BHARAT FORGE

KALYANI

Leveraging Capabilities, Enhancing Opportunities

Subsidiary Companies
Annual Reports - 2014-15

CONTENTS

Name of the subsidiary company	Page No.
CDP Bharat Forge GmbH	1
Bharat Forge Holding GmbH	15
Bharat Forge Aluminiumtechnik GmbH & Co. KG	21
Bharat Forge Aluminiumtechnik Verwaltungs GmbH	31
Bharat Forge Daun GmbH	37
BF New Technologies GmbH	47
Bharat Forge Beteiligungs GmbH	55
Bharat Forge Kilsta AB	61
Bharat Forge Hong Kong Limited	81
Bharat Forge America Inc.	109
Bharat Forge International Limited	119
Mécanique Générale Langroise	133
BF-NTPC Energy Systems Limited	147
BF Infrastructure Limited	183
BF Infrastructure Ventures Limited	227
Kalyani Strategic Systems Limited (Formerly known as BF Power Equipment Limited)	265
BF Elbit Advanced Systems Private Limited	291
Analogic Controls India Limited	321

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
EURO	67.5104
SEK	8.0834
USD	63.3315

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

CDP Bharat Forge GmbH

Managing Director
Mr. Michael Weis
Mr. Michael P. Kasperski
Mr. Martin von Werne

Registered Office
Mittelstrasse 64
58256 Ennepetal
Germany

Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaft
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. G. K. Agarwal
Mr. A. B. Kalyani
Mr. S. G. Joglekar
Prof. Dr. Uwe Loos
Mr. Eckard Rudau
Dr. Hans-Peter Coenen

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 CDP Bharat Forge GmbH for the business year from January 1st to December 31st, 2014. 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 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 11th, 2015

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

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

CDP Bharat Forge GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2014

	Rs.		EUR		*Previous Year* EUR
1. Sales		11,325,120,949.32		167,753,723.12	170,753,858.94
2. Decrease in finished good inventories and work-in-process		69,337,811.34		1,027,068.59	2,421,775.49
3. Production for own plant and equipment capitalised		12,712,748.40		188,308.00	45,441.05
		11,407,171,509.06		168,969,099.71	173,221,075.48
4. Other operating income		167,625,838.82		2,482,963.20	1,196,261.64
		11,574,797,347.88		171,452,062.91	174,417,337.12
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	(5,773,568,972.38)		(85,521,178.55)		(85,572,829.48)
b) Cost of purchased services	(1,846,717,047.76)		(27,354,556.45)		(27,350,116.19)
		(7,620,286,020.14)		(112,875,735.00)	(112,922,945.67)
		3,954,511,327.74		58,576,327.91	61,494,391.45
6. Personnel expenses					
a) Wages and saleries	(1,809,705,264.88)		(26,806,318.21)		(26,050,286.53)
b) Social security contributions and pension expenses thereof Rs. 5,494,382.51 EUR 81,385.72 (2013: EUR 275,554.98) for pension expenses	(340,656,639.92)		(5,045,987.58)		(5,263,579.03)
		(2,150,361,904.80)		(31,852,305.79)	(31,313,865.56)
7. Depreciation and amortization on intangible fixed assets and tangible assets		(465,322,257.98)		(6,892,601.11)	(6,751,322.03)
8. Other operating expenses		(1,011,200,980.75)		(14,978,447.48)	(13,524,770.18)
		327,626,184.21		4,852,973.53	9,904,433.68
9. Income from Profit & Loss transfer agreements	93,813,544.16		1,389,616.18		1,295,688.44
10 Investment income	12,838,047.71		190,164.00		161,887.00
thereof Rs. 12,838,047.71 EUR 190,164.00 (2013: EUR 160,487.00)					
from affiliated companies					
11 Other interest and similar income	4,455.01		65.99		454.99
thereof EUR 0.00 (2013: EUR 214.54)					
from affiliated companies					
12 Depreciation on financial assets	0.00		0.00		(1,464.62)
13 Expenses out of profit and loss transfer agreements	(21,063,707.92)		(312,006.86)		(822,664.44)
14 Interest and similar expenses	(42,088,529.18)		(623,437.71)		(1,377,221.39)
thereof Rs. 9,045,509.21 EUR 133,986.90					
(2013: EUR 781,834.62) to affiliated companies					
thereof Rs. 23,646,327.72 EUR 350,262.00					
(2013 EUR 337,079.00) from discounting of provisions					
		43,503,809.78		644,401.60	(743,320.02)
15 Results from ordinary business operations		**371,129,993.99**		**5,497,375.13**	**9,161,113.66**
16 Extraordinary Income	-		-		0.00
17 Extraordinary Expenses	(6,976,052.16)		(103,333.00)		(103,333.00)
18 Extraordinary Results		(6,976,052.16)		(103,333.00)	(103,333.00)
19 Taxes on income	(87,523,531.33)		(1,296,445.16)		(1,364,345.00)
20 Other taxes	(21,605,902.86)		(320,038.14)		(294,644.57)
		(109,129,434.19)		(1,616,483.30)	(1,658,989.57)
21 Net income for the year		**255,024,507.64**		**3,777,558.83**	**7,398,791.09**

CDP Bharat Forge GmbH, Ennepetal

Balance Sheet as at December 31st, 2014

ASSETS	Rs.		EUR		*As at 31/12/2013* EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		15,543,459.48		230,238.00	328,211.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	425,879,478.93		6,308,353.66		5,578,602.66
2. Technical equipment and machinery	364,722,235.58		5,402,460.00		5,002,713.00
3. Other plant, factory and office equipment	568,169,416.69		8,416,028.00		8,829,695.00
4. Prepayments on tangible assets and construction	628,098,724.17	1,986,869,855.37	9,303,732.82	29,430,574.48	4,378,748.88
in progress					23,789,759.54
III. Financial assets					
1. Shares in affiliated companies	3,937,078,653.18		58,318,105.85		64,913,862.45
2. Loans to affiliated companies	293,332,688.00		4,345,000.00		4,345,000.00
3. Investments	295,358.00		4,375.00		4,375.00
4. Loans to associated companies	2,362,864.00		35,000.00		35,000.00
5. Security investments	0.00		0.00		0.00
		4,233,069,563.18		62,702,480.85	69,298,237.45
		6,235,482,878.03		92,363,293.33	93,416,207.99
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	455,342,732.93		6,744,779.07		6,256,230.85
2. Work in progress	760,958,863.95		11,271,727.97		10,544,206.00
3. Finished goods and merchandise	289,324,983.06		4,285,635.74		3,986,089.12
	0.00		0.00		315,000.00
		1,505,626,579.94		22,302,142.78	21,101,525.97
II. Accounts receivable and other assets					
1. Trade receivables	1,431,824,282.22		21,208,943.84		24,611,478.72
- of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year					
2. Receivables from affiliated companies	483,522,682.41		7,162,195.49		4,393,732.66
- of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year					
- of which EUR 0.00 (12/31/2013: EUR 0.00) to shareholders					
3. Receivables from associated companies	961,618.14		14,244.00		12,844.00
- of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year					
4. Other assets	169,095,110.85		2,504,726.84		1,970,310.09
- of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year					
		2,085,403,693.62		30,890,110.17	30,988,365.47
III. Cash on hands, bank balances		33,783,214.79		500,414.97	3,541,700.12
		3,624,813,488.35		53,692,667.92	55,631,591.56
C. Prepaid expenses		1,891,323.43		28,015.29	53,850.93
Asset side difference from offsating of plan assets		4,659,905.36		69,025.00	60,691.00
Total		**9,866,847,595.17**		**146,153,001.54**	**149,162,341.48**

CDP Bharat Forge GmbH, Ennepetal

Balance Sheet as at December 31st, 2014

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2013 EUR
A. Equity					
I. Share Capital		337,552,000.00		5,000,000.00	5,000,000.00
II. Capital reserves		3,879,446,520.05		57,464,428.00	53,764,428.00
III. Profit/loss brought forward		2,001,982,252.17		29,654,427.35	22,255,636.26
IV. Net income for the year		255,024,507.64		3,777,558.83	7,398,791.09
		6,474,005,279.86		95,896,414.18	88,418,855.35
B. Accruals					
1. Accruals for pensions and similar obligations	341,268,042.46		5,055,044.00		4,823,977.00
2. Tax accruals	9,451,456.00		140,000.00		847,203.73
3. Other accruals	315,641,567.87		4,675,451.01		4,975,887.99
		666,361,066.33		9,870,495.01	10,647,068.72
C. Liabilities					
1. Liabilities to Banks up to one year: Rs.533,383,244.44 EUR 7,900,756.69 (12/31/2013: EUR 0.00)	533,383,244.44		7,900,756.69		0.00
2. Trade payables - up to one year: Rs.1,484,063,416.57 EUR 21,982,737.72 (12/31/2013: EUR 23,266,109.54)	1,484,063,416.57		21,982,737.72		23,266,109.54
3. Payables to affiliated companies - up to one year: Rs. 406,282,222.46 EUR 6,018,068.66 (12/31/2013: EUR 26,298,321.82) - of which Rs.153,642,626.37 EUR 2,275,836.41 (12/31/2013: EUR 21,320,782.02) to shareholders of which Rs.204,231.79 EUR 3,025.19 - (12/31/2013: EUR 1,220,018.81) from Trade Payables	406,282,222.46		6,018,068.66		26,298,321.82
4. Other liabilities - up to one year: Rs.71,608,348.12 EUR 1,060,700.99 (12/31/2013: EUR 531,293.51) - of which Rs.22,670,962.44 EUR 335,814.37 (12/31/2013: Rs.20,361,445.16 EUR 301,604.57) taxes - of which EUR 0.00 (12/31/2013: EUR 1272.00) relating to social security	302,751,015.30		4,484,509.28		531,293.51
		2,726,479,898.77		40,386,072.35	50,095,724.87
D. Deferred Income		1,350.21		20.00	692.54
Total		**9,866,847,595.17**		**146,153,001.54**	**149,162,341.48**

Notes for the fiscal Year 2014 of CDP Bharat Forge GmbH, Ennepetal

General notes relating to annual accounts

The annual accounts for the fiscal year 2014 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB.

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

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

Accounting and valuation principles

Purchased **intangible 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. A period of three years has regularly been adopted as operating life unless the type of the asset required a different period of time.

Tangible assets are generally valued at their acquisition or manufacturing costs less scheduled depreciation for wear and tear. The manufacturing costs of self-produced assets includes besides directly allocable costs also prorated overheads, but excluding cost components that do not have to be capitalised in accordance with tax requirements.

Since 2010 the straight-line method of depreciation has been used for asset additions. 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 & loss account in its year of creation and during each of the following four fiscal years.

In case of **internally produced and capitalised assets** these are balanced at manufacturing costs which also comprise appropriate portions of material- and manufacturing overheads.

Financial assets are shown at their acquisition costs.

In so far as the value of tangible assets ascertained on the basis of the above-mentioned principles is above the value attributable to these assets as of the balance sheet date non-scheduled depreciation or value adjustments have been applied accordingly.

Stocks are valued at their acquisition or manufacturing costs taking into account permissible valuation simplification methods or at a lower value that may be applicable. Manufacturing costs in addition to directly allocable costs include production overheads and material handling overheads, but excluding cost components that do not have to be capitalised in accordance with tax requirements. Interest on borrowings is also not included. Administrative overheads are only taken into account in conjunction with the calculation of the production costs to the extent that they are production-related. Storage and marketability risks are reflected by the application of adequate value adjustments. Sales and administration overheads have not been included in the loss-free valuation of consignment stock.

Receivables and other accounts receivable are valued at their face value taking into account value adjustments in respect of apparent individual risks. The general credit risk is reflected in a lump-sum value allowance.

Accruals are generally payments made prior to the balance sheet date representing expenditure for a specific period after this date.

The value of the **pension obligations** is actuarially calculated in accordance with the projected unit credit method on the basis of the tables by Dr. Klaus Heubeck 2005 G and the following assumptions:

- Technical rate of interest:	4.53 % p.a.
- Expectancy trend:	2.00 % p.a.
- BBG trend:	2.00 % p.a.
- Pension trend:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

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.

Medium- and long-term liabilities have been discounted in accordance with § 253 paragraph 2 sentence 1 HGB due to the average interest rate of the last seven years with regard to their remaining period In case of anniversary provisons 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.

The obligation resulting from work associated with progressive retirement was offset at the present value of the stock deposit required for the solvency protection of employee pension claims associated with progressive retirement and shown as a net value.

Payables are shown at their repayment values.

Deferred taxes are calculated on temporary differences between the amount stated due to tax rules and due to the amounts due to commercial financial statements as well as on losses brought forward. In case of a backlog of deferred tax assets this is not capitalised. A company individual tax rate of 30.8% is applied.

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

Notes relating to balance sheet

Breakdown and movement of the **fixed assets** may be seen from the enclosed fixed-asset movement schedule.

CDP Bharat Forge GmbH, Ennepetal
Assets analysis as at 31st December, 2014

	Historical acquisition or manufacturing costs					Accumulated depreciation				Book value	
	1/1/2014	Additions	Disposals	Transfers	12/31/2014	1/1/2013	Additions	Disposals	12/31/2014	12/31/2014	12/31/2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Concessions, trade mark rights and similar rights and values, licenses	1,362,347.31	75,468.84	1,479.11	27,317.48	1,463,654.52	1,034,136.31	200,759.32	1,479.11	1,233,416.52	230,238.00	328,211.00
	1,362,347.31	75,468.84	1,479.11	27,317.48	1,463,654.52	1,034,136.31	200,759.32	1,479.11	1,233,416.52	230,238.00	328,211.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	9,564,319.04	722,166.92	3,859.05	472,703.81	10,755,330.72	3,985,716.38	465,119.73	3,859.05	4,446,977.06	6,308,353.66	5,578,602.66
2. Technical equipment and machinery	23,556,007.79	1,271,188.17	113,165.60	670,820.41	25,384,850.77	18,553,294.79	1,542,261.58	113,165.60	19,982,390.77	5,402,460.00	5,002,713.00
3. Other plant, factory and office equipment	33,389,764.67	4,134,795.35	215,424.99	138,181.13	37,447,316.16	24,560,069.67	4,684,460.48	213,241.99	29,031,288.16	8,416,028.00	8,829,695.00
4. Prepayments on tangible assets and construction in progress	4,378,748.88	6,380,006.77	146,000.00	(1,309,022.83)	9,303,732.82	-	-	-	-	9,303,732.82	4,378,748.88
	70,888,840.38	12,508,157.21	478,449.64	(27,317.48)	82,891,230.47	47,099,080.84	6,691,841.79	330,266.64	53,460,655.99	29,430,574.48	23,789,759.54
III. Financial Assets											
1. Shares in affiliated companies	64,913,862.45	12,404,243.40	19,000,000.00	-	58,318,105.85	-	-	-	-	58,318,105.85	64,913,862.45
2. Loans to affiliated companies	4,345,000.00	-	-	-	4,345,000.00	-	-	-	-	4,345,000.00	4,345,000.00
3. Investments	4,375.00	-	-	-	4,375.00	-	-	-	-	4,375.00	4,375.00
4. Loans to associated companies	35,000.00	-	-	-	35,000.00	-	-	-	-	35,000.00	35,000.00
5. Security investments	0.00	-	-	-	-	-	-	-	-	-	-
	69,298,237.45	12,404,243.40	19,000,000.00	-	62,702,480.85	-	-	-	-	62,702,480.85	69,298,237.45
	141,549,425.14	24,987,869.45	19,479,928.75	-	147,057,365.84	48,133,217.15	6,892,601.11	331,745.75	54,694,072.51	92,363,293.33	93,416,207.99

The **financial assets** consist of shares in and loans to Bharat Forge Holding GmbH, Ennepetal, Talbahn GmbH, Ennepetal, Bharat Forge Daun GmbH, Daun, BF New Technologies GmbH, Daun and Bharat Forge Beteiligungs GmbH, Ennepetal.

With purchase agreement dated 17th December, 2014 CDP Bharat Forge GmbH took over total shares in MECANIQUE GENERALE LANGROISE, Saint Geosmes, France. The investment is capitalised amounting to k€ 11.604 including expenses of acquisition.

Bharat Forge Kilsta AB received a loan of TEUR 1,000.

Receivables and other assets

Other assets contain accrued income resulting from refunding of electricity tax, petroleum tax and licences with regard to electricity amounting to T€ 481.

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) totals TEUR 1,033.

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 k€ 168 and the acquisition cost have the same value. The repayment amounts of the liabilities to be offset amount to k€ 99. There is a remaining asset 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.

Other provisions

Of the other provisions the main ones are in conjunction with personnel for flexitime credits (TEUR 1,306), working time associated with progressive retirement (TEUR 425), anniversary bonuses (TEUR 321) and yearly bonus premiums (TEUR 260) as well as for outstanding invoices from suppliers (TEUR 734).

Setoffs of assets and liabilities in accordance with § 246 paragraph 2 sentence 2 HGB were made for provisions for working time balances associated with progressive retirement: The present values of the assets offset amount to TEUR 603 and the acquisition cost to TEUR 602. The repayment amounts of the liabilities to be offset amount to TEUR 1,028.

Payables

Payables for goods and services are secured by a trade-customary retention of title.

There were bank liabilities amounting to Mio. EUR 1.3 with a residual term of more than five years as of the balance sheet date. These refer to a bank loan of Mio. EUR 6.0 which is secured by charges on the land of CDP.

Guarantees existed as of 31.12.2014 as follows:

Nature	Maturity	Value as of balance sheet date	Risk for usage as of balance sheet date
Liabilities from letters of comfort: Collateral promises in favour of an affiliated company	2020 2019	T€ 1.518 T€ 10.000	Economic situation and earnings prospects do not allow the expectation of usage of the guarantee, there is dedicated insight into the planning documents.
		T€ 11.518	

Other financial payables consist of rental payments of TEUR 324 p.a. in respect of rent contracts and obligations under leasing agreements totalling TEUR 342, of which TEUR 173 will fall due within 2015

Notes relating to profit & loss account

Turnover

The geographical breakdown of the turnover is as follows:

Turnover distribution by region	**2014**	**2013**
Germany	**60,084**	**70,110**
Other countries	**107,670**	**100,644**
Thereof in Europe	84,639	79,328
Thereof in USA	21,037	19,612
Thereof in Australia	1,029	1,211
Thereof in rest of the world	965	493
TOTAL	**167,754**	**170,754**

Currency conversion

Income from currency conversions amounts to TEUR 423 and losses from currency conversions amount to TEUR 24.

Extraordinary result

The extraordinary expenses relate to the provisioning adjustment for pensions spread over several years (€ 0.1 million) in accordance with the changes required by the Bilanzmodernisierungsgesetz (Accounting Modernisation Act) in 2010.

Other information

Deferred taxes:

Deferred taxes are the result of the following temporary differences between valuations in the commercial accounts and the tax accounts:

	Positive differences	Negative differences	Possible deferred taxes
	T€	**T€**	**T€**
Provisions			
Pensions	1,169		360
Other	395		121
Fixed assets	8		0
Investments		327	-5
Receivables/other assets	619		3
Other liabilities	96		30
		45	-14
	1,967	45	573

The calculation of the deferred taxes is based on a tax rate of rd. 15.0% for trade tax and 15.825% for corporation tax / solidarity surcharge.

The average personnel structure is shown in the summary below:

Workers	358
Salaried employees	127
Trainees	37
Total number of employees	**522**

Shareholdings

	Equity Capital	Share-	Last
	TEUR	%	TEUR
Bharat Forge Holding GmbH	5850	100	259
Bharat Forge Daun GmbH	3,587	100	1,390 *)
BF New Technologies GmbH	1,575	100	- 312 *)
Talbahn GmbH **)	13	35	27
Bharat Forge Beteiligungs-GmbH	24,133	100	- 918

*) before profit and loss pooling with CDP Bharat Forge GmbH

**)Financial Statements 2013

Management Directors

Directors of CDP Bharat Forge GmbH in 2014:

- Dr. Arndt Laßmann, merchant, Düsseldorf (until 31st August, 2014; registered 16th September, 2014)
- Michael Weis, engineer, Schönaich (from 15th August, 2014; registered 16th September, 2014)
- Michael Kasperski, merchant, Cologne
- Martin von Werne, engineer, Ennepetal

The total remuneration of the Management Board amounted to TEUR 952.

The pension provisions for former directors amounted to TEUR 441 as of 31.12.2014. The amount of the pension provisions not yet accrued in accordance with Article 67 EGHGB (Allocation of adjustment amount resulting from changed valuation in accordance with BilMoG) totals TEUR 163 for the aforementioned group of persons.

Advisory Board

In 2014 the advisory board of the company consisted of the following members:

- Mr. Baba N. Kalyani,
- Mr. Gopal K. Agarwal,
- Mr. Amit B. Kalyani,
- Prof. Dr. Uwe Loos
- Dr. Hans-Peter Coenen
- Mr. Eckard Rudau
- Mr Sanjeev Joglekar

In 2014 the members of the advisory board received remuneration totalling TEUR 31.

Information about the group

Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company, which prepares the group accounts for most of the group companies. In so far as a disclosure of these accounts is required they may be inspected at the “Registrar of Companies” in Maharashtra, Pune, India. CDP Bharat Forge GmbH, Ennepetal, is the parent company, which prepares the group accounts for the remaining group companies. In so far as a disclosure of these accounts is required they may be inspected at the E-Bundesanzeiger.

Ennepetal, 26.02.2015

CDP Bharat Forge GmbH

Michael Weis Michael Kasperski Martin von Werne

Bharat Forge Holding GmbH

Managing Director	***Registered Office***	***Auditors***
Mr. Michael Weis	Mittelstrasse 64 58256 Ennepetal Germany	WuP Truehand EmbH Wirtschaftsprufungsgesellschaf Feithstrasse 177 58097 Hagen Germany

Bharat Forge Holding GmbH, Ennepetal

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, 2014. 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, 11th May, 2015

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

Bharat Forge Holding GmbH, Ennepetal

Balance Sheet as at December 31st 2014

A S S E T S

	Rs.		EUR		As at 31/12/2013 EUR
A. Fixed Assets					
Financial assets					
1. Shares in affiliated companies	560,751,677.06		8,306,152.49		7,506,152.49
2. Loans to affiliated companies	67,510,400.00		1,000,000.00		1,000,000.00
		628,262,077.06		9,306,152.49	8,506,152.49
B. Current assets					
I. Accounts receivable and other assets					
1. Receivables from affiliated companies of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year	48,596,432.50		719,836.24		446,942.73
2. Other assets of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year	18,356,077.76		271,900.00		32,053.00
		66,952,510.26		991,736.24	478,995.73
II. Cash on hands, bank balances		33,945.59		502.82	22,902.54
Total		**695,248,532.91**		**10,298,391.55**	**9,008,050.76**

E Q U I T Y A N D L I A B I L I T I E S

	Rs.		EUR		*As at 31/12/2013* EUR
A. Equity					
I. Share Capital	1,687,760.00		25,000.00		25,000.00
II. Capital reserves	258,159,769.60		3,824,000.00		3,024,000.00
III. Profit/Loss brought forward	117,622,835.91		1,742,292.09		2,078,928.21
IV. Net loss/income for the year	17,486,327.10		259,016.79		-336,636.12
		394,956,692.61		5,850,308.88	4,791,292.09
B. Accruals					
1. Other Provisions	513,079.04		7,600.00		5,000.00
		513,079.06		7,600.00	5,000.00
C. Liabilities					
Payables to affiliated companies up to one year: Rs. 299,778,761.24 EUR 4,440,482.67 (12/31/2013: EUR 4,211,758.67)		299,778,761.24		4,440,482.67	4,211,758.67
Total		**695,248,532.91**		**10,298,391.55**	**9,008,050.76**

Bharat Forge Holding GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st 2014

	Rs.		EUR		*Previous Year* EUR
1. Other operating income		-		-	-
2. Other operating expenses		(808,840.08)		(11,980.97)	(6,533.40)
		(808,840.08)		(11,980.97)	(6,533.40)
3 Income from Investments thereof Rs. 25,421,758.08 EUR 376,560.62 (2013: EUR 0.00) from affiliated companies	25,421,758.08		376,560.62		0.00
3. Other interest and similar income thereof Rs. 2,188,004.64 EUR 32,409.89 (2013: EUR 31,491.79) from affiliated companies	2,188,004.63		32,409.89		31,491.79
4. Interest and similar expenses thereof Rs. 2,258,222.88 EUR 33,450.00 (2013: EUR 33.450,00) to affiliated companies	2,355,640.39		34,893.00		33,450.00
		25,254,122.32		374,077.51	(1,958.21)
5. Results from ordinary business operations		**24,445,282.24**		**362,096.54**	**(8,491.61)**
6. Taxes on income		(6,958,955.14)		(103,079.75)	(328,144.51)
7. Net income/ loss for the year		**17,486,327.10**		**259,016.79**	**(336,636.12)**

67.51

Notes for the financial year 2014 of Bharat Forge Holding GmbH, Ennepetal

General notes relating to annual accounts

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

The annual accounts for the fiscal year 2014 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 financial year comprises the period from 1st January to 31st December 2014.

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

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

Accounting and valuation principles

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

Shares in and loans receivables to affiliated companies were valued at cost price.

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

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.

Payables are shown at their repayment values.

Notes relating to balance sheet

The **financial assets** consisted of shares and loans receivables regarding Bharat Forge Aluminiumtechnik GmbH & Co. KG, Brand-Erbisdorf.

There are no **liabilities** which were due after more than five years.

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

Bharat Forge Holding GmbH, Ennepetal

Other information

Shares in affiliated companies

	Shares	Equity 31.12.2014	Results 2014
	%	KEUR	KEUR
Bharat Forge Aluminiumtechnik GmbH & Co. KG, Brand-Erbisdorf	100	15.820	426

Managing Director in 2014 were

- Dr. Arndt Laßmann, merchant, Düsseldorf (until 31st August, 2014)
- Michael Weis, engineer, Schönaich (from 15th August, 2014).

Information about the group

Bharat Forge Ltd., Pune, India is the parent company that prepares the consolidated accounts for the largest circle of companies. In the event of disclosure this will take place at the „Register of Companies“ in Maharashtra, Pune, India.

CDP Bharat Forge GmbH, Ennepetal is the parent company that prepares the consolidated accounts for the smallest circle of companies. In the event of disclosure this will take place at the E-Bundesanzeiger.

Ennepetal, 26th February, 2015

Bharat Forge Holding GmbH

Michael Weis

Managing Director

Bharat Forge Aluminiumtechnik GmbH & Co. KG

Managing Director
Mr. Martin Kuebelbaeck
Mr. Tobias Frenzel

Registered Office
Berthelsodorfer StraBe 8
09618 Brand-Erbisdorf
Germany

Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaf
Feithstrasse 177
58097 Hagen
Germany

Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. G. K. Agarwal
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 book-keeping system, and the management report of the Bharat Forge Aluminiumtechnik GmbH & Co. KG for the business year from January 1st to December 31st, 2014. 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 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 13th, 2015

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 & Co. KG

Profit and Loss Account for the period from January 1 to December 31, 2014

	Rs.	Rs.	EUR	EUR	*Previous Year* EUR
1. Sales		2,932,733,685.69		43,441,213.29	44,290,396.88
2. Increase or decrease in finished goods and work-in-progress		67,485,362.42		999,629.13	(356,357.10)
		3,000,219,048.11		44,440,842.42	43,934,039.78
3. Other operating income		105,752,112.32		1,566,456.61	785,525.72
of which Currency Translation Rs. 5,321,172.43					
EUR 78,820.04 (2013: EUR 25,236.16)					
		3,105,971,160.43		46,007,299.03	44,719,565.50
4. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	1,700,890,178.71		25,194,491.20		24,285,440.34
b) Cost of purchased services	344,677,834.79		5,105,551.66		5,143,338.27
		2,045,568,013.50		30,300,042.86	29,428,778.61
5. Personnel expenses					
a) Wages and salaries	446,463,418.79		6,613,253.94		5,629,296.01
b) Social security contributions and pension expenses thereof Rs. 4,260,860.16 EUR 63,114.13 (2013: EUR 46,480.88) for pension expenses	89,988,118.65		1,332,951.94		1,076,138.71
6. Depreciation and amortization on intangible fixed assets and tangible assets	147,193,839.89		2,180,313.55		1,735,812.82
7. Other operating expenses	275,878,150.20		4,086,454.09		3,704,911.28
of which Currency Translation Rs. 1,345,604.47					
EUR 19,931.81 (2013: EUR 3,832.08)					
		959,523,527.53		14,212,973.52	12,146,158.82
		100,879,619.40		1,494,282.65	3,144,628.07
8. Other interest and similar income	5,316.44		78.75		40.16
9. Interest and similar expenses	62,610,887.40		927,425.81		403,193.47
of which to affiliated companies: Rs. 2,280,179.96					
EUR 33,775.24 (31/12/2013: EUR 51,749.29)					
of which from compounding accruals: Rs. 906,934.71					
EUR 13,434.00 (31/12/2013: EUR 11,375.00)					
		(62,605,570.96)		(927,347.06)	(403,153.31)
10. Results from ordinary business operations		**38,274,048.44**		**566,935.59**	**2,741,474.76**
11. Extra Ordinary Expenses		-		-	300,000.00
		38,274,048.44		566,935.59	2,441,474.76
11. Taxes on income and profits	8,130,631.90		120,435.25		288,364.00
12. Other taxes	1,400,863.08		20,750.33		17,717.60
		9,531,494.98		141,185.58	306,081.60
13. Net income for the year		**28,742,553.46**		**425,750.01**	**2,135,393.16**

Bharat Forge Aluminiumtechnik GmbH & Co. KG
Balance Sheet as at December 31, 2014

ASSETS	Rs.		EUR		*As at 31/12/2013* EUR
A. Fixed Assets					
I. Intangible assets					
1 Concessions, trade mark rights and similar rights and values, licenses		3,549,224.26		52,573.00	63,406.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	316,548,504.60		4,688,885.04		3,177,304.77
2. Technical equipment and machinery	1,510,731,596.21		22,377,761.00		7,109,065.00
3. Other plant, factory and office equipment	197,952,442.14		2,932,177.00		1,204,647.00
4. Prepayments on tangible assets and construction in progress	701,122,046.39		10,385,393.16		12,159,367.38
		2,726,354,589.34		40,384,216.20	23,650,384.15
III. Financial assets					
Shares in affiliated companies		1,725,875.70		25,564.59	25,564.59
		2,731,629,689.30		40,462,353.79	23,739,354.74
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	307,865,982.61		4,560,274.90		2,634,179.92
2. Work in progress	223,733,324.49		3,314,057.16		2,193,398.59
3. Finished goods and merchandise	115,020,527.38		1,703,745.31		1,667,600.62
4. Prepayments	13,569,590.40		201,000.00		201,000.00
	660,189,424.88		9,779,077.37		6,696,179.13
II. Accounts receivable and other assets					
1. Trade receivables - of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year	310,415,265.76		4,598,036.24		6,275,036.93
2. Receivables from affiliated companies - of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year	19,691.43		291.68		0.00
3 Other assets - of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year	220,170,621.78		3,261,284.51		1,378,347.31
	530,605,578.97		7,859,612.43		7,653,384.24
III. Cash on hands, bank balances	7,292,206.74		108,016.05		533,580.08
		1,198,087,210.59		17,746,705.85	14,883,143.45
C. Prepaid expenses		16,459,586.40		243,808.16	270,266.95
D. Asset side difference from offsetting of planned asset		1,378,629.92		20,421.00	21,572.00
Total		**3,947,555,116.21**		**58,473,288.80**	**38,914,337.14**

Bharat Forge Aluminiumtechnik GmbH & Co. KG
Balance Sheet as at December 31, 2014

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2013* EUR
A. Equity					
I. Capital of limited partner	560,336,320.00		8,300,000.00		7,500,000.00
II. Capital reserve	53,603,257.60		794,000.00		794,000.00
III. Retained income	425,315,520.00		6,300,000.00		4,541,167.46
IV. Net income for the year	28,742,553.48		425,750.01		2,135,393.16
		1,067,997,651.08		15,819,750.01	14,970,560.62
B Adjustments for shares held in the own general partner		1,725,875.70		25,564.59	25,564.59
C Special item for investment grants		610,886,095.71		9,048,770.20	1,088,119.00
D Provisions & Accruals					
1. Accruals for pensions and similar obligations	0.00		0.00		0.00
2. Tax accruals	0.00		0.00		0.00
3. Other accruals	87,973,741.98		1,303,113.92		1,388,347.00
		87,973,741.98		1,303,113.92	1,388,347.00
E Liabilities					
1. Liabilities to banks	1,544,738,416.25		22,881,488.13		14,251,180.84
- of which up to one year: Rs. 578,943,235.40 EUR 8,575,615.54 (12/31/2013: EUR 2,500,630.72)					
2. Trade payables	367,983,885.79		5,450,773.30		4,282,345.29
- of which up to one year: Rs. 361,958,830.36 EUR 5,361,526.97 (12/31/2013: EUR 3,941,350.66)					
3. Payables to affiliated companies	25,707,960.32		380,800.00		218,680.35
- of which up to one year: Rs. 25,707,960.32 EUR 380,800.00 (12/31/2013: EUR 218,680.35)					
- of which Trade payable: Rs. 25,688,268.89 EUR 380,508.32 (12/31/2013: EUR 4480.35)					
4 Liabilities to limited partner	121,486,425.73		1,799,521.64		1,522,312.41
- of which up to one year: Rs. 53,976,025.73 EUR 799,521.64 (12/31/2013: EUR 522,312.41)					
5 Other liabilities	119,055,063.65		1,763,507.01		1,167,227.04
- of which taxes: Rs. 7,798,934.40 EUR 115,521.97 (12/31/2013: EUR 94,452.18)					
- of which related to social security: Rs. 1,026,756.22 EUR 15,208.86 (12/31/2013: EUR 1,208.00)					
- of which upto one year: Rs. 66,854,612.75 EUR 990,286.13 (12/31/2013: EUR 536,803.55)					
		2,178,971,751.74		32,276,090.08	21,441,745.93
Total		**3,947,555,116.21**		**58,473,288.80**	**38,914,337.14**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2014

A. GENERAL NOTES ON THE FINANCIAL STATEMENTS

The financial statements for the financial year from 01st January to 31st December 2014 were prepared in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch = HGB). For the profit and loss account the total cost method (Section 275 para. 2 HGB) was selected.

B. ACCOUNTING AND VALUATION PRINCIPLES

The composition and development of the fixed assets can be seen in the assets analysis as per 31.12.2014 shown on page 5 of the notes.

The intangible assets are assessed at acquisition cost less regular straight line depreciation.

The other tangible assets are principally recognized at acquisition costs and/or manufacturing 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.

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 subsidized assets.

The financial assets were assessed at acquisition costs.

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 if caused through manufacturing. Storage and stock turnover risks were taken into account by means of appropriate deductions.

Trade receivables as well as other receivables are assessed at acquisition cost after suitable value adjustments.

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

Equity capital (limited liability 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 determined to the balance sheet date December 31st, 2013 with use of reference tables 2005 G compiled by Dr. Klaus Heubeck. Calculation was made in accordance with Section 249 HGB and Section 252 to 255 HGB. Due to Section 253 para 1 s. 2 HGB a pension provision is to be made with the settlement amount, determined by reasonable commercial evaluation. Appraisal is based on projected unit credit method.

Calculation was made under assumptions of contractual retirement age and the following assumptions:

-actuarial interest rate of 4.53 % p.a. acc. to Section 253 para. 2 HGB and Provisions-Discounting-Act for a maturity of 15 years

-a pension dynamic of 1.00 % p.a.

-fluctuation probability 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 amortized acquisition costs. These acquisition costs correspond to the coverage capital including irrevocable profit participation.

The pension provision in the amount of 72,021 EUR has been set off against the coverage capital of the reinsurance with an amount of EUR 92,442, so that an asset-side difference from offsetting of plan assets at an amount of 20,421 EUR has been shown. Similarly, expenses and income have been set off in the financial result at the amount of EUR 2,156.

In the provisions, all recognizable 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 mortality tables 2005 G by Dr. Klaus Heubeck and an interest rate of 4.53%. This takes into account a fluctuation probability of 3% for the first ten years of service and a flat 20% social security share. The provision for a restitution obligation as a result of changes made by the tenant has been released after buying the building.

The liabilities are assessed at their repayment amounts.

Receivables and liabilities in foreign currency have been valued at the average spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

C. NOTES ON THE BALANCE SHEET AND P&L STATEMENT

The breakdown and development of the fixed assets can be seen in the following assets analysis:

Bharat Forge Aluminiumtechnik GmbH & Co. KG

Assets analysis as at 31st December, 2014

	Historical acquisition or manufacturing	Additions	Disposals	Reclassification	Accumulated Depreciation	Book value 31/12/2014	Book value 31/12/2013	Depreciation for the financial year 2014
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets								
1 Concessions, trade mark rights and similar rights and values, licenses	1,902,709.10	28,128.95	-	-	1,878,265.05	52,573.00	63,406.00	38,961.95
2 Prepayments	-	-	-	-	-	-	-	-
	1,902,709.10	28,128.95	-	-	1,878,265.05	52,573.00	63,406.00	38,961.95
II. Tangible assets								
1. Land, land rights and Buildings, including buildings on third party land	4,095,233.27	1,203,597.35	-	499,466.59	1,109,412.17	4,688,885.04	3,177,304.77	191,483.67
2. Technical equipment and machinery	27,554,148.66	3,894,858.60	-	12,777,488.81	21,848,735.07	22,377,761.00	7,109,065.00	1,403,651.41
3. Other plant, factory and office equipment	4,050,154.01	1,562,011.73	64,791.64	713,359.79	3,328,556.89	2,932,177.00	1,204,647.00	546,216.52
4. Prepayments on tangible assets and construction in progress	12,159,367.38	12,216,340.97	-	(13,990,315.19)	-	10,385,393.16	12,159,367.38	-
	47,858,903.32	18,876,808.65	64,791.64	-	26,286,704.13	40,384,216.20	23,650,384.15	2,141,351.60
III. Financial Assets								
1. Shares in affiliated companies	25,564.59	-	-	-	-	25,564.59	25,564.59	-
	25,564.59	-	-	-	-	25,564.59	25,564.59	-
	49,787,177.01	**18,904,937.60**	**64,791.64**	**-**	**28,164,969.18**	**40,462,353.79**	**23,739,354.74**	**2,180,313.55**

The item "Other assets" includes accruals that do not legally exist until after the balance sheet date, investment grants claims at the amount of 2.500 T€ and claims for electricity and energy tax refunds at the amount of 250 T€.

The deferred expenses contain payments, which form expenditure in the subsequent year.

The material other provisions and accruals belong to outstanding invoices (329 TEUR), management and staff bonus (213 TEUR), guarantees (208 TEUR), anniversary bonus (196 TEUR) and vacation of staff (122 TEUR).

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	total
	EUR	**EUR**	**EUR**	**EUR**
Liabilities to banks	8,575,615.54	13,153,432.75	13,153,432.75	22,881,488.13
Trade liabilities	5,361,526.97	89,246.33	0.00	5,450,773.80
Liabilities to affiliated companies	380,800.00	0.00	0.00	380,800.00
Liabilities to shareholders	799,521.64	1,000,000.00	0.00	1,799,521.64
Other liabilities	990,286.13	666,812.65	106,408.23	1,763,507.01
	16,107,750.28	14,909,491.73	1,258,848.07	32,276,090.08

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 by co-signing of the contracts by CDP BHARAT FORGE GMBH. The other liabilities are also in part secured by cosigning of the contracts by CDP BHARAT FORGE 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

D. OTHER NOTES

In the financial year 2014 the company employed on average 198 staff, including 155 trade staff plus 7 apprentices.

Operating lease liabilities until the end of the respective term amounted to 926 TEUR. The annual value of rent liabilities amounted to 183 TEUR.

The executive of the company is Bharat Forge Aluminiumtechnik Verwaltungs GmbH, represented by

Martin Kübelbäck, Meerbusch, businessman
as well as from 07.07. 2014
Tobias Frenzel, Freiberg, engineer.

A declaration of the total remuneration of the members of the managing board was waived in accordance with Section 286 (4) HGB.

The personally liable shareholder is Bharat Forge Aluminiumtechnik Verwaltungs GmbH with its registered office in Brand-Erbisdorf. Bharat Forge Aluminiumtechnik GmbH & Co. KG holds all shares in this company. The subscribed capital of Bharat Forge Aluminiumtechnik Verwaltungs GmbH amounts to EUR 25,564.59, the equity capital EUR 79,674.85 and the profit EUR 4,322.06.

