to the accounts and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out separately in the notes forming part of financial statements for the year ended March 31, 2017.

3. DIVIDEND

No dividend was declared or recommended by the Board of Directors during the financial year 2016-17 due to lack of revenue.

4. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

5. STATE OF COMPANY'S AFFAIRS

During the year, the Company has received another Grant of Industrial License under the IDR Act, 1951, for manufacture of Weapons other than Small Arms to include Artillery Guns, Howitzers, Mortars, MBRL and Air Defence Guns under Scheduled Industry No. 37 (Defence Sector). The Board of Directors are evaluating various projects to be undertaken under this sector in addition to the sector for which a License was granted earlier.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

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

7. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2017 stood at Rs.19,59,00,000/-. During the year under review, the Company has allotted 1,02,60,000 Equity Shares of Rs.10/- each on Right Issue basis on September 6, 2016 and 6,500,000 Equity Share of Rs.10/- each on Rights Issue basis on March 8, 2017.

However 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.

8. MEETINGS OF THE BOARD OF DIRECTORS

In 2016-17, the Board of Directors of the Company met eight times during the year i.e. on May 11, 2016, July 5, 2016, August 11, 2016, September 6, 2016, October 20, 2016, February 1, 2017, March 1, 2017 and March 8, 2017. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rajinder Singh Bhatia, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year, Mr. T.V. Prasad (DIN: 00553700) and Mr. Krishna MV (DIN: 06822431) have been appointed as an Independent Directors for the term of five years.

Also, pursuant to Section 203 of the Companies Act, 2013 and applicable rules thereunder, Mr. SM Shivakumar has been appointed as Chief Executive Officer and Mr. Shodhan Ligam as a Chief Financial Officer of the Company. Both as them were appointed as KMP's of the Company with effect from March 1, 2017.

10. DECLARATION BY AN INDEPENDENT DIRECTORS, IF ANY

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.

11. AUDITORS

At the Annual General Meeting held on August 23, 2014, Mr. P. V. Deo, Chartered Accountants, Pune were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2019. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of Mr. P. V. Deo, Chartered Accountants, as Statutory Auditors of the Company, will be placed for ratification by the shareholders at the ensuing Annual General Meeting of the Company. In this regard, the Company has received a certificate from the auditors to the effect that if their appointment is ratified by the shareholder, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

12. AUDITORS' REPORT

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 remarks.

13. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations.

Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a) in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) the Directors had 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 at March 31, 2017 and of the loss account of the Company for the year under review;

c) the Directors had 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) the Directors had prepared the annual accounts on a going concern basis;

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

15. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

A statement containing the salient features of the financials of the Financial Statement of Company's subsidiary and joint venture in the prescribed format AOC-1 is annexed herewith as **Annexure "A"** to this report, in a separate section forming part of the Financial Statement.

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

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

17. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

18. 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.

19. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "B"** to this report.

20. PARTICULARS OF CONTRACTS OR ARRRANGEMENT WITH RELATED PARTIES

All transactions or arrangement entered into by the Company with Related Parties have been done at arm's length and are in 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 such transaction are provided in form AOC-2 which is annexed herewith as **"Annexure C"** to this report. Related Part disclosure as per AS-18 has been provided in Note-20 to the financial statement.

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/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 annexed herewith as **Annexure "D"** to this report.

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

There are no employees whose particulars are needed to be disclosed in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

24. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and on behalf of Board of Directors
Kalyani Strategic Systems Limited

Place : Pune
Date : May 15, 2017

Rajinder Singh Bhatia
Chairman
DIN: 05333963

Annexure - "A"

Form AOC-1

(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

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Kalyani Rafael Advanced Systems Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2016 to March 31, 2017
3.	Reporting currency	INR
4.	Share capital	10,41,00,000
5.	Reserves & surplus	(5,836,298)
6.	Total assets	212,022,713
7.	Total Liabilities	217,859,011
8.	Investments	NIL
9.	Turnover	NIL
10.	Profit before taxation	(3,576,737)
11.	Provision for taxation	NIL
12.	Profit after taxation	(3,576,737)
13.	Proposed Dividend	NIL
14.	% of shareholding	100 %

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1.	Latest audited Balance Sheet Date	31 March, 2017
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	(i) No. of Shares	5,000
	(ii) Amount of Investment in Associates/Joint Venture	50,000
	(iii) Extend of Holding%	50%
3.	Description of how there is significant influence	There is significant influence due to percentage of holding of share capital
4.	Reason why the associate/joint venture is not consolidated	The accounts are consolidated
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	(424,603)
6.	Profit/Loss for the year	(808,143)
	i. Considered in Consolidation	(404,071)
	ii. Not Considered in Consolidation	NIL

For and on behalf of Board of Directors
Kalyani Strategic Systems Limited

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Chairman
DIN: 05333963

Place : Pune
Date : May 15, 2017

Shodhan Ligam
Chief Financial Officer

SM Shivakumar
Chief Executive Officer

Annexure - "B"

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	U31902PN2010PLC138025
ii)	Registration date	December 20, 2010
iii)	Name of the Company	Kalyani Strategic Systems Limited
iv)	Category/Sub category of the Company	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. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

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.	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	51	Sec 2(46)
2	Kalyani Rafael Advanced Systems Private Limited Mundhwa, Pune Cantonment, Pune-411036	U29270PN2015PTC156252	Subsidiary	100	Sec 2(87)(ii)
3	BF Premier Energy Systems Private Limited Mundhwa, Pune Cantonment, Pune-411036	U24292PN2015PTC154278	Joint Venture	50	Sec 2(6)

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

i) Category-wise Share Holding as of 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 Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	1443294	1443294	51	NIL	9990895	9990895	51	NIL
Sub-total (A) (1):-	**NIL**	**1443294**	**1443294**	**51**	**NIL**	**9990895**	**9990895**	**51**	**NIL**
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**1443294**	**1443294**	**51**	**NIL**	**9990895**	**9990895**	**51**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	1386706	1386706	49	NIL	9599105	9599105	51	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	1386706	1386706	49	NIL	9599105	9599105	51	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**2830000**	**2830000**	**100**	**NIL**	**19590000**	**19590000**	**100**	**NIL**

ii) Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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.	Bharat Forge Limited	1443294	51	NIL	9990895	51	NIL	NIL

iii) Change in Promoters' Shareholding:

Sr. No.	Shareholder's Name	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.	Bharat Forge Limited	1443294	51	9990895	51

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 - April 1, 2016		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Kalyani Technoforge Limited	311300	11	NIL	NIL
2.	Kalyani Global Engineering Private Limited	537700	19	2154900	11
3.	Sundaram Trading and Investment Private Limited	537700	19	3722100	19
4.	Kalyani Carpenter Special Steels Private Limited	-	-	3722100	19

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sr. No.	Particulars	Shareholding at the beginning of the year - April 1, 2016		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	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	NIL	NIL	NIL	NIL
2.	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/ transfer/ bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3.	At the end of the year	NIL	NIL	NIL	NIL

Key Managerial Person

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year - April 1, 2016		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	NIL	NIL	NIL	NIL
2.	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3.	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act				-

B. Remuneration to other Directors

The Company does not pay remuneration to any other directors.

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

The Company does not have Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure -"C"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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	NIL
I.	Name(s) of the related party and nature of relationship	NIL
J.	Nature of contracts/arrangements/transactions	NIL
K.	Duration of the contracts / arrangements/transactions	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	**BF Elbit Advanced Systems Private Limited**	**Analogic Controls India Limited**	**Analogic Controls India Limited**
b.	Nature of contracts/arrangements/transactions	Inter Corporate Loan	Memorandum of Understanding for sale of Land and Building	Purchases of Goods
c.	Duration of the contracts/arrangements/transactions	Payable on demand	Six months from February 1, 2017	One time transaction
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Rs. 911,731 interest receivable on ICD accrued during FY 2016-17	Sale of land and building thereon for a lump sum consideration of Rs. 5,27,70,000/- plus the applicable taxes thereon.	In tune with market parameters. The transaction value was Rs. 39,14,530/-
e.	Date(s) of approval by the Board, if any	August 25, 2015	February 1, 2017	July 5, 2017
f.	Amount paid as advances, if any	NIL	Rs. 5,08,08,080/-	Rs.3,914,530

For and on behalf of Board of Directors
Kalyani Strategic Systems Limited

Rajinder Singh Bhatia
Chairman
DIN: 05333963

Place : Pune
Date : May 15, 2017

Annexure -"D"

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

a. Steps taken or impact on conservation of energy during 2016-2017

NIL

b. Steps taken by the Company for utilizing alternate sources of energy

NIL

c. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

a. Efforts made towards technology absorption, adaptation and innovation

The Company has continued its endeavor to absorb the best of technologies for its products.

b. Benefits derived as a result of above efforts

The project was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

(C) Foreign Exchange Earnings and Outgo

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

i) Total Foreign Exchange Earning : NIL

ii) Total Foreign Exchange Outgo : NIL

Independent Auditor's Report

To the Members of Kalyani Strategic Systems Limited

Report on the Financial Statements

I have audited the accompanying standalone financial statements of **Kalyani Strategic Systems Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND ASs) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these standalone financial statements based on my audit.

I 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.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the standalone financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid 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 including the IND ASs; of the state of affairs of the Company as at 31st March, 2017, and its profit including other comprehensive income, changes in equity and its cash flows 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 Companies Act, 2013, I give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, I report that:
   a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

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

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In my opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   e) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 my separate Report in "**Annexure B**".

   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 my opinion and to the best of my information and according to the explanations given to me :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the Company. Refer Note 36 to the financial statements.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 15,2017

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i)

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

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) The Company does not own any immovable properties.

(ii) The inventory comprising stock in trade was physically verified at reasonable intervals during the year by the management. As explained to us, no material discrepancies were noticed by the management on physical verification of stocks.

(iii)

(a) The Company has granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013.

(b) The terms and conditions of the grant of the said loan were not found prima facie prejudicial to the Company's interest.

(c) The said loan is repayable on demand and hence no schedule of repayment of principal or payment of interest has been stipulated. Principal repayments or interest payments had not fallen due during the period covered by this report.

