BHARAT FORGE

KALYANI

Subsidiary Companies Annual Report

2015-16

Towards INDUSTRY 4.0

CONTENTS

Note:

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

Currency	Rate for conversion
EURO	72.5010
SEK	7.8306
USD	66.3260

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

Bharat Forge Global Holding GmbH

Managing Director
Mr. Michael Weis
Mr. Martin Kubelback

Registered Office
Mittelstrasse 64
58256 Ennepetal
Germany

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

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

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of the Bharat Forge Global Holding GmbH, Ennepetal, for the business year from January 1st to December 31st, 2015. 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, 14th May, 2016

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

Bharat Forge Global Holding GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2015

	Rs.		EUR		*Previous Year* EUR
1. Sales		-		-	167,753,723.12
2. Decrease in finished good inventories and work-in-process		-		-	1,027,068.59
3. Production for own plant and equipment capitalised		-		-	188,308.00
		-		-	168,969,099.71
4. Other operating income		101,551,874.47		1,400,696.19	2,482,963.20
		101,551,874.47		1,400,696.19	171,452,062.91
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	-		-		(85,521,178.55)
b) Cost of purchased services	-		-		(27,354,556.45)
		-		-	(112,875,735.00)
		101,551,874.47		1,400,696.19	58,576,327.91
6. Personnel expenses					
a) Wages and saleries	(115,803,510.59)		(1,597,267.77)		(26,806,318.21)
b) Social security contributions and pension expenses thereof Rs. 14,490,202.84 EUR 199,862.11 (2014: EUR (81,385.72)) for pension expenses	(27,480,725.39)		(379,039.26)		(5,045,987.58)
		(143,284,235.98)		(1,976,307.03)	(31,852,305.79)
7. Depreciation and amortization on intangible fixed assets and tangible assets		(1,641,499.49)		(22,641.06)	(6,892,601.11)
8. Other operating expenses		(78,990,120.08)		(1,089,503.87)	(14,978,447.48)
		(122,363,981.08)		(1,687,755.77)	4,852,973.53
9. Income from Profit & Loss transfer agreements	100,353,048.69		1,384,160.89		1,389,616.18
10 Investment income thereof EUR 0.00 (2014: EUR 190,164.00) from affiliated companies	-		-		190,164.00
11 Other interest and similar income thereof Rs. 8,958,876.07 EUR 123,569.00 (2014: EUR 0.00) from affiliated companies	8,958,876.07		123,569.00		65.99
12 Depreciation on financial assets	(49,294,807.42)		(679,919.00)		-
13 Expenses out of profit and loss transfer agreements	(420,244,113.44)		(5,796,390.58)		(312,006.86)
14 Interest and similar expenses thereof Rs. 14,758,448.56 EUR 203,562.00 (2014: EUR 133,986.90) to affiliated companies thereof Rs. 4,661,161.79 EUR 64,291.00 (2014: EUR 350,262.00) from discounting of provisions	(36,169,696.91)		(498,885.49)		(623,437.71)
		(396,396,693.01)		(5,467,465.18)	644,401.60
15 Results from ordinary business operations		**(518,760,674.09)**		**(7,155,220.95)**	**5,497,375.13**
16 Extraordinary Expenses	(1,146,844,485.23)		(15,818,326.44)		(103,333.00)
17 Extraordinary Results		(1,146,844,485.23)		(15,818,326.44)	(103,333.00)
18 Taxes on income	12,328,260.72		170,042.63		(1,296,445.16)
19 Other taxes	(535,080.59)		(7,380.32)		(320,038.14)
		11,793,180.13		162,662.31	(1,616,483.30)
20 Net income for the year		**(1,653,811,979.19)**		**(22,810,885.08)**	**3,777,558.83**

Bharat Forge Global Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2015

ASSETS	Rs.		EUR		*As at 31/12/2014* EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		-		-	230,238.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	40,242,260.06		555,058.00		6,308,353.66
2. Technical equipment and machinery	-		-		5,402,460.00
3. Other plant, factory and office equipment	748,862.83		10,329.00		8,416,028.00
4. Prepayments on tangible assets and construction in progress	-	40,991,122.89	-	565,387.00	9,303,732.82
					29,430,574.48
III. Financial assets					
1. Shares in affiliated companies	6,109,102,657.35		84,262,322.69		58,318,105.85
2. Loans to affiliated companies	315,016,845.00		4,345,000.00		4,345,000.00
3. Investments	145.00		2.00		4,375.00
4. Loans to associated companies	72.50		1.00		35,000.00
		6,424,119,719.85		88,607,325.69	62,702,480.85
		6,465,110,842.74		89,172,712.69	92,363,293.33
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	-		-		6,744,779.07
2. Work in progress	-		-		11,271,727.97
3. Finished goods and merchandise	-		-		4,285,635.74
		-		-	22,302,142.78
II. Accounts receivable and other assets					
1. Trade receivables	-		-		21,208,943.84
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
2. Receivables from affiliated companies	551,248,607.82		7,603,324.20		7,162,195.49
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
- of which Rs.61,948,472.53 EUR 854,461.69 (12/31/2014: EUR 0.00) to shareholders					
3. Receivables from associated companies	-		-		14,244.00
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
4. Other assets	20,633,683.10		284,598.60		2,504,726.84
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
		571,882,290.92		7,887,922.80	30,890,110.17
III. Cash on hands, bank balances		1,927,109.93		26,580.46	500,414.97
		573,809,400.85		7,914,503.26	53,692,667.92
C. Prepaid expenses		-		-	28,015.29
Asset side difference from offsating of plan assets		2,064,755.98		28,479.00	69,025.00
Total		**7,040,984,999.57**		**97,115,694.95**	**146,153,001.54**