CDP Bharat Forge GmbH, Ennepetal is the parent company, which draws up the consolidated financial statement for the smallest group of companies. In case of disclosure, 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 disclosure, 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:

Baba N. Kalyani, Pune,
Amit B. Kalyani, Pune,
Gopal K. Agarwal, Pune,
Sanjeev Joglekar, Pune,
Prof. Dr. Uwe Loos, Stuttgart

Brand-Erbisdorf, 30th March 2015

....	....
Martin Kübelbäck	Tobias Frenzel
Geschäftsführer	Geschäftsführer

Bharat Forge Aluminiumtechnik Verwaltungs GmbH

Managing Director	***Registered Office***	***Auditors***
Mr. Martin Kuebelbaeck	Berthelsodorfer StraBe 8	WuP Truehand EmbH
Mr. Tobias Frenzel	09618 Brand-Erbisdorf	Wirtschaftsprufungsgesellschaf
	Germany	Feithstrasse 177
		58097 Hagen
		Germany

Auditors' 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 company Bharat Forge Aluminiumtechnik Verwaltungs GmbH for the business year from January 1st to December 31st, 2014. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and supplementary provisions in the articles of incorporation agreement 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 in Deutschland e.V. (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 and 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, 13th May 2015

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

Bharat Forge Aluminiumtechnik Verwaltungs GmbH & Co. KG
Balance Sheet as at December 31, 2014

ASSETS

	Rs.	EUR	As at 31/12/2013 EUR
A. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	**5,379,593.23**	**79,685.40**	75,369.68
Total	**5,379,593.23**	**79,685.40**	75,369.68

EQUITY AND LIABILITIES

	Rs.	Rs.	EUR	EUR	As at 31/12/2013 EUR
A. Equity					
1. Share Capital	**1,725,875.70**		**25,564.59**		25,564.59
2. Profit brought forward	**3,361,221.30**		**49,788.20**		45,424.99
3. Net income for the year	**291,784.00**		**4,322.06**		4,363.21
		5,378,881.00		**79,674.85**	75,352.79
B. Accruals		**712.23**		**10.55**	16.89
Total		**5,379,593.23**		**79,685.40**	75,369.68

Bharat Forge Aluminiumtechnik Verwaltungs GmbH & Co. KG
Profit and Loss Account for the period from January 1 to December 31 2014

	Rs.	EUR	Previous year EUR
1. Other operating income	**36,020.17**	**533.55**	389.50
2. Other operating expenses	**(36,020.17)**	**(533.55)**	(393.00)
3. Investment income	**254,379.19**	**3,768.00**	3,549.00
4. Other interest and similar income	**92,175.32**	**1,365.35**	1,638.50
5. Results from ordinary business operations	**346,554.51**	**5,133.35**	5,184.00
6. Taxes on income and profits	**(54,770.51)**	**(811.29)**	(820.79)
7. Net income for the year	**291,784.00**	**4,322.06**	4,363.21

NOTES OF BHARAT FORGE ALUMINIUMTECHNIK VERWALTUNGS GMBH, BRAND-ERBISDORF FOR THE FISCAL YEAR 2014

The accounts receivable and other assets have been entered on the balance sheet at the acquisition costs. The equity capital was carried at the nominal amount. The provisions and accruals are shown at their prospective settlement amount.

The business activitiy in 2014 was exclusively the position as general partner for Bharat Forge Aluminiumtechnik GmbH & Co. KG, Brand-Erbisdorf. Bharat Forge Aluminiumtechnik Verwaltungs GmbH receives a reasonable remuneration for the personal liability.

The accounts receivable against affiliated companies relates with EUR 79,685.40 to the shareholder Bharat Forge Aluminiumtechnik GmbH & Co. KG, Brand-Erbisdorf.

Appointed as managing director of the company in 2014 was:

Tobias Frenzel, engineer, Freiberg (since 07.07.2014),
Martin Kübelbäck, businessman, Meerbusch.

CDP Bharat Forge GmbH, Ennepetal, is the parent company that prepares the consolidated accounts for the smallest circle of companies. In the event of disclosure the consolidated accounts can be obtained from the E-Bundesanzeiger.

Bharat Forge Ltd., Mundhwa/Pune, Indien, is the parent company that prepares the consolidated accounts for the largest circle of companies. In the event of disclosure the consolidated accounts can be obtained from the “Registrar of Companies“ in Maharashtra, Pune, India.

Brand-Erbisdorf, 30th March 2015

....	....
Martin Kübelbäck Geschäftsführer	Tobias Frenzel Geschäftsführer

THIS PAGE INTENTIONALLY LEFT BLANK

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. G. K. Agarwal
Mr. S. G. Joglekar
Prof. Dr. Uwe Loos
Dr. Hans-Peter Coenen
Mr. Eckard Rudau

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, 2014. 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 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 11th, 2015

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

Profit and Loss Account for the period from January 1st to December 31st, 2014

	Rs.	Rs.	EUR	EUR	*Previous Year* EUR
1. Sales		773,327,972.26		11,454,945.79	10,989,076.84
2. Increase or Decrease in finished good inventories and work-in-process		10,462,493.10		154,976.02	138,130.53
3. Production for own plant and equipment capitalised		1,687,590.55		24,997.49	737.00
		785,478,055.91		11,634,919.30	11,127,944.37
4. Other operating income		11,096,640.57		164,369.35	46,088.19
		796,574,696.48		11,799,288.65	11,174,032.56
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	185,846,534.60		2,752,857.85		2,488,858.58
b) Cost of purchased services	70,595,727.90		1,045,701.52		1,037,618.58
		256,442,262.50		3,798,559.37	3,526,477.16
		540,132,433.98		8,000,729.28	7,647,555.40
6. Personnel expenses					
a) Wages and saleries	281,866,924.20		4,175,163.00		3,882,771.35
b) Social security contributions and pension expenses thereof Rs. 2,991,173.84 EUR 44,306.86 (2013: EUR 26,816.48) for pension expenses	55,582,769.87		823,321.59		759,870.07
		337,449,694.07		4,998,484.59	4,642,641.42
		202,682,739.91		3,002,244.69	3,004,913.98
7. Depreciation and amortization on intangible fixed assets and tangible assets		(34,067,916.95)		(504,632.13)	(519,734.16)
8. Other operating expenses		(71,041,028.52)		(1,052,297.55)	(1,075,622.09)
		97,573,794.44		1,445,315.01	1,409,557.73
9 Depreciation on financial assets	6,147.50		91.06		65.58
10 Interest and similar expenses	1,759,456.04		26,062.00		57,277.91
thereof Rs. 1,554,426.96 EUR 23,025.00 (2013: EUR 19,862.00)					
from discounting of provisions					
		1,765,603.54		26,153.06	57,343.49
11 Results from ordinary business operations		**95,808,190.90**		**1,419,161.95**	**1,352,214.24**
12 Extraordinary Expenses	366,716.49		5,432.00		5,432.00
13 Extraordinary Result		(366,716.49)		(5,432.00)	(5,432.00)
14 Taxes on income	(225,351.74)		(3,338.03)		36,000.00
15 Other taxes	1,853,282.00		27,451.80		15,093.80
		1,627,930.26		24,113.77	51,093.80
		93,813,544.15		1,389,616.18	1,295,688.44
16 Expenses out of profit & loss transfer agreement		**(93,813,544.15)**		**(1,389,616.18)**	**(1,295,688.44)**
17 Net Income for the year		-		-	-

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2014

ASSETS	Rs.		EUR		As at 31/12/2013 EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		917,398.83		13,589.00	13,909.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	71,471,167.66		1,058,669.00		1,124,372.00
2. Technical equipment and machinery	65,700,311.16		973,188.00		769,784.00
3. Other plant, factory and office equipment	7,856,050.23		116,368.00		203,891.00
4. Prepayments on tangible assets and construction in progress	68,545,642.95		1,015,334.57		68,464.59
		213,573,172.00		3,163,559.57	2,166,511.59
		214,490,570.83		3,177,148.57	2,180,420.59
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	46,825,841.96		693,609.31		653,636.49
2. Work in progress	40,782,265.05		604,088.63		520,892.27
3. Finished goods and merchandise	5,414,689.86		80,205.27		8,425.61
		93,022,796.87		1,377,903.21	1,182,954.37
II. Accounts receivable and other assets					
1. Trade receivables	2,525,519.51		37,409.34		24,384.28
- of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year					
2. Receivables from affiliated companies	32,622,238.44		483,217.97		1,651,784.63
of which EUR 0.00 (12/31/2013: EUR 1,171,058.16) trade receivables					
3 Other assets	3,818,508.39		56,561.78		39,713.30
- of which EUR 0.00 (12/31/2013: EUR 0.00) due after one year					
		38,966,266.34		577,189.09	1,715,882.21
		346,479,634.04		5,132,240.87	5,079,257.17
III. Accounts receivable and other assets		13,766.03		203.91	272.36
C. Prepaid expenses		0.00		0.00	7,937.81
		346,493,400.07		**5,132,444.78**	**5,087,467.34**

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2014

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2013 EUR
A. Equity					
I. Share Capital		3,375,520.00		50,000.00	50,000.00
II. Capital reserves		101,265,600.00		1,500,000.00	1,500,000.00
III. Profit/loss brought forward		137,536,313.79		2,037,261.13	2,037,261.13
IV. Net income for the year		-		-	-
		242,177,433.79		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	25,239,100.59		373,855.00		312,461.00
2. Tax accruals	0.00		0.00		60,319.73
3. Other accruals	34,877,284.28		516,620.91		652,723.30
		60,116,384.87		890,475.91	1,025,504.03
C. Liabilities					
1. Trade payables	36,816,939.76		545,352.12		391,612.48
- up to one year: Rs. 37,623,419.00 EUR 557,298.12 (12/31/2013: EUR 391,612.48)					
2. Payables to affiliated companies	4,130,840.53		61,188.21		42,041.58
- up to one year: Rs. 3,324,361.29 EUR 49,242.21 (12/31/2013: EUR 42,041.58)					
3. Other liabilities	3,251,801.12		48,167.41		41,048.12
- up to one year: Rs. 3,251,801.12 EUR 48,167.41 (12/31/2013: EUR 41,048.12)					
- of which Rs. 3,170,033.19 EUR 46,956.22 (12/31/2013: EUR 38,863.65) relating to taxes					
		44,199,581.41		654,707.74	474,702.18
		346,493,400.07		**5,132,444.78**	**5,087,467.34**

Notes for the fiscal Year 2014 of Bharat Forge Daun GmbH, Daun

General notes relating to annual accounts

The annual accounts for the fiscal year 2014 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB.

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

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

Accounting and valuation principles

Purchased **intangible 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. A period of three years has regularly been adopted as operating life unless the type of the asset required a different period of time.

Tangible assets are generally valued at their acquisition or manufacturing costs less scheduled depreciation for wear and tear. The manufacturing costs of self-produced plant includes besides directly allocable costs also prorated overheads, but excluding cost components that do not have to be capitalised in accordance with tax requirements.

Since 2010 the straight-line method of depreciation has been used for asset additions. 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 & loss account in its year of creation and during each of the following four fiscal years.

In case of **internally produced and capitalised assets** these are balanced at manufacturing costs which also comprise appropriate portions of material- and manufacturing overheads.

In so far as the value of tangible assets ascertained on the basis of the above-mentioned principles is above the value attributable to these assets as of the balance sheet date non-scheduled depreciation or value adjustments have been applied accordingly.

Stocks are valued at their acquisition or manufacturing costs taking into account permissible valuation simplification methods or at a lower value that may be applicable. Manufacturing costs in addition to directly allocable costs include production overheads and material handling overheads, but excluding cost components that do not have to be capitalised in accordance with tax requirements. Interest on borrowings is also not included. Administrative overheads are only taken into account in conjunction with the calculation of the production costs to the extent that they are production-related. Storage and marketability risks are reflected by the application of adequate value adjustments. Sales and administration overheads have not been included in the loss-free valuation of consignment stock.

Receivables and other accounts receivable are valued at their face value taking into account value adjustments in respect of apparent individual risks. The general credit risk is reflected in a lump-sum value allowance.

Accruals are generally payments made prior to the balance sheet date representing expenditure for a specific period after this date.

The value of the **pension obligations** is actuarially calculated in accordance with the projected unit credit method on the basis of the tables by Dr. Klaus Heubeck 2005 G and the following assumptions:

- Technical rate of interest:	4.53 % p.a.
- Expectancy trend:	2.00 % p.a.
- BBG trend:	2.00 % p.a.
- Pension trend:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

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.

Medium- and long-term liabilities have been discounted in accordance with § 253 paragraph 2 sentence 1 HGB due to the average interest rate of the last seven years with regard to their remaining period In case of anniversary provisions and similar obligations an interest rate is used which is applicable with a remaining periods of 15 years overall.

The obligation resulting from work associated with progressive retirement was offset at the present value of the stock deposit required for the solvency protection of employee pension claims associated with progressive retirement and shown as a net value.

Payables are shown at their repayment values.

Short-term foreign currency receivables or payables are shown at their values as of the balance sheet date.

Notes relating to balance sheet

Fixed Assets

Breakdown and movement of the **fixed assets** may be seen from the enclosed fixed-asset movement schedule.

Assets analysis as at 31st December, 2014

	Historical acquisition or manufacturing costs					Depreciation				Book value	Book value
	1/1/2014	Additions	Disposals	Reclassification	12/31/2014	1/1/2014	Additions	Disposals	12/31/2014	12/31/2014	12/31/2013
	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	86,091.44	9,363.00	-	-	95,454.44	72,182.44	9,683.00	-	81,865.44	13,589.00	13,909.00
	86,091.44	9,363.00	-	-	95,454.44	72,182.44	9,683.00	-	81,865.44	13,589.00	13,909.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	1,683,562.75	-	-		1,683,562.75	559,190.75	65,703.00	-	624,893.75	1,058,669.00	1,124,372.00
2. Technical equipment and machinery	3,483,299.03	431,918.38	7,630.05	68,464.59	3,976,051.95	2,713,515.03	296,978.97	7,630.05	3,002,863.95	973,188.00	769,784.00
3. Other plant, factory and office equipment	1,203,638.41	44,744.16	5,569.61	0.00	1,242,812.96	999,747.41	132,267.16	5,569.61	1,126,444.96	116,368.00	203,891.00
4. Payments in Advance & construction in progress	68,464.59	1,015,334.57	-	(68,464.59)	1,015,334.57	-	-	-	-	1,015,334.57	68,464.59
	6,438,964.78	1,491,997.11	13,199.66	-	7,917,762.23	4,272,453.19	494,949.13	13,199.66	4,754,202.66	3,163,559.57	2,166,511.59
Total	**6,525,056.22**	**1,501,360.11**	**13,199.66**	**-**	**8,013,216.67**	**4,344,635.63**	**504,632.13**	**13,199.66**	**4,836,068.10**	**3,177,148.57**	**2,180,420.59**

Receivables and other assets

Other assets contain accrued income resulting from refunding of electricity tax, petroleum tax and licences with regard to electricity amounting to T€ 49.

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) totals TEUR 54.

Other provisions

Of the other provisions the main ones are in conjunction with personnel for flexitime credits (T€ 115), variable portion of monthly salaries and wages (T€ 93), anniversary bonuses (T€ 74) and liabilities from vacation (T€ 50) as well as for outstanding invoices from suppliers (T€ 61).

Setoffs of assets and liabilities in accordance with § 246 paragraph 2 sentence 2 HGB were made for provisions for working time balances associated with progressive retirement: The present values of the assets offset amount to T€ 20, and the acquisition cost to T€ 20. The repayment amounts of the liabilities to be offset amount to T€ 54.

Payables

Payables for goods and services are secured by a trade-customary retention of title.

There were no liabilities with a residual term of more than five years as of the balance sheet date.

Guarantees and other commitments

Other financial payables consist of rental payments of of T€ 85 p. a. in respect of rent contracts and obligations under leasing agreements totalling T€ 19, of which T€ 13 will fall due within 2015.

Notes relating to profit & loss account

The geographical breakdown of the turnover is as follows:

Turnover distribution by region	**2014**	**2013**
	TEUR	TEUR
Germany	**11,432**	**10,777**
Other countries	**23**	**212**
Thereof in Europe	23	212
TOTAL	**11,455**	**10,989**

Extraordinary result

The extraordinary expenses relate to the provisioning adjustment for pensions spread over several years (T€ 5) in accordance with the changes required by the Bilanzmodernisierungsgesetz (Accounting Modernisation Act) in 2010.

Other information

The average personnel structure is shown in the summary below

Workers	60
Salaried employees	17
Trainees	12
Total number of employees	**89**

Director of Bharat Forge Daun GmbH in 2014:

- Martin von Werne, engineer, Ennepetal.

Due to Article 286 (4) HGB the declaration of total salaries of board of directors is waived.

- In 2014 the advisory board of the company consisted of the following members:
- Mr. Baba N. Kalyani,
- Mr. Gopal K. Agarwal,
- Mr. Amit B. Kalyani,
- Prof. Dr. Uwe Loos
- Dr. Hans-Peter Coenen
- Mr. Eckard Rudau
- Mr Sanjeev Joglekar

Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company, which prepares the group accounts for most of the group companies. In so far as a disclosure of these accounts is required they may be inspected at the “Registrar of Companies” in Maharashtra, Pune, India. CDP Bharat Forge GmbH, Ennepetal, is the parent company, which prepares the group accounts for the remaining group companies. In so far as a disclosure of these accounts is required they may be inspected at the E-Bundesanzeiger.

Ennepetal, 26.02.2015

Bharat Forge Daun GmbH

Martin von Werne

BF New Technologies GmbH

Managing Director	***Registered Office***	***Auditors***
Mr. Martin von Werne	Mittelstrasse 64 58256 Ennepetal Germany	Dr. Wehberg Und Partner HbR Wirtschaftsprufungsgesellschaf Feithstrasse 177 58097 Hagen Germany

BF New Technologies GmbH, Daun

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 BF New Technologies GmbH, Daun, for the business year from January 1st to December 31st, 2014. 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, May 11th, 2015

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

BF New Technologies GmbH, Muhlheim a.M.
Balance Sheet as at December 31, 2014

ASSETS

	Rs.	Rs.	EUR	EUR	As at 31/12/2013 EUR
A. Fixed Assets					
I. Intangible assets					
Concessions, trade mark rights and similar rights and values,licenses	-		-		3,330.00
II. Tangible assets					
Other plant, factory and office equipment	-		-		13,919.00
		-		-	17,249.00
B. Current assets					
I. Accounts receivable and other assets					
1. Receivable from Affiliated companies	**115,933,334.82**		**1,717,266.30**		1,783,214.73
- of which EUR 0.00 (31/12/2013: EUR 0.00) due after one year					
2. Other assets	-		-		-
- of which EUR 0.00 (31/12/2013: EUR 0.00) due after one year					
	115,933,334.82		**1,717,266.30**		1,783,214.73
II. Cash on hands, bank balances	-		-		193.67
		115,933,334.82		**1,717,266.30**	1,783,408.40
Total		**115,933,334.82**		**1,717,266.30**	1,800,657.40

EQUITY AND LIABILITIES

	Rs.	Rs.	EUR	EUR	As at 31/12/2013 EUR
A. Equity					
I. Share Capital	**1,687,760.00**		**25,000.00**		25,000.00
II. Capital reserves	**104,641,120.00**		**1,550,000.00**		1,550,000.00
IV. Net income for the year	-		-		-
		106,328,880.00		**1,575,000.00**	1,575,000.00
B. Accruals					
Other accruals		**2,173,834.88**		**32,200.00**	99,981.61
B. Liabilities					
1. Trade Payables	**358,905.54**		**5,316.30**		16,405.44
-up to one year: Rs. 358,905.54 EUR 5316.30 (31/12/2013: EUR 16,405.44)					
2. Payables to affiliated companies	**7,071,714.40**		**104,750.00**		104,750.00
-up to one year: Rs. 7,071,714.40 EUR 104,750.00 (31/12/2013: EUR 104,750.00)					
3. Other liabilities	-		-		4,520.35
-up to one year: EUR 0.00 (31/12/2013: EUR 4,520.35) -therof from taxes: EUR 0.00 (31/12/2013: EUR 4,520.35)					
		7,430,619.94		**110,066.30**	125,675.79
Total		**115,933,334.82**		**1,717,266.30**	1,800,657.40

BF New Technologies GmbH, Muhlheim a.M.
Profit and Loss Account for the period from January 1 to December 31 2014

		Rs.	Rs.	EUR	EUR	Previous Year EUR
1.	Revenues	**0.00**		**0.00**		0.00
2.	Other operating income	**621,095.68**		**9,200.00**		36,344.39
			621,095.68		**9,200.00**	36,344.39
3.	Cost of materials					
	a) Cost of raw materials, consumables, supplies and purchased merchandise	**1,578.39**		**23.38**		(84,919.47)
	b) Cost of purchased services	**(1,120,247.32)**		**(16,593.70)**		(126,676.75)
			(1,118,668.93)		**(16,570.32)**	(211,596.22)
4.	Personnel expenses					
	a) Wages and salaries	**(6,074,137.52)**		**(89,973.36)**		(311,169.28)
	b) Social security contributions and pension expenses thereof EUR 0.00 (2013: EUR 0.00)	**(941,240.80)**		**(13,942.16)**		(37,317.01)
			(7,015,378.32)		**(103,915.52)**	(348,486.29)
5.	Depreciation and amortization on intangible fixed assets and tangible assets		**(358,007.65)**		**(5,303.00)**	(657,158.00)
6.	Other operating expenses		**(13,186,267.70)**		**(195,322.02)**	(591,009.62)
7.	Other interest (receivables) and similar income		**0.00**		**0.00**	0.00
8.	**Results from ordinary business operations**		**(21,057,226.92)**		**(311,910.86)**	**(1,771,905.74)**
						-
9.	Other taxes		**(6,481.00)**		**(96.00)**	(890.00)
10.	Income from transfer of losses		**21,063,707.92**		**312,006.86**	1,772,795.74
11.	**Net income for the year**		**-**		**-**	-

Notes for the financial year 2014 of BF New Technologies GmbH, Daun

General information about the statement of accounts

Bharat Forge New Technologies GmbH, Daun, is a micro-size company with limited liability according to the size criteria of §§ 267a paragraph 1 HGB (German statutory code).

The annual accounts for the fiscal year 2014 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional regulations of the law for companies with limited liability (GmbHG) were observed.

Business year comprises the period 01.01.2014 to 31.12.2014.

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

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

Accounting and valuation principles

Assets and liabilities are shown at acquisition costs according to § 253 paragraph 1 HGB.

Purchased **intangible assets as well as tangible assets** are valued at their acquisition costs reduced by schedules depreciation.

Receivables from affiliated companies and other assets are valued at acquisition costs. Required write-downs are taken into account by value adjustments in respect of apparent individual risks.

Provisions are generally valued at the amount payable on the basis of a reasonable commercial assessment. Thus, all apparent liabilities and risks and contract loss provisions, so far as there are, were taken into account.

Payables are shown at their repayment values.

Notes relating to balance sheet

Intangible assets comprise of licenses and patents.

Breakdown and movement of the **fixed assets** may be seen from the enclosed fixed-asset movement schedule.

BF New Technologies GmbH, Mühlheim a. M.

Assets analysis as at 31st December, 2014

	Historical acquisition or manufacturing costs					Historical acquisition or manufacturing costs					Book value	Book value
	1/1/2014	Additions	Disposals	Transfers	12/31/2014	1/1/2014	Additions	Disposals	Transfers	12/31/2014	12/31/2014	12/31/2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
A. Fixed Assets												
I. Intangible assets												
1. Concessions, trade mark rights and similar rights and values, licenses	3,166,974.47	-	4,996.00	-	3,161,978.47	3,163,644.47	1,666.00	3,332.00	-	3,161,978.47	-	3,330.00
II. Tangible assets												
Other plant, factory and office equipment	114,861.49	-	30,427.01	-	84,434.48	100,942.49	3,637.00	20,145.01	-	84,434.48	-	13,919.00
Total	3,281,835.96	-	35,423.01	-	3,246,412.95	3,264,586.96	5,303.00	23,477.01	-	3,246,412.95	-	17,249.00

Other information

Management Directors

Directors of Bharat Forge New Technologies GmbH were in 2014:

- Martin von Werne, engineer, Ennepetal.

Information about the group

Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company, which prepares the group accounts for most of the group companies. In so far as a disclosure of these accounts is required they may be inspected at the “Registrar of Companies” in Maharashtra, Pune, India. CDP Bharat Forge GmbH, Ennepetal, is the parent company, which prepares the group accounts for the remaining group companies. In so far as a disclosure of these accounts is required they may be inspected at the E-Bundesanzeiger.

Ennepetal, 26th February, 2015

Bharat Forge New Technologies GmbH

Martin von Werne

THIS PAGE INTENTIONALLY LEFT BLANK

Bharat Forge Beteiligungs GmbH

Managing Director	***Registered Office***	***Auditors***
Mr. Michael Weis Mr. Michael P. Kasperski	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 Beteiligungs GmbH, Ennepetal, for the business year from January 1st to December 31st, 2014. 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, 11th May, 2015

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

Bharat Forge Beteiligungs GmbH

Balance Sheet as at December 31st, 2014

ASSETS	Rs.	EUR	As at 31/12/2013 EUR
A. Assets			
I. Intangible assets			
Software	67.51	1.00	1.00
Financial assets			
1. Shares in affiliated companies	1,839,024,033.80	27,240,603.43	43,506,317.43
2. Shares in associated companies	67.51	1.00	148,436.50
B. Current assets			
I. Accounts receivable and other assets			
1. Receivables from affiliated companies of which EUR 139,047.77 (12/31/2013: EUR 0.00) is due after one year	9,387,170.58	139,047.77	792,784.97
2. Other assets of which EUR 0.00 (12/31/2012: EUR 0.00) is due after one year	-	-	4,750.00
II. Cash on hands, bank balances	-	-	-
	1,848,411,339.40	**27,379,653.20**	**44,452,289.90**

EQUITY AND LIABILITIES	Rs.	Rs.	EUR	EUR	As at 31/12/2013 EUR
A. Equity					
I. Share Capital	1,687,760.00		25,000.00		25,000.00
II. Capital reserves	2,615,791,201.20		38,746,492.41		57,746,492.41
III. Loss carried forward	(938,844,603.23)		(13,906,666.28)		(9,025,568.01)
IV. Net loss (income) for the year	(62,020,462.37)		(918,680.12)		(4,881,098.27)
		1,616,613,895.60		23,946,146.01	43,864,826.13
B. Accruals					
1. Tax provisions	12,624,444.80		187,000.00		148,000.00
2. Other provisions	1,039,660.16		15,400.00		28,060.10
		13,664,104.96		202,400.00	176,060.10
C. Liabilities					
1. Payables to affiliated companies up to one year: Rs. 280,732,762.30 EUR 4,158,363.19 (12/31/2013: EUR 243,884.99)	218,133,338.84		3,231,107.19		243,884.99
2. Other liabilities - up to one year: EUR 0.00 (12/31/2013: EUR 167,518.68) - of which EUR 0.00 (12/31/2013: EUR 0.00) taxes - of which EUR 0.00 (12/31/2013: EUR 0.00) relating to social security	0.00		0.00		167,518.68
		218,133,338.84		3,231,107.19	411,403.67
		1,848,411,339.40		**27,379,653.20**	**44,452,289.90**

Bharat Forge Beteiligungs GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st 2014

	Rs.	EUR	*Previous Year* EUR
1. Other operating income	11,634,887.48	172,342.15	1,592.05
3. Other operating expenses	(2,098,693.10)	(31,086.96)	(37,016.59)
	9,536,194.38	141,255.19	(35,424.54)
5. Depreciation on financial fixed assets	(50,201,644.83)	(743,613.50)	(4,677,673.73)
6. Interest and similar expenses - thereof EUR 83,804.00 (2013: EUR 0.00) to affiliated companies	(6,197,859.78)	(91,806.00)	(20,000.00)
6. Results from ordinary business operations	**(46,863,310.23)**	**(694,164.31)**	**(4,733,098.27)**
9. Taxes on Income	(10,258,865.53)	(151,959.78)	(138,000.00)
10. Other taxes	(4,898,286.61)	(72,556.03)	(10,000.00)
11. Net income (loss) for the year	**(62,020,462.37)**	**(918,680.12)**	**(4,881,098.27)**

Appendix for the financial year 2014 of Bharat Forge Beteiligungs GmbH, Ennepetal

General information about the statement of accounts

Bharat Forge Beteiligungs GmbH, Ennepetal, is a micro-size company with limited liability according to the size criteria of §§ 267a paragraph 1 HGB (German statutory code).

The annual accounts for the fiscal year 2014 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional regulations of the law for companies with limited liability (GmbHG) were observed.

Business year comprises the period 01.01.2014 to 31.12.2014.

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

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

Accounting and valuation principles

Assets and liabilities are shown at acquisition costs according to § 253 paragraph 1 HGB.

Investments in affiliated companies and **Loans to affiliated companies** are shown at their acquisition costs or at the lower attributable value.

Receivables from affiliated companies and other assets are valued at acquisition costs. Required write-downs are taken into account by value adjustments in respect of apparent individual risks.

Provisions are generally valued at the amount payable on the basis of a reasonable commercial assessment. Thus, all apparent liabilities and risks and contract loss provisions, so far as there are, were taken into account.

Payables are shown at their repayment values.

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

Notes relating to balance sheet

Purchased **intangible 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. A period of three years has regularly been adopted as operating life unless the type of the asset required a different period of time.

The **financial assets** consist of shares in Bharat Forge Kilsta AB, Karlskoga, Sweden, Bharat Forge Hong Kong Ltd., Hong Kong, China, Bharat Forge International Ltd., Brentford, Great Britain and Tecnica UK Limited, Doncaster, Great Britain. The shares in Bharat Forge Hong Kong Ltd. were assessed at EUR 1,-- after repayment of financial means from a capital reduction.

The shares of Tecnica UK Limited were written down to EUR 1,--.

Receivables from affiliated companies do not consist of receivables from shareholder.

Bharat Forge Beteiligungs GmbH, Ennepetal

Notes relating to profit & loss account

Other income refer to TEUR 3 from effects of foreign currency conversion.

In other expenses there are losses from currency conversion of TEUR 9 included.

Other information

Shareholdings

	Shares %	Equity Capital	Last Result
Bharat Forge Kilsta AB Karlskoga/Schweden	100%	13,022 TSEK	- 52,263 TSEK
Bharat Forge Hong Kong Ltd. Hong Kong/China	100%	219 TUSD	-431 TUSD
Tecnica UK Limited Great Britain *)	33%	50 TGBP	77 TGBP
Bharat Forge International Ltd. Brentford/Great Britain **)	100%	2,458 TUSD	1,949 TUSD

*) Financial Statements 2012 **) 31st March, 2014

Managing Directors

Directors of Bharat Forge Beteiligungs GmbH were in 2014:

- Dr Arndt Laßmann, Businessman, Düsseldorf (until 31st August 2014)
- Michael Kasperski, merchant, Cologne
- Michael Weis, engineer, Schönaich, (from 15th August 2014)

Information about the group

Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company, which prepares the group accounts for most of the group companies. In so far as a disclosure of these accounts is required they may be inspected at the “Registrar of Companies” in Maharashtra, Pune, India. CDP Bharat Forge GmbH, Ennepetal, is the parent company, which prepares the group accounts for the remaining group companies. In so far as a disclosure of these accounts is required they may be inspected at the E-Bundesanzeiger.

Ennepetal, 26th February, 2015

Bharat Forge Beteiligungs GmbH

Michael Weis Michael Kasperski

Bharat Forge Kilsta AB

Chairman
Mr. B. N. Kalyani

Managing Director
Mr. Michael Weis

Director
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar
Mr. Ari Tiuraniemi
Mr. R. Stehr

Registered Office
Box 428 691 27 Karlskoga
Sweden

Auditors
KPMG Bohlnis AB
Kungsvagen 35, 691 35 Karlsloga
Sweden

Auditor's report

To the annual meeting of the shareholders of Bharat Forge Kilsta AB, corp. id. 556061-2565

Report on the annual accounts

We have audited the annual accounts of Bharat Forge Kilsta AB for the year 2014.

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

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

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

Opinions

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 31 December 2014 and of its financial performance and its cash flows 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.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Bharat Forge Kilsta AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As 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 Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated 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 liability for the financial year.

Karlskoga 19 May 2015

KPMG AB

Magnus Gustafsson
Authorized Public
Accountant

Administration Report

General information on the Company and the business

The Company is one of the leading manufacturers 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 the first five months were significantly weaker than expected. The reason for the volume decline was new environmental regulations that took effect on 2014-01-01. The new environmental regulations made trucks more expensive, and many customers executed their purchases before year-end 2013. The effect of the new environmental rules became much larger than expected, and not until June sales returned to more normal levels.

During the first quarter of 2014, fifteen white-collar employees left the company as a consequence of the company's cost-cutting program.

The company received a shareholder contribution of SEK 26 836 TSEK in February 2014 through conversion of loans.

In the autumn of 2014, major efforts were started in the field of proactive maintenance, aiming at lowering production disturbances and thereby also productivity in 16000 tonnes press.

The shares in subsidiary Bharat Forge Scottish Stampings Ltd, situated in i Ayr, Scotland has been dissolved July 3 2014.

Revaluation of property has been made with 28 078 TSEK.

On December 10, 2014 to Michael Weis started as Managing Director of the company.
From December 2014, the company's marketing activities have been coordinated with the European sales organization.

Significant events after the end of the financial year

The shareholder loan of 26,835,552 SEK was converted on February 28th 2014 into an unconditional shareholder's contribution.

Significant events after the end of the financial year

No significant events occurred after the financial year end.

Comparative figures covering several years

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

	2014	2013	2012	2011	2010
Net sales, TSEK	716 294	790 028	806 014	946 677	793 009
Profit/loss after financial items, TSEK	-44 579	-13 594	-21 772	-61 288	-45 456
Balance sheet total, TSEK	402 361	439 621	434 356	547 046	496 755
Number of employees,	293	328	337	351	291
Equity/assets ratio, %	3,2	3,8	6,9	10,1	21,1
Return on total assets, %	Neg	0,7	0,5	Neg	Neg
Return on equity, %	Neg	Neg	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).

Prospects for the year 2015

Demand for the company's products has increased in the beginning of 2015. The increase in demand is even stronger in the second and third quarters of 2015.

The focus on proactive maintenance to lower production disturbances and increase productivity, resulted in a productivity increase in the company's 16000 tonnes press line from January an onwards.

Research and development

The research and development activities of the Company amounted 0,27 % (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 tons 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.

Bharat Forge Kilsta AB

Proposed treatment of losses

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

Unappropriated profit brought forward	19 383 703.69
Net loss for the year	-52 263 168,00
	-32 879 464,31

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

Retained losses carried forward	-32 879 464,31

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.

Note: Unless otherwise stated, all amounts are reported in TSEK. Information in brackets refers to the previous year.

Bharat Forge Kilsta AB

Balance Sheet as at December 31, 2014

	Note	31/12/2014		31/12/2013
		Rs.'000	SEK'000	SEK'000
Assets				
Intangible Fixed assets				
Goodwill	7	-	-	8,655
Fixed assets				
Land and buildings	8	330,296	40,861	15,723
Plant and machinery	9	909,407	112,503	124,088
Equipment, tools, fixtures & fittings	10	76,655	9,483	10,849
Construction in progress	11	91,957	11,376	2,936
		1,408,315	174,223	153,596
Financial assets				
Deferred tax Assets	16	21,332	2,639	16,500
		21,332	2,639	16,500
Total fixed assets		**1,429,647**	**176,862**	**178,751**
Current assets				
Inventories				
Raw materials and consumables		438,145	54,203	44,630
Work in progress		412,504	51,031	78,390
Finished goods and goods for resale		50,473	6,244	10,357
		901,122	111,478	133,377
Current receivables				
Accounts receivables - Trade		628,767	77,785	76,005
Other receivables		4,228	523	469
Income tax receivable		24,582	3,041	2,002
Prepaid expenses and accrued income		78,692	9,735	6,115
		736,269	91,084	84,591
Cash and bank balances		187,591	23,207	43,105
Total current assets		1,824,982	225,769	261,073
Total assets		**3,254,629**	**402,631**	**439,824**

Bharat Forge Kilsta AB

Balance Sheet as at December 31, 2014

	Note	31/12/2014		31/12/2013
		Rs.'000	SEK'000	SEK'000
Equity and liabilities				
Equity	18			
Restricted equity				
Share capital (200 000 shares)		161,668	20,000	20,000
Revaluation Reserve		177,035	21,901	-
Statutory reserve		32,334	4,000	4,000
		371,037	45,901	24,000
Unrestricted equity				
Unappropiated Profit brought forward		156,689	19,384	6,143
Net income of the year		(422,463)	(52,263)	(13,594)
		(265,774)	(32,879)	(7,451)
Total equity		105,263	13,022	16,549
Provisions				
Provisions for pensions		85,102	10,528	10,859
Guarantee reserve		12,125	1,500	2,000
Total provisions		97,227	12,028	12,859
Long-term liabilities	19,20			
Liabilities to Group companies		-	-	26,486
Liabilities to Credit Institutions		1,342,612	166,095	123,559
Total long-term liabilities		1,342,612	166,095	150,045
Current liabilities				
Liabilities to credit institutions		143,658	17,772	17,660
Accounts payable - trade		845,354	104,579	141,100
Liabilities to group companies		339,810	42,038	52,823
Other liabilities		43,684	5,404	5,945
Accrued expenses and deferred income	21	337,021	41,693	42,843
Total current liabilities		1,709,527	211,486	260,371
Total equity and liabilities		**3,254,629**	**402,631**	**439,824**

	Note	31/12/2013		31/12/2012
		Rs.'000	SEK'000	SEK'000
Assets pledged	20	1,682,964	208,200	208,200
Contingent liabilities	22	1,706	211	217

Bharat Forge Kilsta AB

Income statement for the period from January 1 to December 31, 2014

	Note	2014		Previous Year
		Rs.'000	SEK'000	SEK'000
	1			
Operating income etc.				
Net sales	2	5,790,091	716,294	791,801
Change in inventories of work in progress, finished goods		(253,932)	(31,414)	(5,224)
Other operating income	3	255,646	31,626	35,413
Operating income etc.		5,791,805	716,506	821,990
Operating expenses				
Raw materials and consumables		(3,221,017)	(398,473)	(443,967)
Other external costs	4,5	(1,083,564)	(134,048)	(144,554)
Personnel costs	6	(1,324,336)	(163,834)	(184,322)
Depreciation of tangible assets	7, 8, 9, 10,11	(325,316)	(40,245)	(45,614)
Other operating expenses	12	(48,848)	(6,043)	(5,482)
Operating expenses		(6,003,081)	(742,643)	(823,939)
Operating income		**(211,276)**	**(26,137)**	**(1,949)**
Result from financial items				
Interest items and similar items	13	51,580	6,381	5,051
Interest expenses and similar items	14	(200,654)	(24,823)	(16,696)
Loss from financial items		(149,074)	(18,442)	(11,645)
(Loss)/Income after financial items		(360,350)	(44,579)	(13,594)
Income taxes	15	(62,113)	(7,684)	-
Net (Loss)/Income for the year		**(422,463)**	**(52,263)**	**(13,594)**

Bharat Forge Kilsta AB

Cash flow statements

	2014		2013
	Rs.'000	**SEK'000**	**SEK'000**
Operating activities			
Income after financial items	(422,463)	(44,579)	(13,594)
Adjustments for items not requiring an outflow of cash:			
Exchange Rate difference	110,419	13,660	5,537
Depreciations	325,316	40,245	45,614
Change in Provisions	(6,717)	(831)	(960)
	68,668	8,495	36,597
Income tax paid	8,399	1,039	1,058
Cash flow from operating activities before changes in working capital	**60,269**	**7,456**	**35,539**
Increase(-) /decrease (+) in inventories	177,018	21,899	461
Increase(-) /decrease (+) in current receivables	(44,087)	(5,454)	(2,462)
Increase(+) /decrease (-) in current liabilities	(262,403)	(32,462)	31,776
Cash flow from operating activities	**(69,203)**	**(8,561)**	**65,314**
Investing activities			
Acquisition of tangible assets	(227,459)	(28,139)	(44,982)
Disposal of tangible assets	32,334	4,000	-
Cash flow from investing activities	(195,125)	(24,139)	(44,982)
Financing activities			
Loans taken	916,787	113,416	-
Proceeds/repayment of borrowings	(813,303)	(100,614)	(17,495)
Cash flow from financing activities	103,484	12,802	(17,495)
Net cash flow for the year	(160,844)	(19,898)	2,837
Cash and cash equivalents at beginning of year	348,435	43,105	40,268
Cash and cash equivalents at end of year	**187,591**	**23,207**	**43,105**

Notes

Note 1 Accounting principles

From 2014, the 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). Previously, the Annual Report was prepared in accordance with the Annual Accounts Act and guidelines by the Accounting Standard Board (except BFNAR 2008:1 (K2) and BFNAR 2012:1 (K3)) and guidelines from Standard no 7 by the Financial Accounting Standard Council. The transition has been made in accordance with the provisions of chapter 35 in K3. The comparative figures from 2013 have been recalculated and the recalculated figures are presented in Income Statement, Balance Sheet and notes.