(iv) In my opinion and according to the information and explanations given to me, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii)

(a) According to the records of the Company, the Company was found to be generally regular in depositing undisputed statutory dues including income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to me by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2017 for a year of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has made private placement of equity shares during the year under review and based upon the audit procedures performed and the information and explanations given to me, the requirements of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 15, 2017

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

I have audited the internal financial controls over financial reporting of **Kalyani Strategic Systems Limited** ("the Company") as of 31st March, 2017 in conjunction with my 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 ('ICAI'). 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 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's 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 my 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 31st March, 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.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 15, 2017

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Balance Sheet as at March 31, 2017

	Notes	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at April 1, 2015 Rs.
I. ASSETS				
1. Non-current assets				
a) Property, Plant and Equipment	4	**88,931**	-	-
b) Capital Work In Progress		**653,250**	-	-
c) Financial Assets				
i) Investments	5	**104,600,000**	2,000,000	-
ii) Others non current financial assets	6	**25,000**	25,000	-
d) Other non-current assets	7	**51,249,750**	342,199	-
e) Income tax assets (Net)	8	**-**	44,366	-
		156,616,931	2,411,565	-
2. Current assets				
a) Inventories	9	**5,054,126**	-	-
b) Financial Assets				
i) Cash and cash equivalents	10	**18,410,254**	6,161,876	7,740
ii) Bank balances other than (i) above	10	**2,808,031**	2,600,000	-
iii) Loans	11	**9,000,000**	9,000,000	-
iv) Others current financial assets	12	**1,226,805**	430,190	-
c) Other current assets	13	**-**	15,472	-
		36,499,216	18,207,538	7,740
TOTAL :		**193,116,147**	20,619,103	7,740
II. EQUITY AND LIABILITIES				
1. Equity				
a) Equity share capital	14	**195,900,000**	28,300,000	500,000
b) Other equity	15	**(7,286,038)**	(7,730,897)	(751,308)
		188,613,962	20,569,103	(251,308)
2. Current liabilities				
a) Financial Liabilities				
i) Trade Payables	16	**1,496,426**	50,000	59,048
b) Other Current Liabilities	17	**2,786,891**	-	200,000
c) Current Tax Liabilities	18	**218,868**	-	-
		4,502,185	50,000	259,048
TOTAL :		**193,116,147**	20,619,103	7,740
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 39			

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 15, 2017

Place: Pune
Date: May 15, 2017

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Statement of Profit and Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017. Rs.	For the year ended March 31, 2016. Rs.
I. Revenue from operations		-	-
II. Other Income	19	**1,144,335**	443,656
Total revenue		**1,144,335**	443,656
III. Expenses			
Purchase of Stock in trade	20	**5,054,126**	-
Changes in inventories of Stock in trade	21	**(5,054,126)**	-
Depreciation and amortization expense	22	**4,219**	-
Other expenses	23	**366,257**	7,423,245
IV. Total expenses		**370,476**	7,423,245
V. Profit/ (Loss) before tax (III - IV)		**773,859**	(6,979,589)
VI. Tax expenses		**329,000**	-
VII. Profit/ (Loss) for the year (V - VI)		**444,859**	(6,979,589)
VIII. Other Comprehensive Income		-	-
IX. Total Comprehensive Income for the period (VII+VIII)		**444,859**	(6,979,589)
X. Earnings per equity share [nominal value of share x 10/-]			
a) Basic (In x)	26	**0.05**	(10.85)
b) Diluted (In x)	26	**0.05**	(10.85)
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 39		

As per my attached report of even date,	**On behalf of the Board of Directors,**	
P. V. Deo	**Vikram Munje**	**Rajinder Singh Bhatia**
Chartered Accountant	**Director**	**Director**
	DIN: 02772991	**DIN:05333963**
Place: Pune	**Place: Pune**	
Date: May 15, 2017	**Date: May 15, 2017**	

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Statement of changes in equity the year ended March 31, 2017

a Equity share capital

	Balance at the beginning of the year Rs.	Changes in Equity share Capital during the year Rs.	Balance at the end of the year Rs.
i) For the Year ended March 31, 2017	28,300,000	167,600,000	195,900,000
ii) For the Year ended March 31, 2016	500,000	27,800,000	28,300,000

b Other equity

	Retained Earnings Rs
Balance at the beginning of the Year	(751,308)
Add :	
Total Comprehensive Income for the Year	(6,979,589)
Balance at the end of the period March 31, 2016.	(7,730,897)
Add :	
Total Comprehensive Income for the year	444,859
Balance at the end of the Year March 31, 2017.	**(7,286,038)**
c Total equity (a+b)	**188,613,962**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1 to 39

As per my attached report of even date, **On behalf of the Board of Directors,**

P. V. Deo	**Vikram Munje**	**Rajinder Singh Bhatia**
Chartered Accountant	**Director**	**Director**
	DIN: 02772991	**DIN:05333963**
Place: Pune	**Place: Pune**	
Date: May 15, 2017	**Date: May 15, 2017**	

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Cash Flow Statement for the year ended March 31, 2017

			Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.
(A)	**Cash flow from operating activities**			
	Profit/(loss) before tax		**773,859**	(6,979,589)
	Add : Non Cash Expenses			
	Depreciation		**4,219**	-
	Income tax expenses		**12,331**	-
			790,409	(6,979,589)
	Less : Income considered separately			
	Interest received		**(1,144,335)**	(443,656)
	Operating loss before working capital changes		**(353,926)**	(7,423,245)
	Movements in working capital :			
	Increase / (decrease) in Trade Payables		**1,446,426**	(9,048)
	Increase / (decrease) in Other Current Liabilities		**2,786,891**	(200,000)
	(Increase) / decrease in other non-current assets		**(50,907,551)**	(342,199)
	(Increase) / decrease in other financial assets		**(796,615)**	(455,190)
	(Increase) / decrease in other current assets		**15,472**	(15,472)
	(Increase) / decrease in Inventories		**(5,054,126)**	-
			(52,509,503)	(1,021,909)
	Cash generated from operations		**(52,863,429)**	(8,445,154)
	Direct taxes paid (net of refunds)		**(76,639)**	(44,366)
	Net cash used in operating activities	**(A)**	**(52,940,068)**	(8,489,520)
(B)	**Cash flows from investing activities**			
	Purchase of fixed asset		**(746,400)**	-
	Investments in Equity Shares		**(102,600,000)**	(2,000,000)
	Investments In fixed deposits		**(208,031)**	(2,600,000)
	Inter corporate loans given		**-**	(9,000,000)
	Interest received on loans		**1,142,877**	443,656
	Net cash used in investing activities	**(B)**	**(102,411,554)**	(13,156,344)
(C)	**Cash flows from financing activities**			
	Proceeds from issue of Equity Shares		**167,600,000**	27,800,000
	Net cash flows from financing activities	**(C)**	**167,600,000**	27,800,000
(D)	**Net increase / (Decrease) in cash and cash equivalents (A+B+C)**		**12,248,378**	6,154,136
(E)	**Cash and cash equivalents at the beginning of the year**		**6,161,876**	7,740
(F)	**Cash and cash equivalents at the end of the year**		**18,410,254**	6,161,876

		As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Components of cash and cash equivalents			
Cash in Hand		**-**	-
Balance in Bank Account in Current accounts		**18,410,254**	6,161,876
	TOTAL :	**18,410,254**	6,161,876
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 39		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 15, 2017

Place: Pune
Date: May 15, 2017

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

1. **Corporate information :**

   Kalyani Strategic Systems Limited was incorporated on December 20, 2010, as a public limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited, which holds 51% of the issued and subscribed equity share capital of the Company. The Company's CIN is U31902PN2010PLC138025.

   The Company has been formed with the object to engage in the business of scientific, technical and other research and development in the field of developing/ deploying advance defence, aerospace and other strategic areas.

   The Company has identified 12 months as its operating cycle.

2. **First -time adoption of Ind AS**
   These financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind ASs. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

   The transition to Ind ASs has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind ASs has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out separately hereinafter.

3. **Significant accounting policies:**

3.1 Basis of accounting and preparation of financial statements:

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, read with the Companies (Indian Accounting Standards) Amendment Rules, 2016 and the provisions of the Companies Act, 2013 (to the extent notified). For the period ended March 31, 2016, the Company had prepared its financial statements in accordance 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).

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

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

The financial statements are presented in INR and all values are rounded to the nearest Rupee.

3.2 Current versus non-current bifurcation:

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

- i Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- ii Held primarily for the purpose of trading,
- iii Expected to be realised within twelve months after the reporting period, or
- iv Cash or cash equivalent 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 treated as current when:

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

All other liabilities are classified 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.

3.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, 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. 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 profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences
The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii 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 currency 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. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, 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.

3.4 Fair value measurement :

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

i In the principal market for the asset or liability, or

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

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

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii 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, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.
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.

3.5 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.

i) 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 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 finance income in the statement of profit and loss.

ii) Dividend Income

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

iii) Profit / Loss on sale of investments

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

3.6 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or 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 tax assets and deferred taxes relate to 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 temporary 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 temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

i When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii When receivables and payables are stated with the amount of tax included.

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

3.7 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalised. Such cost includes the cost of replacing part of the 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Plant and Equipments	15 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used 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 the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

3.9 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 dependant on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

Company as a Lessee
Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the 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 recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Notes forming part of the Financial Statements for the year ended March 31, 2017.

3.10 Inventories :

Inventories are stated at the lower of cost and net realisable value.

3.11 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 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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 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 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 or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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.
Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.12 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.13 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.

A Financial Asset :

a) 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.

The Company’s investments in its subsidiary, associate and joint venture are carried at cost in accordance with Ind AS 27.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

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

ii 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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

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

ii The asset's contractual cash flows represent SPPI.

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

e) 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 P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, 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.

The Company has chosen to account for investments in subsidiaries, joint ventures and associates at cost determined in accordance with IND AS -27.

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 P&L, 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 P&L.

g) 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 Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

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

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 17

iv 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

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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.

For recognition of impairment loss on other financial assets and risk exposure, the Company 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 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:

i 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

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

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

i 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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.

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

ii Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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.

iii 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.

c) 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 or loss.

C 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 or loss.

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

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company’s senior management determines change in the business model as a result of external or internal changes which are significant to the Company’s operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.

Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E 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.

3.14 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments 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 consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15 Dividend to equity holders :

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.

3.16 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.

3.17 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.18 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes forming part of the Financial Statements for the year ended March 31, 2017.

3.19 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

Kalyani Strategic Systems Limited

CIN U24292PN2015PTC154278

Notes forming part of the Financial Statements for the year ended March 31, 2017.