Bharat Forge Global Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2015

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2014 EUR
A. Equity					
I. Share Capital		362,505,000.00		5,000,000.00	5,000,000.00
II. Capital reserves		4,166,228,494.43		57,464,428.00	57,464,428.00
III. Profit/loss brought forward		2,423,852,430.04		33,431,986.18	29,654,427.35
IV. Net income for the year		(1,653,811,979.19)		(22,810,885.08)	3,777,558.83
		5,298,773,945.28		73,085,529.10	95,896,414.18
B. Accruals					
1. Accruals for pensions and similar obligations	100,498,276.16		1,386,164.00		5,055,044.00
2. Tax accruals	13,557,687.00		187,000.00		140,000.00
3. Other accruals	34,022,401.44		469,268.03		4,675,451.01
		148,078,364.60		2,042,432.03	9,870,495.01
C. Liabilities					
1. Liabilities to Banks up to one year: Rs. 48,341,702.75 EUR 666,772.91 (12/31/2014: EUR 1,900,756.69)	435,013,702.51		6,000,106.24		7,900,756.69
2. Trade payables - up to one year: Rs.1,484,063,416.57 EUR 21,982,737.72 (12/31/2014: EUR 23,266,109.54)	3,891,464.35		53,674.63		21,982,737.72
3. Payables to affiliated companies - up to one year: Rs. 406,282,222.46 EUR 6,018,068.66 (12/31/2014: EUR 26,298,321.82) - of which Rs.153,642,626.37 EUR 2,275,836.41 (12/31/2014: EUR 21,320,782.02) to shareholders of which Rs.204,231.79 EUR 3,025.19 - (12/31/2014: EUR 1,220,018.81) from Trade Payables	898,133,447.18		12,387,876.68		6,018,068.66
4. Other liabilities - up to one year: Rs.71,608,348.12 EUR 1,060,700.99 (12/31/2014: EUR 531,293.51) - of which Rs.22,670,962.44 EUR 335,814.37 (12/31/2014: Rs.20,361,445.16 EUR 301,604.57) taxes - of which EUR 0.00 (12/31/2014: EUR 1272.00) relating to social security	257,094,075.65		3,546,076.27		4,484,509.28
		1,594,132,689.69		21,987,733.82	32,485,315.66
D. Deferred Income		-		-	20.00
Total		**7,040,984,999.57**		**97,115,694.95**	**146,153,001.54**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

A. General notes about the company

To receive a sustainable holding structure within the German Bharat Forge-Group several measures of reorganization took place. This means in particular the spin off regarding operative business of CDP Bharat Forge GmbH former name of Bharat Forge Global Holding GmbH- into new Bharat Forge CDP GmbH, founded by means of said spin off. Whole operative business with relating assets, liabilities, staff, contracts and essential functions for business (sales and purchase department, accounting department etc.) had been transferred effective from 1st of January, 2015.

Former CDP Bharat Forge GmbH herewith took over the tasks of a holding company and was renamed into Bharat Forge Global Holding GmbH.

The spin off was performed at carrying amounts. The investment in Bharat Forge CDP GmbH resulted as the debit difference amount of transferred assets and liabilities.

Also part of reorganization has been mergers of **BF New Technologies GmbH** and **Bharat Forge Beteiligungs GmbH** on Bharat Forge Global Holding GmbH. Both companies had no operative business or staff which meant only assets and liabilities were transferred by these mergers.

B. General notes relating to annual accounts

The annual accounts for the fiscal year 2015 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).

Due to the fact of reorganization previous year's financial figures are not comparable with figures of balance sheet and profit and loss accounts in 2015.

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

C. Accounting and valuation principles

Purchased **intangible assets** are valued at their acquisition costs. In the case of as- sets 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.

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.

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

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: 3.89 % 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 con- tract 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 according to § 253 paragraph 2 sentence 2 HGB is used which is applicable with a remaining periods of 15 years overall.

Payables are shown at their repayment values.

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

D. Notes relating to balance sheet

1. Fixed Assets

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

Bharat Forge Global Holding GmbH, Ennepetal
Assets analysis as at 31st December, 2015