Ownership structure

The Company is a wholly subsidiary to Bharat Forge Beteiligungs GmbH, which indirectly is a wholly-owned subsidiary to Bharat Forge Limited. Bharat Forge Kilsta AB does not prepare consolidated financial statements for 2014 with reference to the exemption rules set out in the Annual Accounts Act, Chapter 7 §2. The consolidated financial statements are prepared by the parent company Bharat Forge Ltd which is situated in Mundhwa, Pune, India. The accounting standards in the consolidated accounts are similar to the accounting standards within the EU. The consolidated financial statements are available at “Registrar of companies” in Mahaeashtra, Pune, India.

Out of total purchases and sales measured in SEK 0% (5,6%) of the purchases and 0,2% (0%) of the sales are to other companies within the group the Company belongs to.

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.

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.

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.

Intangible fixed assets

Research and development

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

Goodwill

Goodwill is amortized over a linear basis over the estimated useful life (5 years).

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:

	Number of years
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.

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.

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.

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

<u>Account receivables and other receivables</u>
Receivables are recognized as current assets. Receivables are recorded at the amount expected to be paid after deductions for individually assessed impaired receivables.

<u>Loan and payables</u>
Loan and payables are recognized initially at cost, less transaction costs.

<u>Derivative instruments</u>
Hedging of electricity used to protect the company against changes in the electricity market. Outstanding net position on electricity futures stood at 2014-12-31 to -2,155 TSEK.

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.

Inventories
Inventories are valued under the provsions of the Income Tax Act to the lower of cost or net realizable value. Acquistion costs are stated on the first-in-first-out (FIFO) method. Raw material includes all costs directly attributable to the acquistion of the goods in cost. Goods and finished goods includs design costs, raw material, direct labor, other direct costs, related production costs and loan costs. Individual obsolescence assessment is ongoing.

Provisions
The Company recoqnizes a provision when there is a legal or constructive obligation and a realiable 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 recoqnized as interest expense.

Employee benefits
Short term benefits
Short term benefits contains salary, social security contributions, paid vacation, paid sick leave and bonuses. Short term benefits are recoqnized 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. Plans for which pension paid are recognized as contributions which means that payments are expensed in the income statement. In the case of defined benefit pension plans are funded in-house pension liabilities are recognized at the amounts received from the Pension Guarantee (PRI).

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 requried to settle the obligation at the balance sheet date.

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 Net sales classified according to geographical market

	2014	2013
Net sales classified according to operating area as follows:		
Chassis	367 790	409 160
Engines	335 917	362 437
Other	12 587	20 204
Total	716 294	791 801

Net sales classified according to geographic market as follows:		
Nordic countries	340 898	404 501
Europe, excluding the Nordic countries	354 526	367 245
North America	11 530	9 397
Other markets	9 340	10 658
Total	716 294	791 801

Note 3 Other operating income

	2014	2013
Included in other income, revenues from:		
Scrap	25 478	30 582
Sales of dies	5 219	3 797
Services/rent	20	79
Other	573	495
Contributions employees	336	459
Total	31 626	35 412

Note 4 Remuneration to auditors

	2014	2013
K P M G		
Audit engagement	192	147
Audit activities in addition to the audit engagement	30	30
Tax advice	15	3
Other services	10	-
Total	247	180

Note 5 Operating lease

	2014	2013
Future minimum payable non cancellable leases		
Payment due within one year	6 796	7 342
Payment due after one year but within 5 years	8 714	4 251
Total	15 510	11 593
During the period, lease	8 345	8 837

Note 6 Salaries, other remuneration and social security contributions

	2014	2013
Average number of employees, with women and males as allocation basis amounts to:		
Women	21	23
Men	272	305
Total for the Company	293	328

	2014	2013
Wages and compensations amounts to		
Board of Directors and Managing Director	4 938	2 024
Other employees	108 065	126 442
	113 003	128 466
Statutory and contractual social security contributions	35 219	40 994
Pension costs for Board of Directors and Managing Director	831	302
Pension costs	12 116	12 348
Total salaries, remuneration, social security contributions and pension costs	161 169	182 110

Managing Director has a termination salary until 8 December 2015. (The managing Director has been employed from 1 April 2013.)

Directors and senior executives

Number of board of directors on the closing date

Men	8	8
Total for the Company	8	8

Number of Managing Directors and senior executives

Women	1	2
Men	5	6
Total for the Company	14	16

Note 7 Goodwill

	2014-12-31	2013-12-31
Opening acquisition cost	43 275	43 275
Closing accumulated acquisition cost	43 275	43 275
Opening depreciation	-34 620	-25 965
-Depreciation	-8 655	-8 655
Closing accumulated depreciation	-43 275	-34 620
Closing residual value according to plan	0	8 655

Note 8 Land and buildings

	2014-12-31	2013-12-31
Opening acquisition cost	42 010	41 282
Changes during the year		
-Redistribution from construction in progress	543	557
-Purchases	1 499	617
-Disposals	-7 281	-446
Closing accumulated acquisition cost	36 771	42 010
Opening depreciation	-26 287	-24 994
-Disposals	3 281	446
-Depreciation	-982	-1 739
Closing accumulated depreciation	-23 988	-26 287
Opening revaluation	0	0
Changes during the year		
-Revaluation	28 078	0
Closing accumulated revaluation	28 078	0
Closing residual value according to plan	40 861	15 723

Note 9 Plant and machinery

	2014-12-31	2013-12-31
Opening acquisition cost	345 788	559 847
Changes during the year		
-Redistribution from construction in progress	6 873	52 272
-Purchases	10 784	3 907
-Disposals	-	-270 238
Closing accumulated acquisition cost	363 445	345 788
Opening depreciation	-221 700	-458 476
Changes during the year		
-Depreciation	-29 242	-33 410
-Disposals	-	270 238
-Reclassification	-	-52
Closing accumulated depreciation	-250 942	-221 700
Closing residual value according to plan	112 503	124 088

	2014-12-31	2013-12-31

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 10 Equipment, tools, fixtures and fittings

	2014-12-31	2013-12-31
Opening acquisition cost	58 344	80 436
Changes during the year		
-Redistribution from construction in progress	-	242
-Purchases	-	1 034
-Disposals	-61	-23 368
Closing accumulated acquisition cost	58 283	58 344

	2014-12-31	2013-12-31
Opening depreciation	-47 495	-69 105
Changes during the year		
-Reclassification	-	52
-Depreciation	-1 366	-1 810
-Disposals	61	23 368
Closing accumulated depreciation	-48 800	-47 495
Closing residual value according to plan	9 483	10 849

Note 11 Constructions in progress

	2014-12-31	2013-12-31
Opening accrued expenses	2 936	16 583
Expenses accrued during the year	15 856	39 424
Fixed assets under construction completed this year	-7 416	-53 071
Closing expenses accrued	11 376	2 936

Note 12 Other operating expenses

	2014	2013
Realized/unrealized exchange loss Realized/unrealized exchange loss	6 043	5 445
Loss disposals of equipment, tools, fixtures and fittings	-	36
Total	6 043	5 481

Note 13 Other interest income and similar profit/loss items

	2014	2013
Other interest income	19	76
Exchange profit on loans and cash	6 362	4 975
Total	6 381	5 051

Note 14 Interest expenses and similar profit/loss items

	2014	2013
Interest expenses to group company	1 637	925
Interest expenses pensions	363	363
Unreazlied exchange loss loans	13 000	6 112
Reazlied exchange loss loans	660	-
Other interest expenses	9 163	9 296
Total	24 823	16 696

Note 15 Tax on profit for the year

	2014	2013
Deferred tax	-7 684	-
Total	-7 684	0

Note 16 Deferred tax

	2014	2013
Deferred tax assets on tax loss	8 515	16 500
Deferred tax on temporary differences		
-pensions	180	-
-guarantee	121	-
Deferred tax liabilities related to revaluation of property	-6 177	-
	2 639	16 500

Total tax loss amount is 140 256 TSEK (97 309 TSEK). For prudential reasons, not the entire deferred tax asset is considered.

Note 17 Change in equity

	Share capital	Revaluat. reserve	Statutory reserve	Non restricted equity	Total equity
Equity 2013-12-31	20 000	-	4 000	-7 452	16 548
Effect of change in accounting principle					
Application of K3	-	-	-	-	-
Adjusted opening balance 2013-12-31	**20 000**	**0**	**4 000**	**-7 452**	**16 548**
Change revaluation, note 8 and 16	-	21 901	-	-	21 901
Shareholder contribution	-	-	-	26 836	26 836
Net profit/loss for the year	-	-	-	-52 263	-52 263
Equity 2014-12-31	**20 000**	**21 901**	**4 000**	**-32 879**	**13 022**

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

Note 18 Non-current liabilities

	2014-12-31	2013-12-31
Long-term liabilities, due within one year after closing day		
Liabilities to Group companies	-	-
Liabilities to credit institutions	17 772	17 660
Long-term liabilities, due after one year but within five years after closing day		
Liabilities to Group companies	-	26 486
Liabilities to credit institutions	-	17 645
Long-term liabilities, due after five years after closing day		
Liabilities to Group companies	-	-
Liabilities to credit institutions	166 095	105 914
Total	183 867	167 705

Note 19 Accrued expenses and deferred income

	2014-12-31	2013-12-31
Accrued salaries	8 302	3 363
Accrued holiday pay	6 677	14 513
Accured social security costs & pensions	11 038	12 296
Accured special employer´s contribution, tax on returns from pension funds and property tax	3 344	3 402
Accured customer provisions	766	1 102
Accured financial expenses	2 160	1 519
Ongoing claims	709	666
Other items	8 697	5 982
Total	41 693	42 843

Note 20 Pledged assets

	2014-12-31	2013-12-31
For provisions, own liabilities and receivables		
Concerning credit insurance FPG liability		
Business mortage	10 000	10 000
Concerning general guarantee		
Business mortage	198 200	198 200
Total pledged assets	208 200	208 200

Business mortgage is missing at creditor, why an cancellation process is likely to begin during 2015.

Note 21 Contingent liabilities

	2014-12-31	2013-12-31
Contingent liability to FPG	211	217
Total contingent liabilities	211	217

Note 22 Cash and cash equivalents

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

Bharat Forge Kilsta AB

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

Karlskoga 19-May-2015

Michael Weis Managing Director	Babasaheb Kalyani Chairman
Amit Kalyani	Subodh Tandale
Sanjeev Joglekar	
Roland Stehr Employee representive Unionen	Ari Tiuraniemi Employee representive IF Metall

Our audit report was issued on 19-May-2015

KPMG AB

Magnus Gustafsson
Authorized public accountant

Bharat Forge Hong Kong Limited

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	14th Floor, Hutchion House	Shinewing (HK) CPA Ltd.
Mr. A. B. Kalyani	10 Harcourt Road	43/F The Lee Gardens
Mr. G. K. Agarwal	Central Hongkong SAR	33 Hysan Avenue
Mr. S. G. Joglekar	Hong Kong	Causeway Bay
		Hong Kong

Directors' Report For the year ended 31 December 2014

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 2014.

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2014 are set out in the statement of profit or loss and other comprehensive income on page 5.

The directors do not recommend the payment of a dividend for the year.

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in Note 14 to the financial statements.

DIRECTORS

The directors of the Company during the 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

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 CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company, its holding companies, fellow subsidiaries or its subsidiary was a party and in which 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, fellow subsidiaries or its subsidiary, 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.

Directors' Report For the year ended 31 December 2014 - Continued

AUDITOR

The financial statements have been audited by ZHONGLEI (HK) CPA Company Limited.

A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint the auditor, ZHONGLEI (HK) CPA Company Limited.

On behalf of the board

____

Sanjeev Joglekar

Hong Kong
30 April 2015

Independent Auditor's Report

TO THE SHAREHOLDERS OF Bharat Forge Hong Kong Limited
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Bharat Forge Hong Kong Limited (the "Company") set out on pages 5 to 31, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company as at 31 December 2014 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256

Hong Kong
30 April 2015

Bharat Forge Hong Kong Limited

Statement of Comprehensive Income
for the year ended 31st December,2014

		2014		2013
	Notes	**Rs.**	**USD**	**USD**
Bank interest income	**7**	7,283	115	404
Loss on disposal of subsidiary	**10**	-	-	(3,344,540)
Administrative Expenses		(26,446,854)	(417,594)	(1,872,804)
Loss before Tax		(26,439,571)	(417,479)	(5,216,940)
Income Tax Expense	**8**	**(826,033)**	**(13,043)**	-
Loss for the year	**9**	**(27,265,604)**	**(430,522)**	**(5,216,940)**
Other Comprehensive Expense/Income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		**336,670**	5,316	(3,202)
Total comprehensive expenses for the year		**(26,928,934)**	**(425,206)**	**(5,220,142)**

Bharat Forge Hong Kong Limited

Statement of Financial Position as at 31st December,2014

	Notes	2014		2013
		Rs.	USD	USD
Non Current Assets				
Investment in Subsidiary	**10**	-	-	-
Current Assets				
Other receivables	**11**	5,080,516	80,221	28,246,242
Bank balance	**12**	6,443,347	101,740	154,925
Amount due from immediate holding company	**13**	3,166,575	50,000	-
		14,690,438	231,961	28,401,167
Current Liability				
Other Payable		849,149	13,408	1,107,408
Amount due to intermediate holding company	**13**	-	-	300,000
Amount due to immediate holding company	**13**	-	-	600,000
Net current assets		13,841,289	218,553	26,393,759
Total Net Assets		**13,841,289**	**218,553**	**26,393,759**
Capital & Reserve				
Share Capital	**14**	1,121,126,195	17,702,505	43,452,505
Accumulated Loss		(1,107,284,906)	(17,483,952)	(17,058,746)
		13,841,289	**218,553**	**26,393,759**

The Financial Statements were approved and authorised for issue by the board of directors on 30 April 2015 and are signed on its behalf by

G. K. Agarwal **S. G. Joglekar**

Bharat Forge Hong Kong Limited

Statement of Changes in Equity
for the year ended 31st December 2014

	Share Capital		Exchange Reserve		Accumulated Loss		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
At 1st January 2013	2,751,912,320	43,452,505	197,594	3,120	(749,954,144)	(11,841,724)	2,002,155,771	31,613,901
Loss for the year	-	-	-	-	(330,396,636)	(5,216,940)	(330,396,636)	(5,216,940)
Other Comprehensive Expense/Income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	-	-	(202,787)	(3,202)	-	-	(202,787)	(3,202)
Total Comprehensive Expense for the year	-	-	(202,787)	(3,202)	(330,396,636)	(5,216,940)	(330,599,423)	(5,220,142)
As at 31st December, 2013 and 1st January , 2014	**2,751,912,320**	**43,452,505**	**(5,193)**	**(82)**	**(1,080,350,779)**	**(17,058,664)**	**1,671,556,348**	**26,393,759**
Loss for the year	-	-	-	-	(27,265,604)	(430,522)	(27,265,604)	(430,522)
Other Comprehensive Expense/Income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	-	-	336,670	5,316	-	-	336,670	5,316
Total Comprehensive Expense for the year	-	-	336,670	5,316	(27,265,604)	(430,522)	(26,928,934)	(425,206)
Capital Reduction	(1,630,786,125)	(25,750,000)					(1,630,786,125)	(25,750,000)
As at 31st December, 2014 and 1st January , 2015	**1,121,126,195**	**17,702,505**	**331,477**	**5,234**	**(1,107,616,383)**	**(17,489,186)**	**13,841,289**	**218,553**

Bharat Forge Hong Kong Limited

Statement of cash flows
for the year ended 31st December, 2014

	2014		2013
	Rs.	USD	USD
Operating activities			
Loss before Tax	(26,439,571)	(417,479)	(5,216,940)
Adjustments for:			
Bank Interest Income	(7,030)	(111)	(404)
Loss on disposal of subsidiary	-	-	3,344,540
Operating Cash flow before movement in working capital	(26,446,601)	(417,590)	(1,872,804)
Decrease/(Increase) in other receivables	1,783,796,358	28,166,021	(3,701)
Increase / (Decrease) in other payable	(69,284,661)	(1,094,000)	1,069,408
Cash generated from (used in) operations	1,688,065,096	26,654,431	(807,097)
Income tax paid	(826,033)	(13,043)	-
Net Cash used in Operating activities	**1,687,239,063**	**26,641,388**	**(807,097)**
Investing activities			
Bank Interest received	7,030	111	404
Net Cash from (used in) Investing activities	**7,030**	**111**	**404**
Financing activities			
(Decrease)/Increase in amount due to intermediate holding company	(18,999,450)	(300,000)	300,000
(Decrease)/Increase in amount due to immediate holding company	(1,671,951,600)	(26,400,000)	600,000
Net Cash from (used in) Investing activities	(1,690,951,050)	(26,700,000)	900,000
Net decrease in Cash and Cash equivalents	**(3,704,957)**	**(58,501)**	**93,307**
Cash & cash equivalent at 1 January	**9,811,634**	**154,925**	**64,820**
Effect of foreign exchange rate changes	336,670	5,316	(3,202)
Cash & cash equivalent at 31 December represented by bank balance	**6,443,347**	**101,740**	**154,925**

Notes to the Financial Statements For the year ended 31 December 2014

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 Beteiligungs 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 address 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

Application of new and revised HKFRSs and HKASs

The Group has applied the following new and revised HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendment to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendment to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendment to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendment to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC*) – Int 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")
- Continued

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Company has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

- Continued

As the Company is not an investment entity (assessed based on the criteria set out HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Company's financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Company has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company's financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Company has applied the amendments to HKAS 36 *Recoverable Amount Disclosure for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements application to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Company's financial statements.

New and revised HKFRSs and HKASs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]
HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefits Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")
- Continued

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

HKFRS 9 Financial Instruments - continued

[3] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[5] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[6] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, 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 subsequent accounting periods. Debt instruments 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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, 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) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- 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 the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless that recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' 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 was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")
- Continued

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

HKFRS 9 Financial Instruments – continued

- The new general hedge accounting requirements retain the three types of hedge accounting. However, 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 risks management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. Regarding the Company's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 19 Defined Benefits Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefits plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employee's periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Company's financial statements as the Company does not have any defined benefit plans.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Company's financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")
- Continued

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

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Company's financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below:

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segment, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments assets are regularly provided to the chief operating decision-maker.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")
- Continued

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

Annual Improvements to HKFRSs 2010-2012 Cycle - continued

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation / amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation / amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of these amendments will have a material effect on the Company's financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

Annual Improvements to HKFRSs 2011-2013 Cycle - continued

(a) the property meets the definition of investment property in terms of HKAS 40; and
(b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of these amendments will have a material effect on the Company's financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")
- Continued

New and revised HKFRSs and HKASs in issue but not yet effective – continued

***Annual Improvements to HKFRSs 2012-2014 Cycle* – continued**

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of these will have a material effect on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 32).

Basis of preparation

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.

Subsidiary

A subsidiary is an entity over which the Company has control over that entity. Control is achieved when the Company i) has power over the investee; ii) is exposed, or has rights, to variable returns from its involvement with the investee; and iii) has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Investment in a subsidiary is included in the statement of financial position at cost less identified accumulated impairment loss. Income from investment in a subsidiary is accounted for on the basis of dividends received and receivable.

The Company is a wholly owned subsidiary of another body corporate and therefore, in accordance with Section 379(3)(a) of the new Hong Kong Companies Ordinance, is not required to prepare group financial statements.

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.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. 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.

Taxation

Income 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 "loss before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base 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.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 rates (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 for the year

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 into 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 is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including other receivables, amount due from immediate holding company and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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 investments 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 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.

Financial instruments - continued

<u>Financial assets</u> - continued

Impairment of financial assets - continued

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.

<u>Financial liabilities and equity instruments</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

Other financial liabilities

Other financial liabilities (including other payables, amount due to a shareholder / 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 in its entirety, 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.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Company derecognises financial liability when, and only when, the Company's obligations are discharged, cancelled or they expire. 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).

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

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 each 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 on 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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 expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

4. CRITICAL ACCOUNTING JUDGMENTS 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 judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and unerlying 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 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. However, there are no estimates or assumptions used on these financial statements that the Directors expect will have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

5. 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, new share issues and share buy-backs.

6. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2014	2013
	US$	US$
Financial assets		
Loan and receivables (including cash and cash equivalents):		
Other receivables	**60,468**	28,239,845
Bank balances and cash	**101,740**	154,925
Amount due from immediate holding company	**50,000**	-
	212,208	28,394,770

(a) Categories of financial instruments - continued

	2014	2013
	US$	US$
Financial liabilities		
Other financial liabilities measured at amortised cost:		
Other payables	**13,408**	1,107,408
Amount due to a shareholder	**-**	300,000
Amount due to immediate holding company	**-**	600,000
	13,408	2,007,408

(b) Financial risk management objectives and policies

The Company's major financial instrument including other receivables, bank balances and cash, other payables, amount due from (to) immediate holding company and amount due to a shareholder. 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

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Company's financial results and its cash flow. The Directors consider the Company is not exposed to significant foreign currency risk as the majority of its operations and transactions are same as their functional currency of US$. In the opinion of the Directors, as the currency risk is minimal, no sensitivity analysis is presented.

6. FINANCIAL RISK MANAGEMENT - Continued

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 2014, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets, mainly other receivables and bank balances, as stated in the statement of financial position.

The credit risk on bank balances 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 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 2014	
Other payables	**13,408**
At 31 December 2013	
Other payables	1,107,408
Amount due to a shareholder	300,000
Amount due to immediate holding company	600,000
	2,007,408

(c) Fair value

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 at the end of the respective accounting periods due to their short-term maturities.

7. OTHER INCOME

	2014	2013
	US$	US$
Bank interest income	**111**	404
Other income	**4**	-
	115	404

8. INCOME TAX EXPENSE

	2014	2013
	US$	US$
Current tax:		
Enterprise Income Tax of the People's Republic of China	**13,043**	-

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%.

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:

	2014	2013
	US$	US$
Loss before tax	**(417,479)**	(5,216,940)
Tax at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	**(68,884)**	(860,795)
Tax effect of income not taxable for tax purpose	**(18)**	(67)
Tax effect of expenses not deductible for tax purpose	**68,902**	860,862
Effect of different tax rate of representative office	**13,043**	-
Income tax expense	**13,043**	-

9. LOSS FOR THE YEAR

	2014	2013
	US$	US$
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**4,000**	33,000
Directors' remuneration	**-**	-
Staff costs	**168,107**	134,676
Operating lease charges in respect of land and building	**23,100**	15,806

10. INVESTMENT IN A SUBSIDIARY

	2014 **US$**	2013 US$
Unlisted shares, at cost	**-**	-
Less: Provision for impairment loss	**-**	-
	-	-

During the year ended 31 December 2013, the Company disposed of its 51.85% equity interests, being the entire equity interest held by the Company in FAW Bharat Forge (Changchun) Company Limited ("FAW Changchun") to an independent third party for a total consideration of US$28,208,100.

	2013 US$
Consideration receivable	28,208,100
Net investment disposed of	(31,552,640)
Loss on disposal	3,344,540

Particulars of the subsidiary of the Company as at 31 December 2013 are as follows:

Name of subsidiary	**Place of incorporation / operation**	**Class of Shares held**	**Paid up Registered capital**	**Proportion of ownership interest held by the Company**	**Proportion of voting power held by the Company**	**Principal activities**
FAW Changchun 一汽巴勒特鍛造(長春)有限公司	The People's Republic of China	Registered	US$77,440,000	**-**	-	Manufacturing motor vehicles forging parts; manufacturing and design moulds and providing consultants services

Consolidated financial statements have not been prepared for the Company and its subsidiary as the Company is a wholly-owned subsidiary of another body corporate at the end of the financial year and the intermediate parent of the Company produces consolidated financial statements available for public use that comply with HKFRSs.

11. OTHER RECEIVABLES

	2014 **US$**	2013 US$
Consideration receivable in relation to the disposal of FAW Changchun (Notes 10 & 17(b))	**-**	28,208,100
Other receivables	**80,221**	38,142
	80,221	28,246,242

12. BANK BALANCES AND CASH

	2014 US$	2013 US$
Bank balances and cash	**101,740**	154,925

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

The bank balances and cash of the Company that are denominated in currencies other than the functional currency of the Company to which is stated as follows:

	2014	2013
RMB	**404,972**	205,406

13. AMOUNT DUE FROM (TO) IMMEDIATE HOLDING COMPANY / A SHAREHOLDER

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

14. SHARE CAPITAL

	Par value per share	Number of ordinary shares	Number of non-voting redeemable preference shares	Amount US$
Authorised:				
At 31 December 2013	HK$10	10,000	N/A	1,292
At 31 December 2013	US$1	42,000,000	N/A	42,000,000
At 31 December 2013	US$1	N/A	13,000,000	13,000,000
		42,010,000	13,000,000	55,001,292
At 31 December 2014 (Note a)	**N/A**	**N/A**	**N/A**	**N/A**
Issued and fully paid:				
At 1 January 2013 and 31 December 2013	HK$10	1	N/A	1
At 1 January 2013 and 31 December 2013	US$1	31,299,864	N/A	31,299,864
At 1 January 2013 and 31 December 2013	US$1	N/A	12,152,640	12,152,640
		31,299,865	12,152,640	43,452,505
Capital reduction (Note b)		(13,597,360)	(12,152,640)	(25,750,000)
At 31 December 2014 (Note a)	**N/A**	**17,702,505**	**-**	**17,702,505**

Notes:

a. The Company has no authorised share capital and its shares have no par value from the commencement date of the Hong Kong Companies Ordinance (Cap. 622) (i.e. 3 March 2014).

b. Pursuant to a special resolution passed on 11 September 2014, the share capital of the Company be reduced by the sum of US$25,750,000 (the "Reduced Capital") by cancelling and extinguishing 13,597,360 ordinary-USD shares and 12,152,640 non-voting redeemable preference shares currently held by immediate holding company and that payment of the Reduced Capital to immediate holding company shall be made in such manner as approved by the Directors.

14. SHARE CAPITAL - Continued

The holders of the preference shares shall have priority:

(i) to profits of the Company available for distribution from time to time; and

(ii) to receive the capital in proportion to the capital paid up or which ought to have been paid together with any unpaid dividends payable to them up to the commencement of the winding up on the shares held by them.

No holders of the preference shares shall be entitled to receive notice of or attend any general meetings of the Company except where separate class meetings of the holders of the preference shares are required and at such meetings, the holders shall be entitled to one vote for each fully or credited as fully paid up share.

The preference shares shall be liable to be redeemed as follows:

(i) the Company shall be entitled at any time and from time to time to redeem, at a redemption price equal to the issue price of the preference shares, the whole or any part (in the latter case, pro rata in proportion to each holder's holding of the preference shares) of the preference shares for the time being outstanding and fully paid up upon giving one month's written notice to the holders of the shares to be redeemed of its intention to do so.

(ii) on the date and at the place fixed and duly notified for redemption each holder of preference shares shall be bound to deliver to the Company the certificates therefore; provided that if any certificate so delivered to the Company includes any preference shares not then to be redeemed a fresh certificate for the balance thereof shall in due course be issued to the holder delivering such certificate to the Company.

(iii) as from the date fixed and duly notified for redemption of any preference share (the "Redemption Date"), such share shall be extinguished and shall cease to confer any rights upon the holder thereof (except the right to receive the redemption monies). Unclaimed redemption monies shall not bear interest against the Company. On the Redemption Date, the Company shall, subject to the receipt of the relevant share certificate(s) or an indemnity in lieu thereof in a form reasonably satisfactory to the Company, pay the redemption monies to the relevant holder of such redeemed share.

15. 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:

	2014	2013
	US$	US$
Within one year	**13,684**	10,538

16. RELATED PARTY TRANSACTIONS

(a) Other than the balances with related parties disclosed in the Note 13 to the financial statements, there were no related party transactions for the years ended 31 December 2014 and 31 December 2013.

(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 2014 and 31 December 2013.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

Pursuant to a special resolution passed on 11 September, 2014, the share capital of the Company be reduced by the sum of US$ 25,750,000 (the "Reduced Capital") by cancelling and extinguishing 13,59,360 ordinary-USD shares and 12,152,640 non-voting redeemable preference shares currently held by the immediate holding company and the payment of the Reduced Capital to immediate holding company shall be made in such manner as approved by the Directors.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 April 2015.

THIS PAGE INTENTIONALLY LEFT BLANK

Bharat Forge America Inc.

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	2807, South M.L.K. Jr. Blvd.	Plate & Moran, PLLC,
Mr. A. B. Kalyani	Lansing, Michigan 48910	1111, Michigan Ave,
Mr. S. E. Tandale	U.S.A.	East Lansing,
Mr. S. G. Joglekar		Michigan 48823,
		U.S.A.

Bharat Forge America, Inc.

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, 2014 and 2013 and the related statements of operations, stockholder's 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 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 America, Inc. as of December 31, 2014 and 2013 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.

Emphasis of Matters

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, on May 2, 2013, the Company sold substantially all of its assets. Our opinion is not modified with respect to this matter.

Plante & Moran PLLC

April 17, 2015

Bharat Forge America Inc.

Balance Sheet as on 31st December, 2014

			As at 31/12/2013
	Rs.	USD	USD
Assets			
Current Assets			
Cash and cash equivalents	14,554,402	229,813	454,465
Accounts receivable			
Trade	-	-	3,866
Affiliates (Note 6)	10,352,547	163,466	0
Other	-	-	163,386
Inventories (Note 2)	139,518	2,203	967,149
Prepaid expenses and other current assets	5,772,603	91,149	133,447
Total current assets	30,819,070	486,631	1,722,313
Equipment - Net (Note 3)	1,028,314	16,237	22,142.00
Total assets	**31,847,384**	**502,868**	**1,744,455**
Liabilities and Stockholder's Equity			
Current Liabilities			
Trade accounts payable	1,943,200	30,683	179,593
Accounts payable to related parties (Note 6)	283,598	4,478	350,000
Related party note payable (Note 6)	94,997,250	1,500,000	1,700,000
Accrued liabilities:			
Accrued interest (Note 6)	-	-	70,701
Other accrued liabilities	1,990,129.00	31,424.00	-
Total current liabilities	99,214,177	1,566,585	2,300,294
Stockholder's Equity	(67,366,793)	(1,063,717)	(555,839)
Total liabilities and stockholder's equity	**31,847,384**	**502,868**	**1,744,455**

Statement of Operations for the period ended December 31, 2014

			Previous Year
	Rs.	USD	USD
Sales and Other Revenue	61,456,824	970,399	2,549,214
Cost of Sales	62,247,898	982,890	3,008,438
Gross Profit	(791,074)	(12,491)	(459,224)
Selling and Administrative Expenses	36,400,350	574,759	883,919
Operating Loss	(37,191,424)	(587,250)	(1,343,143)
Non operating Income (Expense)			
Other income	266,436	4,207	51,056
Interest expense	-	-	(178,697)
Gain on extinguishment of related party accrued interest (Note 6)	4,477,600	70,701	-
Total nonoperating income (expense)	4,744,036	74,908	(127,641)
Loss before income taxes	**(32,447,388)**	**(512,342)**	**(1,470,784)**
Income tax (recovery) expense (Note 4)	(282,712)	(4,464)	48,000
Net Loss	**(32,164,676)**	**(507,878)**	**(1,518,784)**

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 , 2013	63	1	1,650,554,736	26,062,145	(1,690,900,448)	(26,699,201)	(40,345,649)	(637,055)
Additional Capital Contributed	-	-	101,330,401	1,600,000	-	-	101,330,401	1,600,000
Net Loss	-	-	-	-	(96,186,869)	(1,518,784)	(96,186,869)	(1,518,784)
Balance December 31 , 2013	63	1	1,751,885,137	27,662,145	(1,787,087,317)	(28,217,985)	(35,202,117)	(555,839)
Net Loss	-	-	-	-	(32,164,676)	(507,878)	(32,164,676)	(507,878)
Balance December 31 , 2014	**63**	**1**	**1,751,885,137**	**27,662,145**	**(1,819,251,993)**	**(28,725,863)**	**(67,366,793)**	**(1,063,717)**

Bharat Forge America Inc

Statement of Cash Flow for the period ended December 31 , 2014

			Previous Year
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net Loss	(32,164,676)	(507,878)	(1,518,784)
Adjustments to reconcile net loss to net cash fom Operating Activities :			
Depreciation	373,973	5,905	5,908
(Gain) Loss On Disposal of property and equipment	-	-	(680,593)
Bad Debt Expense	12,286	194	-
Gain on extinguishment of related party accrued interest (Note 6)	(4,477,600)	(70,701)	-
Amortisation of Deferred Financing charges	-	-	53,262
Changes in operating assets and liabilities which provided (used) cash :			
Account Receivable	227,487	3,592	686,352
Inventory	61,111,478	964,946	1,877,761
Prepaid expense and other assets	2,678,796	42,298	64,909
Accounts Payable	(31,313,121)	(494,432)	(287,635)
Accrued and other liabilities	1,990,129	31,424	(306,008)
Customer deposits & advances	-	-	(3,000,000)
Net cash (used in) provided by operating acitivties	(1,561,248)	(24,652)	(3,104,828)
Cash Flow from Investing Acitivities			
Proceeds from disposition of property, plant and equipment	-	-	10,623,449
Net cash (used in) provided by investing activity	-	-	10,623,449
Cash Flow from Financing Acitivities			
Payments on debt	(12,666,300)	(200,000)	(4,644,226)
Proceeds from revolving credit facilities - Net	-	-	(3,868,855)
Net cash used in financing activities	(12,666,300)	(200,000)	(8,513,081)
Net (Decrease) Increase in Cash and Cash Equivalents	**(14,227,548)**	**(224,652)**	**(994,460)**
Cash and Cash Equivalents - Beginning of Year	**28,781,950**	**454,465**	**1,448,925**
Cash and Cash Equivalents - End of Year	**14,554,402**	**229,813**	**454,465**
Supplemental Cash Flow Information - cash paid for			
Interest	-	-	283,286
Income taxes	(963,969)	(15,221)	45,000

Note 1 - Nature of Business and Significant Accounting Policies

Bharat Forge America, Inc. (the "Company") produced hot and near-net steel (carbon, alloy, and stainless) forgings. The Company utilized modern presses, using computer design and process controls, to produce precision and high-quality forgings and also produced heat-treated and machined components. The Company sold its products to customers in automotive, light truck, construction, agriculture, and military markets primarily in North America. The Company is a wholly owned subsidiary of Bharat Forge, Ltd. (the "Parent"), an Indian company.

Production activities ceased in December 2012. All production activities have been absorbed by overseas related party plants. During May 2013, the Company sold substantially all of its property and equipment assets (see Note 3), and in April 2014, the Company liquidated substantially all of its remaining inventory. The Company is currently evaluating new business opportunities and has not committed to a liquidation plan.

Major Customers - Sales indirectly to Chrysler, through a related party, Bharat Forge International Ltd., were approximately $963,000 for the year ended December 31, 2014. Sales to Chrysler and American Axle were approximately $2,431,000 for the year ended December 31, 2013. There were no significant receivables due from these customers at December 31, 2014 or 2013.

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. 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. There is no allowance for doubtful accounts as of December 31, 2014 and 2013, as all receivables are expected to be collected.

Inventories - In 2013 and previous years, inventories were stated at the lower of cost or market, with cost determined on the first-in, first-out (FIFO) method. Starting in 2014, the Company accounted for inventory on the basis of weighted average cost.

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.

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.

Shipping and Handling Costs - Shipping and handling costs are recorded as costs of sales as they are incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 April 17, 2015, which is the date the financial statements were available to be issued.

Note 2 - Inventories

Inventory consists of the following at December 31, 2014 and 2013:

	2014	2013
Finished goods	$ 2,203	$ 967,149

Note 3 - Equipment

Equipment is summarized as follows:

	2014	2013	Depreciable Life - Years
Transportation equipment	$ 29,522	$ 29,522	5
Accumulated depreciation and impairment	13,285	7,380	-
Net property, plant, and equipment	$ 16,237	$ 22,142	

Depreciation expense on equipment was $5,905 and $5,908 for the years ended December 31, 2014 and 2013, respectively.

Substantially all of the Company's property, plant, and equipment were sold on May 2, 2013.

Note 4 - Income Taxes

The components of the income tax provision included in the statement of operations include a federal income tax recovery of $18,221 and a reduction to estimated state taxes that will be recoverable in the amount of $13,757 for the year ended December 31, 2014. For 2013, current federal income tax expense of $48,000 is associated with alternative minimum tax attributable to continuing operations, with any remaining liability that would be determined in 2014 and 2013, by applying statutory rates, being offset entirely by changes in estimates of deferred income tax amounts recoverable. A valuation allowance was recorded for the full amount of the net deferred tax assets as of December 31, 2014 and 2013.

The income tax provision for 2014 and 2013 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.

The details of the deferred tax assets are as follows:

	2014	2013
Total deferred tax assets	$ 9,486,000	$ 9,209,000
Valuation allowance recognized for deferred tax assets	(9,486,000)	(9,209,000)
Net deferred tax asset	$ -	$ -

Deferred tax assets result from recognition of expenses for financial reporting purposes that are not deductible for tax purposes until paid and net operating losses.

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 will expire. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of loss carryforwards. The Company has loss carryforwards for tax purposes of approximately $24,782,000 that expire through 2034. Based on the level of historical taxable income, a valuation allowance has been recognized for the net deferred tax assets.

As of December 31, 2014 and 2013, 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, 2014 and 2013.

The Company files income tax returns in U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2010.

Note 5 - Common Stock

Common stock consists of 3,000 authorized shares of $0.01 par value stock. As of December 31, 2014 and 2013, there were 60 shares issued and outstanding.

Note 6 - Related Party Transactions

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

Accounts Receivable - During the year ended December 31, 2014, the Company sold inventory valued at $963,416 to Bharat Forge International, Ltd. (BFIL), a related party that is commonly owned by Bharat Forge, Ltd. At December 31, 2014, accounts receivable from BFIL totaled $163,466.

Accounts Payable - The Company had accounts payable to its parent, Bharat Forge, Ltd. (BFL), totaling $4,478 and $350,000 at December 31, 2014 and 2013, respectively, primarily for advances related to an agreement for the reimbursement of payroll costs associated with several Company employees.

Notes 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 Bharat Forge, Ltd. The loan is unsecured and interest is payable in monthly installments at three months' LIBOR plus 250 bps p.a., for an effective rate of 2.74 percent and 2.69 percent at December 31, 2014 and 2013, respectively. The loan was due December 15, 2012, but is extended on a monthly basis and can be terminated by either party. The outstanding balance on the loan was $1,500,000 and $1,700,000 at December 31, 2014 and 2013, respectively.

During the year ended December 31, 2014, accrued interest totaling $70,701 due to CDP was forgiven and a gain was recognized as nonoperating income in the statement of operations. The gain on extinguishment was treated as a noncash operating transaction for the purpose of the 2014 statement of cash flows. Additional interest was not accrued on the CDP note during 2014 due to the forgiveness.

During 2013, $1,600,000 of customer deposits were forgiven due to the customer's relationship with Bharat Forge Group. This transaction was reported as a contribution of equity.

Note 7 - Termination Benefits

Production activities ceased in December 2012. All production activities have been absorbed by overseas related party plants. During May 2013, the Company sold substantially all of its property and equipment assets (see Note 3), and during April 2014, the Company liquidated substantially all of its inventory.