4. Property, Plant and Equipment :

	Plant and Equipment Rs	Total Rs
Gross Block, at Cost :		
As at April 1, 2015[a]	-	-
Additions	-	-
Disposals	-	-
As at March 31, 2016	-	-
Additions	**93,150**	**93,150**
Disposals	**-**	**-**
As at March 31, 2017.	**93,150**	**93,150**
Depreciation and Amortization :		
As at April 1, 2015	-	-
Disposals	-	-
For the period	-	-
Adjustments	-	-
As at March 31, 2016	-	-
Disposals	**-**	**-**
For the period	**4,219**	**4,219**
Adjustments	**-**	**-**
As at March 31, 2017.	**4,219**	**4,219**
Net Block :		
As at April 1, 2015	-	-
As at March 31, 2016	-	-
As at March 31, 2017.	**88,931**	**88,931**

[a] The Company has elected to continue with the carrying value for all of its property, plant and equipments as recognised in the financial statements as at the date of transition to IND ASs, measured as per the previous GAAP and used that as its deemed cost as at the date of transition.

Kalyani Strategic Systems Limited

CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

5. Investments :

			As at March 31, 2017. Rs	As at March 31, 2016. Rs	As at April 1, 2015. Rs
Other than trade :					
Equity Instruments, Unquoted :					
Investments in wholly owned subsidiaries :					
10,410,000	(150,000)	Equity shares having Face value of p 10/- each, fully paid up, of Kalyani Rafael Advanced Systems Private Limited	**104,100,000**	1,500,000	-
Investments in Joint Ventures :					
50,000	(50,000)	Equity shares having Face value of p 10/- each, fully paid up, of BF Premier Energy Systems Private Limited	**500,000**	500,000	-
		TOTAL :	**104,600,000**	2,000,000	-

6. Others non current financial assets :

	As at March 31, 2017. Rs	As at March 31, 2016. Rs	As at April 1, 2015. Rs
Deposits	**25,000**	25,000	-
TOTAL :	**25,000**	25,000	-

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

7. Other non-current assets

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Capital advance to a fellow subsidiary (Refer Note No. 25)	**50,808,080**	-	-
CENVAT credits and balances with Central Excise Department	**441,670**	342,199	-
TOTAL :	**51,249,750**	342,199	-

8. Income tax assets (Net)

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Advance income tax (Net of provisions)	**-**	44,366	-
TOTAL :	**-**	44,366	-

9. Inventories

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Stock in trade	**5,054,126**	-	-
TOTAL :	**5,054,126**	-	-

10. Cash and cash equivalents :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Cash and Cash Equivalents :			
Cash in Hand	**-**	-	1,924
Balances with banks			
In Current accounts	**18,410,254**	6,161,876	5,816
	18,410,254	6,161,876	7,740
Other bank balances :			
In fixed deposits[(a) (b)]	**2,808,031**	2,600,000	-
	2,808,031	2,600,000	-
(a) Maturing after 3 Months but before 12 Months			
(b) Was under lien during the previous year with bank, for bank guarantee			
TOTAL :	**21,218,285**	8,761,876	7,740

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

11. Loans :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Loans to related parties:			
Inter-corporate loan to a fellow subsidiary	**9,000,000**	9,000,000	-
TOTAL :	**9,000,000**	9,000,000	-

12. Others current financial assets :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Advances recoverable			
From Holding Company	**-**	10,500	-
From Wholly owned subsidiary	**-**	20,400	-
Income receivable from a fellow subsidiary	**1,219,848**	399,290	-
Deposits	**6,957**	-	-
TOTAL :	**1,226,805**	430,190	-

13. Other Current Assets :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Prepaid Expenses	**-**	15,472	-
TOTAL :	**-**	15,472	-

Notes forming part of the Financial Statements for the year ended March 31, 2017.

14. Equity share capital

					As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Authorised							
25,000,000	(25,000,000)	(50,000)	Equity shares of z 10/- each		**250,000,000**	250,000,000	500,000
25,000,000	(25,000,000)	-	Preference shares of B 10/- each		**250,000,000**	250,000,000	-
				TOTAL :	**500,000,000**	500,000,000	500,000
Issued							
19,590,000	(2,830,000)	(50,000)	Equity shares of z 10/- each		**195,900,000**	28,300,000	500,000
				TOTAL :	**195,900,000**	28,300,000	500,000
Subscribed and fully paid-up							
19,590,000	(2,830,000)	(50,000)	Equity shares of z 10/- each		**195,900,000**	28,300,000	500,000
				TOTAL :	**195,900,000**	28,300,000	500,000

(a) Reconciliation of the 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.	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	**2,830,000**	**28,300,000**	50,000	500,000	50,000	500,000
Shares Issued during the year	**16,760,000**	**167,600,000**	2,780,000	27,800,000	-	-
Shares bought back during the year	**-**	-	-	-	-	-
Outstanding at the end of the year	**19,590,000**	**195,900,000**	2,830,000	28,300,000	50,000	500,000

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of x 10/-. Each holder of equity shares is entitled to one vote per share.

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

(c) 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.	
	Nos.	% of Holding	Nos.	% of Holding	Nos.	% of Holding
Equity shares of x 10 each fully paid						
Bharat Forge Limited, the Holding Company#	**9,990,900**	**51.00**	1,443,300	51.00	50,000	100
Kalyani Global Engineering Private Limited	**2,154,900**	**11.00**	537,700	19.00	-	-
Sundaram Trading and Investment Private Limited	**3,722,100**	**19.00**	537,700	19.00	-	-
Kalyani Technoforge Limited	**-**	**-**	311,300	11.00	-	-
Kalyani Carpenter Special Steels Private Limited	**3,722,100**	**19.00**	-	-		

including the shares held through nominees

15. Other equity

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.	As at April 1, 2015. Rs.
Retained earnings			
As per last account	**(7,730,897)**	(751,308)	(751,308)
Add : Total comprehensive income for the period	**444,859**	(6,979,589)	-
Less : Appropriations	**-**	-	-
Closing balance	**(7,286,038)**	(7,730,897)	(751,308)

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

16. Financial liabilities :

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.	As at April 1, 2015. Rs.
Trade Payables :			
Total outstanding dues of micro enterprises and small enterprises	-	-	
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,496,426**	50,000	59,048
TOTAL :	**1,496,426**	50,000	59,048

17. Other Current Liabilities :

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.	As at April 1, 2015. Rs.
Statutory liabilities	**745,711**	-	-
Other Payable			
To The Holding Company	**-**	-	200,000
Advance against sale of investments	**2,041,180**	-	-
TOTAL :	**2,786,891**	-	200,000

18. Current Tax Liabilities :

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.	As at April 1, 2015. Rs.
Provision for taxation(Net)	**218,868**	-	-
TOTAL :	**218,868**	-	-

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

19. Other Income

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.
Interest received		
On loan to a fellow subsidiary	**911,731**	443,656
Other Interest	**232,604**	-
TOTAL :	**1,144,335**	443,656

20. Purchase of Stock in trade

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.
Purchase of Stock in Trade	**5,054,126**	-
TOTAL :	**5,054,126**	**-**

21. Changes in inventories of Stock in trade :

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.
Inventories at the beginning		
Stock in trade	**-**	-
Inventories at the close		
Stock in trade	**5,054,126**	**-**
TOTAL :	**(5,054,126)**	-

22. Depreciation and amortization expenses

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.
Depreciation on Tangible Assets	**4,219**	-
TOTAL :	**4,219**	-

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

23. Other expenses

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.
Legal and professional fees	**50,450**	2,492,876
Payment to Auditors (Refer details below)	**90,000**	50,000
Bank Charges	**15,502**	6,680
Share Issue Expenses	**195,400**	4,863,200
Miscellaneous expenses[#]	**14,905**	10,489
TOTAL :	**366,257**	7,423,245

Miscellaneous Expenses include general office expenses, printing and stationery etc.

Payment to auditors

	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.
As auditor:		
- Audit fee	**90,000**	50,000
TOTAL :	**90,000**	50,000

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

24. Segment Reporting :
Since the Company was exclusively engaged in setting up of its business activities, there are no separate reportable segments, as per the Ind AS 108 on 'Operating Segments'.

25. Related Party disclosures

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

Holding Company :	i) Bharat Forge Limited
Subsidiary Company :	i) Kalyani Rafael Advanced Systems Private Limited
Fellow Subsidiary Companies :	i) BF Elbit Advanced Systems Private Limited ii) Analogic Controls India Limited iii) BF Infrastructure Limited
Joint Venture :	i) BF Premier Energy Systems Private Limited

(ii) **Related parties with whom transactions have taken place during the year**

Sr. No.	Nature of transaction	Terms and Conditions (Refer foot note no.)	Holding Company	Subsidiary Company	Fellow Subsidiary Companies			Joint Venture	Total
			Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	BF Infrastructure Limited	BF Premier Energy Systems Private Limited	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Expenses incurred on behalf of other party	(a)	**-** -	**-** (20,400)	**-** -	**-** -	**-** -	**-** -	**-** (20,400)
2	Expenses incurred by other party on behalf of the Company	(b)	**-** (7,510,627)	**-** -	**-** -	**-** -	**-** (59,048) -	**-** -	**-** (7,569,675)
3	Share Allotment	(c)	**85,476,000** (13,933,000)	**-** -	**-** -	**-** -	**-** -	**-** -	**85,476,000** (13,933,000)
4	Demand Loan received	(d)	**-** (6,067,000)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** (6,067,000)
5	Demand Loan repaid	(d)	**-** (6,267,000)	**-** -	**-** -	**-** -	**-** -	**-** -	**-** (6,267,000)
6	Investment made	(e)	**-** -	**102,600,000** (1,500,000)	**-** -	**-** -	**-** -	**-** (500,000)	**102,600,000** (2,000,000)
7	Capital advance given	(f)	**-** -	**-** -	**-** -	**50,808,080** -	**-** -	**-** -	**50,808,080** -
8	Purchases	(g)	**-** -	**-** -	**-** -	**3,914,530** -	**-** -	**-** -	**3,914,530** -
9	Intercorporate Loan given	(h)	**-** -	**-** -	**-** (9,000,000)	**-** -	**-** -	**-** -	**-** (9,000,000)
10	Interest received on Intercorporate loan	(h)	**-** -	**-** -	**911,731** (443,656)	**-** -	**-** -	**-** -	**911,731** (443,656)

(a) Expenses incurred by the Company on behalf of related parties are reimbursable at cost on demand.