		Historical acquisition or manufacturing costs					Accumulated depreciation					Book value	
		1/1/2014	Spin off/Merger**	Additions	Disposals	12/31/2015	1/1/2014	Spin off/Merger**	Additions	Disposals	12/31/2015	12/31/2015	12/31/2014
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**												
	Concessions, trade mark rights and similar rights and values, licenses	1,463,654.52	3,161,979.47	-	1,463,654.52	3,161,979.47	1,233,416.52	1,928,562.95	-	-	3,161,979.47	-	230,238.00
		1,463,654.52	3,161,979.47	-	1,463,654.52	3,161,979.47	1,233,416.52	1,928,562.95	-	-	3,161,979.47	-	230,238.00
II.	**Tangible assets**												
	1. Land, land rights and Buildings, including buildings on third party land	10,755,330.72	(10,000,059.50)	-	-	755,271.22	4,446,977.06	(4,266,456.84)	19,693.00	-	200,213.22	555,058.00	6,308,353.66
	2. Technical equipment and machinery	25,384,850.77	(25,384,850.77)	-	-	-	19,982,390.77	(19,982,390.77)	0.00	-	-	-	5,402,460.00
	3. Other plant, factory and office equipment	37,447,316.16	(37,447,316.16)	13,277.06	-	13,277.06	29,031,288.16	(29,031,288.16)	2,948.06	-	2,948.06	10,329.00	8,416,028.00
	4. Prepayments on tangible assets and construction in progress	9,303,732.82	(9,303,732.82)	-	-	-	-	-	-	-	-	-	9,303,732.82
		82,891,230.47	(82,135,959.25)	13,277.06	-	768,548.28	53,460,655.99	(53,280,135.77)	22,641.06	-	203,161.28	565,387.00	29,430,574.48
III.	**Financial Assets**												
	1. Shares in affiliated companies	58,318,105.85	26,544,216.84	-	-	84,862,322.69	-	-	600,000.00	-	600,000.00	84,262,322.69	58,318,105.85
	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	1.00	-	-	4,376.00	-	-	4,374.00	-	4,374.00	2.00	4,375.00
	4. Loans to associated companies	35,000.00	-	-	-	35,000.00	-	-	34,999.00	-	34,999.00	1.00	35,000.00
	5. Security investments*	-	-	-	-	-	-	-	-	-	-	-	-
		62,702,480.85	26,544,217.84	-	-	89,246,698.69	-	-	639,373.00	-	639,373.00	88,607,325.69	62,702,480.85
		147,057,365.84	**(52,429,761.94)**	**13,277.06**	**1,463,654.52**	**93,177,226.44**	**54,694,072.51**	**(51,351,572.82)**	**662,014.06**	**-**	**55,356,086.57**	**89,172,712.69**	**92,363,293.33**

*) netting with pension provisions, since plan assets
**) spin off operative business to Bharat Forge CDP GmbH and merger with Bharat Forge Beteiligungs GmbH, 1.1.2015 and merger with BF New Technologies GmbH, 01.09.2015

The **financial assets** consist of shares in and loans to Bharat Forge Holding GmbH, Ennepetal, Bharat Forge CDP GmbH, Ennepetal, Talbahn GmbH, Ennepetal, Brand- Erbisdorf, Bharat Forge Kilsta AB, Karlskoga, Sweden, Bharat Forge Hong Kong Ltd., Hong Kong, China, Mécanique Générale Langroise SAS, Saint Geosmes, France, Bharat Forge International Ltd., England and Tecnica Ltd., England.

2. 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 kEUR 222.

Setoffs of assets and liabilities in accordance with § 246 paragraph 2 sentence 2 HGB were made for single obligations. The individual values of the provisions were offset against the corresponding assets. The present values of the assets offset amount to kEUR 168 and the acquisition cost have the same value. The repayment amounts of the liabilities to be offset amount to kEUR 139. There is a remaining 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. Since there is no active market for liability insurance as plan asset present value is deter- mined by continued acquisition costs due to § 255 paragraph 4 sentence 3 HGB. This represents the cover of insurance including surplus sharing.

3. Payables

There were bank liabilities amounting to kEUR 667 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 Bharat Forge CDP GmbH.

4. Contingent liabilities and other financial payables

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:	2019	kEUR 8,889	
Collateral promises in favour of an affiliated company	2020	kEUR 3,289	Economic situation and earnings prospects do not allow the expectation of usage of the guarantee, there is dedicated
		T€ 12,178	

Other financial payables consist of obligations under leasing agreements totaling kEUR 101, of which kEUR 52 will fall due within 2016.

E. Notes relating to profit & loss account

1. Currency conversion

Income from currency conversions amounts to kEUR 262 and losses from currency conversions amount to kEUR 45.

2. Extraordinary result

The extraordinary expenses relate to loss from merger with Bharat Forge Beteiligungs GmbH EUR 15.8 million) and to the provisioning adjustment for pensions spread over several years (EUR 0.1 million) in accordance with the changes required by the Bilanzmodernisierungsgesetz (Accounting Modernisation Act) in 2010.

F. Other information

1. Shareholdings

	kEUR	%	kEUR
Bharat Forge Holding GmbH, Ennepetal	5,850	100	1,384*)
Talbahn GmbH, Ennepetal **)	14	35	27
Bharat Forge CDP GmbH, Ennepetal	42,168	100	-5,665***)
Bharat Forge Kilsta AB, Karlskoga/Schweden	2.211	100	778
Mécanique Générale Langroise SAS, Saint Geosmes/ Frankreich	3,553	100	57
Bharat Forge Hongkong Ltd., Hongkong/China	5	100	-185
Bharat Forge International Ltd. Brendford/UK (31.3.)	4.111	100	1.848

*) before profit and loss pooling with Bharat Forge Global Holding GmbH

**) Financial Statements 2013

***) before profit and loss pooling with Bharat Forge Global Holding

2. Management Directors
Directors of Bharat Forge Global Holding GmbH in 2015:

- Michael Weis, engineer, Schönaich
- Martin Kübelbäck, merchant, Meerbusch (from July 2015)
- Michael Kasperski, merchant, Cologne (until September 2015)
- Martin von Werne, engineer, Ennepetal (until September 2015)

3. Advisory Board
In 2015 the advisory board of the company consisted of the following members:

- Mr. Baba N. Kalyani,
- Mr. Amit B. Kalyani,
- Mr. Subodh Tandale
- Prof. Dr. Uwe Loos
- Mr Sanjeev Joglekar

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

Ennepetal, 13th May, 2016

Bharat Forge Global Holding GmbH

Michael Weis　　　　Martin Kübelbäck

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Bharat Forge CDP GmbH

Managing Director
Mr. Michael Weis
Mr. Michael 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. A. B. Kalyani
Mr. S. E. Tandale
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Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Bharat Forge CDP GmbH for the business year from January 1st to December 31st, 2015. 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 12th 2016