Costs incurred in connection with the restructuring are one-time benefits to employees who are involuntarily terminated. During 2013, costs incurred for one-time employee benefits amounted to $33,000. No such costs were incurred in 2014.

Note 8 - Management's Plans

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has sustained substantial operating losses in recent years. In addition, the Company has used substantial amounts of working capital in its operations. In view of these matters, realization of a major portion of the assets in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its obligations as they become due, and the success of its future operations.

Management believes the following actions presently being taken to revise the Company's operations provide the opportunity for the Company to continue as a going concern:

- Continued extension of related party notes payable due date.
- The Company will establish a management agreement with its parent company for the reimbursement of payroll costs for services provided to related parties.

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, 2015

The directors present the strategic report and financial statements for the year ended 31 March 2015.

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 increase the volume of business with its existing customer base, which has resulted in an increase in turnover for the company to US$ 171 million during the year. In light of the increase in activity, the company has

Analysis of key performance indicators

The directors are of the opinion that the key performance indicator for this business is the growth in turnover to 171 million from 152 million in 2014. 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.

Analysis of key risks and challenges facing the organisation

The company is targeting to achieve a stable to moderate growth in the year 2015-16.

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

Other risks are the following;

• Downturn in the motor market or demand in vehicles 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

On behalf of the board

K P Dixit
Director
15 May 2015

Directors' Report for the year ended 31 March, 2015

The directors present their report and financial statements for the year ended 31 March 2015.

Results and dividends
The results for the year are set out on page 6.

Directors
The following directors have held office since 1 April 2014:

B N Kalyani	
A B Kalyani	
S G Joglekar	
S E Tandale	(Resigned 30 April 2015)
K P Dixit	(Appointed 30 April 2015)

Auditors
In accordance with the company's articles, a resolution proposing that Eacotts International Limited be reappointed as auditors of the company will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' 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 sthe 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

Statement of disclosure to auditors
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board

K P Dixit
Director
15 May 2015

Independent Auditors' Report

To The Members Of Bharat Forge International Limited

We have audited the financial statements of Bharat Forge International Limited for the year ended 31 March 2015 set out on pages 6 to 16. 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).

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 2015 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

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

15 May 2015

Chartered Accountants
Statutory Auditor

Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Bharat Forge International Limited

Profit and Loss Account
for the year ended 31st March,2015

	Notes	Year ended 31st March 2015 Rs.	USD	Previous Year USD
Turnover	2	10,869,630,437	171,630,712	152,739,009
Cost of sales		(10,669,018,158)	(168,463,058)	(148,766,536)
Gross profit		200,612,279	3,167,654	3,972,473
Administrative expenses		(33,973,297)	(536,436)	(1,433,143)
Operating Profit	3	166,638,982	2,631,218	2,539,330
Other interest receivable & similar income	**4**	10,385,543	163,987	225,555
Interest payable and similar charges	6	(15,140,852)	(239,073)	(226,200)
Loss on ordinary activities before taxation		161,883,673	2,556,132	2,538,685
Tax on loss on ordinary activities	5	(34,720,355)	(548,232)	(590,000)
Profit for the Year	11	**127,163,318**	**2,007,900**	**1,948,685**

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

There are no recognised gains and losses other than those passing through the profit and loss account

Bharat Forge International Limited

Balance Sheet
As at 31st March 2015

	Notes	2015		2015		2014	
		Rs.	Rs.	USD	USD	USD	USD
Fixed assets							
Tangible assets	7		2,091,776		33,029		62,179
Current assets							
Stocks	10	2,967,611,556		46,858,381		46,177,791	
Debtors	8	2,097,770,695		33,123,654		28,463,312	
Cash at bank and in hand		247,436		3,907		3,183	
		5,065,629,687		79,985,942		74,644,286	
Creditors : amount falling due within one year	9	(4,784,916,169)		(75,553,495)		(72,248,889)	
Net current liabilities			280,713,518		4,432,447		2,395,397
Total assets less current liabilities			**282,805,294**		**4,465,476**		**2,457,576**
Capital and reserves							
Called up share capital	13		6,635,495		104,774		104,774
Profit and loss account	11		276,169,799		4,360,702		2,352,802
Shareholders funds	12		**282,805,294**		**4,465,476**		**2,457,576**

Approved by the Board and authorised for issue on 15 May 2015

K P Dixit
Director

Company Registration No. 07459638

Bharat Forge International Limited

Cash flow statement
for the year ended 31st March,2015

	Year ended 31st March 2015				Previous Year	
	Rs.	Rs.	USD	USD	USD	USD
Net cash (outflow)/inflow from operating activities		(99,272,506)		(1,567,506)		2,749,720
Returns of investments and servicing of finance						
Interest paid	(15,140,852)		(239,073)		(226,200)	
Net cash outflow for returns on investments and servicing of finance		(15,140,852)		(239,073)		(226,200)
Taxation		(34,203,190)		(540,066)		(459,613)
Capital expenditure						
Payments to acquire tangible assets	(49,905)		(788)		(3,310)	
Net cash outflow for capital expenditure		(49,905)		(788)		(3,310)
Net cash outflow before management of liquid resources and financing		**(148,666,453)**		**(2,347,433)**		**2,060,597**
Decrease in cash in the year		**(148,666,453)**		**(2,347,433)**		**2,060,597**

Notes to cash flow statement for the year ended 31st March 2015

A Reconciliation of operating loss to net cash outflow from operating activities

	2015		2014
	Rs.	USD	USD
Operating (loss) / profit	166,638,982	2,631,218	2,539,330
Depreciation of tangible assets	1,896,018	29,938	31,737
(Increase)/ decrease in stocks	(43,102,786)	(680,590)	1,996,379
Increase in debtors	(284,760,907)	(4,496,355)	(12,949,113)
Increase in creditors within one year	60,056,185	948,283	11,131,387
Net cash outflow from operating activities	(99,272,509)	(1,567,506)	2,749,720

B Analysis of net debt

	1 April 2014	Cash flow	other non cash changes	31 March 2015
Net Cash				
Cash at bank and in hand	3,183.00	724		3,907
Bank overdraft in USD	(5,507,619)	(2,348,157)	-	(7,855,776)
Bank overdraft in INR	(348,604,189)	(148,666,453)		(497,270,642)
Bank deposits	-	-	-	-
Net debt in USD	**(5,504,436)**	(2,347,433)	-	(7,851,869)
Net debt in INR	(348,604,189)	(148,666,453)		(497,270,642)

C Reconciliation of net cash flow to movement in net debt

	2015		2014
	Rs.	USD	USD
Decrease in cash in the year	(148,666,453)	(2,347,433)	2,060,597
Movement in net debt in the year	(148,666,453)	(2,347,433)	2,060,597
Opening net debt	(348,604,189)	(5,504,436)	(7,565,033)
Closing net debt	(497,270,642)	(7,851,869)	(5,504,436)

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

The company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis, except those with significant uncertainties.

Sales are accounted for when dispatched from the point of sale, consequent to property in goods being transferred.

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.

1.4 Tangible fixed assets and depreciation

Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation and amortisation, as follows:

Plant and machinery	33% Straight line
Fixtures, fittings & equipment	20% Straight line
Motor vehicles	20% Straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Cost of Inventories have been computed to include all cost of Purchases and Other Costs incurred in bringing the inventories to their present location and condition.

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken from the United Kingdom.

Geographical market

	Turnover	
	2015	**2014**
	$	**$**
United States of America	115,847,750	88,071,896
Europe	41,812,986	48,886,996
United Kingdom	13,969,976	15,780,117
	171,630,712	152,739,009

3 Operating profit

	2015	2014
	$	$
Operating profit is stated after charging:		
Depreciation of tangible assets	29,938	31,737
Loss on foreign exchange transactions	-	632,904
Operating lease rentals	287,019	277,497
and after crediting:		
Profit on foreign exchange transactions	(360,780)	-

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	65,926	65,461
Taxation	1,591	3,976
Payroll	2,931	3,083
	70,448	72,520

4 Investment income

	2015	2014
	$	$
Other interest	163,987	225,555

5 Taxation

	2015	2014
	$	$
Domestic current year tax		
U.K. corporation tax	548,000	590,000
Adjustment for prior years	232	-
Total current tax	548,232	590,000
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,556,132	2,538,685
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2014 - 23.00%)	536,788	583,898
Effects of:		
Depreciation in excess of capital allowances	5,420	6,102
Other tax adjustments	6,024	-
	11,444	6,102
Current tax charge for the year	548,232	590,000

6 Interest payable

	2015	2014
	$	$
On bank loans and overdrafts	239,073	226,200

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	$	$	$	$
Cost				
At 1 April 2014	78,382	11,760	62,471	152,613
Additions	788	-	-	788
At 31 March 2015	79,170	11,760	62,471	153,401
Depreciation				
At 1 April 2014	42,558	8,203	39,673	90,434
Charge for the year	15,954	1,490	12,494	29,938
At 31 March 2015	58,512	9,693	52,167	120,372
Net book value				
At 31 March 2015	20,658	2,067	10,304	33,029
At 31 March 2014	35,824	3,557	22,798	62,179

8 Debtors

	2015 $	2014 $
Trade debtors	26,034,681	20,639,548
Amounts owed by parent and fellow subsidiary undertakings	5,116,167	6,379,019
Other debtors	1,838,226	1,012,515
Prepayments and accrued income	134,580	432,230
	33,123,654	28,463,312

Amounts falling due after more than one year and included in the debtors above are:

	2015 $	2014 $
Amounts owed by group undertakings	4,919,014	4,293,434
Other debtors	154,569	173,197
	5,073,583	4,466,631

9 Creditors: amounts falling due within one year

	2015 $	2014 $
Bank loans and overdrafts	7,855,776	5,507,619
Trade creditors	1,207,310	2,807,130
Amounts owed to parent and fellow subsidiary undertakings	65,735,412	63,405,043
Corporation tax	258,553	250,387
Other taxes and social security costs	15,087	16,821
Other creditors - commissions	141,741	119,241
Accruals and deferred income	339,616	142,648
	75,553,495	72,248,889

The company's bankers, National Westminster Bank Plc, 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.

10 Stocks

	2015 $	2014 $
Finished goods and goods for resale	46,858,381	46,177,791

11 Statement of movements on profit and loss account

	Profit and loss account $
Balance at 1 April 2014	2,352,802
Profit for the year	2,007,900
Balance at 31 March 2015	4,360,702

12 Reconciliation of movements in Shareholders' funds

	2015 $	2014 $
Profit for the financial year	2,007,900	1,948,685
Opening Shareholders' funds	2,457,576	508,891
Closing Shareholders' funds	4,465,476	2,457,576

13 Share capital

	2015 $	2014 $
Allotted, called up and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774

14 Control

The company is controlled by Bharat Forge Beteiligungs GmbH, the immediate parent company. The ultimate controlling party is Bharat Forge Limited, a company incorporated in India.

15 Financial commitments

At 31 March 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2016:

	Land and buildings 2015 $	2014 $
Operating leases which expire:		
Within one year	49,912	102,335
Between two and five years	150,732	150,050
	200,644	252,385

16 Employees

Number of employees
The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Administration	9	7

Employment costs

	2015 $	2014 $
Wages and salaries	273,390	244,797
Social security costs	23,847	24,233
	297,237	269,030

17 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 “Related party disclosures” whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

The group accounts are available at Bharat Forge Limited, Pune Cantonment, Mundhwa, Pune – 411036 India and on the company’s website www.bharatforge.com.

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

SAS Mécanique Générale Langroise

Registered office: rue du Stade
52200 SAINTS GEOMES
Share capital: €600,000

Statutory auditor's report on the annual accounts

Financial year ending of 31 December 2014

Dear Sir, Madam,

In execution of the task that was entrusted to us by your general assembly, we present to you our report pertaining to the financial year that ended on 31 December 2015, on:

- The inspection of the annual accounts of SAS Mécanique Générale Langroise, as appended to this report;
- The justification for our assessments;
- The specific information and verifications required by law.

The annual accounts have been settled by your President. Our responsibility is to express an opinion on these accounts on the basis of our audit.

1. Opinion on the annual accounts

We have carried out our audit according to the professional standards of practice applicable in France; these standards require the implementation of diligence that will allow obtaining a reasonable assurance that the annual accounts do not have any significant anomalies. An audit consists of verifying, via surveys or other selection methods, the information justifying the amounts and information given in the annual accounts. It also consists of assessing the accounting principles in use, the significant estimates chosen and the overall presentation of the accounts. We believe that the information that we collected is sufficient and appropriate to base our opinion on.

We certify that the annual accounts are, with respect to the rules and accounting principles of France, consistent and in order, and give a reliable image of the result of the operations performed in the past financial year as well as the financial situation and assets of the company at the end of the said financial year.

2. Justification for the assessments

Pursuant to the provisions of Article L.823-9 of the Commercial Code, pertaining to the justification of our assessments, we would like to inform you that the assessments that we made pertained to the appropriate character of the accounting principles that were applied and on the reasonable character of the significant estimates that were chosen.

These assessments are part of our procedure of auditing annual accounts, taken as a whole, and therefore contributed to the forming of our opinion, which was expressed in the first part of this report.

3. Specific information and verifications

Pursuant to the professional standards of practice applicable in France, we also carried out the specific verifications required by law.

We do not have any observations to be made on the genuineness and compatibility of the annual accounts with the information given in the management report of the President and in the documents addressed to the Sole Shareholder pertaining to the financial situation and the annual accounts.

Place: Dijon; Date: 9 April 2015

KPMG Audit Rhône Alpes Auvergne

Isabelle Fanjas

SAS Mécanique Générale Langroise

Balance Sheet as at December 31st, 2014

ASSETS	Rs.		EUR		As at 31/12/2013 EUR
A. Fixed Assets					
I. Other Intangible assets	174,514.38		2,585.00		3,601.00
II. Tangible assets					
1. Land	4,882,892.21		72,328.00		72,328.00
2. Buildings	144,823,512.61		2,145,203.00		1,946,237.00
3 Industrial Fixtures,fittings,plant machinery and equipment	41,642,102.48		616,825.00		505,263.00
4. Other Tangible Assets	5,526,941.43		81,868.00		83,682.00
5 Fixed Assets in progress	1,265,077.39		18,739.00		22,638.00
III. Other Fixed Assets	6,278.47		93.00		93.00
		198,321,318.97		2,937,641.00	2,633,842.00
B. Current assets					
I. Inventories					
Raw materials, supplies	19,339,839.31		286,472.00		319,949.00
Work in progress of service	32,979,573.01		488,511.00		156,639.00
Semi-finished and Finished goods	0.00		0.00		101,775.00
II. Accounts receivable and other assets					
Advances and down-payments to suppliers	38,075.87		564.00		3,251.00
Trade and Related Accoutns	108,383,964.09		1,605,441.00		1,242,413.00
Other Receivables	0.00				
-State Profit tax	0.00		0.00		50,806.00
-State Turnover tax	5,830,603.21		86,366.00		54,482.00
-Other	2,782,643.67		41,218.00		83,561.00
Investment Securities	6,858,651.58		101,594.00		100,413.00
Prepaid expenses	2,575,454.25		38,149.00		29,557.00
III. Cash on hands, bank balances	92,822,749.38		1,374,940.00		990,488.00
		271,611,554.37		4,023,255.00	3,133,334.00
Total		**469,932,873.34**		**6,960,896.00**	**5,767,176.00**

SAS Mécanique Générale Langroise

Balance Sheet as at December 31st, 2014

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2013 EUR
A. Equity					
Share Capital (paid up: 600,000)	40,506,240.00		600,000.00		600,000.00
Legal reserves	4,050,624.00		60,000.00		60,000.00
Other Reserve	84,388,000.00		1,250,000.00		1,250,000.00
Retained (profit/losses) brought forward merger	33,079,623.43		489,993.00		445,893.00
Net Income or loss of the tax year	73,990,250.72		1,095,983.00		594,101.00
Subsidies of Investment	16,468,014.40		243,933.00		269,734.00
Regulated Provisions	8,279,677.99		122,643.00		112,409.00
		260,762,430.54		3,862,552.00	3,332,137.00
B. Accruals		0.00		0.00	0.00
C. Provision for Liabilities & Charges		0.00		0.00	0.00
D. Loans & Debts					
Bank Borrowings	78,194,528.39		1,158,259.00		1,160,924.00
Other Financial borrowing & debts					
-Miscellaneous	2,700,416.00		40,000.00		60,000.00
-Partners					192.00
Trade Notes & Related Accounts Payable	69,768,960.43		1,033,455.00		432,872.00
Tax Payables & Social Liabilities					
-Staff	9,574,729.99		141,826.00		112,667.00
-Payroll Taxes	20,374,031.13		301,791.00		267,682.00
-State, Profit Tax	10,442,238.63		154,676.00		0.00
-State, Turnover Tax	8,470,867.44		125,475.00		125,945.00
-Other Taxes	6,023,682.95		89,226.00		138,580.00
Liabilities on Fixed Assets & Related Accounts	2,981,326.77		44,161.00		79,698.00
Other Debts	639,661.07		9,475.00		56,479.00
		209,170,442.80		3,098,344.00	2,435,039.00
Total		**469,932,873.34**		**6,960,896.00**	**5,767,176.00**

Note: Unless otherwise stated, all amounts are reported in Euro.

1. ACCOUNTING METHODS AND RULES

The general accounting conventions were applied in compliance with the conservatism principle, pursuant to the basic assumptions of:

- Continuity of operation,
- Unchanging nature of the accounting methods from one year to another,
- Independence of the years,

And pursuant to the general rules for establishing and presenting the annual accounts.

The basic method chosen for assessing the information recorded in the accounts is the historical cost model.
The primary methods used are as follows:

1.1. TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible fixed assets are assessed at their cost of acquisition or production, taking into account the expenses required for these goods to be made operational, and after deducting the shopping discounts, rebates, bank discounts and payments obtained.

The following decisions were taken for the presentation of the annual accounts:

- Identifiable assets: the company was not able to define the identifiable assets or their breakdown does not have any significant impact;
- Non-identifiable assets: the possible discrepancy between the amortisation terms according to the duration of use and the service life was entered into the accounts as accelerated amortisation.

The interests on borrowings specific to the production of fixed assets are not included in the production cost of these fixed assets.
The amortisations for depreciation are calculated according to the straight-line or reducing balance methods, depending on the planned service life:

Type	Duration
Computer software	1 year
Land	N/A
Buildings	from 10 to 20 years
Building fixtures and fittings	from 04 to 15 years
Industrial fixtures and fittings	from 01 to 10 years
Fixtures, fittings and installations	from 03 to 10 years
Transportation equipment	from 04 to 05 years
Office and computer equipment	from 03 to 10 years

1.2. FINANCIAL ASSETS AND MARKETABLE SECURITIES

The gross value is the cost price, excluding incidental expenses. If the inventory value is less than the gross value is less than the gross value, a depreciation is observed for the amount of the difference.

1.3. STOCKS

The stocks are assessed according to the “first-in, first-out” method.

The gross value of the goods and supplies includes the cost price and the incidental expenses.
The manufactured products are valued at the production cost, including the consumptions and the direct and indirect expenses of production, as well as the amortisation of the goods contributing to the production.
The cost of the sub-activity is excluded from the stock value.
Interests are always excluded from the appraisal of the stocks.

Where necessary, the stocks have been depreciated to take into account their net realisable value on the date of closing of the accounts.

1.4. ACCOUNTS RECEIVABLE AND PAYABLE

The accounts receivable and payable are appraised at their nominal value. A depreciation is applied when the inventory value is less than the accounting value.

1.5. ACCOUNTING AND PRESENTATION OF THE CICE

The CICE is entered into the records at the rate of the commitment. It is to be taken into account in line with the commitment of the corresponding remuneration charges, irrespective of whether or not the closing coincides with the calendar year and for both – the annual accounts as well as for interim or consolidated accounts, pursuant to French standards.

Moreover, taking into consideration the conditions of reliability and the possibility of obtaining the CICE, it shall rarely be taken into account for elements of long-term deferred payments.

The CICE is entered into the records via the option:

- Of a reduction in the staff expenses, credited from a sub-account 64 (ANC, information notice dated 28 February 2013),

The impacts of the application of CICE on the financial statements are as follows:

- Reduction in staff expenses
- Lowering of debts by an amount of €80,198 corresponding to the CICE calculated over the period from 01/01/2014 to 31/12/2014.

2. CHANGES IN THE METHOD

The methods for assessing and presenting the annual accounts which were chosen for this year are identical to those of the previous year.

Establishment of the financial statements in compliance with:

- The P.C.G. 2014, approved by the order dated 8 September 2014
- Articles L123-12 to L123-28 of the Commercial Code

3. ADDITIONAL INFORMATION REQUIRED TO PROVIDE A RELIABLE IMAGE

Individual entitlements to training:
Total entitlements acquired by employees over the course of the year: 337 hours
Total hours not subject to a request from the employees: 4403 hours

4. 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	78,252	6,041		22,530	61,763	61,763
Land	72,328				72,328	72,328
Buildings on owned land	2,152,798	128,748			2,281,546	2,281,546
Buildings on leased land					-	-
General equipment, fixtures and fittings	679,061	256,670			935,731	935,731
Industrial fixtures, fittings, plant machinery & equipment	1,506,658	295,933		68,689	1,733,902	1,733,902
Other installations, fixtures and fittings	275,846	31,900		21,710	286,036	286,036
Transportation equipment	81,349				81,349	81,349
Office & computer equipment, furniture	51,921	5,177		4,228	52,870	52,870
Recyclable and miscellaneous packaging					-	-
Tangible assets in progress	22,638		3,900		18,738	18,738
Advances and prepayments					-	-
Total	4,842,599	718,428	3,900	94,627	5,462,500	5,462,500
Investments valued using the equity method					-	-
Other investments					-	-
Other forms of investment					-	-
Loans and other financial fixed assets	93				93	93
Total	93	-	-	-	93	93
Grand Total	**4,920,944**	**724,469**	**3,900**	**117,157**	**5,524,356**	**5,524,356**

5. STATUS OF THE AMORTISATION

	Situations and transactions of the year				Breakdown of the depreciation charges for the year			Transactions affecting the allowance for depreciations required by tax law	
	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	74,651	7,057	22,530	59,177	7,057				
Land									
Buildings on owned land	573,270	128,152		701,422	128,152				615
Buildings on leased land									
General equipment, fixtures and fittings	312,352	58,299		370,651	58,299				
Industrial fixtures, fittings, plant machinery & equipment	1,001,395	184,371	68,689	1,117,077	184,371			39,074	25,879
Other installations, fixtures and fittings	256,140	13,401	21,710	247,832	13,401				2,251
Transportation equipment	33,488	18,835		52,322	18,835				
Office & computer equipment, furniture	35,805	6,655	4,228	38,232	6,655			726	823
Recyclable and miscellaneous packaging									
Total	2,212,450	409,713	94,627	2,527,536	409,713	-	-	39,800	29,568
Grand Total	**2,287,101**	**416,770**	**117,157**	**2,586,713**	**416,770**	**-**	**-**	**39,800**	**29,568**

Transactions affecting the expenses amortised over several years	Starting net amount	Increases	Amortisation charges	Net amount at the end
Expenses to be amortised over several years				
Bond redemption premiums				

6. STATUS OF THE PROVISIONS				
Provisions	**Start of the year**	**Increase in Allowances**	**Reduction in write-offs**	**End of the Year**
For depletion allowances For investments For price increases Accelerated depreciations Including extraordinary increases of 30% For overseas establishments before 1.1.92 For overseas establishments after 1.1.92 For set-up loans Other regulated provisions	112,410	39,800	29,568	122,642
Total Regulated Provisions	112,410	39,800	29,568	122,642
For disputes For guarantees given to clients For losses on future contracts For fines and penalties For exchange losses For pensions and bonds For taxes For renewing fixed assets For large-scale repairs For paid vacation expenses Other provisions				
Total Provisions				
On intangible assets On tangible assets On investments in associates On equity securities On other financial fixed assets On inventories of products and work in progress On client accounts Other depreciations		33,562		33,562
Total Depreciation		33,562		33,562
Grand Total	112,410	73,361	29,568	156,204
Including: – Operating allowances and write-offs – Financial allowances and write-offs – Extraordinary allowances & write-offs		33,562 39,800	 29,568	

Investments in associates: depreciation value at the closing of the year calculated in pursuance of the rules provided in Article 39-1-5e of the General Tax Code.

`

7. STATUS OF THE MATURITY DATES OF THE ACCOUNTS RECEIVABLE AND PAYABLE			
STATUS OF THE ACCOUNTS RECEIVABLE	**Gross Amount**	**One Year or Less**	**More Than One Year**
Receivables from companies in which an equity interest is held			
Loans			
Other financial fixed assets	93		93
Bad and doubtful debts			
Other client receivables	1,605,441	1,605,441	
Receivables representing loaned shares			
Staff accounts receivable			
Social security and other social bodies			
Government and other public bodies:			
- Corporate income tax			
- VAT	86,366	86,366	
- Other taxes and similar levies			
- Miscellaneous			
Group and shareholders			
Miscellaneous debtors	41,218	41,218	
Prepaid expenses	38,149	38,149	
Grand Total	1,771,268	1,771,175	93
Amount of loans given in the year			
Repayment of loans in the year			
Loans and advances to shareholders			

STATUS OF THE ACCOUNTS PAYABLE	Gross Amount	One year or less	More than one year & upto 5 years	More than five years
Convertible debenture loans				
Other debenture loans				
Loans and debts from credit establishments:				
- Up to a maximum of one year				
- More than one year	1,158,259	293,310	742,554	122,395
Financial loans and debts	40,000	20,000	20,000	
Trade accounts payable	1,033,455	1,033,455		
Staff accounts payable	141,826	141,826		
Social security and other social bodies	301,791	301,791		
Government and other public bodies:				
- Corporate income tax	154,676	154,676		
- VAT	125,475	125,475		
- Guaranteed bonds				
- Other taxes and similar levies	89,226	89,226		
Trade accounts payable – fixed assets	44,161	44,161		
Group and shareholders				
Other debts	9,477	9,477		
Payables representing loaned shares				
Deferred income				
Grand Total	3,098,344	2,213,396	762,554	122,395
Loans taken during the year				
Loans reimbursed during the year				
Loans and debts from shareholders				

8.1. INCOME AND CREDIT RECEIVABLE

Amount of the income and credit receivable included in the following items of the balance sheet	Amount, incl. tax
FINANCIAL FIXED ASSETS	
- Receivables from companies in which an equity interest is held	
- Other financial fixed assets	
ACCOUNTS RECEIVABLE	
Trade accounts receivable	**47,567**
Other receivables	**30,430**
MARKETABLE SECURITIES	
CASH	**312**
Total	**78,309**

8.2. EXPENSES TO BE PAID AND CREDIT NOTES TO BE CREATED

Amount of the expenses to be paid and credit notes to be created included in the following items of the balance sheet	Amount, incl. tax
Convertible debenture loans	
Other debenture loans	
Loans and debts from credit establishments	**442**
Miscellaneous financial loans and debts	
Trade accounts payable	**65,629**
Tax payable	**294,666**
Trade accounts payable – fixed assets	
Other debts	**9,477**
Total	**370,214**

8.3. PREPAID EXPENSES AND DEFERRED INCOME

	Expenses	Income
Operating Expenses / Income	**38,149**	
Financial Expenses / Income		
Extraordinary Expenses / Income		
Total	**38,149**	

8.4. COMPOSITION OF THE SHARE CAPITAL

	Number	Nominal Value
Shares comprising the capital at the start of the year	**8,000**	**75.00**
Shares issued during the year		
Shares reimbursed during the year		
Shares comprising the capital at the end of the year		
Total	**8,000**	**75.00**

Comments:

% Variation of shareholders' equity:	N-1	+	-	N
Capital	600,000			600,000

`

Legal reserve	60,000			60,000
Other reserves	1,250,000			1,250,000
Profit/Loss brought forward	445,893	594,101	550,000	489,994
Results	594,101	1,095,983	594,101	1,095,983
Equipment subsidies	269,734	4,300	30,101	243,933
Accelerated depreciations	112,410	39,800	29,568	122,642
TOTALS	3,332,138	1,734,184	1,203,770	3,862,552

8.5. EQUIPMENT LEASING

	Installations, Equipment, Tools	Other	Total
Original value	2,552,830		2,552,830
Amortisations:			
– Total of previous years			
– Allowances for the year			
Total	2,552,830		2,552,830
Royalties paid:			
- Total of previous years	1,025,100		1,025,100
- Financial year	412,643		412,643
Total	1,437,743		1,437,743
Royalties to be paid:			
- In one year or less	449,686		449,686
- In more than one year and up to five years	535,953		535,953
- In more than five years			
Total	985,639		985,639
Residual value:			
- Less than one year	663		663
- Up to one year			
- More than one year & upto five years			
- More than five years	23,584		23,584
Total	24,247		24,247
Amount defrayed in the year	427,064		427,064

8.6. FINANCIAL COMMITMENTS

Commitments made	Amount
Discounted non-matured bills	
Guarantees given	
Pension commitments	
Other commitments made:	
Equipment leasing	985,639
Loans	1,197,817
Mortgage undertaking	438,789
Pledging of business assets	834,473
Pledging of bank accounts	100,000

Other Société Générale	231,801
Total	3,788,519
Of which concern: - Managers - Subsidiaries - Investments - Other related companies Including commitments made with collateral	 834,473
Commitments received	**Amount**
--NIL--	

8.7. AVERAGE WORKFORCE

	Salaried staff	Staff provided to the est.
Executives	2	
First-line supervisor and technicians	8	
Employees	2	
Labourers	35	
	47	

Comments:

8.8. COMMITMENTS PERTAINING TO PENSIONS, RETIREMENT AND SIMILAR UNDERTAKINGS

Commitments	Managers	Other	Provisions
Pensions and similar allowances Retirement pension supplement for current staff Retirement supplement and similar allowances for retired staff Retirement allowances and other allowances for current staff		**129,792**	
Total		**129,792**	

Comments:

The calculation of the retirement package is based on the following parameters:

- Mortality table: TG05
- Discount rate: 1.40%
- Staff turnover rate: 1%
- Wage progression rate: 1%

BF-NTPC Energy Systems Limited

Directors
Mr. A. B. Kalyani
Mr. Girish J. Deshpande
Mr. S. C. Pandey
Mr. Thomas Joseph
(w.e.f. December 22, 2014)
Mr. K. M. Saletore
(w.e.f. May 8, 2015)
Mr. S. G. Joglekar
(w.e.f. May 8, 2015)
Mrs. Deepti R. Puranik
(w.e.f. May 8, 2015)
Mr. M. V. Krishna
(w.e.f. May 8, 2015)

Registered Office
14th Floor, Antariksha Bhavan,
22, Kasturba Gandhi Marg,
New Delhi - 110 001.

Auditors
S. N. Dhawan & Co
Chartered Accountants
C37, Connaught Place,
New Delhi 110 001.

BOARD'S REPORT
For the year ended March 31, 2015

To,
The Members,

Your Directors have pleasure in presenting the Board's Report on the business and operations of the Company and audited financial statement for the Financial Year ended March 31, 2015.

1. FINANCIAL HIGHTLIGHTS

During the financial year 2014-15, Company has incurred a Net Loss of Rs. 29,51,260/-.
The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2015	As on March 31, 2014
Net Sales	NIL	NIL
Other Income	740	10,202
Total Revenue	**740**	**10,202**
Employee Benefits Expenses	18,57,734	34,60,448
Operating and Other Expenses	10,52,602	27,98,298
Total Expenses	**29,10,336**	**62,58,746**
PBDIT	(29,09,596)	(62,48,544)
Depreciation/Amortization	41,664	82,922
PBIT	(29,51,260)	(63,31,466)
Current Tax	NIL	NIL
PAT	(29,51,260)	(63,31,466)
Net Profit/(Loss)	**(29,51,260)**	**(63,31,466)**
Basic and Diluted Earnings Per Share	(0.25)	(0.53)

2. DIVIDEND AND RESERVE

Since the Company does not have any distributable profit, hence the Board is not in a position to recommend any dividend for the year ended March 31, 2015. Your Company has not transferred any sum into any Reserves.

3. STATE OF COMPANY'S AFFAIRS

- **Background:**

During the 2007-08, there was promising scenario for power and related sector which paved the way for planning for the formation of this Company. The projected capacity addition during the 11th Plan period was 74374 MW (including renewable) and 94,215 MW (including renewable) during the 12th Plan period to be followed by 1,23,900 MW (including renewable) during 13th Plan. This capacity addition program of Government of India coupled with greater emphasis by the Government to develop the indigenous manufacturing capacities of power plant equipment led to an overall commitment by the Indian industry to have an indigenous main plant equipment capacity of the order of plus 30,000 MW.

The Company with the support of consultant, Deloitte had also aligned its manufacturing plans for the shortlisted products of Casting, Pumps and Valves, HP Pipes, Piping solutions etc., to cater to this demand supported by the new main plant equipment manufacturing capabilities created by the Indian industry in power and allied fields.

- **Recent Development in power sector:**

In the intervening period, thermal power capacity addition program has suffered a major setback due to a variety of reasons including slow environment clearance of new project, non-availability of land, shortage of Indian coal and costly imported coal. The non-availability/ costly imported coal have greatly impacted the economics of some of the newly built plants in the power sector and some of the private developers are facing serious financial constraints.

In view of a slowdown being witnessed in the power sector within the Country, the Board is undertaking a comprehensive review of the business case of the Company to decide the further course of actions.

Both the Shareholders of the Company i.e. Bharat Forge Limited (BFL) and NTPC Limited (NTPC) has in principally agreed to disengage from the current Joint Venture arrangement with BFL buying out the shareholding of NTPC and NTPC has decided to withdraw from the Joint Venture. Report of the Valuer has been accepted by both BFL and NTPC. Now, the proposal of exit of NTPC has been sent to the Ministry of Power for their approval. This transaction would be subject to signing of definitive agreement between BFL and NTPC.

4. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2015 stood at Rs. 120,000,000. 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, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurring after March 31, 2015 which may affect the financial position of the Company or may require disclosure as at the report date.

6. NAMES OF THE COMPANIES WHICH HAVE BECOME/CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

The Company did not have any subsidiary Company/Joint Venture/Associate during the period under review.

7. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

8. AUDITORS AND AUDITORS' REPORT

At the Annual General Meeting held on September 1, 2014, M/s. S. N. Dhawan & Co., 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. S. N. Dhawan & Co., 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 they are reappointed, 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.

9. 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.

10. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS

In terms of provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Girish Jagannath Deshpande, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Mr. B. N. Kalyani, Director of the Company has tendered his resignation effective from March 28, 2015 due to other preoccupation and Mr. S. K. Chaturvedi, Director of the Company has tendered his resignation effective from March 31, 2015 due to his personal reason. The Directors place on record their appreciation of the valuable contribution made by Mr. B. N. Kalyani and Mr. S. K. Chaturvedi.

Mr. Thomas Joseph has been appointed as a Director of the Company with effect from December 22, 2014.

Mr. Kishore Saletore and Mr. Sanjeev Joglekar, has been appointed as Directors of the Company with effect from May 8, 2015.

Pursuant to Section 161 of the Companies Act, 2013, Mr. Thomas Joseph, Mr. Kishore Mukund Saletore and Mr. Sanjeev Gajanan Joglekar, Directors of the Company whose term of office expires at the Annual General Meeting shall be appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

Pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajiv Puranik, appointed as Independent Directors of the Company with effect from May 8, 2015 whose term of office expires at the ensuing Annual General Meeting, shall be confirmed as Independent Directors of the Company, subject to approval of the Members of the Company to hold office for a term of five years with effect from May 8, 2015.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013.

11. DETAILS OF APPOINTMENT AND RESIGNATION OF KEY MANAGERIAL PERSONNEL

Mr. Raj Kumar Mishra was appointed as Chief Financial Officer of the Company with effect from September 1, 2014. Mr. Deepak Bedekar was appointed as Company Secretary of the Company with effect from March 2, 2015 due to resignation of Mr. Jagmohan Bijalwan from the services of the Company effective from February 8, 2015.

12. NUMBER OF MEETINGS OF THE BOARD

In 2014-15, the Board of Directors of the Company met 4 (four) times i.e. on May 7, 2014, September 1, 2014, December 22, 2014 and March 14, 2015. 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. Subhash Chandra Pandey, Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajeev Puranik.

All the recommendations made by the Audit Committee, from time to time, were deliberated and accepted by the Board.

14. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and remuneration Committee comprises of Mr. Subhash Chandra Pandey, 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 financial statement for the year ended March 31, 2015, 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, 2015 and of the loss of the Company for that period;
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

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

During the year Company had not taken/given any loans, guarantees or investments as per Section 186 of Companies Act 2013.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, the Company has not entered into any contacts or arrangements with any related parties in terms of provisions of Section 188 of the Companies Act, 2013.

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

Since the project of your Company was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

20. 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.

21. INTERNAL CONTROL SYSTEMS WITH REGARD TO FINANCIAL STATEMENT AND RISK MANAGEMENT

The Company has in place adequate systems of internal control with regard to Financial Statement 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.

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. 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: New Delhi	**Subhash Chandra Pandey**	**Kishore Mukund Saletore**
Date: May 8, 2015	**Director**	**Director**

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2015
[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	U40106DL2008PLC179793
ii)	Registration Date	June 19, 2008
iii)	Name of the Company	BF-NTPC Energy 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	14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi, Delhi 110001 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 shall be stated:-

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	2 (46)

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

i) Category-wise Share Holding as of March 31, 2015

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	12,000,000	12000000	100%	NIL	12,000,000	12,000,000	100%	NA
Sub-total (A) (1):-	NIL	12,000,000	12000000	100%	NIL	12,000,000	12,000,000	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	12,000,000	12000000	100%	NIL	12,000,000	12,000,000	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	12,000,000	12000000	100%	NIL	12,000,000	12,000,000	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	6,120,000	51	NIL	6,120,000	51	NIL	NA
2	NTPC Limited	5,880,000	49	NIL	5,880,000	49	NIL	NA
	Total	12,000,000	100	NIL	12,000,000	100	NIL	NA

iii) Change in Promoters' Shareholding:

There is no change in the total shareholding of the Promoters between April 1, 2014 and March 31, 2015.

iv) 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 and NTPC Limited who are the promoters of the Company.

v) Shareholding of Directors and Key Managerial Personnel:

None of the Directors or Key Managerial Personnel 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)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness as at April 1, 2014				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL

Indebtedness as at March 31, 2015				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued 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 Directors and/or Manager:

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Vikaykumar K. Neginal, Manager	
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3,95,737/-	3,95,737/-
	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 (A)		3,95,737/-	3,95,737/-
Ceiling as per the Act			30,00,000/-*

**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 XIII of the Companies Act, 1956.*

B. Remuneration to other Director

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
	3. Independent Directors · Fee for attending board / committee meetings	NIL	NIL
	· Commission	NIL	NIL
	· Others, please specify	NIL	NIL
	Total (1)	NIL	NIL
	4. Other Non-Executive Directors · Fee for attending board / committee meetings	NIL	NIL
	Commission:	NIL	NIL

	- others, specify	NIL	NIL
	Total (2)	NIL	NIL
Total (B)=(1+2)		NIL	**NIL**
Total Managerial Remuneration			**3,95,737/-**
Overall Ceiling as per the Act			**30,00,000/-**

C. Remuneration to Key Managerial Personnel other than the MD/Manager/WTD

(Amount in Rupees)

Sr. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			**Total**
		Mr. Jagmohan Bijalwan, Company Secretary (till February 8, 2015)	**Mr. Deepak Vijay Bedekar, Company Secretary (from March 2, 2015)***	**Mr. Raj Kumar Mishra, Chief Financial Officer****	
1.	Gross Salary				
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	10,60,554/-	27,959/-	2,23,168/-	13,11,681/-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	14,285/-	-	-	14,285/-
	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		**10,74,839/-**	**27,959/-**	**2,23,168/-**	**13,25,966/-**

* Mr. Deepak Bedekar was appointed as Company Secretary of the Company with effect from March 2, 2015 due to resignation of Mr. Jagmohan Bijalwan from the services of the Company effective from February 8, 2014.