(b) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(c) Equity shares have been allotted by the Company to the related parties in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(d) Demand loans accepted by the Company from the related parties were unsecured, interest free and repayable on demand.

(e) The Company has subscribed to the issue of equity shares made at par by the related parties on rights basis in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(f) Please refer to note no. 37

(g) Purchases from related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(h) The loans given to a related parties are unsecured and repayable on demand and the same are compliant with the provisions of section 186 of the Companies Act, 2013. The loans carried interest at the rate of 9.70% p.a.

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

(iii) **Balances outstanding**

Sr. No.	Nature of transaction	Holding Company	Subsidiary Company	Fellow Subsidiary Company			Joint Venture	Total
		Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	BF Infrastructure Limited	BF Premier Energy Systems Private Limited	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Reimbursements Receivable	-	-	-	-	-	-	-
		(10,500)	(20,400)	-	-	-	-	(30,900)
2	Intercorporate Loan receivable	-	-	9,000,000	-	-	-	9,000,000
		-	-	(9,000,000)	-	-	-	(9,000,000)
3	Creditors	-	-	-	214,530	-	-	214,530
		-	-	-	-	-	-	-
4	Capital Advance given	-	-	-	50,808,080	-	-	50,808,080
		-	-	-	-	-	-	-
5	Interest receivable on Intercoporate loan	-	-	1,219,848	-	-	-	1,219,848
		-	-	(399,290)	-	-	-	(399,290)

(Figures in bracket indicate previous year)

26. Earnings per share (EPS)

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Numerator for basic and diluted EPS		
Profit for the year attributable to shareholders as at March 31	444,859	(6,979,589)
Weighted average number of equity shares in calculating basic EPS	9,076,082	643,361
EPS - Basic (in x)	0.05	(10.85)
EPS - Diluted - (in x)	0.05	(10.85)

27. Interest in Joint Venture

a) the name of those investees : BF Premier Energy Systems Private Limited

b) the principal place of business : Mundhwa, Pune Cantonment, Pune - 411036, Maharashtra, India

c) its proportion of the ownership interest : 50% (Previous year 50%)

d) a description of the method used to account for the investments Cost

Notes forming part of the Financial Statements for the year ended March 31, 2017.

28 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, and 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

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is 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 z 3,081,727 (March 31, 2016: u 3,083,748/- and April 1, 2015 : 750,910/-) of tax losses carried forward. These losses expire in 8 years and may not be used to offset taxable income. The Company neither has any material taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. 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 p 1,268,227/- (March 31, 2016 x 870,545/-). Further details on taxes are disclosed in Note 39.

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 29 and 30 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

29 Fair values :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value			Fair value		
	Year ended March 31, 2017. Rs	**Year ended March 31, 2016. Rs**	**As at April 1, 2015. Rs**	**Year ended March 31, 2017. Rs**	**Year ended March 31, 2016. Rs**	**As at April 1, 2015. Rs**
I) Financial assets						
Others non current financial assets						
Deposits	25,000	25,000	25,000	25,000	25,000	25,000
Loans	9,000,000	9,000,000	-	9,000,000	9,000,000	-
Others current financial assets						
Income receivable from a fellow subsidiary	1,219,848	399,290	-	1,219,848	399,290	-
Deposits	6,957	-	-	6,957	-	-
	10,251,805	**9,424,290**	**25,000**	**10,251,805**	**9,424,290**	**25,000**

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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:

30 Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed					
Deposits	3/31/2017	-	-	31,957	31,957
Loans	3/31/2017	-	-	9,000,000	9,000,000
Income receivable from a fellow subsidiary	3/31/2017	-	-	1,219,848	1,219,848
Assets for which fair value has been disclosed					
Deposits	3/31/2016	-	-	25,000	25,000
Loans	3/31/2016			9,000,000	9,000,000
Income receivable from a fellow subsidiary	3/31/2016	-	-	399,290	399,290
Assets for which fair value has been disclosed					
Deposits	4/1/2015	-	-	25,000	25,000

31 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances that derive directly from its operations.

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 financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management 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. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) 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, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2017 and March 31, 2016.
The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, 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, March 31, 2016 and April 1, 2015 including the effect of hedge accounting(if any)

i) Equity price risk

The Company's investment in equity instruments comprise mainly of investments in subsidiaries and Joint Ventures which are strategic long term investments. Reports on the equity portfolio are submitted to the Company's management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was x 104,600,000.

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's 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 an annual basis. 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 Note 10.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. 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.

The Company's financial liabilities based on contractual undiscounted payments are payable on demand.

32 Exemptions availed on first time adoption of Ind-AS :

a) Property, plant & equipment :

The Company has elected to continue with the carrying values for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition to Ind ASs in accordance with paragraph D7AA of Ind AS 101 "First Time Adoption of Ind AS".

b) The Company has elected to continue the policy adopted for accounting for exchange differences arising from translations of long term foreign currency monetary items recognised in the financial statements for the period ending 31st March, 2016 as per the previous GAAP.

Kalyani Strategic Systems Limited
CIN U31902PN2010PLC138025

Notes forming part of the Financial Statements for the year ended March 31, 2017.

33 Reconciliation of equity as at March 31, 2016 and April 1, 2015 as previously reported under IGAAP and as per Ind AS

	As at March 31, 2016			As at April 1, 2015		
	IGAAP	Effects of transition to Ind-AS	Ind-AS	IGAAP	Effects of transition to Ind-AS	Ind-AS
	Rs	Rs	Rs	Rs	Rs	Rs
I. ASSETS						
1. Non-current assets						
a) Financial Assets						
i) Investments						
Investments in wholly owned subsidiaries	1,500,000	-	1,500,000	-	-	-
Investments in joint ventures	500,000	-	500,000	-	-	-
ii) Others	25,000	-	25,000	-	-	-
b) Other non-current assets				-	-	
CENVAT credits and balances with Central Excise Department	342,199	-	342,199	-	-	-
c) Income tax assets (Net)				-	-	
Advance income tax (Net of provisions)	44,366	-	44,366	-	-	-
	2,411,565	-	2,411,565	-	-	-
2. Current assets						
a) Financial Assets						
Cash and cash equivalents	6,161,876	-	6,161,876	7,740	-	7,740
ii) Bank balances In fixed deposits	2,600,000	-	2,600,000	-	-	-
iii) Loans						
Inter-corporate loan to a fellow subsidiary	9,000,000	-	9,000,000	-	-	-
iv) Others						
Advances recoverable from Holding Company	10,500	-	10,500	-	-	-
Advances recoverable from Wholly owned subsidiary	20,400	-	20,400	-	-	-
Income receivable from a fellow subsidiary	399,290	-	399,290	-	-	-
c) Other current assets						
Prepaid Expenses	15,472	-	15,472	-	-	-
	18,207,538	-	18,207,538	7,740	-	7,740
TOTAL :	20,619,103	-	20,619,103	7,740	-	7,740
II. EQUITY AND LIABILITIES						
1. Equity						
a) Equity share capital	28,300,000	-	28,300,000	500,000	-	500,000
b) Other equity	(7,730,897)	-	(7,730,897)	(751,308)	-	(751,308)
	20,569,103	-	20,569,103	(251,308)	-	(251,308)
2. Current liabilities						
a) Financial Liabilities						
i) Trade Payables	50,000	-	50,000	59,048	-	59,048
ii) Other financial liabilities						
Other Payable to Holding Company	-	-	-	200,000	-	200,000
iii) Other Current Liabilities						
	50,000	-	50,000	259,048	-	259,048
TOTAL :	20,619,103	-	20,619,103	7,740	-	7,740

34 Reconciliation of Statement of Profit and Loss for the year ended March 31, 2016 as previously reported under IGAAP and as per Ind AS

	IGAAP	Effects of transition to Ind-AS	Ind-AS
	Rs.	Rs.	Rs.
I. Revenue from operations	-	-	-
II. Other income	-	-	-
Interest received	443,656	-	443,656
III. Total revenue	443,656	-	443,656
IV. Expenses			
Legal and professional fees	2,492,876	-	2,492,876
Rates and Taxes	5,838	-	5,838
Payment to Auditors	50,000	-	50,000
Bank Charges	6,680	-	6,680
Share Issue Expenses	4,863,200	-	4,863,200
Miscellaneous expenses	4,651	-	4,651
Total expenses	7,423,245	-	7,423,245
V. Loss before tax	(6,979,589)	-	(6,979,589)
VI. Tax expenses	-	-	-
VII. Loss for the period (V-VI)	(6,979,589)	-	(6,979,589)
VIII. Other Comprehensive Income	-	-	-
IX. Total Comprehensive Income for the period (VII+VIII)	(6,979,589)	-	(6,979,589)

35 Dues to Micro and Small Enterprises

The Company does not owe any moneys to suppliers which are Micro or Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006.

36 Details of Specified Bank Notes(SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016.

Particulars	SBNs	Other Denominations notes	Total
	Rs.	Rs.	Rs.
Closing Cash in hand as on 8th November, 2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	NIL	NIL	NIL
Closing Cash in hand as on 30th December, 2016.	NIL	NIL	NIL

37 The Company has entered into a memorandum of understanding for purchase of land and building from Analogic Controls India Limited, a fellow subsidiary for total consideration of p 52,770,000/-. Advance aggregating to p 50,808,080/- has been paid to Analogic Controls India Limited during the financial year ended March 31, 2017.

38 Commitments :

	As at March 31, 2017.	As at March 31, 2016.
	Rs.	Rs.
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	1,961,920	-

39 Income Tax :

a) The Company has not recognized deferred tax asset in respect of timing differences on account of unabsorbed depreciation and business loss aggregating to u 1,268,227/- (Previous Year : B 870,545/-) under the Income Tax Act, 1961 on the considerations of prudence.