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

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

Bharat Forge CDP GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st, 2015

		Rs.		EUR
1 Sales		12,779,629,661.90		176,268,322.67
2 Decrease in finished good inventories and work-in-process		20,453,037.43		282,106.97
3 Production for own plant and equipment capitalised		14,360,287.57		198,070.20
		12,814,442,986.90		176,748,499.84
4 Other operating income		92,782,159.31		1,279,736.27
		12,907,225,146.21		178,028,236.11
5 Cost of materials				
a) Cost of raw materials, consumables, supplies and purchased merchandise	(6,511,245,617.22)		(89,809,045.63)	
b) Cost of purchased services	(2,352,254,905.60)		(32,444,447.74)	
		(8,863,500,522.82)		(122,253,493.37)
		4,043,724,623.39		55,774,742.74
6 Personnel expenses				
a) Wages and saleries	(2,128,114,238.22)		(29,352,894.97)	
b) Social security contributions and pension expenses thereof Rs. 74,000,175.68 EUR 1,020,678.00 for pension expenses	(475,813,524.98)		(6,562,854.65)	
		(2,603,927,763.20)		(35,915,749.62)
7 Depreciation and amortization on intangible fixed assets and tangible assets		(606,104,919.10)		(8,359,952.54)
8 Other operating expenses		(1,301,307,852.68)		(17,948,826.26)
		(467,615,911.59)		(6,449,785.68)
9 Income from Profit & Loss transfer agreements	128,418,013.96		1,771,258.52	
10 Other interest and similar income	6,717.22		92.65	
thereof EUR 0.00 from affiliated companies				
11 Depreciation on financial assets	(799,058.17)		(11,021.34)	
12 Interest and similar expenses	(37,650,131.81)		(519,305.00)	
thereof EUR 0.00 to affiliated companies				
thereof Rs. 17,501,992.25 EUR 241,403.46				
from discounting of provisions				
		89,975,541.20		1,241,024.83
13 Results from ordinary business operations		**(377,640,370.39)**		**(5,208,760.85)**
14 Extraordinary Expenses		(5,707,496.22)		(78,723.00)
15 Other taxes		(27,355,250.81)		(377,308.60)
16 Income from loss transfer		410,703,117.42		5,664,792.45
17 Net income for the year		-		-

Bharat Forge CDP GmbH, Ennepetal

Balance Sheet as at December 31st, 2015

ASSETS	Rs.		EUR		*As at 1/1/2015* EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		9,861,658.52		136,021.00	230,238.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	473,990,633.06		6,537,711.66		5,733,602.66
2. Technical equipment and machinery	1,029,687,114.89		14,202,385.00		5,402,460.00
3. Other plant, factory and office equipment	707,432,495.06		9,757,555.00		8,416,028.00
4. Prepayments on tangible assets and construction in progress	313,551,378.66		4,324,786.95		9,303,732.82
		2,524,661,621.67		34,822,438.61	28,855,823.48
III. Financial assets					
1. Shares in affiliated companies		112,376,550.00		1,550,000.00	1,550,000.00
		2,646,899,830.19		36,508,459.61	30,636,061.48
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	649,873,064.47		8,963,642.77		6,744,779.07
2. Work in progress	792,996,532.38		10,937,732.34		11,271,727.97
3. Finished goods and merchandise	355,380,931.39		4,901,738.34		4,285,635.74
		1,798,250,528.24		24,803,113.45	22,302,142.78
II. Accounts receivable and other assets					
1. Trade receivables - of which EUR 0.00 due after one year	1,531,669,033.35		21,126,178.03		21,208,943.84
2. Receivables from affiliated companies - of which EUR 0.00 due after one year - of which EUR 0.00 to shareholders	641,635,213.02		8,850,018.80		453,353.53
3. Other assets - of which EUR 0.00 due after one year	196,310,421.91		2,707,692.61		620,437.28
		2,369,614,668.28		32,683,889.44	22,282,734.65
III. Cash on hands, bank balances		20,213,896.51		278,808.52	500,414.97
		4,188,079,093.03		57,765,811.41	45,085,292.40
C. Prepaid expenses		3,157,006.02		43,544.31	28,015.29
Total		**6,838,135,929.24**		**94,317,815.33**	**75,749,369.17**

Bharat Forge CDP GmbH, Ennepetal

Balance Sheet as at December 31st, 2015

EQUITY AND LIABILITIES	Rs.		EUR		*As at 1/1/2015* EUR
A. Equity					
I. Share Capital		36,250,500.00		500,000.00	500,000.00
II. Capital reserves		3,021,006,168.33		41,668,475.86	41,668,475.86
III. Profit/loss brought forward		-		-	-
		3,057,256,668.33		42,168,475.86	42,168,475.86
B. Accruals					
1. Accruals for pensions and similar obligations	364,760,216.11		5,031,106.00		3,822,868.00
2. Tax accruals	0.00		0.00		0.00
3. Other accruals	425,831,935.16		5,873,462.92		4,662,952.86
		790,592,151.27		10,904,568.92	8,485,820.86
C. Liabilities					
1. Liabilities to Banks	1,115,707,962.16		15,388,863.08		1,900,756.69
up to one year: Rs.897,620,182.87 EUR 12,380,797.27					
2. Trade payables	1,725,317,050.35		23,797,148.32		21,982,737.72
- up to one year: Rs.1,725,317,050.35 EUR 23,797,148.32					
3. Payables to affiliated companies	24,368,713.49		336,115.55		483,509.65
- up to one year: Rs. 24,368,713.49 EUR 336,115.55					
- of which EUR 0.00 to shareholders					
of which EUR 0.00 from Trade Payables					
4. Other liabilities	124,891,933.62		1,722,623.60		728,048.39
- up to one year: Rs.124,891,933.62 EUR 1,722,623.60					
- of which Rs.72,342,015.46 EUR 997,807.14 taxes					
- of which EUR 0.00 relating to social security					
		2,990,285,659.62		41,244,750.55	23,194,295.76
D. Deferred Income		1,450.02		20.00	20.00
Total		**6,838,135,929.24**		**94,317,815.33**	**75,749,369.17**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