**Mr. Raj Kumar Mishra was appointed as Chief Financial Officer of the Company with effect from September 1, 2014.

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 NTPC ENERGY SYSTEMS LIMITED

The Board of Directors of BF NTPC Energy Systems Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on May 8, 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. <u>Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee</u>

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. <u>Policy for appointment and removal of Director, KMP and Senior Management</u>

3.2.1. <u>Appointment Criteria and qualification:</u>

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 are 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. <u>Term / Tenure:</u>

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. <u>Evaluation</u>

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 <u>Remuneration to Non- Executive / Independent Director:</u>

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.

Independent Auditor's Report

To the Members of BF-NTPC Energy Systems Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **BF-NTPC Energy Systems Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

The Company's management 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding 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 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

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing 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 the 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 control relevant to the Company's preparation of the 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 control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, (hereinafter referred to as the "Order"), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There are no pending litigations instigated by or against the Company.

ii. There are no long term contracts (including derivative contracts) entered by the Company which entails any need for providing a material foreseeable loss as required under the applicable law or accounting standards.

iii. The provisions of the Companies Act, 2013 as applicable to the Investor Education and Protection Fund are not applicable to the Company.

For: **S.N.Dhawan & Co.**
Chartered Accountants
FRN: 000050N

Place of Signature:

Date: 8th May 2015

(Vijay Dhawan)
(Partner)
(Membership No. 12565)

Annexure to the Auditor's Report

(Referred to in paragraph 7 of Independent Auditors' Report of even date on the financial statements of **BF-NTPC Energy Systems Limited** for the year ended March 31, 2015)

(i). (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased program 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 assets. However, no physical verification was conducted during the year in line with the phased program.

(ii). The Company does not have any inventory. Accordingly, clauses (ii) (a), (b) and (c) of the Companies (Auditors' Report) Order, 2015 (as amended) are not applicable.

(iii). The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3 (iii) of the Order are not applicable to the Company.

(iv). In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in respect of this area.

The Company has not started its operations till the date of the balance sheet. In view of the foregoing, as far as applicable to internal control system with respect to the purchase of inventory and sale of services under clause (iv) of the Companies (Auditors' Report) Order, 2015 (as amended) is not applicable..

(v). The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act.

(vi). The Company has not started its operations till the date of the balance sheet. Accordingly, clause (vi) of the Companies (Auditors' Report) Order, 2015 (as amended) is not applicable.

(vii). (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including income tax, provident fund, employees' state insurance, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed statutory dues including income tax, provident fund, employees' state insurance, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to the Company were in arrears as at March 31, 2015 for a period of more than six months from the date those became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax and duty of customs which have not been deposited on account of any dispute.

(c) According to the information and explanations given to us and the records of the Company examined by us, we did not notice any amount that is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder and has not been transferred to such fund within time.

(viii). The Company have accumulated losses as at the end of the financial year exceeds fifty per cent of its net worth and it has incurred cash losses in the financial year ended on that date as well as in the immediately preceding financial year.

(ix). According to the information and explanations given to us the Company, the Company has not borrowed any funds from any financial institution or bank during the year, clause (ix) of the Companies (Auditors' Report) Order, 2015 is not applicable.

(x). In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provision of clause 3(x) of the Order is not applicable to the Company.

(xi). The Company has not taken any term loan during the year.

(xii). During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For: **S.N.Dhawan & Co.**
Chartered Accountants
FRN: 000050N

Place of Signature:

Date: 8th May 2015

(Vijay Dhawan)
(Partner)
(Membership No. 12565)

Balance Sheet as at March 31, 2015

(Amount in Rs)

Particulars	Notes	31-3-2015	31-3-2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	120,000,000	120,000,000
Reserves and surplus	2	(69,772,840)	(66,735,020)
		50,227,160	**53,264,980**
Non-current liabilities			
Long-term provisions	Provisions	38,273	134,077
		38,273	**134,077**
Current liabilities			
Trade Payables	ade Payables	1,306,779	1,178,829
Other current liabilities	her Liabilities	8,302,043	5,327,922
Short-term provisions	Provisions	66,773	185,549
		9,675,595	**6,692,300**
Total		**59,941,028**	**60,091,357**
ASSETS			
Non-current assets			
Fixed assets	6	**59,716,480**	**59,847,724**
-Tangible Assets		59,716,480	59,847,724
Long-term loans and advances	7	-	11,478
		59,716,480	**59,859,202**
Current assets			
Cash and cash equivalents	8	224,548	232,155
		224,548	**232,155**
Total		**59,941,028**	**60,091,357**
Significant accounting policies	13		
Other Notes to Account	12 and 14 to 21	0.65	0.01

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S. N. Dhawan & Co.
Chartered Accountants

For and on behalf of the board of directors of
BF-NTPC ENERGY SYSTEMS LIMITED

Vijay Dhawan
Partner
Membership No. 12565

Kishore M Saletore
Director
DIN: 01705850

Subhash C Pandey
Director
DIN: 03142319

Deepak V Bedekar
Company Secretary

Rajkumar Mishra
Chief Financial Officer

Place: New Delhi
Date: 8 May 2015

Statement of Profit And Loss for the Year End March 31, 2015

(Amount in Rs)

Particulars	Notes	31-3-2015	31-3-2014
Income			
Other income	9	740	10,202
Total Revenue (I)		**740**	**10,202**
Expenses:			
Employee benefits expense	10	1,857,734	3,460,448
Other expenses	11	1,052,602	2,798,298
Depreciation expense	6	41,664	82,922
Total (II)		**2,952,000**	**6,341,668**
Loss before tax (I) - (II)		(2,951,260)	(6,331,466)
Current income tax		-	-
Loss for the year		**(2,951,260)**	**(6,331,466)**
Earning per share (Refer Note 13(k) and 20)			
Basic & Diluted [Nominal Value of shares of Rs. 10 (Previous year Rs. 10)]		(0.25)	(0.53)

Significant accounting policies	13
Other Notes to Account	12 and 14 to 21

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S. N. Dhawan & Co.	**For and on behalf of the board of directors of**	
Chartered Accountants	**0**	
Vijay Dhawan	**Kishore M Saletore**	**Subhash C Pandey**
Partner	**Director**	**Director**
Membership No. 12565	DIN: 01705850	DIN: 03142319
	Deepak V Bedekar	**Rajkumar Mishra**
Place: New Delhi	**Company Secretary**	**Chief Financial Officer**
Date: 8 May 2015		

BF-NTPC ENERGY SYSTEMS LIMITED

Cash Flow Statement for the Year Ended March 31, 2015

(Amount in Rs)

Particulars	Notes	31-3-2015	31-3-2014
Cash flow from operating activities			
Profit/(Loss) as per Statement of Profit and Loss		(2,951,260)	(6,331,466)
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation		41,664	82,922
Interest received		(740)	(10,202)
Loss on sale of fixed assets (Net of Gain)		(8,879)	1,199,451
Operating profit before Working Capital Changes		**(2,919,215)**	**(5,059,295)**
Movements in working capital :			
Increase/(decrease) in other current liabilities		2,983,296	3,950,548
Decrease / (increase) in short-term loans and advances		-	10,562
Decrease / (increase) in long term loans & advances		(84,327)	120,649
Net cash flow used in operating activities	**(A)**	**(20,246)**	**(977,536)**
Cash flows from investing activities			
Purchase of fixed assets		-	-
Interest received		740	10,202
Sale of assets		11,899	359,952
Net cash flow used in investing activities	**(B)**	**12,639**	**370,154**
Net cash flow used in financinq activities	**(C)**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents (A + B + C)		(7,607)	(607,382)
Cash and cash equivalents at the beginning of the year		232,155	839,536
Cash and cash equivalents at the end of the year		**224,548**	**232,155**
Components of cash and cash equivalents			
Cash on hand		-	230
Imprest Account		-	-
Balances with banks:		-	-
- On current accounts		224,548	231,925
- Deposits		-	-
Total cash and cash equivalents (Note 8)		**224,548**	**232,155**
Significant accounting policies	13		
Other Notes to Account	12 and 14 to 21		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S. N. Dhawan & Co.	**For and on behalf of the board of directors of**	
Chartered Accountants	**BF-NTPC Energy Systems Limited**	
Vijay Dhawan	**Kishore M Saletore**	**Subhash C Pandey**
Partner	**Director**	**Director**
Membership No. 12565	DIN: 01705850	DIN: 03142319
	Deepak V Bedekar	**Rajkumar Mishra**
Place: New Delhi	**Company Secretary**	**Chief Financial Officer**
Date: 8 May 2015		

1. Share Capital

Particulars	31-3-2015	31-3-2014
Equity Share Capital		
Authorised shares		
25,000,000 [Previous year: 25,000,000 equity shares of Rs. 10 each]	250,000,000	250,000,000
Issued, subscribed and fully paid-up shares		
12,000,000 [Previous year: 12,000,000 equity shares of Rs. 10 each]	120,000,000	120,000,000
Total issued, subscribed and fully paid-up share capital	**120,000,000**	**120,000,000**

a. Reconciliation of the shares outstanding at the beqinning and at the end of the reporting year

	31-3-2015		31-3-2014	
Equity shares	**No.**	**Amount in Rs.**	**No.**	**Amount in Rs.**
At the beginning of the year	12,000,000	120,000,000	12,000,000	120,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	12,000,000	120,000,000	12,000,000	120,000,000

b. Terms and riqhts attached to equity shares

(i) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

(ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to have identical rights and privileges including, without limitation, dividend, voting rights and distribution of assets.

c. Shares held by holding/ultimate holdinq company and/or their subsidiaries/associates	As at March 31, 2015 Amount in Rs.	As at March 31, 2014 Amount in Rs.
Bharat Forge Limited, Holding Company 6,120,000 Equity shares (Previous year 6,120,000) at Rs. 10 each	61,200,000	61,200,000
NTPC Limited, Venturer Company 5,880,000 Equity shares (Previous year 5,880,000) at Rs. 10 each	58,800,000	58,800,000

	31-3-2015		31-3-2014	
d. Details of shareholders holdinq more than 5% shares in the Company	**No.**	**% holding**	**No.**	**% holding**
Fully paid up equity shares held by:				
Bharat Forge Limited, Holding Company	6,120,000	51.00%	6,120,000	51.00%
NTPC Limited, Venturer Company	5,880,000	49.00%	5,880,000	49.00%

2. Reserves and Surplus

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(66,735,020)	(60,403,554)
Loss for the year	(2,951,260)	(6,331,466)
Depreciation adjustment pursuant to reassessment of useful lives considering the guidelines of schedule II to Companies Act, 2013	(86,560)	-
Net deficit	**(69,772,840)**	**(66,735,020)**

(Amount in Rs)

Particulars	Non-current 31-3-2015	Non-current 31-3-2014	Current 31-3-2015	Current 31-3-2014
3. Trade Payables				
Sundry Creditors				
: due towards micro and small enterprises (Refer Note 15)	-	-	-	-
: due towards others	-	-	1,306,779	1,178,829
	-	-	**1,306,779**	**1,178,829**
4. Other Liabilities				
Statutory liabilities	-	-	72,500	100,447
Other liabilities			8,229,543	5,227,475
	-	-	**8,302,043**	**5,327,922**

	Long-term 31-3-2015	Long-term 31-3-2014	Short-term 31-3-2015	Short-term 31-3-2014
5. Provisions				
(Refer Note 13(g) and 19)				
Provision for gratuity	38,273	134,077	-	-
Provision for leave encashment	-	-	66,773	185,549
	38,273	**134,077**	**66,773**	**185,549**

6. Fixed Assets

[Refer Note 13 (c)]

(Amount in Rs)

Particulars	Gross Block				Depreciation					Net Block	
	As at April 1, 2014	Additions for the year	Deletions/ Adjustment during the year	As at 31-3-2015	As at April 1, 2014	For the year	Depreciation adjustment (Refer Note 1)	Deletions/ Adjustment during the year	As at 31-3-2015	As at 31-3-2015	As at 31-3-2014
Tangible Assets											
Freehold Land	59,674,194	-	-	59,674,194	-	-	-	-	-	59,674,194	59,674,194
Information Technology Equipments	547,964	-	60,375	487,589	462,864	32,214	26,234	57,355	463,957	23,632	85,100
Office Equipment	162,169	-	-	162,169	73,739	9,450	60,326	-	143,515	18,654	88,430
Total	**60,384,327**	**-**	**60,375**	**60,323,952**	**536,603**	**41,664**	**86,560**	**57,355**	**607,472**	**59,716,480**	**59,847,724**
Previous year	63,904,761	-	3,520,434	60,384,327	2,414,711	82,922	-	1,961,030	536,603	59,847,724	61,490,050

Note 1

The Company reassessed the estimated useful lives of its fixed assets considering the guidelines under Schedule II of the Companies Act, 2013.

The realignment of the useful lives has resulted in a capital charge of Rs. 86,560 to the opening balance of retained earnings.

(Amount in Rs)

	Long-Term		Short-Term	
	31-3-2015	**31-3-2014**	**31-3-2015**	**31-3-2014**
7. Loans and Advances				
(Unsecured considered good, unless otherwise stated)				
Advances recoverable in cash or kind or value to be received	-	-	-	-
Advance income-tax (net of provision for taxation)	-	11,479	-	-
	-	**11,479**	**-**	**-**

	Non-current		Current	
	31-3-2015	**31-3-2014**	**31-3-2015**	**31-3-2014**
8. Cash and Cash Equivalents				
Cash on hand	-	-	-	230
Balances with banks:				
- On current accounts	-	-	224,548	231,925
	-	**-**	**224,548**	**232,155**

(Amount in Rs)

	31-3-2015	31-3-2014
9. Other Income		
Interest income on TDS Receivable	740	-
Other interest income	-	10,202
	740	**10,202**
10. Employee Benefits Expense		
Salaries, wages and bonus	1,778,843	3,460,007
Long Term Employee Benefits (Refer Note 19)	40,541	-
Staff welfare expenses	38,350	440
	1,857,734	**3,460,447**
11. Other Expenses		
Rent (Refer Note 18)	338,400	576,000
Repairs to buildings (leasehold)	130,800	234,600
Printing & Stationery	11,290	1,542
Office expenses	35,530	68,200
Communication costs	104,062	39,479
Legal and professional fees	306,105	536,942
Auditor's remuneration (Refer Note 16)	118,944	116,340
Insurance expenses	-	16,018
Travelling and conveyance	-	5,438
Loss on sale of fixed assets(net of gain)	(8,879)	1,199,451
Miscellaneous expenses	16,350	4,288
	1,052,602	**2,798,298**

Notes to financial statements for the year ended 31st March 2015

12) Background

BF-NTPC Energy Systems Limited was incorporated under Indian Companies Act, 1956 vide certificate of Incorporation dated June 19, 2008 and obtained its certificate of commencement of business on August 25, 2008. The Company is intended to operate as a joint venture between Bharat Forge Limited and NTPC Limited wherein the companies hold the equity share capital in the ratio of 51:49 respectively with rights and obligation mutually agreed upon.

13) Significant accounting policies

a) Basis of accounting

Financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standard Rules, 2006, and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the reported year. Examples of such estimates include future obligations under employee retirement benefit plans and the useful lives of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates.

c) Fixed assets and depreciation

i. All fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Company does not treat CENVAT as recoverable asset hence, includes it to fixed assets.

ii. Depreciation on all assets is provided at the rates applicable based on the useful life of assets and in the manner prescribed in schedule II to the Companies Act, 2013.

Assets costing up to Rs. 5,000 individually have been fully depreciated in the year of purchase.

d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest on fixed deposits is recognized on time proportion basis.

e) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities when the Company has a present obligation as a result of past events, a probable outflow of resources is expected to settle the obligation and the amount can be reliably estimated.

Contingent Liability

A contingent liability is disclosed in case of:

i. a present obligation from the past event when it is not probable that an outflow of resources will be required to settle the obligation;

ii. a possible obligation, unless the probability of outflow is remote;

Contingent Assets

Contingent assets are not recognized in the financial statements.

f) Foreign exchange transactions

i. Transactions in foreign currencies are recorded in reporting currency by applying to the foreign currency the exchange rate between the foreign currency and reporting currency prevailing at the date of foreign currency transaction.

ii. Monetary items denominated in foreign currencies at the yearend are restated at the exchange rate prevailing between the foreign currencies and reporting currency on that date.

iii. Non-monetary foreign currency items are carried at cost.

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

g) Retirement benefits

Post-Employment Benefit Plans

Gratuity and compensated absences

Gratuity and leave encashment are defined benefit obligations and are provided for on the basis of estimation made at the end of financial year. The Company has not funded these liabilities.

h) Provision for taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences subject to consideration of prudence and are measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. In case of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

i) Impairment

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

j) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

k) Earnings per Share

In determining earnings per share (EPS), the Company considers the net profit after tax and includes the post-tax effect of any extra-ordinary / exceptional item. In absence of any dilutive effect of equity shares the basic and diluted EPS are calculated on the same basis. The number of shares used in computing basic and diluted earnings per share is the weighted average number of shares outstanding during the year.

l) Cash Flow Statement/Cash and Cash Equivalents

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Cash comprises cash on hand and demand deposits with banks.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

14) The Company has not commenced its operations as of the balance sheet date. The expenses incurred upto March 31, 2015 are considered as not directly related to the acquisition of an asset and are thus charged to the statement of profit and loss.

15) The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED), promulgated by Government of India came into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. On the basis of the information sought/received by the Company, no supplier is registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as on March 31, 2015 after the introduction of the said Act. Accordingly, disclosures as laid down in Notification no. 719(E) dated 16 November 2007 issued by the Government of India, Ministry of Corporate Affairs in relation to unpaid amounts to, and interest paid/payable to Micro and Small enterprises have not been given.

16) Auditor's Remuneration

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
	Rs.	Rs.
Statutory Audit Fee*	112,360	112,360
Out of pocket expense	6,584	3,980
Total	**118,944**	**116,340**

*Inclusive of service tax

17) Related Party Disclosure:

a) Detail of related parties (as certified by management):

S.N.	Name	Designation	Status
1	Mr. Babasaheb Neelkanth Kalyani	Director	Till March 28, 2015
2	Mr. Amit Babasaheb Kalyani	Director	
3	Mr. Sunil Kumar Chaturvedi	Director	Till March 31, 2015
4	Mr. Subhash Chandra Pandey	Director	
5	Mr. Narendra Nath Misra	Director	Till November 3, 2014
6	Mr. Girish Jagannath Deshpande	Director	
7	Mr. Thomas joseph	Director	
8	Mr. Vijaykumar K Neginal	Manager	
9	Mr. Rajkumar Mishra	CFO	
10	Mr. jagmohan Bijalwan	Company Secretary	Till February 8, 2015
11	Mr. Deepak Bedekar	Company Secretary	
12	BF Infrastructure Limited	Fellow Subsidiary	
13	Ferrovia Transrail Solutions Pvt. Ltd.	Joint Venture of Fellow Subsidiary	
14	Bharat Forge Limited	Holding Company	
15	NTPC Limited	Venturer Company	

Transactions with Related Parties during the year are as under:

BF-NTPC ENERGY SYSTEMS LIMITED

Related Party Disclosure

Particulars	Holding Company		Venturer Company		Fellow Subsidiary		Joint Venture of fellow subsidiary		Key Management Personnel		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
A. Transactions during the year												
Reimbursement of expenses	**-**	**-**	**-**	**-**	**3,201,714**	**3,867,518**	**-**	**-**	**-**	**-**	**3,201,714**	**3,867,518**
B.F. Infrastructure Limited	-	-	-		3,201,714	3,867,518	-	-	-	-	3,201,714	3,867,518
Employee benefit expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,721,703**	**1,532,354**	**1,721,703**	**1,532,354**
Tushar Mane	-	-	-	-	-	-	-	-	-	1,532,354	-	1,532,354
Jagmohan Bijalwan								-	1,074,839		1,074,839	
Vijay.K.Neginal	-	-	-	-	-	-	-	-	395,737		395,737	
Raj Kumar Mishra	-	-	-	-	-	-	-	-	223,168		223,168	
Deepak Bedekar	-	-	-	-	-	-	-	-	27,959		27,959	
B. Outstanding balances at the year end												
Balance payable	-	-	**1,178,829**	**1,178,829**	**7,537,229**	**4,335,515**	**18,381**	**18,381**	**-**	**-**	**8,734,439**	**5,532,725**
NTPC Limited	-	-	1,178,829	1,178,829	-	-	-	-	-	-	1,178,829	1,178,829
B.F. Infrastructure Limited	-	-	-	-	7,537,229	4,335,515	-	-	-	-	7,537,229	4,335,515
Ferrovia Transrail Solutions Private Limited	-	-	-	-	-	-	18,381	18,381	-	-	18,381	18,381
Share Capital	**61,200,000**	**61,200,000**	**58,800,000**	**58,800,000**	**-**	**-**	**-**	**-**	**-**	**-**	**120,000,000**	**120,000,000**
Bharat Forge Limited	61,200,000	61,200,000	-	-	-	-	-	-	-	-	61,200,000	61,200,000
NTPC Limited	-	-	58,800,000	58,800,000	-	-	-	-	-	-	58,800,000	58,800,000

18) Operating lease:

The Company had taken building on lease for corporate office in NOIDA. Rent recognized during the year 2014-15 amounted to Rs. 338,400 (Previous Year Rs. 576,000). The total of future minimum lease payments under such leases is Rs. Nil (Previous Year Rs. Nil).

19) Retirement and other employee benefits

The Company has made a provision of Rs. 38,273, (Previous Year Rs. 134,077) and Rs. 66,773 (Previous Year Rs. 185,549) towards estimated gratuity and leave encashment respectively for all the employees existing as on March 31, 2015 on the assumption that they shall continue rendering service for 5 years. However, no actuarial valuation has been under taken to estimate the same.

20) Earnings per share

Particulars	Units	Year ended March 31, 2015	Year ended March 31, 2014
Net profit/(Loss) attributable to shareholders	Rs.	(29,51,260)	(6,331,466)
Weighted average number of equity shares in issue	Nos.	12,000,000	12,000,000
Basic earnings per share of Rs. 10 each	Rs.	(0.25)	(0.53)

21) Previous year's comparatives

Previous year figures have been regrouped where necessary to make them comparable to the current year's figures.

For S.N. Dhawan & Co.
Chartered Accountants

For and on behalf of Board of Directors of
BF-NTPC Energy Systems Limited
[Corporate Identification Number (CIN): U40106DL2008PLC179793]

Vijay Dhawan
Partner
Membership No. 12565

Kishore M Saletore
Director

Subhash C Pandey
Director

Deepak V Bedekar
Company Secretary

Rajkumar Mishra
Chief Financial Officer

Place: New Delhi

Date: 8th May 2015

BF Infrastructure Limited

Directors
Mr. Sandeep Kapoor
Mr. Om Prakash Maken
Mr. K. M. Saletore
Mrs. Deepti R. Puranik
(w.e.f. March 31, 2015)
Mr. M. V. Krishna
(w.e.f. March 31, 2015)

Registered Office
Pune Cantonment,
Mundhwa,
Pune - 411 036.

Auditors
RMA & Associates
Chartered Accountants
48, UG-2, Hasanpur, I.P. Extension
New Delhi 110 092.

BOARD'S REPORT
For the year ended March 31, 2015

To,
The Members,

Your Directors have pleasure in presenting the Directors' Report on the business and operations of the Company and audited accounts for the Financial Year ended March 31, 2015.

1. FINANCIAL HIGHTLIGHTS

During the financial year 2014-15, Company has incurred a Net Profit of Rs. 5,41,545/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	**As on March 31, 2015**	**As on March 31, 2014**
Revenue from operations (Gross)	350,901,031	3,881,141,834
Less: Excise Duty	-	-
Revenue from operations (Net)	**350,901,031**	**3,881,141,834**
Other income	41,082,372	18,457,744
Total Revenue	391,983,403	3,899,599,579
Project Expenses	231,579,799	4,080,411,958
Purchases	121,908,659	-
Employee benefits expenses	18,939,352	41,081,095
Depreciation and amortization expenses	2,281,503	3,909,362
Finance costs	4,905,672	25,426
Other Expenses	12,183,212	1,057,777
Total expenses	**391,798,197**	**4,126,485,617**
Profit before exceptional and extraordinary items & tax	185,206	(226,886,039)
Exceptional items	-	(840,704)
Profit before extraordinary items and tax	185,206	(226,045,335)
Extraordinary Items	**-**	-
Profit before tax	185,206	(226,045,335)
Current tax	-	-
Deferred tax	(356,338)	3,727
Profit for the period from continuing operation	541,545	(226,049,062)
Profit/ (Loss) from discontinuing operations	-	-
Tax expense of discontinuing operations	-	-
Profit/(Loss) from discontinuing operations (after tax)	-	-
Profit/(Loss) for the period	**541,545**	**(226,049,062)**
Basic	0.027	(23)
Diluted	0.027	(23)

2. DIVIDEND

No dividend is recommended for the year ended March 31, 2015.

3. STATE OF COMPANY'S AFFAIRS

During the year under review, the Company has discontinued the Coal Based Power Plant Project from Indian Power Corporation (Haldia) Limited (IPCHL).

a) 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 has 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 and development of these blocks are at advanced stage.

b) 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 108 Track Kilo Meters (TKMs) out of total project of 142 TKMs.

c) Railway Electrification Project:

Your Company (BFIL) has formed a Joint Venture named BFIL-CEC JV with JV Partner Cimechel Electrical Co., The Joint Venture has been awarded the work of "Design, Supply, Erection, Testing & Commissioning of 25 kV, 50 Hz, Single Phase, AC Electrification works including 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). Currently work for OHE is in advance stage and work for TSS and Switching Station is underway.

4. SHARE CAPITAL

The paid-up Share Capital as at March 31, 2015 stood at Rs. 416,055,500/- divided into 19,791,500 Equity Shares of Rs.10/- each and 21,814,050 6% Non-Cumulative Redeemable Preference Shares of Rs.10/- each. During the year under review the Company has issued 9,791,500 Equity Shares of Rs.10/- each ranking pari pasu 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, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurring after March 31, 2015 which may affect the financial position of the Company or may require disclosure.

6. 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 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.

7. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

8. AUDITORS AND AUDITORS' REPORT

At the Annual General Meeting held on September 3, 2014, M/s. RMA & Associates, 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, 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 they are reappointed, 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.

9. 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.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sandeep Kapoor and Mr. Om Parkash Maken, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

On the recommendation of the Board of Directors, the Shareholders of the Company, at their Meeting held on March 31, 2015, have appointed Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajiv Puranik as Independent Directors of the Company with immediate effect.

Mr. Virendra Chand was appointed as Chief Financial Officer of the Company with effect from September 22, 2014.

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.

11. NUMBER OF MEETINGS OF THE BOARD

In 2014-15, the Board of the Company met 7 (seven) times on May 23 2014, July 18, 2014, September 22, 2014, November 18, 2014, January 27, 2015, March 31, 2015, and March 31, 2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

12. 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.

13. 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.

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 statement for the year ended March 31, 2015, 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, 2015 and of the profit 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.

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. 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. 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.

18. 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 – 27 to the financial statement.

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 "D"** to this report.

20. 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.

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

The particulars of employees which need to be disclosed in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

Name of Employee	Designation	Remuneration Received	Nature of Employment	Qualification And Experience	Date of Commencement of Employment	Age (Years)	Last Employment Held	% of Shareholding	Whether relative of any Director or Manager
Sunil Kumar Nayyar	Chief Operating Officer	69,20,008/-	Regular	B.E. (Mech.) ASNT-NDT in UT & RT (Level 2) 33 Years	October 8, 2012	54	Chief Operating Officer- UB Engineering Limited	NIL	No

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. 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: New Delhi
Date: May 18, 2015

Sandeep Kapoor
Chairman

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2015
[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	June 19, 2008
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	Sale of Boiler Turbine Generator (BTG) package (for coal based power project)	46593	54.25
2	Sale of Main Gear Box (for wind turbines)	46593	24.51

* 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	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, 2015

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	10000000	10000000	100%	NIL	19791500	19791500	100%	NA
Sub-total (A) (1):-	NIL	10000000	10000000	100%	NIL	19791500	19791500	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	10000000	10000000	100%	NIL	19791500	19791500	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	10000000	10000000	100%	NIL	19791500	19791500	100%	NA

ii) Shareholding of Promoters:

Sl 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	10000000	100	NIL	19791500	100	NIL	NA

ii) Change in Promoters' Shareholding:

Sl. No.		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
	At the beginning of the year	10000000	100	10000000	100
	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 9791500 Equity Shares on September 22, 2014		9791500	
	At the End of the year	19791500	100	19791500	100

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)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness as at 01/04/2014 i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	244,464,873/-	NIL	NIL	244,464,873/-
Total (i+ii+iii)	244,464,873/-	NIL	NIL	244,464,873/-
Change in Indebtedness during the financial year • Addition • (Reduction)	40,025,000			40,025,000
Net Change	40,025,000	NIL	NIL	40,025,000
Indebtedness as at 31st March, 2015 i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	284,489,873/-	NIL	NIL	284,489,873/-
Total (i+ii+iii)	284,489,873/-	NIL	NIL	284,489,873/-

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	14,72,194/-	14,72,194/-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	27,600/-	27,600/-
	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		14,99,794/-	14,99,794/-
Ceiling as per the Act			18,00,000/-*

**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 XIII of the Companies Act, 1956.*

B. **Remuneration to other Director**

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
	3. Independent Directors · Fee for attending board / committee meetings		NIL
	· Commission		NIL
	· Others, please specify		NIL
	Total (1)		NIL
	4. 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			14,99,794/-
Overall Ceiling as per the Act			18,00,000/-

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
		Mr. Shubham Kandhway, 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	4,82,718/-	3,46,082/-	8,28,800/-
	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		4,82,718/-	3,46,082/-	8,28,800/-

*Mr. Virendra Chand was appointed as Chief Financial Officer of the Company with effect from September 22, 2014.

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 four (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	Ferrovla Transrail Solutions Pvt. Ltd.
b	Nature of contracts/ arrangements/ transactions	Rendering of Services	Rendering of Services
c	Duration of the contracts / arrangements/transactions	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
e	Date(s) of approval by the Board, if any	NA	NA
f	Amount paid as advances, if any	Rs. 26,718,678 /-	Rs. 280,805,337/-

For and on behalf of the Board Of Directors

Place: New Delhi
Date: May 18, 2015

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, 2015.

(A) Conservation of Energy

a. **Steps taken or impact on conservation of energy during 2014-2015**

   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	4,525,552/-
Foreign Exchange used	(95,138,016/-)
Net Foreign Exchange earned	(90,612,464/-)

Independent Auditor's Report

To the Members of BF Infrastructure Limited. (The Company)

Report on the Financial Statements

We have audited the accompanying financial statements of **BF Infrastructure Limited. (The Company)**, which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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

Our responsibility is to express an opinion on these financial statements based on my audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Companies internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the 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:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2015 in terms of section 143 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 of the Act, I report that:

   a. We have 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 appears from my examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013; and

   e. on the basis of written representations received from the directors as on 31stMarch 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch 2015, from being appointed as a director in terms of section 164 of the Companies Act, 2013.

For: **RMA & ASSOICIATES**
Chartered Accountants
FRN: 000978N

Place: New Delhi

Date: 27.04.2015

(Rajiv Bajpai)
Partner
Membership No.: 405219

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date on the Statements of Account of **BF Infrastructure Limited** as at and for the year ended 31st March 2015:

(i) (a).The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b). The Company has conducted physical verification at a reasonable interval of its fixed assets during the period covered under our audit. We are informed that no material discrepancies were noticed on such verification.

(ii) (a).As explained to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable in relation to the size of the company.

(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate according to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of the Company, we are of the opinion that the Company has maintained proper records of inventory. Discrepancies noticed on physical verification between physical stock records were not material and have been properly dealt within the books of accounts.

(iii). According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, during the year to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act,2013. Accordingly clause 3 (a) and (b) of the Companies (Auditor's Report) Order, 2015 are not applicable.

(iv). In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and for sale of goods. We have not observed any continuing failure to correct major weaknesses in internal control system.

(v). According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under apply.

(vi). According to the information and explanations given to us maintenance of cost records under sub-section (1) of section 148 of the Companies Act, has not been prescribed by the central government for the company.

(vii) (a). According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, value added tax, Cess and any other material statutory dues have generally been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were outstanding at 31.3.2015 for a period of more than six months from the date they become payable.

(b). According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

(c). The company does not have such type of amount which required to be transferred to Investor and Education fund.

(viii). The company has accumulated losses of Rs. 22,66,61,373.69 at the end of the financial year and it has not incurred any cash losses during the financial year under audit and immediately preceding financial year.

(ix). Based on the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to their bankers. There were no debenture holders at any time during the year and at the year end.

(x). As per the information and explanations given to us, the company has not given corporate guarantee for loans taken by its other Company from the banks, which is not prejudice to the interest of the Company.

(xi). According to the information and explanations and certificate in this regard given to us, term loans were applied by the Company for the purpose for which they were obtained.

(xii). During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of any fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the management.

For: **RMA & ASOCIATES**
Chartered Accountants
FRN: 000978N

Place: New Delhi

Date: 24.04.2015

(Rajiv Bajpai)
Partner
Membership No.: 405219

BF Infrastructure Limited

Balance Sheet as at 31st March , 2015

(Amount in Rs.)

Particulars	Notes	31-3-2015	31-3-2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	416,055,500	318,140,500
(b) Reserves and surplus	4	(226,583,908)	(227,125,452)
Non-current liabilities			
(a) Long-term borrowings			
(b) Deferred tax liabilities (Net)		-	-
Deferred foreign currency fluctuation liability		-	-
Deferred income from foreign currency fluctuation		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions	5	368,000	1,180,000
Current liabilities			
(a) Short-term borrowings	6	284,489,961	244,464,873
(b) Trade payables	7	121,705,418	418,111,968
(c)Other current liabilities	8	66,283,600	981,553,887
(d) Short-term provisions	9	2,023,119	5,040,353
Total		**664,341,690**	**1,741,366,128**
ASSETS			
Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		555,753	5,906,699
(ii) Intangible assets		471,182	1,711,764
(iii) Intangible Assets Under Development		-	-
(b) Non-current investments	11	49,000	49,000
(c) Deferred Tax Assets (Net)	12	569,552	213,213
(d)Long-term loans and advances			
Deferred foreign currency fluctuation asset		-	-
Deferred Expenditure from foreign currency fluctuation		-	-
(e) Other non-current assets	13	55,349,690	73,335,958
Current assets			
(a) Current investments		-	-
(b) Inventory	14	110,545,675	46,181,023
(c)Trade receivables	15	122,110,023	409,715,901
(d) Cash and cash equivalents	16	582,775	5,910,694
(e) Short-term loans and advances	17	370,304,722	914,574,736
(f) Other current assets	18	3,803,317	283,767,141
Total		**664,341,690**	**1,741,366,128**

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date		-	-

As per our attached report of even date
For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Rajeev Bajpai
Partner
Membership No 405219

Place: Delhi
Date: 18 May 2015

Kishore Saletore
Director

Sandeep Kapoor
Director

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Virender Chand
Chief Finance Officer

BF Infrastructure Limited

Statement of Profit and Loss for the year ended March 31 , 2015

(Amount in Rs.)

Particulars	Notes	31-3-2015	31-3-2014
Revenue			
Revenue from operations (Gross)	**19**	350,901,031	3,881,141,834
Less: Excise Duty		-	-
Revenue from operations (Net)		**350,901,031**	**3,881,141,834**
Other income	**20**	41,082,372	18,457,744
Total Revenue		391,983,403	3,899,599,579
Expenses			
Project Expenses	**21**	231,579,799	4,080,411,958
Purchases	**21**	121,908,659	-
Employee benefits expenses	**22**	18,939,352	41,081,095
Depreciation and amortization expenses	**10**	2,281,503	3,909,362
Finance costs	**23**	4,905,672	25,426
Other Expenses	**24**	12,183,212	1,057,777
Total expenses		**391,798,197**	**4,126,485,617**
Profit before exceptional and extraordinary items & tax		185,206	(226,886,039)
Exceptional items		-	(840,704)
Profit before extraordinary items and tax		185,206	(226,045,335)
Extraordinary Items			-
Profit before tax		185,206	(226,045,335)
Tax expense			
Current tax		-	-
Deferred tax		(356,338)	3,727
Profit for the period from continuing operation		541,545	(226,049,062)
Profit/ (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		**541,545**	**(226,049,062)**
Earnings per equity share			
Nominal Value of share Rs. 10 (March 31 , 2014 Rs. 10)			
Basic		0	(23)
Diluted		0	(23)

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date

For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

Rajeev Bajpai

Partner
Membership No 405219

Place: Delhi
Date: 18 May 2015

On behalf of the Board of Directors

Kishore Saletore
Director

Sandeep Kapoor
Director

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Virender Chand
Chief Finance Officer

BF Infrastructure Limited

Cash Flow Statement for the year Ended 31st March, 2015

(Amount in Rs.)

Particulars	**31-3-2015**		**31-3-2014**	
Cash Flow from Operations				
Profit before Taxation		185,206		(226,045,335)
Adjustments for:				
Depreciation	2,281,503		3,909,362	
Diminution in value of Fixed Assets/Investments	-		-	
Deferred Tax Liability	356,339		-	
Finance Charges	4,905,672		25,426	
Provision for Inventory Write-down	-		-	
Provision for Doubtful Debts & Advances	-		-	
Interest Income	(1,225,549)		(6,686,227)	
Bad Debts/Advances Written Off	-		-	
(Profit)/Loss on Sale of Fixed Assets	3,756,401	10,074,365	(6,815,609)	(9,567,048)
Operating Profit before Working Capital Changes		**10,259,572**		**(235,612,383)**
(Increase)/Decrease in Current Assets				
Projects WIP	(64,364,652)		1,876,236,865	
Trade Receivables	287,605,878		225,553,845	
Other Current Assets	279,963,824		(209,466,084)	
Other Non-current Assets	17,629,929		-	
Short-term Loans and Advances	544,270,014		449,818,148	
		1,065,104,992		2,342,142,775
Increase/(Decrease) in Current Liabilities				
Trade Payables	(296,406,550)		90,826,691	
Other Current Liabilities	(915,270,287)		(2,048,074,387)	
Other Long Term Liabilities	-			
Long Term Provision	(812,000)		(652,423)	
Short Term Provision	(3,017,234)	(1,215,506,071)	(7,578,978)	(1,965,479,097)
Cash Inflow/(Outflow) from Operations		**(140,141,507)**		**141,051,295**
Direct Taxes Paid				
Income Tax Paid	-		-	
Income Tax for Earlier years Written Back	-	-	-	-
Net Cash Inflow/ (Outflow) from Operation (A)		**(140,141,507)**		**141,051,295**
Cash Flow from Investing Activities				
Purchase of Fixed Assets		(45,991)		(1,268,603)
Sale of Fixed Asset and Adjustments		599,614		20,000,000
Income from Interest/Dividends		-		-
Reduction/(Addition) of Work in Progress		-		-
(Increase)/Decrease in Investments		-		-
Net Cash Inflow/ (Outflow) from Investing Activities (B)		**553,623**		**18,731,397**
Cash Flow from Financing Activities				
Increase in Share Capital		97,915,000		-
Increase/(Decrease) in Borrowings		40,025,088		20,237,414
Decrease in Long Term Borrowing		-		(212,815,999)
Interest Income		1,225,549		6,686,227
Finance Charges		(4,905,672)		(25,426)
Wealth Tax Paid		-		-
Dividend Paid		-		-
Dividend Tax Paid		-		-
Deferred Government Grant		-		-
Net Cash Inflow/(Outflow) from Financing Activities (C)		**134,259,965**		**(185,917,783)**
Net Change in Cash or Cash Equivalents during the Year		(5,327,919)		(26,135,091)
Cash and Cash Equivalents at the beginning of the year		5,910,694		32,045,786
Cash and Cash Equivalents at the end of the year		**582,775**		**5,910,694**

As per our attached report of even date
For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Kishore Saletore
Director

Sandeep Kapoor
Director

Rajeev Bajpai

Partner
Membership No 405219

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: 18 May 2015

Virender Chand
Chief Finance Officer

Notes to financial statements for the year ended 31st March 2015

Notes:-

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 the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with accounting principles generally accepted in India, including the accounting standards notified under the Companies Act, 2013. The financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1) Summary of significant accounting policies

a) Change in accounting policy

Depreciation on fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

i. Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

ii. Depreciation on assets costing less than ` 5,000/-

Assets costing up to Rs. 5,000 individually have been fully depreciated in the year of purchase.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Tangible fixed assets

Fixed assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure (for new projects and in case of substantial modernization or expansion at the existing units) related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Trial run expenditure is also capitalized.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, 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.