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:

	As at March 31, 2017.	As at March 31, 2016.
	Rs.	Rs.
Accounting profit before tax	773,859	(6,979,589)
At India's enacted tax rate of 29.87% (31 March 2015: 30.90%)	231,200	-
Tax effect due to non-taxable income for Indian tax purposes	(12,400)	-
Tax effect of non-deductible expenses	210,200	-
Additional tax deduction	(99,400)	
Utilisation of previously unrecognised tax losses	(600)	-
Income tax expense reported in the statement of profit and loss	329,000	-

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 15, 2017

Vikram Munje — **Director** — **DIN: 02772991**

Rajinder Singh Bhatia — **Director** — **DIN:05333963**

Place: Pune
Date: May 15, 2017

Kalyani Rafael Advanced Systems Private Limited

Directors	Registered Office	Auditors
Mr. Rajinder Singh Bhatia Mr. Vikram Manohar Munje	Pune Cantonment, Mundhwa, Pune 411 036	P.V. Deo Chartered Accountant 604, Jeevan Heights, Thorat Colony, Erandwana, Pune – 411 004.

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2017

To,

The Members,

Your Directors have pleasure in presenting the Board's Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended March 31, 2017.

1. PERFORMANCE OF THE COMPANY

During the year under review, the Company has incurred a loss of Rs.3,576,737/-. The summary of financial results is as under:

(Amount in Rupees)

Particulars	As on March 31, 2017	As on March 31, 2016
Total Revenue	Nil	11,557
Depreciation/Amortization	Nil	Nil
Other expenses	3,576,737	2,271,118
Total expenses	3,576,737	2,271,118
Profit/(Loss) before tax	(3,576,737)	(2,259,561)
Current Tax	Nil	Nil
PAT	(3,576,737)	(2,259,561)
Earnings per equity share Basic/ Diluted	(0.61)	(15.06)

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 exisiting Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

These financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The Company was incorporated on August 21, 2015 and the preceding financial year of the Company comprised the period from August 21, 2015 to March 31, 2016. Accordingly August 21, 2015 is considered to be the date of transition to Ind AS. In view of these circumstances, the question of providing comparative balance sheet figures as at the date of transition to Ind AS does not arise in the case of the company.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes and accounting policies and principles. The accounting policies set out in Note 3 of the financial statements have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in the notes forming part of financial statements for the year ended March 31, 2017.

3. DIVIDEND

Since the Company does not have any distributable profit, the Board has not recommended any dividend for the financial year ended March 31, 2017.

4. STATE OF COMPANY'S AFFAIRS

The Company has been incorporated on August 21, 2015 with the main objective of defense and aerospace business including activities of research, design, development, production, integration etc.
During the year under review, in accordance with the provisions of the Joint Venture Agreement dated February 8th, 2016, entered into by and between Kalyani Rafael Advanced Systems Private Limited **('the Company')**, Kalyani Strategic Systems Limited ("**KSSL**"), Kalyani Technoforge Limited ("**KTFL**"), Rafael Advanced Defense Systems Limited ("**Rafael**") and Bharat Forge Limited ("**BFL**") ("**Joint Venture Agreement**"), an addendum to the Joint Venture Agreement on September 13, 2016 ("**Addendum**") and a Supplemental Agreement to the Joint Venture Agreement on March 8th, 2017 ("**Supplemental Agreement**"), the shareholders of the Company at their Extra-Ordinary General Meeting held on March 8, 2017, has approved an issue 10,001,765 equity shares of Rs. 10/- each to Rafael by way of a preferential allotment. The issue price of share is as per the valuation report by the Ernst & Young LLP, Chartered Accountants. Consequently upon allotment of shares to Rafael and transfer of shares by KSSL to KTFL in accordance with the Joint Venture Agreement, KSSL, KTFL and Rafael will hold the equity shares of the Company in proportion of 50:1:49 respectively.

5. MATERIAL CHANGES AND COMMITMENTS

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

6. MEETINGS OF THE BOARD OF DIRECTORS

During the year 2016-17, the Board of the Company met 8 (eight) times on May 11, 2016, August 11, 2016, September 3, 2016, September 9, 2016, October 20, 2016, November 28, 2016, February 11, 2017 and March 8, 2017. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

7. DIRECTORS

During the year under review, there has been no change in directorship of the Company.

8. SHARE CAPITAL

The Paid-up Equity Share Capital of the Company as on March 31, 2017 stood at Rs.10,41,00,000/-. During the year under review, the Company has issued and allotted 1,02,60,000 Equity Shares of Rs.10/- each on rights basis to its existing shareholder.

Further, the Company increased its authorized share capital from Rs.15,00,000/- to Rs.10,50,00,000/- in the member's meeting held on September 3, 2016 and on February 11, 2017 in the members meeting, the Company has further increased the authorized share capital to Rs. 25,00,00,000/-.

With this increase, the Authorized Share Capital of the Company by the end of financial year March 31, 2017 stands to Rs.25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 25,000,000 (Two Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each.

Further the shareholders of the Company at their Extra-Ordinary General Meeting held on March 8, 2017, has approved an issue 10,001,765 equity shares of Rs. 10/- each by preferential allotment to Rafael.

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 instrument that is convertible into Equity Shares of the Company.

9. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture and associate company.

10. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual financial statements for the 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 at March 31, 2017 and the loss of the Company for the year under review;
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 devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

13. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place the adequate systems of internal control commensurate with its size and the nature of its operations.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

14. 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.

15. APPOINTMENT OF AUDITORS

At the Annual General Meeting held on August 2, 2016, Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No. 041609) were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2021. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of Mr. P. V. Deo, Chartered Accountants, as Statutory Auditors of the Company, will be placed for ratification by the shareholders at the ensuing Annual General Meeting. In this regard, the Company has received a certificate from the auditors to the effect that their appointment, if ratified by the shareholder, will be in accordance with the provisions of Section 141 of the Companies Act, 2013.

16. AUDITORS' REPORT

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 remarks.

17. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "A"** to this report.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, the Company has not entered into any contacts and arrangements with any related parties as per the provisions of Companies Act, 2013.

19. 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 annexed herewith as **Annexure "B"** to this report.

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

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 information as to names of the top ten employees in terms of remuneration drawn is annexed as **Annexure "C"** to this report.

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

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

22. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and on behalf of the Board of Directors

Place : Pune	**Rajinder Singh Bhatia**	**Vikram Munje**
Date : May 12, 2017	**Director**	**Director**
	DIN : 05333963	**DIN : 02772991**

Annexure - "A"

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	U29270PN2015PTC156252
ii)	Registration date	August 21, 2015
iii)	Name of the Company	Kalyani Rafael Advanced Systems Private Limited
iv)	Category/Sub category of the Company	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. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

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
	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kalyani Strategic Systems Limited, Mundhwa, Pune Cantonment, Pune- 411036	U31902PN2010PLC138025	Holding	100.00	Sec 2(6)

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

i) Category-wise Share Holding as of 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 Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	1	1	0	NIL	1	1	0	NIL
b) Bodies Corp.	NIL	149999	149999	100.00	NIL	10409999	10409999	100.00	NIL
Sub-total (A) (1):-	NIL	150000	150000	100.00	NIL	10410000	10410000	100.00	NIL
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**150000**	**150000**	**100.00**	**NIL**	**10410000**	**10410000**	**100.00**	**NIL**
B.Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**150000**	**150000**	**100.00**	**NIL**	**10410000**	**10410000**	**100.00**	**NIL**

ii) Shareholding of Promoters :

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			%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	Kalyani Strategic Systems Limited (along with its nominee)	150000	100.00	0.00	10410000	100.00	0.00	0.00
	Total	**150000**	**100.00**	**0.00**	**10410000**	**100.00**	**0.00**	**0.00**

iii) Change in Promoters' Shareholding:

Sr. No	Shareholder's Name	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	Kalyani Strategic Systems Limited	150000	100.00	10410000	100.00

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

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

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	At the beginning of the year				
	*Rajinder Singh Bhatia	1	0.01	1	0.01
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increase/ decrease e.g. Allotment/ transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	1	0.00	1*	0.00

* As a nominee of Kalyani Strategic Systems Limited. The beneficial interest in these shares vests in Kalyani Strategic Systems Limited.

Key Managerial Person

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	At the beginning of the year	NIL	NIL	NIL	NIL
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/ transfer/ bonus/ sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	**Particulars of Remuneration**	**Name of the Managing Director/Whole-time Director/Manager**		**Total Amount**
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act				NIL

B. Remuneration to other Directors

The Company does not pay remuneration to any other directors.

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

The Company does not have Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure -“B”

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 or impact on conservation of energy during 2016-2017

NIL

ii. Steps taken by the Company for utilizing alternate sources of energy

NIL

iii. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

i. Efforts made towards technology absorption, adaptation and innovation

NIL

ii. Benefits derived as a result of above efforts

NIL

(C) Foreign Exchange Earnings and Outgo

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

i) Total Foreign Exchange Earning : NIL

ii) Total Foreign Exchange Outgo : NIL

Annexure "C"

DETAILS OF REMUNERATION

A statement showing the names of the top ten employees in terms of remuneration drawn

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.

Sr. No.	Name of the employee	Remuneration received (Rs.)	Nature of employment	Qualification	Experience (Years)	Date of commencement of employment	Age	Last employment	Percentage of equity shares held	Whether any such employee is relative of any Director and if so name of such Director
1.	S. Ganeshrajan	174,999	Permeant	B.E. Electronics & Instrumentation Engineer	9.0	02 Jan 2017	33	Centum Electronics	NIL	No

Independent Auditor's Report

To the Members of Kalyani Rafael Advanced Systems Private Limited

Report on the Financial Statements

I have audited the accompanying financial statements of **Kalyani Rafael Advanced Systems Private Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, the Statement of changes in equity and the Cash Flow Statement of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND ASs) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit.

I 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.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid 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 including the IND ASs; of the state of affairs of the Company as at 31st March, 2017, and its loss including other comprehensive income, changes in equity and its cash flows 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 Companies Act, 2013, I give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

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

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In my opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

   e) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 my separate Report in "**Annexure B.**"

   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 my opinion and to the best of my information and according to the explanations given to me :

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

      iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the Company. Refer Note 31 to the financial statements.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 12, 2017

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i) The Company does not own any fixed assets and hence paragraph 3(i) of the Order is not applicable to the Company.

(ii) As explained to me, the Company was not required to hold any physical inventories during the period covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii)

(a) According to the records of the Company, the Company was found to be generally regular in depositing undisputed statutory dues including income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to me by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the period.

(xi) The Company has not paid any managerial remuneration during the period covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 12, 2017

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017.