A. General notes about the company

To receive a sustainable holding structure within the German Bharat Forge-Group several measures of reorganization took place. This means in particular the spin off regarding operative business of CDP Bharat Forge GmbH – former name of Bharat Forge Global Holding GmbH- into new Bharat Forge CDP GmbH, founded by means of said spin off. Whole operative business with relating assets, liabilities, staff, con- tracts and essential functions for business (sales and purchase department, accounting department etc.) had been transferred effective from 1st of January, 2015.

Former CDP Bharat Forge GmbH herewith took over the tasks of a holding company and was renamed into Bharat Forge Global Holding GmbH.

The spin off was performed at carrying amounts. Remaining positive amount above fixed share capital was allocated to the capital reserve.

B. General notes relating to annual accounts

The annual accounts for the fiscal year 2015 were prepared on the basis of the pro- visions of §§ 242 – 256a HGB and §§ 264 – 288 HGB.

The accounting and valuation principles are conform to those having been valid in Bharat Forge Global Holding GmbH for the previous year.

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

Where the company was founded by spin off effective from 1st January, 2015 there were no figures as at 31st December of previous year. Alternatively balance sheet figures of 1st January are shown which economically represent figures of the previous year.

C. Accounting and valuation principles

Purchased **intangible assets** are valued at their acquisition costs. In the case of as- sets 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 capitalized in accordance with tax requirements.

The straight-line method of depreciation has been used for asset additions since 2010. 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 capitalized 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 that do not have to be capitalized 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: 3.89 % 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 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.

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

D. Notes relating to balance sheet

1. Fixed Assets

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

Bharat Forge CDP GmbH, Ennepetal
Assets analysis as at 31st December, 2015

	1/1/2015*	Additions	Disposals	Reclassification	12/31/2015	1/1/2015*	Additions**	Disposals	12/31/2015	12/31/2015	1/1/2015
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
Concessions, trade mark rights and similar rights and values, licenses	1,463,654.52	57,635.71	-	7,382.64	1,528,672.87	1,233,416.52	159,235.35	-	1,392,651.87	136,021.00	230,238.00
	1,463,654.52	57,635.71	-	7,382.64	1,528,672.87	1,233,416.52	159,235.35	-	1,392,651.87	136,021.00	230,238.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	10,000,059.50	556,083.85	199,926.96	875,528.32	11,231,744.71	4,266,456.84	562,944.17	135,367.96	4,694,033.05	6,537,711.66	5,733,602.66
2. Technical equipment and machinery	25,384,850.77	5,425,362.21	338,993.70	5,828,329.30	36,299,548.58	19,982,390.77	2,453,766.51	338,993.70	22,097,163.58	14,202,385.00	5,402,460.00
3. Other plant, factory and office equipment	37,447,316.16	5,405,258.92	174,038.73	678,669.87	43,357,206.22	29,031,288.16	4,729,064.37	160,701.31	33,599,651.22	9,757,555.00	8,416,028.00
4. Prepayments on tangible assets and construction in progress	9,303,732.82	2,915,906.40	50,000.00	(7,389,910.13)	4,779,729.09	-	454,942.14	-	454,942.14	4,324,786.95	9,303,732.82
	82,135,959.25	14,302,611.38	762,959.39	(7,382.64)	95,668,228.60	53,280,135.77	8,200,717.19	635,062.97	60,845,789.99	34,822,438.61	28,855,823.48
III. Financial Assets											
Shares in affiliated companies	1,550,000.00	-	-	-	1,550,000.00	-	-	-	-	1,550,000.00	1,550,000.00
	1,550,000.00	-	-	-	1,550,000.00	-	-	-	-	1,550,000.00	1,550,000.00
	85,149,613.77	**14,360,247.09**	**762,959.39**	**-**	**98,746,901.47**	**54,513,552.29**	**8,359,952.54**	**635,062.97**	**62,238,441.86**	**36,508,459.61**	**30,636,061.48**

2. 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 kEUR 196.

3. 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 kEUR 709.

4. Other provisions

Of the **other provisions** the main ones in conjunction with personnel are for flexitime credits (kEUR 983), working time associated with progressive retirement (kEUR 708), yearly bonus premiums (kEUR 350) and anniversary bonuses (kEUR 322) as well as for outstanding invoices from suppliers (kEUR 612) and deferred maintenance (kEUR 469).

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 kEUR 592 and the acquisition cost to kEUR 602. The repayment amounts of the liabilities to be offset amount to kEUR 1,301. There were kEUR 11 out of yield on securities or interest in- come offset against interest expenses.

5.Payables

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

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

6. Other financial commitments

Other financial commitments consist of rental payments of kEUR 3.259. in respect of rent contracts and obligations under leasing agreements totaling kEUR 339, of which kEUR 730 resp. 176 will fall due within 2016.