Gains or losses arising from de-recognition of fixed assets 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 derecognized.

d) Depreciation and amortization on tangible assets

Depreciation on fixed assets is calculated on a written down value basis using the rates arrived at based on the useful lives estimated by the management.

The management's estimates of the useful lives of various fixed assets are given below:

Type of assets	**Estimated useful life**
i) Office Equipment	5 years
ii) Furniture & Fixture	10 years
iii)Software	3 years
Iv) Website	3 years

e) Intangible assets

Acquired Intangible assets

Intangible assets acquired 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.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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.

f) Foreign currency translation – Translation and Balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

a. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

c. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. 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.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statement at lower of cost of acquisition and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

A. Sale of goods

1. Revenue from 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. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

2. Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading.

B. Construction Contracts

Project Revenue is recognized by applying percentage of completion method only when the outcome of the construction activity can be estimated reliably. Project revenue and project cost associated to project related activity is recognized as revenue and expense respectively by reference to stage of completion. The stage of completion is either determined with reference to proportion of cost incurred for work performed to the estimated total cost respectively, or with respect to completion of physical proportion of the contract work. Project revenue is recognized When the stage of completion of the project reaches a significant level as compared to the total estimated cost of the project.

Revenue earned in excess of billing is reflected under “Other Current Assets”. Billing to customer in excess of revenue earned is reflected under “Current Liabilities”.

i) 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.

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.

j) Income 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. 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 directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 taxable entity and the same taxation authority.

k) Provisions

A provision is recognized when the Company has a present obligation 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

l) Impairment of tangible asset

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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company’s CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

m) 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.

n) Contingent liabilities

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.

o) 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.

3. Share Capital

Particulars	31-3-2015	31-3-2014
		(Amount in Rs)
Authorized Shares (No.) 300,00,000 shares of par value of Rs.10/- each (Previous year 1,80,00,000 shares of par value of Rs.10/- each)	300,000,000	180,000,000
value of Rs.10/- each (Previous Year - 2,20,00,000 Non Cumulative Redemable Preference shares of par value of Rs.10/- each)	220,000,000	220,000,000
Total	**520,000,000**	**400,000,000**
Issued , Subscribed and Fully Paid up (No.) 197,91,500 shares of par value of Rs.10/- each fully paid up (Previous year 10,00,000 shares of par value of Rs.10/- each fully paid-up)	197,915,000	100,000,000
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
Total Issued , Subscribed and Fully Paid up Capital	**416,055,500**	**318,140,500**

(a) Reconciliation of the shares outstanding at the beginning and the at the end of the reporting period

Equity Shares	31-3-2015		31-3-2014	
	No.	In Rs.	No.	In Rs.
At the begining of the year	10,000,000	100,000,000	10,000,000	100,000,000
Issued During the year	9,791,500	97,915,000		
Outstanding at the year end	19,791,500	197,915,000	10,000,000	100,000,000

Preference Shares	31-3-2015		31-3-2014	
	No.	In Rs.	No.	In Rs.
At the begining of the year	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

(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 Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(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	31-3-2015		31-3-2014	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	19,791,494	100%	9,999,994	100%
Total	**19,791,494**	**100%**	**9,999,994**	**100%**

Details of Preference Shares held by holding company

Particulars	31-3-2015		31-3-2014	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	21,814,050	100%	21,814,050	0%
Total	**21,814,050**	**100%**	**21,814,050**	**100%**

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

There are no bonus shares issued, 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 in the company

Particulars	31-3-2015		31-3-2014	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	19,791,494	100%	9,999,994	100%
Total	**19,791,494**	**100%**	**9,999,994**	**100%**

Details of Preference Shareholders holding more that 5% shares in the company

Particulars	31-3-2015		31-3-2014	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	21,814,050	100%	21,814,050	100%
Total	**21,814,050**	**100%**	**21,814,050**	**100%**

4. Reserves and Surplus

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
Surplus/(Deficit) in the Statement of Profit and Loss Account		
Balance as per last Financial Statement	(227,125,452)	(1,076,391)
Add: Net Profit for the year	541,545	(226,049,062)
Closing Balance	**(226,583,908)**	**(227,125,452)**

5. Long Term Provisions

Provision for Employee Benefits		
Provision for Gratuity (Refer Note No. 26)	368,000	1,180,000
Total	**368,000**	**1,180,000**

6. Short Term Borrowings

Cash Credit from Bank (Secured)	284,489,961	244,464,873
Total	**284,489,961**	**244,464,873**

Cash Credit is payable on Demand and carries interest at Base Rate plus 4.50%.

Cash Credit is secured by Exclusive charge on Current and Fixed Assets.

7. Trade Payables

Trade Payables	121,705,418	418,111,968
TOTAL	**121,705,418**	**418,111,968**

8. Other Current Liabilities

Advance from Customer	-	660,147,048
Due to Holding Company	65,306,000	47,250,000
Retention Money Payable	-	272,086,271
Duties and Taxes	977,600	2,070,568
Total	**66,283,600**	**981,553,887**

9. Short Term Provisions

Expenses Payable	819,035	2,402,078
Short term provisions	1,204,084	2,638,275
Total	**2,023,119**	**5,040,353**

BF Infrastructure Limited

10. Fixed Assets

(Amount in Rs)

	Tangible									Intangible			Total Assets
	Buildings	Temporary Erections	Plant and machinery	Office equipments	Electrical installations	Furniture and fixtures	Vehicles	Computers	Sub Total	Software	Website	SubTotal	As at 31.03.14
As at March 31, 2013	**1,758,028**	**811,888**	**16,148,268**	**2,951,833**	**347,220**	**5,641,134**	**288,954**	**1,260,919**	**29,208,244**	**1,563,529**	**581,970**	**2,145,499**	**31,353,743**
Additions	-	-	-	529,850	-	183,316	-	-	713,166	555,437	-	555,437	1,268,603
Disposals	1,758,028	811,888	16,148,268	-	347,220	-	288,954	1,260,919	20,615,277	-	-	-	20,615,277
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2014	-	-	-	**3,481,683**	-	**5,824,450**	-	-	**9,306,133**	**2,118,966**	**581,970**	**2,700,936**	**12,007,069**
Additions	-	-	-	20,879	-	2,000	-	**23,112**	45,991	-	-	-	45,991
Disposals	-	-	-	1,888,174	-	5,297,073	-	-	7,185,247	-	-	-	7,185,247
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2015	-	-	-	**1,614,388**	-	**529,377**	-	**23,112**	**2,166,877**	**2,118,966**	**581,970**	**2,700,936**	**4,867,813**
Depreciation													
At March 31, 2013	**1,036,894**	**371,011**	**2,760,599**	**686,746**	**48,526**	**1,480,834**	**120,835**	**751,059**	**7,256,503**	**560,837**	**92,791**	**653,628**	**7,910,131**
Charge for the year	219,940	134,464	1,704,063	361,395	57,043	870,460	39,829	186,623	3,573,818	237,709	97,836	335,544	**3,909,362**
Disposals	1,256,834	505,475	4,464,662	-	105,569	-	160,664	937,682	7,430,886				7,430,886
At March 31, 2014	-	-	-	**1,048,141**	-	**2,351,294**	-	-	**3,399,434**	**798,546**	**190,627**	**989,172**	**4,388,607**
Charge for the year	-	-	-	801,711	-	227,813	-	11,398	1,040,922	943,265	297,316	1,240,582	**2,281,503**
Disposals	-	-	-	547,356	-	2,281,877	-	-	2,829,232	-	-	-	2,829,232
At March 31, 2015	-	-	-	**1,302,496**	-	**297,229**	-	**11,398**	**1,611,124**	**1,741,811**	**487,943**	**2,229,754**	**3,840,878**
Net Block													
As at March 31, 2014	-	-	-	**2,433,542**	-	**3,473,156**	-	-	**5,906,699**	**1,320,420**	**391,343**	**1,711,764**	**7,618,462**
As at March 31, 2015	-	-	-	**311,892**	-	**232,148**	-	**11,714**	**555,753**	**377,155**	**94,027**	**471,182**	**1,026,935**

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
11. Non Current Investment		
Non Current Investment		
Trade Investments		
(i) Investments in Equity Instruments		
Ferrovia Solutions Private Limited		
(4,900 Equity Shares @ Rs 10)	49,000	49,000
Total	**49,000**	**49,000**
12. Deferred Tax Liability / (Asset)		
Deferred Tax Liability		
On account of timing difference in		
Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting	-	-
Deferred Tax Asset		
On account of timing difference in		
Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting	(569,552)	(213,213)
Net Deferred Tax Liability /(Asset)	**(569,552)**	**(213,213)**
13. Non Current Assets		
Non Current Assets		
Taxes and Duties including VAT	55,349,690	73,335,958
Total	**55,349,690**	**73,335,958**
14. Inventories (valued at lower of cost and net realizable value)		
Project Work in Progress	46,181,023	2,285,629
Oil Block	64,364,652	43,895,394
TOTAL	**110,545,675**	**46,181,023**
15. Trade Receivables		
Trade Receivables		
Unsecured considered good unless stated otherwise	122,110,023	409,715,901
Outstanding for a period exceeding six months from the date they became due for payment:		
Considered Good	-	-
Considered Doubtful	-	-
Less : Provision for Doubtful Receivables	-	-
	-	**-**
Other Receivables , Considered Good	-	-
Total	**122,110,023**	**409,715,901**

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
16. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks		
In Cash Credit and Current Accounts	540,814	5,758,974
Cash in Hand	41,961	151,720
Total	**582,775**	**5,910,694**
17. Short term Loans and Advances		
Short term loan and Advances		
To Related Parties considered good	360,554,722	244,677,701
Others		
Unsecured Considered Good	9,750,000	669,897,035
Total	**370,304,722**	**914,574,736**
18. Other Current Assets		
Other Current Assets		
Prepaid Expenses	316,583	227,739
Security Deposits	3,285,848	5,342,385
ALSTOM Bharat Forge Power Limited	60,000	-
Kalyani Alstom Power Limited	-	1,300
Dalian Huarai Special Transmission Equipment Pvt ltd	-	4,527,750
Kenersys India Ltd.	-	1,414,239
United Insurance Co.Ltd	16,776	-
Retention Money with India Power Corporation Limited	-	272,086,266
Gratuity Fund with LIC	124,110	-
Income accrued but not billed	-	4,677
Preliminary Expenses yet to be written off	-	162,785
TOTAL	**3,803,317**	**283,767,141**

(Amount in Rs)

Particulars	31-3-2015	31-3-2014

19. Revenue from operations

Particulars	31-3-2015	31-3-2014
Revenue from operations		
Contract Revenue	225,747,747	3,881,141,834
Sale of Products	125,153,284	-
Total	**350,901,031**	**3,881,141,834**

Disclosure pursuant to Accounting Standard-7 'Construction Contracts'

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
Contract Revenue Recognized during the period	225,747,747	3,881,141,834
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	231,579,799	4,080,411,958
Amount of customer advances outstanding for contracts in progress up to the reporting date	Nil	660,147,048
Retention amount due from customers for contract in progress up to the reporting date	Nil	27,20,86,266
Due from customers	Nil	40,97,15,901
Due to customers	Nil	41,24,42,779

20. Other Income

Particulars	31-3-2015	31-3-2014
Other Income		
Interest Income	1,101,439	6,686,227
Income from Forex Exchange	-	1,866
Other Income	1,179,223	-
Management Consultancy Fees	38,400,000	-
Interest Received (LIC)	124,110	-
Profit on Sale of Fixed Assets	-	6,815,609
Rent Income	-	3,210,000
Forefeiture of Security	277,600	1,744,042
Total	**41,082,372**	**18,457,744**

Particulars		31-3-2015	31-3-2014
			(Amount in Rs)
21. Project Expenses			
Opening Work in Progress		-	1,922,417,888
Design Consultancy Fee		-	(3,005,356)
Oil Business Project Work in Progress		-	(2,285,629)
BTG Work		225,747,746	1,970,899,882
BOP Work		140,809	33,696,500
Civil Works		-	3,009,708
Retainership Fees		1,415,235	12,673,536
Office Rent and Maintenance		2,302,738	8,699,336
BG Commission		-	3,666,712
Interest Expenses		-	20,440,314
Office Expenses		-	4,198,650
Reimbursement of Expenses		-	85,088,495
Insurance Charges		-	5,610,633
Professional Charges		1,439,064	2,353,702
Local Transport		429,075	6,702,468
Other Site Expenses		93,632	2,595,609
Travelling Expenses		-	3,210,261
Labour Cess		11,500	439,248
Total		**231,579,799**	**4,080,411,958**
Cost of raw materials and components consumed			
Inventory at the beginning of the year		-	-
Add: Purchases		121,908,659	-
Less: Inventory at the end of the year		-	-
Cost of raw material and components consumed		**121,908,659**	**-**
a) Imported and Indegenous Purchases			
Imported	78%	95,138,016	-
Indegenous	22%	26,770,643	-
Total		**121,908,659**	**-**
22. Employee Benefits Expenses			
Employee Benefits Expenses			
Salaries, wages and bonus (including managing and whole time director's remuneration)		18,256,808	38,188,340
Contributions to			
- Provident fund		949,055	2,126,650
- Superannuation scheme			
- Other fund / scheme			
- Gratuity fund [Refer note 26]		(266,511)	766,105
- Special Gratuity fund [Refer note 26]			
Employee voluntary retirement scheme compensation			
Staff welfare expenses			
Total		**18,939,352**	**41,081,095**

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
23. Finance Cost		
Finance Cost		
Bank Charges	1,800,408	25,426
BG Commission	409,640	-
Interest on Cash credit	2,695,624	-
Total	**4,905,672**	**25,426**
24.Other Expenses		
Other Expenses		
Office and Administration Expenses	5,992,151	-
Transportation Charges	1,701,557	196,903
Retainership Fees	4,011,943	-
Payment to Auditors	310,000	445,000
Business Development Expenses	-	233,873
Miscellaneous Expenses	4,777	19,216
Preliminary Exps. Written off	162,785	162,785
Total	**12,183,212**	**1,057,777**
Payment to Auditors		
As auditors		
- Audit Fee	310,000	445,000
- Other (Including Certification Fee)	-	-
Total	**310,000**	**445,000**

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
25. Contingent Liabilities		
Bank Guarantees		
Bank Guarantees Extended for Project/Oil Business	35,961,241	457,478,362
Total	**35,961,241**	**457,478,362**

Note :Case before Hon'ble Taxation Tribunal for adjudication in respect of admissibility of Tax on supply of Earth made by the sub-contractor in Area Grading. The maximum Liability as per BFIL can be Rs. 2.00 crores. The case based upon the judgment of Supreme Court in the case of Titagarh Paper Mills Vs Government of Orissa and company is very positive about the outcome of the judgment.

26. Gratuity and other Post-employment benefits plans

The company has a defined gratuity plan. Under the gratuity plan every employee who has completed at least five years of service gets a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance in the form of a qualifying insurance poliy.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for respective plan.

	31-3-2015	31-3-2014
Table Showing Change in Benefit Obligation :		
Projected Benefit Obligatons (PBO) at the beginning of the year	1,352,000.00	970,000.00
Interest Cost	108,160.00	77,600.00
Service Cost	388,786.00	528,772.00
Benefits paid	(245,971.00)	_
Actuarial (gain) loss on obligations	(997,975.00)	(224,372.00)
PBO at the end of the year	605,000.00	1,352,000.00
Tables of Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions/Transfers	-	-
Benefits paid	-	-
Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-

BF Infrastructure Limited

27. Related Party Disclosure

Name of related parties and related parties relationship

Holding Company	Bharat Forge Limited
Joind Ventures of Company	Ferrovia Transrail Solutions Pvt.Ltd BFIL-CEC JV
Fellow Subsidiary	BF-NTPC Energy Systems Ltd.
Key Managerial Persons	Mr.K.M.Saletore Mr. Sandeep Kapoor Mr. O.P.Maken Mr. Rohit Gogia Mr. shubham Kandhway Mr. Virendra Chand

Rendering of Services and Reimburshment of Expenses

	BF NTPC Energy Systems Ltd. Fellow Subsidiary	**BFIL-CEC JV** Joint Venture	**Ferrovia Transrail Solutions P.Ltd** Associate
Rendering of Services		26,718,678	280,805,337
Reimburshment of Expenses	7,537,229		

BF Infrastructure Limited

Particulars	31-3-2015	31-3-2014
		(Amount in Rs)
28. Capital and Other Commitments		
Capital Commitments	-	-
Total	**-**	**-**
29. Details of Dues to Micro and Small enterprises as defined under MSMED Act, 2006		
Principal amount due to supplier under MSMED Act , 2006	-	-
Interest accrued and due to suppliers under MSMED Act , 2006 on above	-	-
Payment made due to supplier (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act 2006 (other than sec 16)	-	-
Interest paid to suppliers under MSMED Act 2006 (sec 16)	-	-
Interest due and payable to suppliers under MSMED Act , 2006 for the payment already made.	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act , 2006	-	-
Total	**-**	**-**

The information has been given in respect of such vendor to the extent they could be identified as " Micro and Small" enterprises on the basis of information available with the company.

Value of Imports on CIF Basis		
Main Gear Box	95,138,016	-
Total	**95,138,016**	**-**

Previous year figures have been regrouped / reclassified where necessary , to confirm to current year classifiction.

As per our attached report of even date
For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

Rajeev Bajpai

Partner
Membership No 405219

Place: Delhi
Date: 18 May 2015

On behalf of the Board of Directors

Kishore Saletore
Director

Sandeep Kapoor
Director

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Virender Chand
Chief Finance Officer

BF Infrastructure Ventures Limited

Directors
Mr. S. G. Joglekar
Mr. K. M. Saletore
Mr. B. S. Mitkari
(w.e.f. March 31, 2015)
Mr. M. V. Krishna
(w.e.f. March 31, 2015)
Mrs. Deepti R. Puranik
(w.e.f. March 31, 2015)

Registered Office
Pune Cantonment,
Mundhwa,
Pune - 411 036.

Auditors
RMA & Associates
Chartered Accountants
48, UG-2, Hasanpur, I.P. Extension
New Delhi 110 092.

BOARD'S REPORT
For the year ended March 31, 2015

To,
The Members,

Your Directors have pleasure in presenting the Directors' Report on the business and operations of the Company and audited accounts for the Financial Year ended March 31, 2015.

1. FINANCIAL HIGHTLIGHTS

During the financial year 2014-15, Company has incurred a Net Loss of Rs. 51,988/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2015	As on March 31, 2014
Net Sales	NIL	NIL
Other Income	NIL	NIL
Total Revenue	**NIL**	**NIL**
Employee Benefits Expenses	NIL	NIL
Operating and Other Expenses	51,988	35,20,957
Total Expenses	**51,988**	**35,20,957**
PBDIT	51,988	(35,20,957)
Depreciation/Amortization	NIL	NIL
PBIT	(51,988)	(35,20,957)
Current Tax	NIL	NIL
PAT	(51,988)	(35,20,957)
Net Profit/(Loss)	**(51,988)**	**(35,20,957)**
Basic and Diluted Earnings Per Share	(0.0013)	(4.98)

2. DIVIDEND

Since the project is under implementation and the Company does not have any distributable profits, no dividend is recommended for the year ended March 31, 2015.

3. STATE OF COMPANY'S AFFAIRS

BF Infrastructure Ventures Limited (BFIVL) is a 100% subsidiary company of Bharat Forge Limited. BFIVL has emerged out of the diversification scheme of Kalyani Group company - Bharat Forge Limited, BF Infrastructure Ventures Limited, has been formed to identify, carry on and acquire/invest in business/companies and enterprises including forming joint venture, consortiums and act as a Holding Company in businesses in India or abroad of 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.

4. **SHARE CAPITAL**

The paid-up Equity Share Capital as at March 31, 2015 stood at Rs. 400,500,000/-. 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, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

5. **MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY**

There are no adverse material changes or commitments occurring after March 31, 2015 which may affect the financial position of the Company or may require disclosure.

6. **SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY**

The Company has formed a 50:50 Joint Venture company with David Brown Systems India (Holdings) Limited named – “David Brown Bharat Forge Gear Systems India Limited”.

The Joint Venture company has started its commercial activities and total revenue of the Joint Venture company for the current Financial Year is Rs.5,31,02,304/-.

A statement containing the salient features of the financial statement of the Joint Venture company in the prescribed format AOC-1 is presented in a separate section forming part of the financial statement.

7. **PUBLIC DEPOSITS**

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

8. **AUDITORS AND AUDITORS' REPORT**

At the Annual General Meeting held on September 3, 2014, M/s. RMA & Associates, 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, 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 they are reappointed, 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.

9. **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.

10. 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, Director of the Company retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

Mr. S. K. Chaturvedi, Director of the Company has tendered his resignation effective from March 31, 2015 due to personal reason. The Directors place on record their appreciation of the valuable contribution made by Mr. S. K. Chaturvedi.

Mr. Bhalchandra Shankar Mitkari has been appointed as Additional Director of the Company with effect from March 31, 2015.

On the recommendation of the Board of Directors, the Shareholders of the Company, at their Meeting held on March 31, 2015, have appointed Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajiv Puranik as Independent Directors of the Company with immediate effect.

Pursuant to Section 161 of the Companies Act, 2013, Mr. Bhalchandra Shankar Mitkari, Additional Director of the Company whose term of office expires at the Annual General Meeting shall be appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

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.

11. NUMBER OF MEETINGS OF THE BOARD

In 2014-15, the Board of the Company met 5 (five) times on May 10, 2014, August 11, 2014, November 10, 2014, March 31, 2015 and March 31, 2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

12. 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.

13. 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.

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, 2015, 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, 2015 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.

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. 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.

17. 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.

18. 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.

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 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 "C"** 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

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. 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: New Delhi	**Sanjeev Gajanan Joglekar**	**Kishore Mukund Saletore**
Date: May 1, 2015	**Director**	**Director**

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2015
[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	U74900PN2010PLC137992
ii)	Registration date	December 15, 2010
iii)	Name of the Company	BF Infrastructure Ventures 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

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	2 (46)
2	David Brown Bharat Forge Gear Systems India Ltd Mundhwa, Pune Cantonment, Pune-411036	U29220PN2011PLC139832	Associate	50	2 (6)

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

i) Category-wise Share Holding as of March 31, 2015

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	40050000	40050000	100%	NIL	40050000	40050000	100%	NA
Sub-total (A) (1):-		40050000	40050000	100%	NIL	40050000	40050000	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	40050000	40050000	100%	NIL	40050000	40050000	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	40050000	40050000	100%	NIL	40050000	40050000	100%	NA

ii) Shareholding of Promoters :

Sl 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	40050000	100%	NIL	40050000	100%	NIL	NA

iii) Change in Promoters' Shareholding:

There is no change during the year

iv) 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 who is the promoter of the Company.

v) 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)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness as at 01/04/2014				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
Addition	NIL	NIL	NIL	NIL
(Reduction)	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness as at 31st March, 2015				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued 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

NIL

B. Remuneration to other Director

NIL

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

NIL

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 VENTURES LIMITED

The Board of Directors of BF Infrastructure Ventures 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 <u>Remuneration to Whole-time / Executive / Managing Director. KMP and Senior Management Personnel:</u>

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"

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, 2015.

(A) Conservation of Energy

a. **Steps taken or impact on conservation of energy during 2014-2015**

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
Foreign Exchange used	NIL
Net Foreign Exchange earned	NIL

Independent Auditor's Report

To the Members of BF Infrastructure Ventures Limited. (The Company)

Report on the Financial Statements

We have audited the accompanying financial statements of **BF Infrastructure Ventures Limited. (The Company)**, which comprise the Balance Sheet as at 31stMarch, 2015, the Statement of Profit and Loss 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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

Our responsibility is to express an opinion on these financial statements based on my audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Companies internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the 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:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31stMarch, 2015;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2015 in terms of section 143 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 of the Act, I report that:

   a. We have 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 appears from my examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013; and

   e. on the basis of written representations received from the directors as on 31stMarch 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch 2015, from being appointed as a director in terms of section 164 of the Companies Act, 2013.

For: **RMA & ASSOICIATES**
Chartered Accountants
FRN: 000978N

Place: New Delhi

Date: 01.05.2015

(Rajiv Bajpai)
Partner
Membership No.: 405219

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date on the Statements of Account of **BF Infrastructure Ventures Limited** as at and for the year ended 31st March 2015:

(i) (a). The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b). The Company has conducted physical verification at a reasonable interval of its fixed assets during the period covered under our audit. We are informed that no material discrepancies were noticed on such verification.

(ii) (a). As explained to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable in relation to the size of the company.

(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate according to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of the Company, we are of the opinion that the Company has maintained proper records of inventory. Discrepancies noticed on physical verification between physical stock records were not material and have been properly dealt within the books of accounts.

(iii). According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, during the year to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act,2013. Accordingly clause 3 (a) and (b) of the Companies (Auditor's Report) Order, 2015 are not applicable.

(iv). In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and for sale of goods. We have not observed any continuing failure to correct major weaknesses in internal control system.

(v). According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under apply.

(vi). According to the information and explanations given to us maintenance of cost records under sub-section (1) of section 148 of the Companies Act, has not been prescribed by the central government for the company.

(vii) (a). According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, value added tax, Cess and any other material statutory dues have generally been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were outstanding at 31.3.2015 for a period of more than six months from the date they become payable.

(b). According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

(c). The company does not have such type of amount which required to be transferred to Investor and Education fund.

(viii). The company has accumulated losses of Rs. 41,72,461/- at the end of the financial year and it has incurred cash loss of Rs. 51,988/- during the financial year under audit and immediately preceding financial year.

(ix). Based on the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to their bankers. There were no debenture holders at any time during the year and at the year end.

(x). As per the information and explanations given to us, the company has not given corporate guarantee for loans taken by its other Company from the banks, which is not prejudice to the interest of the Company.

(xi). According to the information and explanations and certificate in this regard given to us, term loans were applied by the Company for the purpose for which they were obtained.

(xii). During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of any fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the management.

For: **RMA & ASOCIATES**
Chartered Accountants
FRN: 000978N

Place: New Delhi
Date: 01.05.2015

(Rajiv Bajpai)
Partner
Membership No.: 405219

BF Infrastructure Ventures Limited

Balance Sheet as at 31st March, 2015

(Amount in Rs)

As at March 31,	Note	2015		2014
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	3	400,500,000		400,500,000
Reserves and surplus	4	(4,172,461)		(4,120,473)
Share application money pending allotment		-		-
Non-current liabilities				-
Long-term borrowings		-		-
Deferred tax liabilities (Net)		-		-
Other Long term liabilities		-		-
Long-term provisions		-		-
Current liabilities				-
Short-term borrowings (from Bharat Forge)				
Trade payables		-		-
Other current liabilities	5	60,555,291		60,558,041
Short-term provisions	6	268,811		266,061
				-
Total		**457,151,641**		**457,203,629**
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets		-		-
Intangible assets		-		-
Capital work-in-progress		-		-
Intangible Assets Under Development		-		-
Non-current investments	7	43,400,000		43,400,000
Long-term loans and advances		-	-	-
Other non-current assets		-		-
				-
Current assets				
Current investments		-		-
Inventories		-		-
Trade receivables		-		-
Cash and cash equivalents	8	55,687		102,511
Short-term loans and advances		-		-
Other current assets	9	413,695,954		413,701,118
Total		**457,151,641**		**457,203,629**

The accompanying notes forms an integral part of these financial statements.

For RMA & Associates - -
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Rajiv Bajpai
Partner
Membership No 402519

Kishore Saletore
Director

S.G. Joglekar
Director

Place: Delhi
Date: 01.05.2015

BF Infrastructure Ventures Limited

Statement of Profit and Loss for the year ended March 31 , 2015

(Amount in Rs)

For the year ended March 31,	NOTE	2015	2014
Revenue			
Revenue from operations		-	-
Other income		-	-
Total Revenue		-	-
Expenses:			
Employee benefits expense		-	-
Depreciation and amortization expense		-	-
Finance costs		-	-
Other expenses	10	51,988	3,520,957
Total expenses		**51,988**	**3,520,957**
			-
Profit/(Loss) before exceptional and extraordinary items & tax		(51,988)	(3,520,957)
Exceptional items			-
Profit/(Loss) before extraordinary items and tax		(51,988)	(3,520,957)
Extraordinary Items		-	-
Profit/(Loss) before tax		(51,988)	(3,520,957)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the period from continuing operation		(51,988)	(3,520,957)
Profit/ (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
Profit/(Loss) for the period		**(51,988)**	**(3,520,957)**
Earnings per equity share:			
[Nominal Value of share Rs. 10 (March 31 , 2014 Rs. 10)			
Basic		(0)	(0)
Diluted		(0)	(0)

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

For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Rajiv Bajpai

Partner
Membership No 402519

Kishore Saletore — **Director**

S.G. Joglekar — **Director**

Place: Delhi
Date: 01.05.2015

Notes to financial statements for the year ended 31st March 2015

Notes- 1 :-

1) Corporate Information:

BF Infrastructure Ventures Limited (BFIVL) is 100% subsidiary company of the world's largest forging giant – Bharat Forge Limited. BFIVL has emerged out of the diversification scheme of Kalyani Group company - Bharat Forge Limited, BF Infrastructure Ventures Limited, has been formed to identify, carry on and acquire/invest in business/companies and enterprises including forming joint venture, consortiums and act as a Holding Company in businesses in India or abroad of 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 U74900PN2010PLC137992.

2) Basis of Preparation:

These financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with accounting principles generally accepted in India, including the accounting standards notified under the Companies Act, 2013. The financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1) Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure (for new projects and in case of substantial modernisation or expansion at the existing units) related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Trial run expenditure is also capitalized.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, 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.

Gains or losses arising from de-recognition of fixed assets 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 derecognized.

c. Depreciation and amortization on tangible assets

Depreciation on fixed assets is calculated on a written down value basis using the rates arrived at based on the useful lives estimated by the management.

The management's estimates of the useful lives of various fixed assets is given below:

Type of assets	**Estimated useful life**
i) Office Equipment	5 years
ii) Furniture & Fixture	10 years
iii)Software	3 years
Iv) Website	3 years

d. Intangible assets

Acquired Intangible assets

Intangible assets acquired 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.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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.

e. Foreign currency translation

Foreign currency transactions and balances

I) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

II) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

III) Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

a. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
c. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. 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.

f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statement at lower of cost of acquisition and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

A) Sale of goods

1) Revenue from 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. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

2) Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading.

B) Construction Contracts

Project Revenue is recognized by applying percentage of completion method only when the outcome of the construction activity can be estimated reliably. Project revenue and project cost associated to project related activity is recognized as revenue and expense respectively by reference to stage of completion. The stage of completion is either determined with reference to proportion of cost incurred for work performed to the estimated total cost respectively, or with respect to completion of physical proportion of the contract work. Project revenue is recognized When the stage of completion of the project reaches a significant level as compared to the total estimated cost of the project.

Revenue earned in excess of billing is reflected under “ Other Current Assets”. Billing to customer in excess of revenue earned is reflected under “ Current Liabilities”.

h. 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.

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.

i) Income 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. 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 directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 taxable entity and the same taxation authority.

j) Provisions

A provision is recognized when the Company has a present obligation 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

k) Impairment of tangible asset

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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company’s CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

l) 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.

m) Contingent liabilities

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.

n) 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.

BF Infrastructure Ventures Limited

3. Share Capital

As at March 31,	2015	2014
Authorized Shares (No.)		
4,50,00,000 shares of par value of Rs.10/- each (Previous year 450,00,000 shares of par value of Rs.10/- each)	**450,000,000**	**450,000,000**
Issued Subscribed and Fully Paid		
4,00,50,000 shares of par value of Rs.10/- each fully paid up (Previous year 50,000 shares of par value of Rs.10/- each fully paid-up)	**400,500,000**	**400,500,000**

(a) Reconciliation of the shares outstanding at the beginning and the at the end of the reporting period

Equity Shares	As at March 31, 2015		As at March 31, 2014	
	No.	In Rs.	No.	In Rs.
At the begining of the year	40,050,000	400,500,000	50,000	500,000
Issued During the year	-	-	40,000,000	400,000,000
Outstanding at the year end	40,050,000	400,500,000	40,050,000	400,500,000

(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 Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of Equity shares issued by the company , shares held by its holding company are as below :

Particulars	31 March 2015		31 March 2014	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	400,500,000	100%	400,500,000	100%
Total	**400,500,000**	**100%**	**400,500,000**	**100%**

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

There are no bonus shares issued, 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 in the company

Particulars	31 March 2015		31 March 2014	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	400,500,000	100%	400,500,000	100%
Total	**400,500,000**	**100%**	**400,500,000**	**100%**

4. Reserve and Surplus

(Amount in Rs)

As at March 31,	2015	2014
Surplus/(Deficit) in the Statement of Profit and Loss Account		
Balance as per last Financial Statement	(4,120,473)	(599,516)
Add(Less):-Profit (Loss) after tax for the year	(51,988)	(3,520,957)
Closing Balance	**(4,172,461)**	**(4,120,473)**

5. Other Current Liabilities

(Amount in Rs)

As at March 31,	2015	2014
Duties & Taxes	-	2,750
Due to Holding Company	60,555,291	60,555,291
Closing Balance	**60,555,291**	**60,558,041**

6. Short Term Provisions

(Amount in Rs)

As at March 31,	2015	2014
Leave Encashment Payable	237,912	237,912
Payment to Auditors	30,899	28,149
Closing Balance	**268,811**	**266,061**

BF Infrastructure Ventures Limited

7. Non Current Investment

(Amount in Rs)

As at March 31,	2015	2014
Investment in Joint Venture Company		
David Brown Bharat Forge Gear Systems India Limited	43,400,000	43,400,000
	43,400,000	**43,400,000**

Note-: BF Infrastructure Ventures Ltd made Joint Venture With David Brown (50 % Share Capital)

8. Cash and Bank Balance

(Amount in Rs)

As at March 31 ,	2015	2014
Balances with Bank in Current Account	52,440	100,734
Cash in hand	3,247	1,777
Total	**55,687**	**102,511**

9. Other Current Assets

(Amount in Rs)

As at March 31,	2015	2014
Other Current Assets		
Opening Balance	413,701,118	413,706,283
Add: Addition during the year	-	-
Less: Preliminary Expenses w/off during the year	5,164	5,165
Total*	**413,695,954**	**413,701,118**

*Rs. 41,36,95,954 represents amount incurred on the project related activities carried out by the company.

BF Infrastructure Ventures Limited

(Amount in Rs)

10. Other Expenses

For the Year ended on March 31,	2015	2014
Payment to Auditors	30,899	30,899
Professional charges and consultancy fees	1,035	243,214
Legal Fees	14,760	3,241,679
Interest on TDS	130	-
Preliminary Exps. Written Off	5,164	5,165
Total	**51,988**	**3,520,957**

Payment to Auditors

As at March 31	2015	2014
As auditors		
- Audit Fee	30,899	30,899
- Other (Including Certification Fee)	-	
Total	**30,899**	**30,899**

Note No. 11 to the Financial Statements

Related Party Disclosure:

Name of related parties and related parties relationship

Holding Company	Bharat Forge Limited	
Joint Venture of the company	David Brown Bharat Forge Gear Systems India Limited	
Key Managerial Persons	Mr. S.G. Joglekar	
	Mr. K.M. Saletore	
	Mr. S.C. Chaturvedi	(Till March 15)
	Mr. B.S.Mitkari	

BF Infrastructure Ventures Limited

12. Capital and Other Commitments

As at March 31 ,	2015	2014
Capital Commitments	-	
Total	-	-

13. Details of Dues to Micro and Small enterprises as defined under MSMED Act, 2006

(Amount in Rs)

As at March 31 ,	2015	2014
Principal amount due to supplier under MSMED Act , 2006	-	-
Interest accrued and due to suppliers under MSMED Act , 2006 on above	-	-
Payment made due to supplier (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act 2006 (other than sec 16)	-	-
Interest paid to suppliers under MSMED Act 2006 (sec 16)	-	-
Interest due and payable to suppliers under MSMED Act , 2006 for the payment already made.	-	-
Interest accrued and remaining unpaid at the end of the year to	-	-
Total	**-**	**-**

The information has been given in respect of such vendor to the extent they could be identified as " Micro and Small" enterprises on the basis of information available with the company.

For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Rajiv Bajpai

Partner
Membership No 402519

Kishore Saletore
Director

S.G. Joglekar
Director

Place: Delhi
Date: 01.05.2015

THIS PAGE INTENTIONALLY LEFT BLANK

Kalyani Strategic Systems Limited
(Formerly known as BF Power Equipment Limited)

Directors	***Registered Office***	***Auditors***
Mr. K. M. Saletore	Pune Cantonment,	RMA & Associates
Mr. Vikram M. Munje	Mundhwa,	Chartered Accountants
(w.e.f. November 7, 2014)	Pune - 411 036.	48, UG-2, Hasanpur, I.P. Extension
Mr. Rajinder Singh Bhatia		New Delhi 110 092.
(w.e.f. November 7, 2014)		

BOARD'S REPORT
For the year ended March 31, 2015

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, 2015.

1. PERFORMANCE OF THE COMPANY

During the financial year company has incurred a loss of Rs. 37,526/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2015	As on March 31, 2014
Revenue from operations	NIL	NIL
Other income	250	NIL
Total Revenue	250	NIL
Administrative and other expenses	37,776	231,619
Total expenses	37,776	231,619
Profit/(Loss) before Depreciation, Interest and Taxes	(37,526)	(231,619)
Depreciation/Amortization	NIL	NIL
Profit/(Loss) before Interest and Taxes	(37,526)	(231,619)
Current Tax	NIL	NIL
PAT	(37,526)	(231,619)
Earnings per equity share Basic/ Diluted	(0.75)	(4.63)

2. DIVIDEND

Since the Company does not have any distributable profit, hence the Board is not in a position to recommend any dividend for the year ended March 31, 2015.

3. STATE OF COMPANY'S AFFAIRS

The Company is 100% subsidiary company of Bharat Forge Limited. The Board of Directors of the Company is evaluating various projects to be undertaken by the Company in Defence and Aerospace sector.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2015 which affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

In 2014-15, the Board of Directors of the Company met 4 (four) times i.e. on May 10, 2014, August 11, 2014, November 7, 2014, and February 2, 2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

6. DIRECTORS

During the year under review, Mr. S. K. Chaturvedi and Mr. S. G. Joglekar resigned from Directorship of the Company with effect from November 7, 2014. The Board places on record its appreciation for the services rendered by Mr. S. K. Chaturvedi and Mr. S. G. Joglekar during their tenure as Director of the Company.

Mr. Rajinder Singh Bhatia and Mr. Vikram Munje were appointed as Additional Directors of the Company with effect from November 7, 2014.

Mr. Kishore Saletore, Directors of the Company retires by rotation and, being eligible, offered himself for re-appointment.

7. AUDITORS

Statutory Auditors - M/s. RMA & Associates, Chartered Accountant, New Delhi expressed their unwillingness to seek ratification as Statutory Auditors of the Company at the ensuing Annual General Meeting due to personal reasons. The Board records its appreciation for the assistance and guidance provided by them during their tenure with the Company.

Mr. P. V. Deo, Chartered Accountant, Pune (Membership No. 041609) has furnished certificate to the effect that his appointment, if made, at the ensuing Annual General Meeting would be in accordance with the conditions laid down under the Companies Act, 2013 and Rules 4 of the Companies (Audit and Auditors) Rules, 2014.

The Board recommends the appointment of Mr. P. V. Deo, Chartered Accountant, Pune in place of M/s. RMA Associates as Statutory Auditors for the period from the conclusion of the ensuing 4th Annual General Meeting till the conclusion of 9th Annual General Meeting to be held in the year 2020 and seek authority for fixation of their remuneration for the year 2015-16.

8. 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.

9. 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.

10. 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, 2015, 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, 2015 and of the profit 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.

11. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary company. During the year under review, the Company has entered into a Joint Venture & Shareholders' Agreement with Premier Explosive Limited on January 2, 2015 and incorporated 50:50 Joint Venture Company named – BF Premier Energy Systems Private Limited (BFPESPL) on March 9, 2015. BFPESPL will be in the business of manufacturing and supply of defence products like Bi-modular Cartridges (BMC) Systems, ammunitions, specially required High Energy Materials, etc. Since the first financial year of BFPESPL is from its date of incorporation i.e. March 9, 2015 to March 31, 2016, the Company has not prepared consolidated financial statement for the financial year 2014-15.