I have audited the internal financial controls over financial reporting of **Kalyani Rafael Advanced Systems Private Limited** ("the Company") as of 31st March, 2017 in conjunction with my audit of the 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 ('ICAI'). 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 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

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's 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 my 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 31st March, 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.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 12, 2017

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Balance sheet as at March 31, 2017

	Notes	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
I. ASSETS			
1. Non-current assets			
a) Capital Work in Progress		**23,538,460**	-
b) Financial Assets			
i) Other financial assets	4	**33,792,729**	498,183
c) Other non-current assets	5	**40,035,513**	386,203
d) Income tax assets (Net)	6	**59,113**	-
		97,425,815	884,386
2. Current assets			
a) Financial Assets			
i) Cash and cash equivalents	7	**113,959,207**	375,579
b) Other current assets	8	**637,691**	56,904
		114,596,898	432,483
TOTAL :		**212,022,713**	1,316,869
II. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	9	**104,100,000**	1,500,000
b) Other Equity	10	**94,181,352**	(2,259,561)
		198,281,352	(759,561)
2. Non-Current liabilities			
a) Long Term Provisions	11	**2,160**	-
b) Other Long-Term Liabilities	12	**163,962**	22,919
		166,122	22,919
3. Current liabilities			
a) Financial Liabilities			
i) Trade Payables	13	**13,492,823**	2,042,846
b) Other current liabilities	14	**82,416**	10,665
		13,575,239	2,053,511
TOTAL :		**212,022,713**	1,316,869
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 32		

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 12, 2017

On behalf of the Board of Directors,

Vikram Munje
Director
DIN: 02772991
Place: Pune
Date: May 12, 2017

Rajinder Singh Bhatia
Director
DIN:05333963

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Statement of Profit and Loss for the year ended March 31, 2017

	Notes	For the year ended March 31, 2017. Rs.	For the period ended March 31, 2016. Rs.
I. Income			
a) Revenue from operations		**-**	-
b) Other income	15	**-**	11,557
Total Income		-	11,557
II. Expenses			
a) Other expenses	16	**3,576,737**	2,271,118
Total Expenses		**3,576,737**	2,271,118
III. Loss before tax		**(3,576,737)**	(2,259,561)
IV. Tax expenses		**-**	-
V. Loss for the period (III-IV)		**(3,576,737)**	(2,259,561)
VI. Other Comprehensive Income		**-**	-
VII. Total Comprehensive Income for the period (V+VI)		**(3,576,737)**	(2,259,561)
VIII. Earnings per equity share for continuing operations [nominal value of share x 10/-]			
a) Basic (In x)	30	**(0.61)**	(15.06)
b) Diluted (In x)	30	**(0.61)**	(15.06)
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 32		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 12, 2017

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 12, 2017

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Statement of Changes in Equity for the year ended March 31, 2017

a Equity share capital

	Balance at the beginning of the year Rs.	Changes in Equity share Capital during the year Rs.	Balance at the end of the year Rs.
i) For the Year ended March 31, 2017	1,500,000	102,600,000	104,100,000
ii) For the Period ended March 31, 2016	-	1,500,000	1,500,000

b Other equity

	Share Application money pending Allotment p	Retained Earnings p	Total p
Balance at the beginning of the period	-	-	-
Add :			
Amount received during the year	-	-	-
Total Comprehensive Income for the period	-	**(2,259,561)**	**(2,259,561)**
	-	**(2,259,561)**	**(2,259,561)**
Balance at the end of the period March 31, 2016	-	**(2,259,561)**	**(2,259,561)**
Add :			
Amount received during the year	**202,617,650**	-	**202,617,650**
Total Comprehensive Income for the year	-	**(3,576,737)**	**(3,576,737)**
	202,617,650	**(3,576,737)**	**199,040,913**
Less :			
Appropriated towards allotment of equity shares	**102,600,000**	-	**102,600,000**
Balance at the end of the period March 31, 2017	**100,017,650**	**(5,836,298)**	**94,181,352**

c Total equity (a+b)	**198,281,352**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1 to 32

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 12, 2017

On behalf of the Board of Directors,

Vikram Munje	**Rajinder Singh Bhatia**
Director	**Director**
DIN: 02772991	**DIN:05333963**

Place: Pune
Date: May 12, 2017

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Cash Flow Statement for the year ended March 31, 2017

		Year ended March 31, 2017 Rs.	Period ended March 31, 2016. Rs.
Cash flow from operating activities			
Loss before tax		**(3,576,737)**	(2,259,561)
Less: Income Tax Expenses		**7,168**	-
Operating loss before working capital changes		**(3,569,569)**	(2,259,561)
Movements in working capital :			
(Increase) / decrease in other financial assets		**(1,162,538)**	(498,183)
(Increase) / decrease in other non-current assets		**(39,649,310)**	(386,203)
(Increase) / decrease in other current assets		**(580,787)**	(56,904)
Increase / (decrease) in other long-term liabilities		**141,043**	22,919
Increase / (decrease) in trade payable		**11,449,977**	2,042,846
Increase / (decrease) in other current liabilities		**71,751**	10,665
Increase / (decrease) in Provisions		**2,160**	-
		(29,727,704)	1,135,140
Cash used in operations		**(33,297,273)**	(1,124,421)
Direct taxes paid (net of refunds)		**(66,281)**	-
Net cash flows used in operating activities	**(A)**	**(33,363,554)**	(1,124,421)
Cash flows from investing activities			
Purchase of Fixed Assets		**(23,538,460)**	-
Investments in Fixed Deposits		**(32,132,008)**	-
Amounts kept with banks in current accounts, earmarked for share application money pending allotment		**(100,028,884)**	-
Net cash flows used in investing activities	**(B)**	**(155,699,352)**	-
Cash flows from financing activities			
Proceeds from issue of equity shares		**102,600,000**	1,500,000
Share application money received, pending for allotment		**100,017,650**	-
Net cash flows from financing activities	**(C)**	**202,617,650**	1,500,000
Net increase in cash and cash equivalents (A+B+C)		**13,554,744**	375,579
Cash and cash equivalents at the beginning of the period		**375,579**	-
Cash and cash equivalents at the end of the period		**13,930,323**	375,579
Components of cash and cash equivalents		**As at March 31, 2017 x**	As at March 31, 2016 x
Balances with banks In Current accounts		**13,930,323**	375,579
	TOTAL :	**13,930,323**	375,579
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 29		

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 12, 2017

On behalf of the Board of Directors,

Vikram Munje	**Rajinder Singh Bhatia**
Director	**Director**
DIN: 02772991	**DIN:05333963**

Place: Pune
Date: May 12, 2017

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the period ended March 31, 2017

1. Corporate information:

Kalyani Rafael Advanced Systems Private Limited was incorporated on August 21, 2015, as a private limited company under the Companies Act, 2013. The Company's CIN is U29270PN2015PTC156252. The Company is a 100% subsidiary of Kalyani Strategic Systems Limited and thus deemed to be a public company within the meaning of Sec. 2(71) of the Companies Act, 2013. Bharat Forge Limited is the ultimate Holding Company.

A Joint Venture Agreement has been signed and executed by Kalyani Strategic Systems Limited, Kalyani Technoforge Limited, Bharat Forge Limited, Rafael Advanced Defense Systems Limited and Kalyani Rafael Advanced Systems Private Limited. As per the said agreement shareholding of the Company post "Subscription Closing" will be held by Kalyani Strategic Systems Limited, Kalyani Technoforge Limited and Rafael Advanced Defense Systems Limited in the ratio of 50:1:49.

The Company has been formed with the object to engage in business of defense and aerospace that will include activities of conceptualization, research, design, development, production, integration, manufacture, assembly, modification, upgrade overhaul, engineering support, marketing, sales, after sales /product life cycle support and related activities of such programs and to act as off-set partner and/or to undertake off-set activities for original equipment manufacturers in defense, aerospace and other sectors. During the financial year covered by these financial statements, the Company was engaged exclusively in setting up its manufacturing facilities at Raviryala, Ranga Reddy District, in the state of Telangana.

2 First -time adoption of Ind AS

These financial statements of the Company for the year ended March 31, 2017 constitute the first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards." The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The Company was incorporated on August 21, 2015 and the preceding financial year of the Company comprised the period from August 21, 2015 to March 31, 2016. Accordingly August 21, 2015 is considered to be the date of transition to Ind ASs. In view of these circumstances, the question of providing comparative balance sheet figures as at the date of transition to Ind ASs does not arise in the case of the company.

The transition to Ind ASs has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind ASs has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out separately hereinafter.

3 Significant accounting policies:

3.1 Basis of accounting and preparation of financial statements:

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, read with the Companies (Indian Accounting Standards) Amendment Rules, 2016 and the provisions of the Companies Act, 2013 (to the extent notified). For the period ended March 31, 2016, the Company had prepared its financial statements in accordance 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).

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

i Derivative financial instruments,
ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Rupee.

3.2 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,
ii Held primarily for the purpose of trading,
iii Expected to be realised within twelve months after the reporting period, or
iv Cash or cash equivalent 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 treated as current when:

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

All other liabilities are classified 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.

3.3 Foreign currency transactions and translations :

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, 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. 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 profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii 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 currency 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. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, 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.

3.4 Fair value measurement :

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

i In the principal market for the asset or liability, or
ii 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
iii 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, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.
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.

3.5 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.

3.6 Taxes :

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.
Current income tax relating to items recognized outside profit or loss is recognized outside profit or 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 evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.
The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

The carrying amount of deferred tax assets are 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 can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets 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 the tax rates (and the tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or 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 tax assets and deferred taxes relate to 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 temporary 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 temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

i When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii When receivables and payables are stated with the amount of tax included.

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

3.7 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalised. Such cost includes the cost of replacing part of the 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 repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset.

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Computer and Data Processing Units	3 Years
ii)	Plant and Equipments	15 Years
iii)	Leasehold improvements	Over the primary lease period
iv)	Software	3 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used 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 the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

3.9 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 fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

Company as a Lessee
Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the 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 recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

3.10 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 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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 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 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 or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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.
Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.11 Provisions, Contingent Liabilities :

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of 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.

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.12 Retirement and other employee benefits :

a) Gratuity :

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out 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 profit or loss on the earlier of:

i The date of the plan amendment or curtailment, and

ii 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:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leave benefits :

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

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

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

3.13 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.

A Financial Asset :

a) 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.

b) Subsequent measurement

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

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

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

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

ii 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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

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

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

ii The asset’s contractual cash flows represent SPPI.

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

e) 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 P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, 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 P&L.

g) 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 Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii 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.

h) 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:

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

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 17

iv 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

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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.