7. Contingent liabilities

On 25/05/2015, a special collective agreement "Securing the Future", effective for the years 2015 to 2020 was concluded between the former CDP Bharat Forge GmbH, the Association of the Metal and Electrical Industry North Rhine-Westphalia e.V. and IG Metall Area Headquarters, North Rhine-Westphalia. Background was the result of pressure by the market price requirements and the related decision to perform together with the staff, a reduction in personnel costs.

Based on this agreement, employees are required to provide unpaid overtime during July 2015 to June 2018 and to waive part of the flextime balance. In return, the employer undertakes a number of measures such as waiving compulsory redundancies, the adoption of the trainees in permanent contracts, the implementation of investment to a certain extent or the granting of profit sharing in favor of employees reaching certain sales returns. The latter profit sharing is limited to EUR 3.2 million.

The parent company Bharat Forge Global Holding GmbH received from a bank a loan of € 6.0 million and a guarantee amounting to € 3.6 mm. For this, the company is liable with registered mortgages amounting to € 9.6 mm. The economic situation and earnings prospects have no recourse expect; there are dedicated insights into the planning documents.

E. Notes relating to profit & loss account

1. Turnover

The geographical breakdown of the turnover is as follows:

Turnover distribution by region	2015
	kEUR
Germany	**67,960**
Other countries	**108,308**
Thereof in Europe	89,361
Thereof in USA	17,719
Thereof in Australia	842
Thereof in rest of the world	386
TOTAL	**176,268**

2. Currency conversion

Income from currency conversions amounts to kEUR 99 and losses from currency conversions amount to kEUR 105.

3. 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.

F. Other information

1. Personnel structure

The average personnel structure is shown in the summary below:

Workers	376
Salaried employees	132
Trainees	43
Total number of employees	551

2. Shareholdings

	Equity Capital	Shares	Last Result
	kEUR	%	kEUR
Bharat Forge Daun GmbH	3,587	100	1,771*)

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

3. Management Directors

Directors of Bharat Forge CDP GmbH in 2015 from 19th August, 2015 (date of registration of the company):

- Michael Weis, Ingenieur, Schönaich
- Michael Kasperski, Kaufmann, Köln
- Martin von Werne, Ingenieur, Ennepetal.

The total remuneration of the Management Board amounted to kEUR 548.

4. Advisory Board

In 2015 the advisory board of the company consisted of the following members from 19th August, 2015:

- Mr. Baba N. Kalyani,
- Mr. Amit B. Kalyani,
- Mr. Subodh Tandale,
- Prof. Dr. Uwe Loos
- Mr Sanjeev Joglekar
- Mr. Gopal K. Agarwal, (until 27th September, 2015)

In 2015 the members of the advisory board received remuneration totaling kEUR 15.

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

Ennepetal, 16.02.2016

Bharat Forge CDP GmbH

Michael Weis Michael Kasperski Martin von Werne

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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

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 2015. 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, 2016

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

Bharat Forge Holding GmbH

Balance Sheet as at December 31st 2015

A S S E T S

	Rs.		EUR		As at 31/12/2014 EUR
A. Fixed Assets					
Financial assets					
1. Shares in affiliated companies	728,727,546.05		10,051,275.79		8,306,152.49
2. Loans to affiliated companies	-		-		1,000,000.00
		728,727,546.05		10,051,275.79	9,306,152.49
B. Current assets					
I. Accounts receivable and other assets					
1. Receivables from affiliated companies of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year	118,442,800.02		1,633,671.26		719,836.24
2. Other assets of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year	-		-		271,900.00
		118,442,800.02		1,633,671.26	991,736.24
II. Cash on hands, bank balances		54,725.95		754.83	502.82
Total		**847,225,072.02**		**11,685,701.88**	**10,298,391.55**

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

	Rs.		EUR		As at 31/12/2014 EUR
A. Equity					
I. Share Capital	1,812,525.00		25,000.00		25,000.00
II. Capital reserves	277,243,824.00		3,824,000.00		3,824,000.00
III. Profit/Loss brought forward	145,096,895.11		2,001,308.88		1,742,292.09
IV. Net loss/income for the year	-		-		259,016.79
		424,153,244.11		5,850,308.88	5,850,308.88
B. Accruals					
1. Other Provisions	449,506.20		6,200.00		7,600.00
		449,506.22		6,200.00	7,600.00
C. Liabilities					
Payables to affiliated companies up to one year: Rs. 422,622,321.69 EUR 5,829,193.00 (12/31/2014: EUR 4,440,482.67)		422,622,321.69		5,829,193.00	4,440,482.67
Total		**847,225,072.02**		**11,685,701.88**	**10,298,391.55**

Bharat Forge Holding GmbH, Ennepetal

Profit and Loss Account for the period from January 1st to December 31st 2015

	Rs.		EUR		Previous Year EUR
1. Other operating income		-		-	-
2. Other operating expenses		(543,550.15)		(7,497.14)	(11,980.97)
		(543,550.15)		(7,497.14)	(11,980.97)
3 Income from Investments thereof EUR 0.00 (2014: EUR 376,560.62) from affiliated companies	-		-		376,560.62
4 Income from profit and loss transfer agreements	101,405,065.02		1,398,671.26		-
5 Other interest and similar income thereof Rs. 1,833,337.14 EUR 25,287.06 (2014: EUR 32,409.89) from affiliated companies	1,833,337.14		25,287.06		32,409.89
6 Interest and similar expenses thereof Rs. 2,425,158.45 EUR 33,450.00 (2013: EUR 33.450,00) to affiliated companies	2,425,158.45		33,450.00		34,893.00
		100,813,243.71		1,390,508.32	374,077.51
7 Results from ordinary business operations		**100,269,693.56**		**1,383,011.18**	**362,096.54**
8 Taxes on income		83,355.12		1,149.71	(103,079.75)
		100,353,048.68		1,384,160.89	259,016.79
9 Expenses out of profit and loss transfer agreements		(100,353,048.68)		(1,384,160.89)	-
10 Net income/ loss for the year		**-**		**-**	**259,016.79**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

A. 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 2015 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 2015.