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. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

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. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2015 stood at Rs. 5,00,000/-. 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, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

16. 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.

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. 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 "B"** to this report.

19. 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.

20. 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

Rajinder Singh Bhatia
Chairman

Place: Pune
Date: May 16, 2015

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2015
[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	Pune Cantonment, Mundhwa, 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	L25209PN1961 PLC012046	Holding	100%	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, 2015

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	50000	50000	100%	NIL	50000	50000	100%	NA
Sub-total (A) (1):-	NIL	50000	50000	100%	NIL	50000	50000	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	50000	50000	100%	NIL	50000	50000	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	50000	50000	100%	NIL	50000	50000	100%	NA

ii) Shareholding of Promoters :

Sl 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 shareholding during the year
1	Bharat Forge Limited with its nominees	50000	100%	NIL	50000	100%	NIL	NIL

iii) Change in Promoters' Shareholding:

There is no change during the year.

iv) 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.

v) 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)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at 01/04/2014				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
Addition	NIL	NIL	NIL	NIL
(Reduction)	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness as at 31st March, 2015				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued 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
NIL

B. Remuneration to other Director
NIL

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

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)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
	NIL	NIL	NIL	NIL	NIL
Other Officers in default	NIL	NIL	NIL	NIL	NIL
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, 2015.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2014-2015

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

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 used and earned:

	(Amount in Rupees)
Foreign Exchange earned	NIL
Foreign Exchange used	NIL
Net Foreign Exchange earned	NIL

Independent Auditor's Report

To the Members of Kalyani Strategic Systems Limited. (The Company)

Report on the Financial Statements

We have audited the accompanying financial statements of **Kalyani Strategic Systems Limited. (The Company)**, which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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

Our responsibility is to express an opinion on these financial statements based on my audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Companies internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the 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:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2015 in terms of section 143 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 of the Act, I report that:

   a. We have 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 appears from my examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013; and

   e. on the basis of written representations received from the directors as on 31stMarch 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch 2015, from being appointed as a director in terms of section 164 of the Companies Act, 2013.

For: **RMA & ASSOICIATES**
Chartered Accountants
FRN: 000978N

Place: New Delhi

Date: 16.05.2015

(Rajiv Bajpai)
Partner
Membership No.: 405219

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date on the Statements of Account of **Kalyani Strategic Systems Limited** as at and for the year ended 31st March 2015:

(i). (a).The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b). The Company has conducted physical verification at a reasonable interval of its fixed assets during the period covered under our audit. We are informed that no material discrepancies were noticed on such verification.

(ii). (a). As explained to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable in relation to the size of the company.

(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate according to the size of the Company and the nature of its business.

(c) On the basis of our examination of the records of the Company, we are of the opinion that the Company has maintained proper records of inventory. Discrepancies noticed on physical verification between physical stock records were not material and have been properly dealt within the books of accounts.

(iii). According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, during the year to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act,2013. Accordingly clause 3 (a) and (b) of the Companies (Auditor's Report) Order, 2015 are not applicable.

(iv). In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and for sale of goods. We have not observed any continuing failure to correct major weaknesses in internal control system.

(v). According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under apply.

(vi). According to the information and explanations given to us maintenance of cost records under sub-section (1) of section 148 of the Companies Act, has not been prescribed by the central government for the company.

(vii.) (a). According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, value added tax, Cess and any other material statutory dues have generally been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were outstanding at 31.3.2015 for a period of more than six months from the date they become payable.

(b). According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

(c). The company does not have such type of amount which required to be transferred to Investor and Education fund.

(viii). The company has accumulated loss of Rs. 7,51,308/- at the end of the financial year and it has incurred cash loss of Rs. 37,526/- during the financial year under audit and immediately preceding financial year.

(ix). Based on the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to their bankers. There were no debenture holders at any time during the year and at the year end.

(x). As per the information and explanations given to us, the company has not given corporate guarantee for loans taken by its other Company from the banks, which is not prejudice to the interest of the Company.

(xi). According to the information and explanations and certificate in this regard given to us, term loans were applied by the Company for the purpose for which they were obtained.

(xii). During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of any fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the management.

For: **RMA & ASOCIATES**
Chartered Accountants
FRN: 000978N

Place: New Delhi

Date: 16.05.2015

(Rajiv Bajpai)
Partner
Membership No.: 405219

Kalyani Strategic Systems Limited (Formerly known as BF Power Equipment Limited)

Balance Sheet as at 31st March, 2015

(Amount in Rs.)

Particulars	**Note**	**31-3-2015**	**31-3-2014**
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	500,000	500,000
Reserves and surplus	4	(751,308)	(713,782)
Share application money pending allotment		-	-
Non-current liabilities			-
Long-term borrowings		-	-
Deferred tax liabilities (Net)		-	-
Other Long term liabilities		-	-
Long-term provisions		-	-
			-
Current liabilities			-
Short-term borrowings		-	-
Trade payables		-	-
Other current liabilities	5	200,000	200,000
Short-term provisions	6	59,048	30,899
			-
Total		**7,740**	**17,117**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets		-	-
Intangible assets		-	-
Capital work-in-progress		-	-
Intangible Assets Under Development		-	-
Non-current investments			
Long-term loans and advances			
Other non-current assets		-	-
			-
Current assets			
Current investments			
Inventories		-	-
Trade receivables		-	
Cash and cash equivalents	7	7,740	11,982
Short-term loans and advances			-
Other current assets	8	-	5,135
Total		**7,740**	**17,117**

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

- -

As per our attached report of even date
For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Rajeev Bajpai
Partner
Membership No 405219
Place: Delhi
Date: 16th May 2015

Kishore Saletore
Director

Rajender Singh Bhatia
Director

Kalyani Strategic Systems Limited (Formerly known as BF Power Equipment Limited)

Statement of Profit and Loss for the year 31st March 2015

(Amount in RS)

Particulars	NOTE	31-3-2015	31-3-2014
Revenue			
Revenue from operations		-	-
Other income		250	-
Total Revenue		250	-
Expenses:			
Employee benefits expense		-	-
Depreciation and amortization expense		-	-
Finance costs		-	-
Other expenses	**9**	37,776	231,619
Prior period items (Net)		-	-
Total expenses		37,776	231,619
Profit before exceptional and extraordinary items & tax		(37,526)	(231,619)
Exceptional items		-	-
Profit before extraordinary items and tax		(37,526)	(231,619)
Extraordinary Items		-	-
Profit before tax		(37,526)	(231,619)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit for the period from continuing operation		(37,526)	(231,619)
Profit/ (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		**(37,526)**	**(231,619)**
Earnings per equity share:			
[Nominal Value of share Rs. 10 (March 31 , 2014 Rs. 10)			
Basic		(0.75)	(4.63)
Diluted		(0.75)	(4.63)

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

As per our attached report of even date
For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Rajeev Bajpai
Partner
Membership No 405219
Place: Delhi
Date: 16th May 2015

Kishore Saletore
Director

Rajender Singh Bhati
Director

<u>Notes to financial statements for the year ended 31st March 2015</u>

<u>Notes</u>:-

1) <u>Corporate Information</u>:

Kalyani Strategic System Limited (formerly known as BF Power Equipment Limited) (KSSL) is 100% subsidiary company of the world's largest forging giant – Bharat Forge Limited. KSSL has emerged out of the diversification scheme of Kalyani Group company - Bharat Forge Limited, Kalyani Strategic System Limited , to identify, carry on and acquire/invest in business/companies and enterprises including forming joint venture, consortiums and act as a Holding Company in businesses in India or abroad of in various kinds of components and equipment relating to generation of electricity including castings and forgings, fittings and high pressure pipes, valves, pumps, balance of plants, ancillary parts and components, associated infrastructure, transmission and distribution systems Castings, Pumps, valves and Piping Solutions. Consequently, the company was incorporated as a public limited company on December 20, 2010 and its registered office is at Pune. The company's CIN is U31902PN2010PLC138025

2) <u>Basis of Preparation:</u>

These financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with accounting principles generally accepted in India, including the accounting standards notified under the Companies Act, 2013. The financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1) <u>Summary of significant accounting policies</u>

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure (for new projects and in case of substantial modernization or expansion at the existing units) related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Trial run expenditure is also capitalized.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, 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.

Gains or losses arising from de-recognition of fixed assets 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 derecognized.

c) Depreciation and amortization on tangible assets

Depreciation on fixed assets is calculated on a written down value basis using the rates arrived at based on the useful lives estimated by the management.

The management's estimates of the useful lives of various fixed assets is given below:

Type of assets	Estimated useful life
i) Office Equipment	5 years
ii) Furniture & Fixture	10 years
iii)Software	3 years
Iv) Website	3 years

d) Intangible assets – Acquired Intangible assets

Intangible assets acquired 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.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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.

e) Foreign currency translation – Translation and Balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

a. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

c. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. 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.

f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statement at lower of cost of acquisition and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

A. Sale of goods

1. Revenue from 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. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

2. Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading.

B. Construction Contracts

Project Revenue is recognized by applying percentage of completion method only when the outcome of the construction activity can be estimated reliably. Project revenue and project cost associated to project related activity is recognized as revenue and expense respectively by reference to stage of completion. The stage of completion is either determined with reference to proportion of cost incurred for work performed to the estimated total cost respectively, or with respect to completion of physical proportion of the contract work. Project revenue is recognized when the stage of completion of the project reaches a significant level as compared to the total estimated cost of the project.

Revenue earned in excess of billing is reflected under “Other Current Assets”. Billing to customer in excess of revenue earned is reflected under “Current Liabilities”.

h) 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.

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.

i) Income 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. 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 directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 taxable entity and the same taxation authority.

j) Provisions

A provision is recognized when the Company has a present obligation 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

k) Impairment of tangible asset

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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.
Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

l) 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.

m) Contingent liabilities

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.

n) 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.

Kalyani Strategic Systems Limited (Formerly known as BF Power Equipment Limited)

3. Share Capital

Particulars	31-3-2015	31-3-2014
Authorized Shares (No.)		
50000 shares of par value of Rs.10/- each (Previous year 50000shares of par value of Rs.10/- each)	**500,000.00**	**500,000.00**
Issued Subscribed and Fully Paid		
50000 shares of par value of Rs.10/- each fully paid up (Previous year 50000 shares of par value of Rs.10/- each fully paid-up)	**500,000.00**	**500,000.00**

(a) Reconciliation of the shares outstanding at the beginning and the at the end of the reporting period

Equity Shares	As at March 31, 2015		As at March 31, 2014	
	No.	In Rs.	No.	In Rs.
At the begining of the year	50,000.00	500,000.00	50,000.00	500,000.00
Issued During the year	-	-	-	-
Outstanding at the year end	50,000.00	500,000.00	50,000.00	500,000.00

(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 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

(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of Equity shares issued by the company , shares held by its holding company are as below :

Details of Equity Shares held by holding company

Particulars	31.03.15		31.03.14	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	49,994	100%	49,994	100%
Total	**49,994**	**100%**	**49,994**	**100%**

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

There are no bonus shares issued, 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 in the company

Particulars	As at March 31, 2015		As at March 31, 2014	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	49,994	100%	49,994	100%
Total	**49,994.00**	**100%**	**49,994.00**	**100%**

4. Reserve and Surplus

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
Surplus/(Deficit) in the Statement of Profit and Loss Account		
Balance as per last Financial Statement	(713,782)	(482,163)
Add(Less):-Profit (Loss) after tax for the year	(37,526)	(231,619)
Closing Balance	**(751,308)**	**(713,782)**

5. Other Current Liabilities

Due to Holding company	200,000	200,000
Total	**200,000**	**200,000**

6. Short Term Provision

Audit Fees Payable	59,048	28,149
Duties And Taxes	-	2,750
Total	**59,048**	**30,899**

7. Cash and Bank Balances

Balances with Banks	5,816	10,566
Cash in hand	1,924	1,416
Total	**7,740**	**11,982**

8. Other Current Assets

Miscelleneous Expenditure to the extent not written off	-	5,135
Total	**-**	**5,135**

9. Other Expenses

(Amount in Rs)

Particulars	31-3-2015	31-3-2014
Payment to Auditors	30,899	30,899
Professional charges and consultancy fees	1,000	168,540
Legal expenses	612	27,047
Interest on TDS	130	-
Preliminary Expenses Written off	5,135	5,133
Total	**37,776**	**231,619**

Payment to Auditors (Amount in Rs)

Particulars	31-3-2015	31-3-2014
As auditors		
- Audit Fee	30,899	30,899
- Other (Including Certification Fee)	-	-
Total	**30,899**	**30,899**

10. Related Party Disclosure:

Name of related parties and related parties relationship

Holding Company

Key Managerial Persons

Mr. Sanjeev Gajanan Joglekar (Till November 7, 2014)
Mr. Kishore Mukund Saletore
Mr. Sunil Kumar Chaturvedi (Till November 7, 2014)
Mr. Vikram Manohar Munje
Mr. Rajinder Singh Bhatia

11. Capital and Other Commitments

Capital Commitments	-	-
Total	-	-

Kalyani Strategic Systems Limited (Formerly known as BF Power Equipment Limited)

12. Details of Dues to Micro and Small enterprises as defined under MSMED Act, 2006

(Amount in Rs)

As at March 31 ,	**31-3-2015**	**31-3-2014**
Principal amount due to supplier under MSMED Act , 2006	-	-
Interest accrued and due to suppliers under MSMED Act , 2006 on above	-	-
Payment made due to supplier (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act 2006 (other than sec 16)	-	-
Interest paid to suppliers under MSMED Act 2006 (sec 16)	-	-
Interest due and payable to suppliers under MSMED Act , 2006 for the payment already made.	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act , 2006	-	-
Total	**-**	**-**

The information has been given in respect of such vendor to the extent they could be identified as " Micro and Small" enterprises on the basis of information available with the company.

Note No. 13 to the Financial Statements

Previous year figures have been regrouped / reclassified where necessary , to confirm to current year classifiction.

For RMA & Associates
Chartered Accountants
Firm Registration Number: 000978N

On behalf of the Board of Directors

Rajeev Bajpai
Partner
Membership No 405219
Place: Delhi
Date:

Kishore Saletore
Director

Rajender Singh Bhatia
Director

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.	Laxminarayannagar No.4 Co-op. Hsg. So.
Mr. Shai Israel Cohen		Erandawana
(w.e.f. September 5, 2014)		Pune 411 004.
Mr. Yehuda Vered		
(w.e.f. September 5, 2014)		

BOARD'S REPORT
For the year ended March 31, 2015

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, 2015.

1. PERFORMANCE OF THE COMPANY

The Company has not yet started commercial activities. All the expenses incurred during the year under review were for supporting trials of Towed Gun Systems in India.

(Amount in Rupees)

Particulars	As on March 31, 2015	As on March 31, 2014
Total Revenue	NIL	NIL
Depreciation/Amortization	230,599	7,344
Other expenses	3,466,809	43,003,943
Total expenses	3,697,408	43,011,287
Profit/(Loss) before Depreciation, Interest and Taxes	(3,697,408)	(43,011,287)
Current Tax	NIL	NIL
PAT	(3,697,408)	(43,011,287)
Earnings per equity share Basic/ Diluted	(308.07)	(4,301.13)

2. DIVIDEND

Since the Company does not have any distributable profit, hence the Board is not in a position to recommend any dividend for the year ended March 31, 2015.

3. STATE OF COMPANY'S AFFAIRS

The Company was formed as a Joint Venture between Bharat Forge Limited (BFL) and Elbit Systems Land and C4I Ltd (Elbit). Pursuant to Joint Venture and Share Subscription cum Shareholders' Agreement dated June 12, 2012 between BFL and Elbit (the Agreement), during the year under review, the Company has entered into a Deed of Accession and become party to the Agreement. The Company has applied for Industrial License for manufacture of Guns, Howitzers, Mortars, Protected Vehicles and Ammunition including smart bombs and ready-to-fill shells excluding filing.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2015 which affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

In 2014-15, the Board of the Company met 6(Six) times on April 16, 2014, May 17, 2014, August 28, 2014, September 5, 2014, December 30, 2014 and February 16, 2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

6. DIRECTORS

During the year under review, Mr. Yehuda Vered and Mr. Cohen Shai were appointed as Directors of the Company nominated by Elbit Systems Land and C4I Limited with effect from September 5, 2014.

7. SHARE CAPITAL

During the year under review, in accordance with FIPB approval, the Company issued and allotted 3,513 equity shares of Rs. 10 to Elbit Systems Land and C4I Limited. Accordingly, the paid-up Equity Share Capital as at March 31, 2015 stood at Rs. 1,35,130/-. During the year under review, the Company has not issued shares with any differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2015, 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, joint venture and associate company.

9. PUBLIC DEPOSITS

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

10. **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, 2015, 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, 2015 and of the profit 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.

11. 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.

12. 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.

13. 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.

14. APPOINTMENT OF AUDITORS

At the Annual General Meeting held on August 23, 2014, Mr. P. 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. P. V. Deo, Chartered Accountant, as Statutory Auditors of the Company, will be placed for ratification by the shareholders. In this regard, the Company has received a certificate from the Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

15. 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.

16. 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.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted.

The particulars of such transactions are provided in Form AOC-2 which is annexed herewith as **Annexure "B"** to this report. Related Party disclosures as per AS-18 have been provided in Note – 15 to the Financial Statement.

18. 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 "C"** to this report.

19. 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.

20. 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
Date: May 16, 2015

B. N. Kalyani
Chairman

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2015
[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	Pune Cantonment, Mundhwa, Pune 411 036 Tel. No. +91 67042343 Fax No. +91 26821250
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	L25209PN1961PLC 012046	**Holding**	74	2 (46)

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

i) Category-wise Share Holding as of March 31, 2015

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	10000	10000	100%	NIL	10000	10000	74%	(26%)
Sub-total (A) (1):-	NIL	10000	10000	100%	NIL	10000	10000	74%	(26%)
(2) Foreign									
a) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	3513	3513	26%	26%
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	3513	3513	26%	26%
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	10000	10000	100%	NIL	13513	13513	100%	
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	10000	10000	100%	NIL	13513	13513	100%	

ii) Shareholding of Promoters :

Sl 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	10000	100%	NIL	10000	74%	NIL	(26%)
2.	Elbit Systems Land and C4I Ltd.	NIL	NIL	NA	3513	26%	NIL	26%

ii) Change in Promoters' Shareholding:

Sl. No.	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
	Bharat forge Limited At the beginning of the year At the end of the year	10,000	100%	10000 10000	100% 74%
	Elbit Systems Land and C4I Ltd. At the beginning of the year Allotment of shares as on 05.09.2015 At the end of the year	NIL 3513	NIL 26%	NIL 3513 3513	NIL 26% 26%

Note: Change in shareholding pattern due to allotment of shares to Elbit Systems Land and C4I Ltd.

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 and with their 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)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at 01/04/2014				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	20,000,000	NIL	20,000,000
• (Reduction)	NIL	NIL	NIL	NIL
Net Change				
Indebtedness as at 31st March, 2015				
i) Principal Amount	NIL	20,000,000	NIL	20,000,000
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	20,000,000	NIL	20,000,000

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

The Company does not have any Managing Director, Whole-time Director and Manager.

B. Remuneration to other Director

The Company does not pay remuneration to any of its directors.

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

Not applicable.

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)
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
	NIL	NIL	NIL	NIL	NIL
Other Officers in default	NIL	NIL	NIL	NIL	NIL
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	Elbit Systems Land and C4I Limited (Elbit)
b	Nature of contracts/ arrangements/ transactions	Rent on sub-let of land at Baramati	Purchase of Fixed Assets
c	Duration of the contracts / arrangements/transactions	3 (three years)	On going
d	Salient terms of the contracts or arrangements or transactions including the value, if any	As per Sub-let Agreement @ rent of Rs.400,000/- per month.	As per purchase order. USD 280,000 i.e Rs. 17,119,200/-
e	Date(s) of approval by the Board, if any	Board Meeting held on December 30, 2015	NA. (Elbit was not related party when transaction has been taken place.)
f	Amount paid as advances, if any	NIL	Rs. 17,119,200/-

For and on behalf of the Board of Directors

B. N. Kalyani
Chairman

Place: Pune
Date: May 16, 2015

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, 2015.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2014-2015

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 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 used and earned:

	Currency	**2014-15**	**2013-14**
Earnings		Nil	Nil
Outgo	USD Rs.	280,000 17,119,200	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, 2015, the Statement of Profit and Loss 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of 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 control, 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 control 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. 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 us, 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; of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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, 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

f) 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.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 16th May 2015

Annexure to the Auditors' Report

On the basis of such checks as were considered appropriate and in accordance with the information and explanations given to me, I report as under:

(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.

(ii). In my opinion and according to the information and explanations given to me, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchases of fixed assets. During the year covered by this report, the Company was engaged exclusively in the setting up of its new project. During the course of audit no major weakness has been noticed in the internal control system.

(iii). The Company has not accepted deposits from the public within the meaning of Section 2 (31) or any other relevant provisions of the Companies Act, 2013 and the rules framed, thereunder.

(iv). Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(v). (a). According to the records of the Company, the Company was found to be generally regular in depositing with appropriate authorities, undisputed statutory dues including Income Tax, other taxes, cess and statutory dues applicable to it. 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, Wealth Tax, Sales Tax, Duty of Customs, Duty of excise, Value Added Tax, cess were outstanding as at 31st March, 2015 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, Sales Tax, Wealth Tax, Service Tax, Duty of Customs or Duty of excise, Value Added Tax, cess which have not been deposited on account of any dispute.

(c). According to the records of the Company, there are no dues which required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(vi). According to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(vii). Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud on or by the Company has been noticed or reported during the course of my audit.

(viii). Provisions of sub-clause No.s (ii), (iii), (viii), (ix), and (xi), of Clause 3 of the said Order do not apply to the Company.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 16th May 2015

BF Elbit Advanced Systems Private Limited

Balance sheet as at March 31, 2015

(Amount in Rs.)

Particulars	Notes	31-3-2015	31-3-2014
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share capital	3	135,130	100,000
b) Reserves and surplus	4	(46,880,059)	(43,182,651)
		(46,744,929)	**(43,082,651)**
2. Current liabilities			
a) Short-term borrowings	5	20,000,000	-
b) Trade Payables	6	946,716	39,326
c) Other current liabilities	7	43,898,898	43,817,931
		64,845,614	**43,857,257**
TOTAL		**18,100,685**	**774,606**
ASSETS			
1. Non-current assets			
a) Fixed Assets	8		
Tangible Assets		586,820	149,606
Capital work-in-progress		32,144	-
b) Long-term loans and advances	9	17,222,648	525,000
		17,841,612	**674,606**
2. Current assets			
a) Cash and cash equivalents	10	208,300	100,000
b) Short-term loans and advances	11	50,773	-
		259,073	**100,000**
TOTAL		**18,100,685**	**774,606**
Significant Accounting Policies and Notes forming part of the Accounts	1 to 21		
The notes above referred form an integral part of the Balance Sheet			

As per my attached report of the even date,	**On behalf of the Board of Directors,**	
P. V. Deo	**B.N. Kalyani**	**Rajendra Singh Bhatia**
Chartered Accountant	**Director**	**Director**
Place: Pune	**Place: Pune**	
Date: 16 May 2015	**Date: 16 May 2015**	

BF Elbit Advanced Systems Private Limited

Statement of profit and loss for the year ended March 31, 2015

Particulars	Notes	31-3-2015	31-3-2014
			(Amount in Rs.)
I. Total revenue		**-**	-
II. Expenses			
a) Depreciation and amortization expenses	8	**230,599**	7,344
b) Other expenses	12	**3,466,809**	43,003,943
II. Total expenses		**3,697,408**	43,011,287
III. Loss before tax		**(3,697,408)**	(43,011,287)
IV. Tax expenses		**-**	-
V. Loss for the year		**(3,697,408)**	(43,011,287)
VI. Earnings per equity share [nominal value of share Rs.10/-]			
a) Basic (In Rs.)	17	**(308.07)**	(4,301.13)
b) Diluted (In Rs.)	17	**(308.07)**	(4,301.13)
Significant Accounting Policies and Notes forming part of the Accounts	1 to 21		

The notes above referred form an integral part of 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	**B.N. Kalyani**	**Rajendra Singh Bhatia**
Chartered Accountant	**Director**	**Director**
Place: Pune	**Place: Pune**	
Date: 16 May 2015	**Date: 16 May 2015**	

BF Elbit Advanced Systems Private Limited

Cash Flow Statement for the year ended March 31, 2015

(Amount in Rs.)

Particulars	Notes	31-3-2015	31-3-2014
Cash flow from operating activities			
Loss before tax		**(3,697,408)**	(43,011,287)
Depreciation and amortization		**230,599**	7,344
Operating loss before working capital changes		**(3,466,809)**	(43,003,943)
Movements in working capital :			
(Increase) / decrease in long-term loans and advances		**(16,697,648)**	-
(Increase) / decrease in short-term loans and advances		**(50,773)**	31,184,530
Increase / (decrease) in liabilities		**988,357**	11,976,363
		(15,760,064)	43,160,893
Cash generated from operations		**(19,226,873)**	156,950
Direct taxes paid (net of refunds)		**-**	-
Net cash flows from operating activities	**(A)**	**(19,226,873)**	156,950
Cash flows from investing activities			
Purchase of fixed assets		**(699,957)**	(156,950)
Net cash flows (used in) investing activities	**(B)**	**(699,957)**	(156,950)
Cash flows from financing activities			
Proceeds from Equity investment by promoters		**35,130**	-
Proceeds from Short term borrowings		**20,000,000**	
Net cash flows from financing activities	**(C)**	**20,035,130**	-
Net increase in cash and cash equivalents (A+B+C)		**108,300**	-
Cash and cash equivalents at the beginning of the year		**100,000**	100,000
Cash and cash equivalents at the end of the year		**208,300**	100,000

Components of cash and cash equivalents as at		**31-3-2015**	**31-3-2014**
		Rs.	**Rs.**
Balance in current account		**208,300**	100,000
	TOTAL :	**208,300**	100,000

Significant Accounting Policies and Notes forming part of the Accounts 1 to 21

The notes above referred form an integral part of the Cash Flow Statement

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: 16 May 2015

On behalf of the Board of Directors,

B.N. Kalyani
Director

Rajendra Singh Bhatia
Director

Place: Pune
Date: 16 May 2015

Notes to financial statements for the year ended 31st March 2015

Notes- 1 :-

1) Corporate information:

"BF Elbit Advanced Systems Private Limited was incorporated on August 2, 2012, as a private limited company under the earstwhile 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 74% owned subsidiary of Bharat Forge Limited and remaining 26% is held by Elbit Systems Land and C4I Limited of Israel.

The Company is engaged in the business of developing weapon system with primary focus on artillary and mortar systems of all calibers. During the financial year covered by these statements, the Company was engaged exclusively in carrying out trial runs of its products."

2) Significant accounting policies:

2.1) Basis of accounting and preparation of financial statements

These accounts have been prepared under historical cost convention and comply with the Accounting Standards, specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. All income and expenses having a material bearing on the financial statements are recognized on the accrual basis.

2.2) Change in accounting policy

"Depreciation on fixed assets
Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also."

a) Useful lives/ depreciation rates

"Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The useful lives estimated by the Management are in line with the useful lives of various categories of assets specified in the Schedule II to the Companies Act 2013."

b) Depreciation on assets costing less than Rs 5,000/-

"Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than Rs 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less than Rs 5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than Rs 5,000/- did not have any material impact on financial statements of the company for the current year."

2.3) <u>Use of estimates</u>

"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 recognized prospectively in current and future periods."

2.4) <u>Fixed Assets and Depreciation</u>

a) <u>Tangible fixed assets</u>

Fixed Assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any. The cost comprise purchase price, borrowing costs if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Fixed Assets are shown net of accumulated depreciation (except free hold land) and amortization.

Subsequent expenditure (for new projects and in case of substantial modernization or expansion at the existing units) related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Trial run expenditure is also capitalized.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, 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.

Gains or losses arising from de-recognition of fixed assets 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 derecognized."

b) Depreciation and amortization

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

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 is given below.

	Type of Asset	Estimated useful life
i)	Building - Temporary structure	3 Years
ii)	Office equipment	5 Years

2.5) Income 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. 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 directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 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.

2.6) Impairment

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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.

"Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life."

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.7) Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) 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 (including the post-tax effect of extraordinary items, if any) 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.

2.8) 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.

2.9) 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.

2.10) Foreign currency transactions and translations

Foreign currency transactions and balances

a) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

All monetary assets and liabilities in foreign currency and foreign currency exposure in respect of foreign currency loans other than for financing fixed assets outstanding at the close of the financial year are valued at the closing exchange rates on reporting date. The loss or gain due to fluctuation of exchange rates is charged to statement of profit and loss.

c) Exchange differences

i. Exchange differences arising on long-term foreign currency monetary items 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 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 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 09 August 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.

2.11) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis.

2.12) Provisions, Contingent Liabilities and Contingent Assets

"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.

A contingent asset is neither recognized nor disclosed."

3. Share capital

(Amount in Rs.)

Particulars	31-3-2015	31-3-2014
Authorised shares (No.)		
15,000,000 (10,000) equity shares of Rs. 10/- each	**150,000,000**	100,000
Issued (No.)		
13,513 (10,000) equity shares of Rs. 10/- each	**135,130**	100,000
Subscribed and fully paid-up (No.)		
13,513 (10,000) equity shares of Rs. 10/- each	**135,130**	100,000
Total issued, subscribed and fully paid-up share capital :	**135,130**	100,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	31-3-2015		31-3-2014	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	10,000	100,000	10,000	100,000
Shares Issued during the year	3,513	35,130	-	-
Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	**13,513**	**135,130**	**10,000**	**100,000**

(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 remaining assets of the Company, after distribution of all preferential amount. 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	31-3-2015		31-3-2014	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of Rs. 10 each fully paid				
Bharat Forge Limited, the Holding Company	10,000	74	10,000	100
Elbit Systems Land and C4I Limited	3,513	26	-	-

4. Reserves and surplus

(Amount in Rs.)

Particulars	31-3-2015	31-3-2014
Deficit in the statement of Profit and Loss		
As per last account	(43,182,651)	(171,364)
Add : Loss for the year transferred from the Statement of Profit and Loss	(3,697,408)	(43,011,287)
Subtotal	**(46,880,059)**	**(43,182,651)**
Less : Appropriations	-	-
Closing balance	**(46,880,059)**	**(43,182,651)**

5. Short-Term Borrowings

Unsecured		
Demand loans from companies[(a)]	20,000,000	-
TOTAL	**20,000,000**	-

(a) Represents loan repayable on demand provided by Bharat Forge Limited, investing co-venturer and the Holding Company.

6. Trade Payables

Micro and Small Enterprises	-	-
Others	946,716	39,326
TOTAL	**946,716**	**39,326**

7. Other current liabilities

Statutory Dues	84,536	-
Reimbursement payable to Bharat Forge Limited, the Holding Company	43,814,362	43,814,362
Other liabilities	-	3,569
TOTAL	**43,898,898**	**43,817,931**

BF Elbit Advanced Systems Private Limited

8. Fixed Assets

(Amount in Rs.)

Particulars	Building - Temporary structure	Office Equipments	Total
Gross Block, at Cost :			
As at 1st April, 2013.	-	-	**-**
Additions	-	156,950	**156,950**
Disposals	-	-	**-**
Adjustments	-	-	**-**
As at 31st March, 2014.	**-**	**156,950**	**156,950**
Additions	667,813	-	**667,813**
Disposals	-	-	**-**
Adjustments	-	-	**-**
As at 31st March, 2015.	**667,813**	**156,950**	**824,763**
Depreciation and Amortization :			
Upto 1st April, 2013.	-	-	**-**
Disposals	-	-	**-**
Adjustments	-	-	**-**
For the year	-	7,344	**7,344**
Upto 31st March, 2014.	**-**	**7,344**	**7,344**
Disposals	-	-	**-**
Adjustments	-	-	**-**
For the year#	193,330	37,269	**230,599**
Upto 31st March, 2015.	**193,330**	**44,613**	**237,943**
Net Block :			
As at 31st March, 2014.	-	149,606	149,606
As at 31st March, 2015.	**474,483**	**112,337**	**586,820**

Had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been lower by Rs. 30,163 for assets held at April 1, 2014.

(Amount in Rs.)

Particulars	31-3-2015	31-3-2014
9. Long-term loans and advances		
Unsecured, Good		
Security deposits	**-**	525,000
Capital Advance	**17,119,200**	-
Cenvat Credit	**103,448**	-
Total	**17,222,648**	525,000
10. Cash and cash equivalents		
Balances with banks		
In Current accounts	**208,300**	100,000
Total	**208,300**	100,000
11. Short-term loans and advances		
Advance against expenses	**50,773**	-
Total	**50,773**	-
12. Other expenses		
Consumables	**69,612**	30,954,293
Transportation	**64,083**	1,639,378
Equipment hire charges	**40,000**	470,205
Business promotion expenses	**3,097**	6,404,189
Rent (Refer Note 16)	**800,000**	-
Legal and professional fees	**78,500**	590,973
Communication	**8,600**	47,131
Payment to Auditors (Refer details below)	**65,361**	39,326
Travelling, conveyance and vehicle expenses	**439,701**	2,318,971
Share Issue Expenses	**1,551,300**	-
Miscellaneous expenses#	**346,555**	539,477
Total	**3,466,809**	43,003,943

Miscellaneous Expenses include general office expenses, printing and stationery etc.

Payment to auditors	31-3-2015	31-3-2014
As auditor:		
- Audit fee	**40,000**	39,326
- Certification	**15,000**	-
- Income Tax matters	**5,000**	-
- Out of pocket expenses reimbursed	**5,361**	-
Total	**65,361**	39,326

13. Employee benefits

The disclosures as required by AS-15 are not given here because there are no employees in the Company.

14. Segment Reporting

The Company is engaged in the business of developing weapon system with primary focus on artillary and mortar systems of all calibers. 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 Accounting Standard – 17 on 'Segment Reporting'

15. Related Party disclosures

(i) Names of the related parties and related party relationship

Investing parties or Venturers of whom the Company is a Joint Venture : i) Bharat Forge Limited
ii) Elbit Systems Land and C4I Limited

(ii) Related parties with whom transactions have taken place during the year

(Amount in Rs.)

Sr. No.	Nature of transaction	Bharat Forge Limited	Elbit Systems Land and C4I Limited	Total
1	Reimbursement of expenses paid	**224,800**	**-**	**224,800**
		(11,990,288)	-	(11,990,288)
2	Rent	**800,000**		**800,000**
		-		-
3	Advance paid for Purchase of Fixed Assets	-	**17,119,200**	**17,119,200**
		-	-	-
4	Demand Loans Borrowed	**20,000,000**	**-**	**20,000,000**
		-	-	-

(Figures in bracket indicate previous year)

(iii) Balance outstanding

Sr. No.	Nature of transaction	Bharat Forge Limited	Elbit Systems Land and C4I Limited	Total
1	Reimbursements payable	**43,814,362**	**-**	**43,814,362**
		(43,814,362)	-	(43,814,362)
2	Trade payables	**818,880**	**-**	**818,880**
		-	-	-
3	Demand Loans Taken	**20,000,000**	**-**	**20,000,000**
		-	-	-
4	Advance for Purchase of Fixed Assets	**-**	**17,119,200**	**17,119,200**
		-	-	-

(Figures in bracket indicate previous year)

16. Leases

The Company has entered into lease agreement for use of land and building. This is in the nature of cancellable operating leases. The particulars as per the Accounting Standard - 19 with regard to the above are as under :

Sr.No	Particulars	31-3-2015	31-3-2014
a)	Payments recognised in the statement of profit and loss	**800,000**	-
b)	There are no transactions in the nature of sub-lease.		

BF Elbit Advanced Systems Private Limited

17. Earnings per share (EPS)

Numerator for basic and diluted EPS		
Loss for the year attributable to Shareholders as at March 31	**(3,697,408)**	(43,011,287)
Weighted average number of equity shares in calculating basic EPS	**12,002**	10,000
EPS - Basic (in Rs.)	**(308.07)**	(4,301.13)
EPS - Diluted - (in Rs.)	**(308.07)**	(4,301.13)

18. 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:

	31-3-2015		31-3-2014	
	USD	**Rs.**	**USD**	**Rs.**
Advance for Purchase of Fixed Assets	**280,000**	**17,119,200**	-	-

19. Estimated amount of contracts remaining to be executed on capital account and not provided for.	**194,567,388**	-

20 The Company has incurred losses of Rs 3,697,408 (March 31, 2014 : Rs 43,011,287) during the year. As at March 31, 2015, the Company's accumulated losses are Rs. 46,880,059 (March 31, 2014 : Rs 43,182,651) which have completely eroded the net worth of the Company. The Company also has net current liabilities of Rs.64,586,541 as at March 31, 2015. 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 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 liabilitiees 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.

21 Previous year's figures have been regrouped and rearranged wherever necessary, so as to make those comparable with the current year.

As per my attached report of the even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 16 May 2015

B.N. Kalyani — **Director**
Rajendra Singh Bhatia — **Director**
Place: Pune
Date: 16 May 2015

Analogic Controls India Limited

<u>Directors</u>	***<u>Registered Office</u>***	***<u>Auditors</u>***
Mr. K. Padmanabham	S.No. 23/2,	P.V.Deo
Mr. T. V. Prasad	P.O. Gundlapochampally,	Chartered Accountant
Mr. Rajinder Singh Bhatia	via Hakimpet,	Laxminarayannagar No.4 Co-op. Hsg. So.
Mr. K. M. Saletore	Hyderabad-500014.	Erandawana
Mr. Vikram M. Munje		Pune 411 004.

BOARD'S REPORT
For the year ended March 31, 2015

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, 2015.

1. PERFORMANCE OF THE COMPANY

During the financial year company has incurred a loss of Rs. 707.17 lacs/-. The financial results are summarized here under:

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Revenue and operations	33,299,198	106,855,800
Other Income	862,268	2,080,649
Total Revenue	34,161,466	108,936,449
Total Expenses	104,721,616	112,587,444
Profit/(Loss) before Depreciation and Tax	(75,435,234)	(6,220,642)
Depreciation and amortization expenses	4,875,084	2,569,647
Profit/(Loss) before Tax	(70,560,150)	(3,650,995)
Tax	157,093)	20,272,274
Profit/(Loss) after Tax	(70,717,243)	(23,923,269)
Balance brought forward from P/Y	(70,559,472)	(46,240,368)
Appropriations	351,297	395,835
Balance carried forward to next year	(141,628,012)	(70,559,472)

2. DIVIDEND

Since the Company does not have any distributable profit, hence the Board is not in a position to recommend any dividend for the year ended March 31, 2015.

3. STATE OF COMPANY'S AFFAIRS

During the year, the company achieved a turnover of Rs. 332.99 lacs as against Rs. 1068.56 lacs during the previous year.

Under the existing corporate plan, your management is hopeful of a bright future in the coming years. The company is capable of executing the orders on hand to the tune of Rs. 2661.70 lacs. We are confident of achieving as approximate turnover of Rs. 1700 lacs during the year 2015-16.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2015 which may affect the financial position of the Company or may require disclosure.

5. NUMBER OF MEETINGS OF THE BOARD

In 2014-15, the Board of Directors of the Company met 6 (Six) times on April 29, 2014, July 7, 2014, July 28, 2014. September 22, 2014, November 19, 2014 and February 27, 2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

6. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 Mr. Kishore Saletore retires by the rotation and being eligible, offers himself for reappointment.

During the year Mr. T V Prasad has been re-appointed as Whole-time Director of the Company for a period of one year with effect from April 1, 2015, subject to approval of the Members.

During the year Mr. K Padmanabham has been re-appointed as Managing Director of the Company for a period of one year with effect from April 1, 2015, subject to approval of the Members.

7. AUDITORS

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. In this regard, the Company has received a certificate from the Auditors to the effect that if they are reappointed, 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.

8. 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.

9. 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, 2015, 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, 2015 and of the profit 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 are adequate and operating effectively.

10. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary and associate company.

11. 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.

12. PUBLIC DEPOSITS:

The Company has not accepted deposits under Chapter V of the Companies Act, 2013 during the year.

13. 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.

14. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2015 stood at Rs. 27,586,700. 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, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

15. 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.

16. 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 "B"** to this report. Related Party disclosures as per AS-18 have been provided in Note – 3.35 to the Financial Statement.