For recognition of impairment loss on other financial assets and risk exposure, the Company 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 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:

i 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

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

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

i 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.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

B Financial liabilities :

a) 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.

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

ii Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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.

iii 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.

c) 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 or loss.

C 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 or loss.

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

D Reclassification of financial assets :

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E 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.

3.14 Cash and cash equivalents :

Cash and cash equivalents comprise cash at bank and in hand and short-term investments 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 consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15 Dividend to equity holders :

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.

3.16 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.

3.17 Earnings per share:

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.18 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.19 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the year ended March 31, 2017.

4. Other financial assets

	As at March 31, 2017 Rs.	As at March 31, 2016. Rs.
Security Deposits	**1,160,721**	498,183
Balances with banks in term deposits[(a)(b)]	**32,132,008**	-
Other Deposits	**500,000**	-
TOTAL :	**33,792,729**	498,183
(a) Under bank's lien for issue of Letter of credit.	**27,996,522**	-
(b) Under Banks's lien as margin for bank guarantees issued.	**4,135,486**	-

5 Other non-current assets

	As at March 31, 2017 Rs.	As at March 31, 2016. Rs.
Capital Advances	**36,608,386**	-
CENVAT credits and balances with Central Excise Department	**3,296,181**	296,806
Prepaid lease rentals	**130,946**	89,397
TOTAL :	**40,035,513**	386,203

6 Income tax assets (Net)

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Advance income tax (Net of provisions)	**59,113**	-
TOTAL :	**59,113**	-

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the year ended March 31, 2017.

4. Other financial assets

	As at March 31, 2017 Rs.	As at March 31, 2016. Rs.
Security Deposits	**1,160,721**	498,183
Balances with banks in term deposits[(a)(b)]	**32,132,008**	-
Other Deposits	**500,000**	-
TOTAL :	**33,792,729**	498,183
(a) Under bank's lien for issue of Letter of credit.	**27,996,522**	-
(b) Under Banks's lien as margin for bank guarantees issued.	**4,135,486**	-

7 Cash and Bank Balances

	As at March 31, 2017 Rs.	As at March 31, 2016. Rs.
Cash and cash equivalents		
Balances with banks in current accounts	**13,930,323**	375,579
Other bank balances		
Balances with banks in current accounts, earmarked for share application money pending allotment	**100,028,884**	-
TOTAL :	**113,959,207**	375,579

8 Other current assets

	As at March 31, 2017 Rs.	As at March 31, 2016. Rs.
Prepaid lease rentals	**112,839**	51,084
Prepaid Expenses	**518,925**	-
Other Advances recoverable in cash or kind	**5,927**	5,820
TOTAL :	**637,691**	56,904

Notes forming part of the Financial Statements for the year ended March 31, 2017.

9 Equity share capital

	As at March 31, 2017 Rs.	As at March 31, 2016. Rs.
Authorised		
25,000,000 (150,000) Equity shares of x 10/- each	**250,000,000**	1,500,000
TOTAL :	**250,000,000**	1,500,000
Issued		
20,411,765 (150,000) Equity shares of x 10/- each	**204,117,650**	1,500,000
TOTAL :	**204,117,650**	1,500,000
Subscribed and fully paid-up		
10,410,000 (150,000) Equity shares of x 10/- each	**104,100,000**	1,500,000
TOTAL :	**104,100,000**	1,500,000

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

	As at March 31, 2017		As at March 31, 2016	
	Nos.	x	Nos.	x
At the beginning of the period	**150,000**	**1,500,000**	-	-
Shares Issued during the period	**10,260,000**	**102,600,000**	150,000	1,500,000
Shares bought back during the period	-	-	-	-
Outstanding at the end of the period	**10,410,000**	**104,100,000**	150,000	1,500,000

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- Each holder of equity shares is entitled to one vote per share.

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

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

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of x 10 each fully paid				
Kalyani Strategic Systems Limited, the Holding Company#	**10,410,000**	**100.00%**	150,000	100.00%

#Including shares held through Nominees

10 Other equity

		As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
I Share Application money pending Allotment			
As per last account		**-**	-
Add : Application money received during the year		**202,617,650**	-
Less : Allotment made during the year		**(102,600,000)**	-
Closing balance	**Subtotal (I) :**	**100,017,650**	-
II Retained earnings			
As per last account		**(2,259,561)**	-
Add : Adjustment			
Add : Other comprehensive income for the period		**(3,576,737)**	(2,259,561)
Less : Appropriations		**-**	-
Closing balance	**Subtotal (II) :**	**(5,836,298)**	(2,259,561)
	Grand Total (I + II):	**94,181,352**	(2,259,561)

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the year ended March 31, 2017.

11 Long Term Provisions :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Provision For Employee Benefits		
Gratuity	**2,160**	-
(Please refer note no. 17)		
TOTAL :	**2,160**	-

12 Other Long-Term Liabilities :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Rent Equalization Liability	**163,962**	22,919
TOTAL :	**163,962**	22,919

13 Trade Payables :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**13,492,823**	2,042,846
TOTAL :	**13,492,823**	2,042,846

14 Other current liabilities :

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Statutory liabilities	**71,890**	10,665
Share application money refundable	**10,526**	-
TOTAL :	**82,416**	10,665

15 Other income

	Year ended March 31, 2017. Rs.	Period ended March 31, 2016. Rs.
Interest income	**-**	11,557
TOTAL :	**-**	11,557

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the year ended March 31, 2017.

16 Other expenses

	Year ended March 31, 2017. Rs.	Period ended March 31, 2016. Rs.
Rent (Refer Note 22)	**639,876**	355,628
Rates and Taxes	**76,418**	47,530
Legal and Professional Fees	**162,814**	52,450
Business promotion Expenses	**-**	1,748,860
Preliminary Expenses	**-**	5,500
Share Issue Expenses	**2,594,200**	13,700
Payment to Auditors (Refer details below)	**50,000**	20,000
Miscellaneous expenses#	**53,429**	27,450
TOTAL :	**3,576,737.00**	2,271,118

\# Miscellaneous Expenses include general office expenses, printing and stationery etc.

Payment to auditors

	Year ended March 31, 2017. Rs.	Period ended March 31, 2016 Rs.
As auditor:		
- Audit fee	**50,000**	20,000
	50,000	20,000

Notes forming part of the Financial Statements for the year ended March 31, 2017.

17 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Provident fund

Defined Contribution Plans :

The provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 do not apply to the Company. Hence the Company is not liable to contribute to defined contribution retirement benefit plans.

(b) 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.

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. 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.

2) Unfunded Plan Risk

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

Notes forming part of the Financial Statements for the year ended March 31, 2017.

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:

Particulars	**Year ended March 31, 2017**	Period ended March 31, 2016
Mortality table	**IALM(2006-08) ult**	-
Discount rate	**7.20%**	-
Expected rate of return on plan assets	**-**	-
Rate of increase in compensation levels	**6.00%**	-
Expected average remaining working lives (in years)	**7.92**	-
Withdrawal rate (based on grade and age of employees)		
Age upto 45 years	**12.00%**	-
Thereafter	**8.00%**	-

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

Particulars	**Year ended March 31, 2017** **Rs.**	Period ended March 31, 2016 Rs.
Present value of obligation as at the beginning of the period	**-**	-
Interest expense	**-**	-
Current service cost	**2,160**	-
Benefits (paid)	**-**	-
Remeasurements on obligation [Actuarial (Gain) / Loss]	**-**	-
Closing Defined Benefit Obligation	**2,160**	-

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

Particulars	**Year ended March 31, 2017** **Rs.**	Period ended March 31, 2016 Rs.
Opening fair value of plan assets	**-**	-
Interest Income	**-**	-
Contributions	**-**	-
Benefits paid	**-**	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**-**	-
Closing fair value of plan assets	**-**	-
Actual return on plan assets	**-**	-

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the year ended March 31, 2017.

Net Interest (Income/Expense)

Particulars	**Year ended March 31, 2017 Rs.**	Period ended March 31, 2016 Rs.
Interest (Income) / Expense – Obligation	-	-
Interest (Income) / Expense – Plan assets	-	-
Net Interest (Income) / Expense for the period	-	-

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

Particulars	**Year ended March 31, 2017 Rs.**	Period ended March 31, 2016 Rs.
Experience (Gain) / Loss on plan liabilities	-	-
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	-	-
Experience (Gain) / Loss on plan assets	-	-
Financial (Gain) / Loss on plan assets	-	-

Amount recognised in Statement of Other comprehensive Income (OCI)

Particulars	**Year ended March 31, 2017 Rs.**	Period ended March 31, 2016 Rs.
Opening amount recognised in OCI outside profit and loss account	-	-
Remeasurement for the period-Obligation (Gain)/Loss	-	-
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	-	-
Closing amount recognised in OCI outside profit and loss account	-	-

The amounts to be recognised in the Balance Sheet

Particulars	**Year ended March 31, 2017 Rs.**	Period ended March 31, 2016 Rs.
Present value of obligation as at the end of the period	**2,160**	-
Fair value of plan assets as at the end of the period	-	-
Net Asset / (liability) to be recognised in balance sheet	**(2,160)**	-

Expense recognised in the statement of profit and loss

Particulars	**Year ended March 31, 2017 Rs.**	Period ended March 31, 2016 Rs.
Current service cost	**2,160**	-
Net Interest (Income) / Expense	-	-
Net periodic benefit cost recognised in the statement of profit & loss	**2,160**	-

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the year ended March 31, 2017.

Reconciliation of Net Asset/(Liability) recognised:

Particulars	**Year ended March 31, 2017 Rs.**	Period ended March 31, 2016 Rs.
Net asset / (liability) recognised at the beginning of the period	**-**	-
Company contributions	**-**	-
Expense recognised at the end of period	**(2,160)**	-
Amount recognised outside profit & loss for the period	**-**	-
Net asset / (liability) recognised at the end of the period	**(2,160)**	-

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount rate	**Present value of obligation**	
	Year ended March 31, 2017 Rs.	Period ended March 31, 2016 Rs.
6.20%	**2,320**	-
8.20%	**2,018**	-

B) Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

Salary increment rate	**Present value of obligation**	
	Year ended March 31, 2017 Rs.	Period ended March 31, 2016 Rs.
5.00%	**2,035**	-
7.00%	**2,299**	-

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.