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.

B. Accounting and valuation principles

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

Shares in affiliated companies were valued at cost price.

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.

C. Notes relating to balance sheet

The **financial assets** only apply to shares in Bharat Forge Aluminiumtechnik GmbH, 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.

D. Other information

1. Shares in affiliated companies

	Shares %	**Equity 31.12.2015**	**Results 2015**
Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf	100	17.590	1.399*)

*) before transfer of profit

2. Management Directors

Managing Director in 2015 was Michael Weis, engineer, Schönaich.

3. 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.

Bharat Forge Global Holding 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, 31st March, 2016
Bharat Forge Holding GmbH

Michael Weis
Managing Director

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Bharat Forge Aluminiumtechnik GmbH

Managing Director
Mr. Michael Weis
Mr. Martin Kubelback

Registered Office
Berthelsodorfer StraBe 8
09618 Brand-Erbisdorf
Germany

Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaf
Feithstrasse 177
58097 Hagen
Germany

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

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the book- keeping system, and the management report of the Bharat Forge Aluminiumtechnik GmbH for the business year from January 1st to December 31st, 2015. 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, March 31st 2016

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

Profit and Loss Account for the period from January 1 to December 31, 2015

	Rs.	Rs.	EUR	EUR	Previous Year EUR
1. Sales		3,973,297,123.72		54,803,342.35	43,441,213.29
2. Increase or decrease in finished goods and work-in-progress		179,843,851.25		2,480,570.63	999,629.13
		4,153,140,974.97		57,283,912.98	44,440,842.42
3. Other operating income		209,446,439.48		2,888,876.56	1,566,456.61
of which Currency Translation EUR 0.00					
(2014: EUR 78,820.04)					
		4,362,587,414.45		60,172,789.54	46,007,299.03
4. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	2,257,817,658.66		31,141,882.99		25,194,491.20
b) Cost of purchased services	421,171,214.90		5,809,178.01		5,105,551.66
		2,678,988,873.56		36,951,061.00	30,300,042.86
5. Personnel expenses					
a) Wages and salaries	616,987,727.38		8,510,058.17		6,613,253.94
b) Social security contributions and pension expenses thereof Rs. 5,373,905.35 EUR 74,121.81 (2014: EUR 63,114.13) for pension expenses	125,771,098.87		1,734,749.85		1,332,951.94
6. Depreciation and amortization on intangible fixed assets and tangible assets	340,151,911.46		4,691,685.79		2,180,313.55
7. Other operating expenses	416,043,734.66		5,738,455.12		4,086,454.09
of which Currency Translation Rs. 8,184,745.92					
EUR 112,891.49 (2014: EUR 19,931.81)					
		1,498,954,472.37		20,674,948.93	14,212,973.52
		184,644,068.52		2,546,779.61	1,494,282.65
8. Other interest and similar income	6,172.74		85.14		78.75
9. Interest and similar expenses	84,065,957.86		1,159,514.46		927,425.81
of which to affiliated companies: Rs. 1,897,472.97					
EUR 26,171.68 (2014: EUR 33,775.24)					
of which from compounding accruals: Rs. 1,152,113.39					
EUR 15,891.00 (2014: EUR 13,434.00)					
		(84,059,785.12)		(1,159,429.32)	(927,347.06)
10. Results from ordinary business operations		**100,584,283.40**		**1,387,350.29**	**566,935.59**
11. Extra Ordinary Income		3,977,011.18		54,854.57	-
		104,561,294.58		1,442,204.86	566,935.59
12. Taxes on income and profits	-		-		120,435.25
13. Other taxes	3,156,229.53		43,533.60		20,750.33
		3,156,229.53		43,533.60	141,185.58
		101,405,065.05		1,398,671.26	425,750.01
14. Expenses out of profit and losse transfer agreement		(101,405,065.05)		(1,398,671.26)	-
15. Net income		**-**		**-**	**425,750.01**

Bharat Forge Aluminiumtechnik GmbH
Balance Sheet as at December 31, 2015

ASSETS	Rs.	Rs.	EUR	EUR	*As at 31/12/2014* EUR
A. Fixed Assets					
I. Intangible assets					
1 Concessions, trade mark rights and similar rights and values, licenses		6,567,140.58		90,580.00	52,573.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	1,032,602,317.74		14,242,594.14		4,688,885.04
2. Technical equipment and machinery	1,818,594,993.25		25,083,722.89		22,377,761.00
3. Other plant, factory and office equipment	197,250,498.16		2,720,659.00		2,932,177.00
4. Prepayments on tangible assets and construction in progress	101,317,356.94		1,397,461.51		10,385,393.16
		3,149,765,166.09		43,444,437.54	40,384,216.20
III. Financial assets					
Shares in affiliated companies		-		-	25,564.59
		3,156,332,306.67		43,535,017.54	40,462,353.79
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	254,451,516.43		3,509,627.68		4,560,274.90
2. Work in progress	384,841,085.60		5,308,079.69		3,314,057.16
3. Finished goods and merchandise	159,333,962.88		2,197,679.52		1,703,745.31
4. Prepayments	8,144,278.76		112,333.33		201,000.00
		806,770,843.67		11,127,720.22	9,779,077.37
II. Accounts receivable and other assets					
1. Trade receivables	316,222,105.23		4,361,624.05		4,598,036.24
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
2. Receivables from affiliated companies	-		-		291.68
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
3 Other assets	43,890,279.10		605,374.81		3,261,284.51
- of which Rs. 145,081.03 EUR 2,001.09 (12/31/2014: EUR 0.00) due after one year					
		360,112,384.33		4,966,998.86	7,859,612.43
III. Cash on hands, bank balances		2,527,787.24		34,865.55	108,016.05
					17,746,705.85
C. Prepaid expenses		15,189,865.76		209,512.50	243,808.16
D. Asset side difference from offsetting of planned asset		1,165,236.08		16,072.00	20,421.00
Total		**4,342,098,423.75**		**59,890,186.67**	**58,473,288.80**