17. DISCLOSURE UNDER SEXUAL HARASSMENT ACT

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

18. 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.

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

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

20. 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

Rajinder Singh Bhatia
Chairman

Place: Pune
Date: May 16, 2015

ANNEXURE "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2015
[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, Telangana – 500014, Hyderabad 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	DSP Card (Industrial Grade) and DSP Card Testing Unit	26515	34%
2	Central Clock System	26521	14%
	Rugged pyro Resistance Measurement System (RPRMS)	26519	11%

* 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	L25209PN1961 PLC012046	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, 2015

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 :

Sl 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 shareholding during the year
1	Bharat Forge Limited with its nominees	1103468	60%	NIL	1103468	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	**2165556**	**98.5%**	**NIL**	**2165556**	**98.5%**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding:

Sl. No.		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
	At the beginning of the year	2165556	98.5%	2165556	98.5%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	#	#	#	#
	At the End of the year	2165556	98.5%	2165556	98.5%

There is no change in the total shareholding of the Promoters between April 1, 2014 and March 31, 2015.

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 (01-04-2014)		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:

Sl. No.		Shareholding at the beginning of the year (01-04-2014)		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	Mr. T. V. Prasad				
	As on 01.04.2014	496638	18%	496638	18%
	As on 31.03.2015	496638	18%	496638	18%
2	Mr. K. Padmanabham				
	As on 01.04.2014	206500	7.49%	206500	7.49%
	As on 31.03.2015	206500	7.49%	206500	7.49%

V. INDEBTEDNESS

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

(Amount in Rupees)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness as at 01/04/2014				
i) Principal Amount	125,193,019	106,371,157	-	231,564,176
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2,093,941	-	2,093,941
Total (i+ii+iii)	125,193,019	108,465,098	-	233,658,117
Change in Indebtedness during the financial year				
• Addition	-	65,231,740	-	65,231,740
• (Reduction)	-	(7,295,180)	-	-7,295,180
Net Change	-	57,936,560	-	57,936,560
Indebtedness as at				

31st March, 2015 i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 128,776,664 - -	 161,371,157 - 5,030,501	 - - -	 290,147,821 - 5,030,501
Total (i+ii+iii)	128,776,664	166,401,658	-	295,178,322

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. T. V. Prasad Whole-time Director	Mr. K. Padmanabham Managing Director	
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,800,000	1,800,000	36,00,000
	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 A		1,800,000	1,800,000	3,600,000
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	Integrated Clean Room Technologies Limited
b	Nature of contracts /arrangements/ transactions	Purchase of Fixed Assets
c	Duration of the contracts / arrangements/ transactions	As per Purchase Order
d	Salient terms of the contracts or arrangements or transactions including the value, if any	100% Payment on Completion
e	Date(s) of approval by the Board, if any	NIL
f	Amount paid as advances, if any	NIL

For and On behalf of the Board of Directors

Rajinder Singh Bhatia
Chairman

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, 2015.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2014-2015

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 system in place.

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

Increased customer satisfaction

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(Amount in Rupees)

	Currency	2014-15	2013-14
Earnings		Nil	Nil
Outgo	USD Rs.	1,67,664 1,03,41,012	1,86,694 1,14,85,602
	EURO Rs.	40,685 32,70,720	89,498 72,51,742
	GBP Rs.	-	4416 4,42,359

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, 2015, the Statement of Profit and Loss 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision 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 control 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, 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 operating effectiveness of such controls. 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 us, 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; of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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, 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act; and

f) 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.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 16th May, 2015.

Annexure to the Auditors' Report

On the basis of such checks as were considered appropriate and in accordance with the information and explanations given to me, I report as under:

(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.

(ii). (a). The inventory comprising stock of raw materials and work in progress was physically verified during the year by the management. In my opinion, the frequency of verification was reasonable.

(b). In my opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate having regard to the size of the Company and the nature of its business.

(c).The Company has maintained proper records of the stocks above-referred. As explained to me, no 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 or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv). In my opinion and according to the information and explanations given to me, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchases of inventory and fixed assets and for sale of goods and services. During the course of my audit I have not observed any continuing failure to correct major weaknesses in internal control system.

(v). The Company has not accepted deposits from the public within the meaning of Section 2 (31) 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 regular, in general, in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales—tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. 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, 2015 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, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, cess which have not been deposited on account of any dispute, save and except the following:

Name of the Statute	Nature of the Dues	Amount R	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) – II, 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
AP VAT Act, 2005.	State Value Added Tax and Penalty	14,053,037	April 2008 to January 2014	Appellate Deputy Commissioner (CT), PG Division, Hyderabad

(c).There were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.

(viii). The Company's accumulated losses at the end of the year exceeded fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by this report and also in the preceding financial year.

(ix). 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 or debenture holders.

(x). According to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi). In my opinion, the term loans have been applied for the purpose for which those were raised.

(xii). Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud on or by the Company has been noticed or reported during the course of my audit.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 16th May, 2015.

Analogic Controls India Limited

Balance Sheet as at 31st March, 2015

(Amount in Rs.)

Particulars	Note	31-3-2015	31-3-2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3.1	**27,586,700**	27,586,700
Reserves and Surplus	3.2	**(140,493,012)**	(69,424,472)
		(112,906,312)	(41,837,772)
Non-current liabilities			
Long-term borrowings	3.3	**90,396,412**	94,195,952
Long-Term Provisions	3.4	**1,533,283**	922,372
Deferred tax Liability (net)	3.5	**-**	-
		91,929,695	95,118,324
Current liabilities			
Short-term borrowings	3.6	**195,954,744**	133,347,533
Trade payables	3.7	**13,298,178**	10,817,869
Other current liabilities	3.8	**25,873,043**	22,746,532
Short term provisions	3.9	**835,448**	239,466
		235,961,413	167,151,400
TOTAL		**214,984,796**	220,431,952
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.10	**44,433,742**	45,718,209
Intangible Assets	3.10	**1,054,659**	-
Capital Work in progress, expenditure till date		**273,097**	455,653
Long-term loans and advances	3.11	**4,189,364**	2,356,649
Other Non-Current Assets	3.12	**18,569**	337,000
		49,969,431	48,867,511
Current assets			
Inventories	3.13	**61,715,320**	26,924,193
Trade receivables	3.14	**78,743,493**	103,003,686
Cash and Bank Balances	3.15	**13,861,797**	21,891,162
Short-term loans and advances	3.16	**5,941,623**	15,747,259
Other current assets	3.17	**4,753,132**	3,998,141
		165,015,365	171,564,441
TOTAL		**214,984,796**	220,431,952

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1,2,3

As per my attached report of even date, **On behalf of the Board of Directors,**

P. V. Deo	**K. Padmanabham**	**T. V. Prasad**
Chartered Accountant	**Director**	**Director**

Place : Pune
Date : 16 May 2015

Place : Pune
Date : 16 May 2015

Analogic Controls India Limited

Statement of Profit and Loss for the year ended 31st March, 2015

(Amount in Rs.)

Particulars	Note	31-3-2015	31-3-2014
Revenue from operations	3.18	**33,299,198**	106,855,800
Other income	3.19	**862,268**	2,080,649
Total revenue (I+II)		**34,161,466**	108,936,449
Expenses			
Cost of materials consumed	3.20	**22,124,969**	35,426,068
Changes in inventories of work-in-progress	3.21	**(20,736,569)**	(5,276,813)
Employee benefit expenses	3.22	**35,223,971**	26,597,829
Finance costs	3.23	**26,386,971**	17,934,386
Depreciation and amortisation expense	3.24	**4,875,084**	2,569,647
Other expenses	3.25	**36,847,190**	35,336,327
Total expenses (IV)		**104,721,616**	112,587,444
Loss before tax (III - IV)		**(70,560,150)**	(3,650,995)
Tax expense:			
Current tax expense		**-**	-
Deferred tax (Expenses)/ Savings		**(157,093)**	1,434,930
Deferred tax (Expenses)/ Savings for earlier years		**-**	(21,707,204)
		(157,093)	(20,272,274)
Loss for the year (V + VI)		**(70,717,243)**	(23,923,269)
Earnings per share (of P 10/- each):			
Basic	3.36	**(25.63)**	(9.33)
Diluted	3.36	**(25.63)**	(9.33)

Significant Accounting Policies and Notes forming an integral par 1,2,3

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

K. Padmanabham
Director

T. V. Prasad
Director

Place : Pune
Date : 16 May 2015

Place : Pune
Date : 16 May 2015

Analogic Controls India Limited

Cash Flow Statement for the year ended 31st March, 2015.

(Amount in Rs.)

Particulars	Note	31-3-2015	31-3-2014
Cash flow from operating activities :			
Net Profit after tax and exceptional items		**(70,717,243)**	(23,923,269)
Adjusted for :			
Tax expense		**157,093**	20,272,274
Depreciation		**4,875,084**	2,569,647
Interest paid		**26,386,971**	17,934,386
Provision for Doubtful Trade Receivables		**2,250,374**	2,234,901
Loss on Sale of Fixed Assets		**153,843**	-
Interest income		**(710,251)**	(459,585)
		33,113,114	42,551,623
Operating Profit before working capital changes :		**(37,604,129)**	18,628,354
Changes in :			
Trade and other receivables		**29,955,913**	(38,835,445)
Inventories		**(34,791,128)**	(6,106,941)
Liabilities and Provisions		**9,805,767**	(31,552,518)
		4,970,552	(76,494,904)
Cash generation from operations :		**(32,633,577)**	(57,866,550)
Prior period adjustments		**-**	(627,552)
Direct Taxes paid		**(409,731)**	(1,841,920)
Cash flow before exceptional items :		**(33,043,308)**	(60,336,022)
Net Cash from operating activities :		**(33,043,308)**	(60,336,022)
Cash flow from investing activities :			
Purchase of fixed assets		**(5,674,954)**	(4,329,778)
Sale of fixed assets		**550,000**	-
Interest received		**710,251**	(3,538,556)
Fixed deposits matured during the year		**177,418**	895,285
Net cash used in investing activites :		**(4,237,285)**	(6,973,049)
Cash flow from financing activities :			
Proceeds from issuance of share capital		**-**	8,772,020
Proceeds from long term borrowings		**(3,799,540)**	82,635,994
Proceeds from short term borrowings		**62,607,211**	9,339,067
Interest paid		**(29,379,025)**	(19,339,962)
Net cash used in financing activities :		**29,428,646**	81,407,119
Net changes in cash and cash equivalents (A+B+C) :		**(7,851,947)**	14,098,048
Cash and Cash Equivalents, at the beginning :		**14,771,159**	673,111
Add : Net changes in cash and cash equivalents, as above		**(7,851,947)**	14,098,048
Cash and Cash Equivalents, at the close :		**6,919,212**	14,771,159
Cash and Cash Equivalents :			
Cash and Bank Balances:		**13,861,797**	21,891,162
Less : Deposits Pledged with Bank for issue of Bank Guarantees		**6,942,585**	7,120,003
		6,919,212	14,771,159
Significant Accounting Policies and Notes forming part of the Accounts	1,2,3		
The notes above referred form an integral part of the Cash Flow Statement			

On behalf of the Board of Directors,

P. V. Deo	K. Padmanabham	T. V. Prasad
Chartered Accountant	Director	Director

Place : Pune
Date : 16 May 2015

Place : Pune
Date : 16 May 2015

Notes forming part of the Financial Statements for the year ended 31st March, 2015.

1. **Company Overview :**

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.

During the financial year 2013-14 , the Company became 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. **Statement of Significant Accounting Policies :**

2.1 **Basis of Accounting :**

These accounts have been prepared under historical cost convention and comply with the Accounting Standards, specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. All income and expenses having a material bearing on the financial statements are recognized on the accrual basis.

2.2 **Change in accounting policy :**
Depreciation on fixed assets

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

a) Useful lives/ depreciation rates

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The useful lives estimated by the Management are in line with the useful lives of various categories of assets specified in the Schedule II to the Companies

b) Depreciation on assets costing less than r 5,000/-

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than r 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less than r 5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than r 5,000/- did not have any material impact on financial statements of the company for the current year.

2.3 **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 and disclosure of contingent assets and liabilities. 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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.4 **Revenue Recognition :**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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.

2.5 **Fixed Assets and Depreciation :**

a) Fixed Assets :

Fixed Assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any. The cost comprise purchase price, borrowing costs if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Fixed Assets are shown net of accumulated depreciation (except free hold land) and amortisation.

Subsequent expenditure (for new projects and in case of substantial modernisation or expansion at the existing units) related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Trial run expenditure is also capitalised.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, 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.

Gains or losses arising from de-recognition of fixed assets 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 derecognized.

b) Depreciation :

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

The Management's estimate of the useful lives of various fixed assets is given below.

	Name of the 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)	Softwares	5 years
vii)	Vehicles	8 years

c) Intangible assets :

Acquired 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.

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.

2.6 **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.

2.7 **Employee Benefits :**

a) Provident fund :

The Company operates a plan for its employees to provide employee benefit in the nature of provident fund.

The employees portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

b) 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. Separate actuarial valuation is carried out for each plan using the project unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

c) 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.

2.8 **Borrowing Costs :**

Interest on borrowings is recognised in the statement of profit and loss, save and except, interest incurred on borrowings, specifically raised for setting up new projects which is capitalised to the costs of the concerned asset until such time, the asset is ready to be put to use for its intended purpose.

2.9 **Foreign Currency Translation :**

a) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

All monetary assets and liabilities in foreign currency and foreign currency exposure in respect of foreign currency loans other than for financing fixed assets outstanding at the close of the financial year are valued at the closing exchange rates on reporting date. The loss or gain due to fluctuation of exchange rates is charged to statement of profit and loss.

c) Exchange differences

i Exchange differences arising on long-term foreign currency monetary items 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 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 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 09 August 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.

2.10 **Earnings per share :**

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

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

2.11 **Taxation :**

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. 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 directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 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.

2.12 **Impairment of tangible asset :**

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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.
After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 **Leases :**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight-line basis.

2.14 **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.

2.15 **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.

2.16 **Provisions, Contingent Liabilities and Contingent Assets :**

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. Share Capital

			31-3-2015	31-3-2014
Authorised :				
3,000,000	(3,000,000)	Equity Shares of P 10/-, each	**30,000,000**	30,000,000
3,000,000	(3,000,000)		**30,000,000**	30,000,000
Issued, Subscribed and Paid up :				
2,758,670	(2,758,670)	Equity Shares of P 10/-, each, fully paid up	**27,586,700**	27,586,700
2,758,670	(2,758,670)		**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, 2015 and 31st March, 2014 is set out below.

	31-3-2015		31-3-2014	
	No. of Shares	**Amount in P**	**No. of Shares**	**Amount in P**
Balance at the beginning of the year	2,758,670	27,586,700	1,103,468	11,034,680
Add: Shares issued during the year	-	-	1,655,202	16,552,020
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	31-3-2015		31-3-2014	
	No. of Shares	**% age**	**No. of Shares**	**% age**
Bharat Forge Ltd.$	1,655,202	**60.00**	1,655,202	60.00
Mr. T. V. Prasad	496,638	**18.00**	496,638	18.00
Mr. K. Padmanabham	206,500	**7.49**	206,500	7.49
Mr. K. Prabhakar	170,450	**6.18**	170,450	6.18
Mr. C. Muralidhar Reddy	188,500	**6.83**	188,500	6.83
The Holding Company $				

(Amount in Rs.)

Particulars	31-3-2015	31-3-2014
4. Reserves and Surplus		
Securities Premium Reserve :		
As per last account	**1,135,000**	1,135,000
Deficit in the Statement of Profit and Loss :		
As per last account	**(70,559,472)**	(46,240,368)
Add : Loss for the year transferred from the Statement of Profit and Loss	**(70,717,243)**	(23,923,269)
Subtotal	**(141,276,715)**	(70,163,637)
Less : Appropriations		
Transitional Provision for Leave Encashment, net of deferred tax asset	**-**	395,835
Carrying amount, net of residual value of fixed assets whose remaining useful life at the beginning of the period was Nil, net of deferred tax asset	**351,297**	-
Closing Balance	**(141,628,012)**	(70,559,472)
TOTAL	**(140,493,012)**	(69,424,472)

Particulars	Current 31-3-2015	Current 31-3-2014	Non - Current 31-3-2015	Non - Current 31-3-2014
5. Long-term Borrowings				
Secured				
Term Loan from Banks[(a)(b)]	**3,796,666**	4,020,691	**3,749,712**	7,549,252
Less : Shown under "Other Current Liabilities" (Refer Note No. 3.8)	**3,796,666**	4,020,691	**-**	-
Subtotal	**-**	-	**3,749,712**	7,549,252
Unsecured				
Debentures[(c)]	-	-	**86,646,700**	86,646,700
866,467 (866,467) 0% Unsecured Compulsorily Convertible Debentures of r 100/- each, fully paid up				
TOTAL	**-**	**-**	**90,396,412**	94,195,952

(a). Term Loans from Andhra Bank :		
Term Loan - I :	**2,452,240**	3,706,899
This loan is repayable in 72 monthly instalments from the date of its origniation i.e. April, 2011 and carries interest at base rate plus 4% p.a.		
Term Loan - II :		
This loan is repayable in 72 monthly instalments from the date of its origniation i.e. August, 2011 and carries interest at base rate plus 4.75% p.a.	**5,047,472**	7,555,672

Above loans are 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 are 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 have been guaranteed by the erstwhile promoters of the Company.

(b). Term Loans from HDFC Bank

Balance outstanding :	**46,666**	307,372

Above loans are secured by hypothecation of motor cars purchased, thereunder.
Loans are repayable in 60 monthly installments from date of its origination i.e. 5th August, 2010 and carry interest at 11% to 13% p.a.

(c). The Company has issued the following Unsecured Compulsorily Convertible Debentures

Balance outstanding :	**86,646,700**	86,646,700

574,,480 0% Unsecured Compulsorily Convertible Debentures of r 100 each were issued by the Company to Bharat Forge Limited, its Holding Company on 30th September, 2013. 291,987 0% Unsecured Compulsorily Convertible Debentures of G 100 each were issued by the Company to Bharat Forge Limited, its Holding Company on 17th February, 2014. The aforesaid debentures have a tenor of 60 months from the date of allotment. The said 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. 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.

(Amount in Rs.)

Particulars		31-3-2015	31-3-2014
6. Long-Term Provisions			
Provision for employee benefits :			
Gratuity		**1,533,283**	922,372
	TOTAL	**1,533,283**	922,372
7. Deferred tax Assets (net)			
Deferred Tax Liabilities :			
Timing differences for			
Depreciation		**3,000,700**	3,269,200
Less : Deferred Tax Assets :			
Timing differences for			
Disallowances and unabsorbed depreciation		**3,000,700**	3,269,200
	TOTAL	**-**	-
8. Short-Term Borrowings			
Secured			
Cash Credit[(a),(b)]		**106,815,947**	106,140,581
Raw Material Assistance from NSIC[(c)]		**14,414,340**	7,482,495
Unsecured			
Demand loans from companies[(d)(e) (f)]		**70,104,457**	15,104,457
Demand loans from directors[(d)]		**4,620,000**	4,620,000
	TOTAL	**195,954,744**	133,347,533

(a). Cash Credit Facility from Andhra Bank :

Cash Credit facility availed from Andhra Bank is primarily secured by hypothecation of stock of Raw Materials, Work in Progress, Finished Goods and book debts. The facility is 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 has been guaranteed by the erstwhile promoters of the Company.

(b). Rate of interest applicable is 3.75% over Base Rate, p.a.

(c). Raw Material Assistance availed from NSIC is secured by bank guarantee equivalent to the value of limit sanctioned from Andhra Bank. Maximum repayment period is 90 days and the facility carries interest @13.40% p.a.

(d). Rates of interest for demand loans from companies and directors are in the range from 13% p.a. to 18% p.a., wherever loans are interest bearing.

		31-3-2015	31-3-2014
(e). Includes Loan from Bharat Forge Limited, the Holding Company		**65,000,000**	10,000,000
(f). Includes Loans from other related parties		**2,000,000**	2,000,000
9. Trade Payables			
Micro and Small Enterprises		**788,844**	57,943
Others		**12,509,334**	10,759,926
	TOTAL	**13,298,178**	10,817,869
10. Other Current Liabilities			
Current maturities of long term debt - Secured (Refer Note No. 3.3)		**3,796,666**	4,020,691
Creditors for capital expenditure		**2,658,162**	1,165,649
Interest accrued		**5,109,218**	2,117,164
Statutory dues		**3,784,788**	1,298,386
Advances from customers		**9,242,000**	9,215,000
Other amounts payable		**41,099**	-
Pre-Received Income		**1,241,110**	4,929,642
	TOTAL	**25,873,043**	22,746,532
11. Short-Term Provisions			
Provision for employee benefits :			
Gratuity		**237,114**	8,694
Compensated absences		**598,334**	230,772
	TOTAL	**835,448**	239,466

12. Fixed Assets

(Amount in Rs.)

Particulars	Freehold Land	Factory Building	Computers and Printers	Plant and Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total tangible Assets	Softwares	Total Intangible Assets	Total
GROSS BLOCK, AT COST :											
As at 1st April, 2013.	413,976	33,933,028	3,529,732	6,692,111	3,718,532	2,598,488	3,113,664	**53,999,531**	-	-	**53,999,531**
Additions	-	514,608	327,015	2,177,708	703,262	151,532	-	**3,874,125**	-	-	**3,874,125**
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2014.	**413,976**	**34,447,636**	**3,856,747**	**8,869,819**	**4,421,794**	**2,750,020**	**3,113,664**	**57,873,656**	-	-	**57,873,656**
Additions	-	109,880	505,859	3,722,190	299,608	73,696	-	**4,711,233**	1,146,277	**1,146,277**	**5,857,510**
Disposals	-	-	-	-	-	-	(1,028,157)	**(1,028,157)**	-	-	**(1,028,157)**
Adjustments	-	-	(171,144)	(41,325)	(82,573)	(213,349)	-	**(508,391)**	-	-	**(508,391)**
As at 31st March, 2015.	**413,976**	**34,557,516**	**4,191,462**	**12,550,684**	**4,638,829**	**2,610,367**	**2,085,507**	**61,048,341**	**1,146,277**	**1,146,277**	**62,194,618**
DEPRECIATION AND AMORTIZATION :											
Upto 1st April, 2013.	-	2,235,801	2,725,443	2,153,147	904,752	560,743	1,060,622	**9,640,508**	-	-	**9,640,508**
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	2,038	474	461	1,299	(56,376)	(2,604)	**(54,708)**	-	-	**(54,708)**
For the year	-	1,140,521	270,304	439,040	252,373	171,611	295,798	**2,569,647**	-	-	**2,569,647**
Upto 31st March, 2014.	-	**3,378,360**	**2,996,221**	**2,592,648**	**1,158,424**	**675,978**	**1,353,816**	**12,155,447**	-	-	**12,155,447**
Disposals	-	-	-	-	-	-	(324,314)	**(324,314)**	-	-	**(324,314)**
Adjustments	-	-	-	-	-	-	-	-	-	-	-
For the year#	-	1,555,363	545,392	825,279	523,902	854,649	478,881	**4,783,466**	91,618	**91,618**	**4,875,084**
Upto 31st March, 2015.	-	**4,933,723**	**3,541,613**	**3,417,927**	**1,682,326**	**1,530,627**	**1,508,383**	**16,614,599**	**91,618**	**91,618**	**16,706,217**
NET BLOCK :											
As at 31st March, 2014.	413,976	31,069,276	860,526	6,277,171	3,263,370	2,074,042	1,759,848	45,718,209	-	-	45,718,209
As at 31st March, 2015.	**413,976**	**29,623,793**	**649,849**	**9,132,757**	**2,956,503**	**1,079,740**	**577,124**	**44,433,742**	**1,054,659**	**1,054,659**	**45,488,401**

Had the Company continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been lower by R 1,425,818 for assets held at April 1, 2014.

(Amount in Rs.)

Particulars		31-3-2015	31-3-2014
13. Long-term loans and advances			
(Unsecured, Good)			
Capital advances		**-**	361,644
Security deposits		**178,846**	285,979
Pre-paid Expenses		**-**	37,327
Advance income tax (Net of provisions)		**2,138,838**	1,671,699
Value Added Tax claims		**1,871,680**	-
	TOTAL	**4,189,364**	2,356,649
14. Other Non-Current Assets			
Balances with Bank			
Deposits with original maturity of more than 12 months[a]		**18,569**	337,000
	TOTAL	**18,569**	337,000
Pledged with Andhra Bank for issue of Bank Guarantees			
15. Inventories			
(As taken, valued and certified by the Directors)			
Raw materials		**34,888,519**	20,833,961
Work-in-progress		**26,826,801**	6,090,232
	TOTAL	**61,715,320**	26,924,193
16. Trade Receivables			
(Unsecured)			
Outstanding for more than six months from the date those became due for payment			
Good		**64,153,348**	44,934,565
Doubtful		**2,017,223**	1,495,574
Less : Provision		**(2,017,223)**	(1,495,574)
		64,153,348	44,934,565
Other Trade Receivables			
Good		**14,590,145**	58,069,122
Doubtful		**1,180,890**	739,328
Less : Provision		**(1,180,890)**	(739,328)
		14,590,145	58,069,122
	TOTAL	**78,743,493**	103,003,686

Analogic Controls India Limited

Particulars		31-3-2015	31-3-2014
			(Amount in Rs.)
17. Cash and Bank Balances			
Cash and cash equivalents			
Balances with banks			
Current account		**6,859,893**	14,830,359
Cash on hand		**77,888**	277,800
		6,937,781	15,108,159
Other bank balances			
Deposits with original maturity of less than 3 months[(a)]		**6,432,196**	6,648,003
Deposits with original maturity of more than 3 months but less than 12 months[(a)]		**491,820**	135,000
		6,924,016	6,783,003
	TOTAL	**13,861,797**	21,891,162
Pledged with Andhra Bank for issue of Bank Guarantees			
18. Short-Term Loans and Advances			
(Unsecured, Good)			
Balances with government authorities			
CENVAT credit receivable		**582,787**	-
Service tax credit receivable		**1,038,446**	570,144
Advances to employees		**-**	36,000
Pre-paid expenses		**555,217**	1,404,802
Advances to suppliers		**3,760,914**	9,326,575
Other advances recoverable in cash or in kind or for value to be received		**4,259**	4,409,738
	TOTAL	**5,941,623**	15,747,259
19. Other Current Assets			
Interest receivable		**683,809**	167,409
Unbilled Revenue		**4,069,323**	3,830,732
	TOTAL	**4,753,132**	3,998,141

(Amount in Rs.)

Particulars	31-3-2015	31-3-2014
20. Revenue from operations		
Sale of products	**34,654,373**	49,655,714
Sale of services	**215,500**	47,621,166
Contract Receipts	**1,157,123**	13,743,470
Revenue from operations (gross)	**36,026,996**	111,020,350
Less: Excise Duty	**2,727,798**	4,164,550
Revenue from operations (net)	**33,299,198**	106,855,800
21. Other income		
Interest on Bank Deposits	**710,251**	459,585
Gain on Foreign Exchange Fluctuations (Net)	**-**	819,496
Miscellaneous Income	**75,350**	342,035
Provisions written back	**76,667**	-
Prior period adjustments	**-**	459,533
TOTAL	**862,268**	2,080,649
22. Cost of raw material and components consumed#		
Inventory at the beginning of the year	**20,833,961**	20,003,833
Add: Purchases	**36,179,527**	36,256,196
Less: Inventory at the end of the year (Refer note 3.13)	**(34,888,519)**	(20,833,961)
Cost of raw material and components consumed	**22,124,969**	35,426,068

Refer note 3.30 for Imported and indigenous raw materials and components consumed

(Amount in Rs.)

Particulars		31-3-2015	31-3-2014
23. Changes in inventories of finished goods and work in progress			
Inventories at the beginning of the year			
Work-in-progress		**6,090,232**	813,419
Finished goods		**-**	-
		6,090,232	813,419
Inventories at the close of the year			
Work-in-progress		**26,826,801**	6,090,232
Finished goods		**-**	-
		26,826,801	6,090,232
	TOTAL	**-20,736,569**	-5,276,813
24. Employee benefit expenses			
(Including Managing and Wholetime Directors' remuneration)			
Salaries and Wages		**31,729,812**	24,690,182
Contributions to			
- Provident fund		**1,216,172**	798,849
- Other fund / scheme		**330,625**	358,810
- Gratuity fund (Refer note 3.33)		**1,109,331**	-
Staff welfare expenses		**838,031**	749,988
	TOTAL	**35,223,971**	26,597,829
25. Finance costs			
Interest on Bank Borrowings		**18,793,715**	14,427,724
Interest on other Borrowings		**4,883,671**	2,885,380
Other Interest		**2,709,585**	621,282
	TOTAL	**26,386,971**	17,934,386

(Amount in Rs.)

Particulars		31-3-2015	31-3-2014
26. Depreciation			
Depreciation on Tangible Assets		**4,783,466**	2,569,647
Depreciation on Intangible Assets		**91,618**	-
	TOTAL	**4,875,084**	2,569,647
27. Other expenses			
Contract Costs		**4,314,280**	10,110,982
Consumption of Stores and Spares		**186,845**	120,591
Labour and Processing Charges		**189,529**	56,171
Power and Fuel		**1,300,785**	1,105,471
		5,991,439	11,393,215
Repairs and Maintenance - Buildings		**397,509**	210,466
Repairs and Maintenance - Plant and Machinery		**117,935**	143,340
Repairs and Maintenance - Others		**669,116**	883,737
Insurance		**338,486**	152,950
Rates and Taxes		**108,499**	338,038
Communication		**359,396**	375,301
Printing and Stationery		**305,096**	334,746
Travelling and Conveyance		**5,163,857**	5,213,085
Professional Fees		**2,023,840**	1,050,315
Technical Consultancy		**4,364,814**	3,928,915
Security Services		**536,056**	302,558
Sales promotion		**259,816**	279,348
Freight and Forwarding		**359,255**	339,641
Audit Fee		**224,960**	179,776
Miscellaneous Expenses#		**4,374,844**	3,914,383
Amounts Written Off		**4,327,988**	-
Bad Debts		**4,020,611**	4,061,612
Provision for Doubtful Debts		**2,250,374**	2,234,901
Loss on Sale of Assets		**153,843**	-
Loss on Foreign Exchange Fluctuations (Net)		**196,449**	-
Prior period adjustments		**303,007**	-
		30,855,751	23,943,112
	TOTAL	**36,847,190**	35,336,327

Miscellaneous Expenses includes general office expenses, late delivery charges, penalties and fines, rental charges etc.

(Amount in Rs.)

Particulars		31-3-2015	31-3-2014
28. Contingent Liabilities not provided for in respect of			
(a). Income tax#		**659,399**	659,399
(b) Central Excise Duty and Penalty#		**1,348,264**	1,348,264
(c). State Value Added Tax and Penalty#		**14,053,037**	-
	TOTAL :	**16,060,700**	2,007,663
# 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.			
29. Commitments			
Estimated amount of contracts remaining to be executed on Capital Account and not provided for		-	275,000
	TOTAL :	-	275,000
30. Value of imports calculated on CIF basis			
a) Raw materials and Components		**18,216,047**	22,063,147
b) Capital goods		-	99,273
	TOTAL :	**18,216,047**	22,162,420
31. Expenditure in Foreign Currency			
Travelling		-	232,420
	TOTAL :	-	232,420

Particulars	31-3-2015		31-3-2014	
32. Consumption of raw materials				
Imported	**10,615,538**	**47.98%**	19,198,350	54.19%
Indigenous	**11,509,431**	**52.02%**	16,227,718	45.81%
TOTAL :	**22,124,969**	**100%**	35,426,068	100%

Particulars		31-3-2015	31-3-2014
33. Payment			
a) As auditor		**110,000**	123,596
b) For tax audit		**50,000**	56,180
c) Reimbursement of expenses		**64,960**	-
	TOTAL :	**224,960**	179,776

* Figures for the previous year are inclusive of service tax

(Amount in Rs.)

34. Disclosure pursuant to Accounting Standard – 7 (Revised) on "Construction Contracts."

a)	Contract revenue recognised during the year	**1,157,123**	13,743,470
b)	Aggregate cost incurred and recognised profits (less recognised losses) up to the reporting date for contracts in progress	**8,718,213**	13,743,470
c)	Advances received	**1,700,000**	1,700,000
d)	Gross amount due from customers for the contract work presented as an asset	**4,069,323**	3,830,732
e)	Gross amount due to customers for the contract	**1,241,110**	4,929,642

35. Disclosure pursuant to Accounting Standard – 15 (Revised) 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 1,216,172/- (Previous Year : 798,849/-) 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). Defined benefit plans :

The Company makes annual contributions to the Employees' Group Gratuity cum Life Insurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for the qualified employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service or part thereof, in excess of six months. Vesting occurs upon completion of five years of service.The present value of defined benefit obligation and the related current service costs were measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The following table sets out the funded status of the gratuity plan and the amounts recognized in the financial statements for the year ended 31st March, 2015.

I. Change in Benefit obligations :		
Projected benefit obligation, at the beginning of the year	**931,066**	1,328,771
Interest cost	**74,093**	119,589
Past service cost	**-**	-
Current service cost	**341,321**	183,543
Settlement Cost/ (Credit)	**-**	-
Benefits paid	**(215,625)**	-
Actuarial (gain)/loss	**663,010**	(700,837)
Projected benefit obligation, at the end of the year	**1,793,865**	931,066
II. Fair value of Plan assets :		
Fair value of plan assets at the beginning of the year	**-**	-
Adjustment to opening balance	**29,142**	-
Expected return on plan assets	**2,367**	-
Employer's contribution	**209,951**	-
Assets distributed on settlement	**-**	-
Benefits paid	**(215,625)**	-
Actuarial gain/(loss)	**(2,367)**	
Fair value of plan assets at the end of the year	**23,468**	-
III. Amount recognized in the Balance Sheet		
Projected benefit obligation, at the end of the year	**1,793,865**	931,066
Fair value of plan assets at the end of the year	**23,468**	-
Funded status	**(1,770,397)**	(931,066)
Unrecognized actuarial gain/(loss)	**-**	-
Net asset/(liability) recognized in the balance sheet	**(1,770,397)**	(931,066)
IV. Amount recognized in the Statement of Profit and Loss		
Current service cost	**341,321**	183,543
Past service cost	**-**	-
Interest cost	**74,093**	119,589
Expected return on plan assets	**(2,367)**	-
Settlement Cost/ (Credit)	**-**	-
Net actuarial (gain)/loss recognized	**665,377**	(700,837)
Expenses recognized in the Statement of Profit and Loss	**1,078,424**	(397,705)
V. Actuarial Assumptions :		
Discount rate	**7.77%**	9.00%
Salary escalation rate	**4.00%**	4.00%
Expected Average remaining working lives of employees(years)	**21.35**	21.67
Expected rate of return on plan assets	**-**	-

(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.

Particulars	**31-3-2015**	**31-3-2014**
1. Present Value of Obligation	**(598,334)**	230,772
2. Fair Value of Plan Assets	**-**	-
3. Net asset/(liability) recognized in the Balance Sheet	**(598,334)**	230,772

(d). Experience History# :

Particulars	**31-3-2015**	**31-3-2014**
1. Present Value of Defined Benefit Obligation	**1,793,865**	931,066
2. Fair Value of Plan Asset	**23,468**	-
3. Funded Status [Surplus/ (Deficit)]	**(1,770,397)**	255,912
4. Experience gain / (loss) adjustments on plan liabilities	**(663,010)**	(700,837)
5. Experience gain / (loss) adjustments on plan assets	**(2,367)**	-

The experience history has been provided for only two years since actuarial valuation reports for earlier years are not available.

(Amount in Rs.)

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 Accounting Standard – 17 on 'Segment Reporting.'

37. Related Party Disclosure

A. Related Parties and their relationships :

a) Holding Company : i) Bharat Forge Limited

b) Key Managerial Personnel : i) Mr. K. Padmanabham - Managing Director
ii) Mr. T. V. Prasad - Wholetime Director

c) Enterprises owned or significantly influenced by Key Management Personnel : i) Integrated Clean Room Technologies Limited

B. Transactions with Related Parties

Particulars	Key Managerial Personnel a	Holding Company a	Enterprises having common Key Management Personnel a	Total a
	3,600,000	**-**	**-**	**3,600,000**
Remuneration	(2,920,000)	-	-	(2,920,000)
	-	**-**	-	-
Purchase of fixed assets	-	-	(514,608)	(514,608)
	-	-	**-**	-
Reimbursement of Expenses	-	(276,373)	-	(276,373)
	-	-	**-**	-
Issue of Equity Shares	-	(16,552,020)	-	(16,552,020)
	-	-	-	-
Issue of 0% Compulsorily Convertible Debentures	-	(86,646,700)	-	(86,646,700)
	693,000	**3,380,003**	**300,000**	**4,373,003**
Interest paid	(1,572,052)	(876,643)	(300,000)	(2,748,695)
	5,619,835	**55,000,000**	**-**	**60,619,835**
Loans taken	(270,000)	(10,000,000)	-	(10,270,000)
	5,619,835	-	**-**	**5,619,835**
Repayment of loans taken	(2,270,000)	(20,000,000)	-	(22,270,000)

(Figures in bracket indicate previous year)

C. Balance with Related Parties:

Particulars	Key Managerial Personnel a	Holding Company a	Enterprises having common Key a	Total a
	1,769,945	**1,693,616**	**790,906**	**4,254,467**
Amounts payables	(1,128,545)	(326,959)	(604,202)	(2,059,706)
	4,620,000	**65,000,000**	**2,000,000**	**71,620,000**
Loans taken	(4,620,000)	(10,000,000)	(2,000,000)	(16,620,000)

(Figures in bracket indicate previous year)

Analogic Controls India Limited

(Amount in Rs.)

38. Earning per Share (Face Value of a 10 Each)

Loss for the year after taxation	**(70,717,243)**	(23,923,269)
Weighted Average Number of Equity Shares, outstanding during the period	**2,758,670**	2,563,674
Basic Earning per Share in rupees	**(25.63)**	(9.33)
Diluted Earning per Share in rupees[(a)]	**(25.63)**	(9.33)

(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

39. Deferred Tax Asset

The Company has not recognized deferred tax asset in respect of timing differences on account of unabsorbed depreciation and business loss aggregating to r 21,961,600 (Previous Year : r 1,589,200) under the Income Tax Act, 1961 on the considerations of prudence.

40 In the opinion of the Directors, all the current assets have been stated in the Balance Sheet at a value at which those are expected to be realised in the ordinary course of business. The Directors also have to state that adequate provisions have been made in the accounts in respect of all known quantified and ascertained liabilities and none of the liabilities or provisions are in the nature of reserves.

41. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31-3-2015	31-3-2014
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**788,844**	57,943
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**78,717**	23,223
(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	**4,584,578**	286,225
(iv) The amount of interest due and payable for the year	**55,494**	23,223
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**78,717**	23,223
(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	**8,134**	-

Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.

42 The Company has incurred losses of a 70,717,243 (31st March, 2014 : a 23,923,269) during the year. As at 31st March, 2015, the Company's accumulated losses are a 140,493,012 (31st March, 2014 : a 69,424,472) which have completely eroded the net worth of the Company. The Company also has net current liabilities of a 70,946,048 as at 31st March, 2015. The management is recalibrating its business strategy and focusing on streamlining the operations including an efficient product cost structure which could generate profits by operating at better capacity utilization. The Company is also evaluating enhancement of working capital facilities from banks and financial institutions for funding the requirement as well as more effective capital structure including equity funding from the shareholders. Further, the shareholders have confirmed their commitment and have agreed to provide unconditional financial support to the Company to ensure that the Company continues to operate and is able to meet all liabilitiees in future when those fall due for payment. Accordingly, these financial statements have been prepared on going concern

43 Previous year's figures have been regrouped and rearranged wherever necessary, so as to make those comparable with the current year.

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

K. Padmanabham
Director

T. V. Prasad
Director

Place : Pune
Date : 16 May 2015

Place : Pune
Date : 16 May 2015

THIS PAGE INTENTIONALLY LEFT BLANK

BHARAT FORGE

KALYANI

BHARAT FORGE LIMITED
Mundhwa, Pune Cantonment,
Pune 411036, Maharashtra, India.
Phone: +91 20 6704 2777 / 2476
Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com

www.bharatforge.com