Amount for the current and previous period are as follows:

Particulars	**Year ended March 31, 2017 Rs.**	Period ended March 31, 2016 Rs.
Plan assets - Fair value of plan assets	**-**	-
Defined benefit obligation	**2,160**	-
Surplus / (Deficit)	**-**	-
Experience adjustments on plan liabilities	**-**	-
Experience adjustments on plan assets	**-**	-

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

Notes forming part of the Financial Statements for the year ended March 31, 2017.

18 Segment Reporting :
Since the Company was exclusively engaged in setting up of its business activities there are no separate reportable segments, as per the Ind AS – 108 on 'Operating Segments.'

19 Related Party disclosures

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

Ultimate Holding Company :	Bharat Forge Limited
Holding Company :	Kalyani Strategic Systems Limited
Enterprise having significant influence over the Company:	Rafael Advanced Defense Systems Limited, Israel

(ii) Related parties with whom transactions have taken place during the period

Sr. No.	Nature of transaction	Note	Kalyani Strategic Systems Limited	Bharat Forge Ltd	Rafael Advanced Defense Systems Limited	Total
			Rs.	Rs.	Rs.	Rs.
1	Issue of Share Capital	(a)	**102,600,000**	**-**	**-**	########### ######
			(1,500,000)	-	-	##################
2	Share application money received	(b)	-	-	**100,028,176**	########### ######
			-	-	-	-
3	Preliminary Expenses reimbursed	(c)	**-**	**-**	**-**	-
			(5,500)			(5,500)
4	Other Expenses reimbursed	(c)	-	-	-	-
			(14,900)	(1,748,860)	-	##################

(a) The Company issued equity shares to the Holding Company at par on rights basis in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(b) The Company received share application money from one of the co-venturers in pursuance of issue of equity shares at par on rights basis in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(c) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(iii) Balances outstanding

Sr. No.	Nature of transaction	Kalyani Strategic Systems Limited	Bharat Forge Ltd	Rafael Advanced Defense Systems Limited	Total
		Rs.	Rs.	Rs.	Rs.
1	Trade payables	**-**	**-**	-	-
		(20,400)	(2,002,446)	-	(2,022,846)
2	Share application money refundable	**-**	**-**	**10,526**	10,526
		-	-	-	-

20 Commitments

	Year ended March 31, 2017. Rs.	Period ended March 31, 2016. Rs.
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	**108,377,660**	-

21 Pre-operative Expenses

The Company was engaged exclusively in the setting up of its manufacturing facilities at Village Raviryala, Ranga Reddy District, in state of Telangana. Expenses directly arising from the construction of manufacturing facilities and acquisition of property, plant and equipment have been classified as pre-operative expenses to be capitalised over the cost of property, plant and equipment.

		Year ended March 31, 2017. Rs.	Period ended March 31, 2016. Rs.
a)	**Employees' Emoluments**	**177,159**	
b)	**Other Expenses**		
	Rent	**1,684,884**	-
	Professional fees	**415,000**	-
	Power and fuel	**799,698**	-
	Other direct overheads	**270,112**	-
	Subtotal :	**3,346,853**	-
c)	**Less : Income from temporary deployment of funds**	**(666,345)**	
	Pre-operative expenses	**2,680,508**	-

22 Leases

The Company has entered into an arrangements in the nature of non cancellable operating leases for land and building for locating its manufacturing facilities. The leases are for a period ranging from sixty three to seventy two months with a lock-in period of three years. The Company has an option to get the leases extended by a further period of three years. The lease rent is subject to annual escalation of seven percent. The particulars as per the Ind AS 17 with regard to the above are as under :

Sr. No	Particulars	Year ended March 31, 2017. Rs.	Period ended March 31, 2016. Rs.
a)	Payments recognised in the statement of profit and loss		
	Lease payments for the year	**639,876**	355,628
	Minimum lease payments for Non Cancellable Leases		
	- Not later than one year	**3,226,993**	1,422,514
	- Later than one year but not Later than five years	**3,773,604**	2,489,400
	- Later than five years		-
	- Contingent rent recognised in Statement of Profit and Loss		-
b)	There are no transactions in the nature of sub-lease.		

23 Significant accounting judgments, estimates and assumptions :

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and 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

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment 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 z 3,840 of tax losses carried forward. These losses expire in 8 years and may not be used to offset taxable income. The Company neither has any material taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Please also refer Note no. 32

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 judgment is required in establishing fair values. Judgments 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 24 and 25 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

24 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	Year ended March 31, 2017. Rs.	Year ended March 31, 2016. Rs.	**Year ended March 31, 2017. Rs.**	Year ended March 31, 2016. Rs.
I) Financial assets				
Other current financial assets				
Security Deposits	1,160,721	498,183	1,160,721	498,183
Balances with banks in term deposits	32,132,008	-	32,132,008	-
Other Deposits	500,000	-	500,000	-
Total	**33,792,729**	498,183	**33,792,729**	498,183

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

25 Fair value hierarchy :

	Date of Valuation	**Quoted prices in active markets (Level 1)**	Significant observable inputs (Level 2)	**Significant unobservable inputs (Level 3)**	Total
Assets for which fair value has been disclosed					
Security Deposits	3/31/2017	-	-	1,160,721	1,160,721

Balances with banks in term deposits	3/31/2017	-	-	32,132,008	32,132,008
Other Deposits	3/31/2017	-	-	500,000	500,000
Assets for which fair value has been disclosed					
Security Deposits	3/31/2016	-	-	498,183	498,183

26 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances that derive directly from its operations.

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 financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management 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. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) 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, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2017 and March 31, 2016.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The following assumption has been made in calculating the sensitivity analyses:
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, March 31, 2016 and April 1, 2015 including the effect of hedge accounting(if any).

b) 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 and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's 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 an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. 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.

The Company's financial liabilities based on contractual undiscounted payments is payable on demand.

Kalyani Rafael Advanced Systems Private Limited
CIN U29270PN2015PTC156252

27 Reconciliation of equity as previously reported under IGAAP and Ind AS

	Note	As at March 31, 2016. IGAAP	Effects of transition to Ind-AS	Ind-AS
		Rs.	Rs.	Rs.
I. ASSETS				
1. Non-current assets				
a) Financial Assets				
Other financial assets				
Security Deposits	A	639,878	(141,695)	498,183
		639,878	(141,695)	498,183
b) Other non-current assets				
CENVAT credits and balances with Central Excise Department		296,806	-	296,806
Prepaid lease rentals	A	-	89,397	89,397
		296,806	89,397	386,203
2. Current assets				
a) Financial Assets				
i) Cash and cash equivalents				
In Current accounts		375,579	-	375,579
b) Other current assets				
Prepaid lease rentals	A	5,820	51,084	56,904
		381,399	51,084	432,483
	TOTAL :	1,318,083	(1,214)	1,316,869
II. EQUITY AND LIABILITIES				
1. Equity				
a) Equity share capital		1,500,000	-	1,500,000
b) Other Equity				
Retained earnings	A	(2,296,926)	37,365	(2,259,561)
		(796,926)	37,365	(759,561)
2. Non-Current liabilities				
a) Other Long-Term Liabilities				
Rent Equalization reserve	A	61,498	(38,579)	22,919
		61,498	(38,579)	22,919
3. Current liabilities				
a) Financial Liabilities				
i) Trade Payables		2,042,846	-	2,042,846
b) Other current liabilities				
Statutory liabilities		10,665	-	10,665
		2,053,511	-	2,053,511
	TOTAL :	1,318,083	(1,214)	1,316,869

28 Reconciliation of Statement of Profit and loss as previously reported under IGAAP and Ind AS

	Note	IGAAP Rs.	Effects of transition to Ind-AS Rs.	Ind-AS Rs.
I. Revenue from operations		-	-	-
II. Other income				
Interest income	B	-	11,557	11,557
III. Total revenue		-	11,557	11,557
IV. Expenses				
Rent	A	381,436	(25,808)	355,628
Rates and Taxes		47,530	-	47,530
Legal and Professional Fees		52,450	-	52,450
Business promotion Expenses		1,748,860	-	1,748,860
Preliminary Expenses		5,500	-	5,500
Share Issue Expenses		13,700	-	13,700
Payment to Auditors		20,000	-	20,000
Miscellaneous expenses		27,450	-	27,450
Total expenses		2,296,926	(25,808)	2,271,118
V. Loss before tax		(2,296,926)	37,365	(2,259,561)
VI. Tax expenses		-	-	-
VII. Loss for the period (V-VI)		(2,296,926)	37,365	(2,259,561)
VIII. Other Comprehensive Income		-	-	-
IX. Total Comprehensive Income for the period (VII+VIII)		(2,296,926)	37,365	(2,259,561)

A Difference between nominal value of the rental deposit and its fair value is considered as additional rent payable to lessor. This additional rent is expensed on a straight-line basis over the lease term.

B Interest income recognised on rental deposits using EIR through P & L over the life of the deposit.

29 Dues to Micro and Small Enterprises

The Company does not owe any moneys to suppliers which are Micro or Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006.

30 Earnings per share (EPS)

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Numerator for basic and diluted EPS		
Loss for the period attributable to shareholders as at March 31	**(3,576,737)**	(2,259,561)
Weighted average number of equity shares in calculating basic EPS	**5,884,356**	150,000
EPS - Basic (in x)	**(0.61)**	(15.06)
EPS - Diluted - (in x)	**(0.61)**	(15.06)

31 Details of Specified Bank Notes(SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016.

Particulars	SBNs	Other Denominations notes	Total
	p	p	p
Closing Cash in hand as on 8th November, 2016.	NIL	NIL	NIL
Add : Permitted receipts	NIL	NIL	NIL
Less : Permitted payments	NIL	NIL	NIL
Less : Amount deposited in Banks	NIL	NIL	NIL
Closing Cash in hand as on 30th December, 2016	NIL	NIL	NIL

32 Income Taxes :

a) The Company has not recognized deferred tax assets/ liabilities in the absence of timing differences of material amounts.

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:

	As at March 31, 2017. Rs.	As at March 31, 2016. Rs.
Accounting loss before tax	**(3,576,737)**	(2,259,561)
At India's enacted tax rate of 29.87% (31 March 2015: 30.90%)	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 12, 2017

Vikram Munje
Director
DIN: 02772991

Rajinder Singh Bhatia
Director
DIN:05333963

Place: Pune
Date: May 12, 2017

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