Bharat Forge Aluminiumtechnik GmbH
Balance Sheet as at December 31, 2015

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2014* EUR
A. Equity					
I. Share capital	601,758,300.00		8,300,000.00		-
II. Capital of limited partner	-		-		8,300,000.00
III. Capital reserve	184,088,978.37		2,539,123.30		794,000.00
IV. Retained income	489,477,059.81		6,751,314.60		6,300,000.00
V. Net income for the year	-		-		425,750.01
		1,275,324,338.18		17,590,437.90	15,819,750.01
B Adjustments for shares held in the own general partner		-		-	25,564.59
C Special item for investment grants		647,182,331.23		8,926,529.72	9,048,770.20
D Provisions & Accruals					
1. Accruals for pensions and similar obligations	-		-		-
2. Tax accruals	-		-		-
3. Other accruals	113,200,473.11		1,561,364.30		1,303,113.92
		113,200,473.11		1,561,364.30	1,303,113.92
E Liabilities					
1. Liabilities to banks	1,733,142,837.29		23,905,088.72		22,881,488.13
- of which up to one year: Rs. 754,801,118.38 EUR 10,410,906.31 (12/31/2014: EUR 8,575,615.54)					
2. Trade payables	293,346,301.90		4,046,100.08		5,450,773.30
- of which up to one year: Rs. 292,021,987.03 EUR 4,027,833.92 (12/31/2014: EUR 5,361,526.97)					
3. Payables to affiliated companies	19,412,142.75		267,750.00		380,800.00
- of which up to one year: Rs. 19,412,142.75 EUR 267,750 (12/31/2014: EUR 380,800.00)					
- of which Trade payable: Rs. 19,412,142.75 EUR 267,750.00 (12/31/2014: EUR 380,508.32)					
4 Liabilities to limited partner	101,401,938.05		1,398,628.13		1,799,521.64
- of which up to one year: Rs. 101,401,938.05 EUR 1,398,628.13 (12/31/2014: EUR 799,521.64)					
5 Other liabilities	159,088,061.24		2,194,287.82		1,763,507.01
- of which taxes: Rs. 63,553,178.88 EUR 876,583.48 (12/31/2014: EUR 115,521.97)					
- of which related to social security: Rs. 687,424.76 EUR 9,481.59 (12/31/2014: EUR 15,208.86)					
- of which upto one year: Rs. 110,017,271.76 EUR 1,517,458.68 (12/31/2014: EUR 990,286.13)					
		2,306,391,281.23		31,811,854.75	32,276,090.08
Total		**4,342,098,423.75**		**59,890,186.67**	**58,473,288.80**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

A. GENERAL NOTES ON THE FINANCIAL STATEMENTS

The financial statements for the financial year from 1st January to 31st December 2015 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 31.12.2015 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 re- serve 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.

Receivables as well as other assets 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 (share capital, capital and revenue reserves) is included at the nominal amount.

A pension promise has been made in the form of a contribution-based direct pledge. This pension promise is funded via a reinsurance policy not totally in line with performance. Pension provisions are determined to the balance sheet date December 31st, 2015 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 3.89 % 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 74,437 EUR has been set off against the coverage capital of the reinsurance with an amount of EUR 90,509, so that an asset-side difference from offsetting of plan assets at an amount of 16,072 EUR has been shown. Similarly, expenses and income have been set off in the financial result at the amount of EUR 2,416.

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 3.89%. 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

Assets analysis as at 31st December, 2015

		Historical acquisition or manufacturing	Additions	Disposals	Reclassification	Accumulated Depreciation	Book value 31/12/2015	Book value 31/12/2014	Depreciation for the financial year 2015
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**								
	Concessions, trade mark rights and similar rights and values, licenses	1,930,838.05	78,320.27	-	-	1,918,578.32	90,580.00	52,573.00	40,313.27
II.	**Tangible assets**								
	1. Land, land rights and Buildings, including buildings on third party land	5,798,297.21	1,472,842.51	-	8,533,624.90	1,562,170.48	14,242,594.14	4,688,885.04	452,758.31
	2. Technical equipment and machinery	44,226,496.07	4,326,748.78	175,000.00	1,835,907.86	25,130,429.82	25,083,722.89	22,377,761.00	3,456,694.75
	3. Other plant, factory and office equipment	6,260,733.89	620,110.06	313,182.22	15,860.40	3,862,863.13	2,720,659.00	2,932,177.00	741,919.46
	4. Prepayments on tangible assets and construction in progress	10,385,393.16	1,397,461.51	-	(10,385,393.16)	-	1,397,461.51	10,385,393.16	-
		66,670,920.33	7,817,162.86	488,182.22	-	30,555,463.43	43,444,437.54	40,384,216.20	4,651,372.52
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	-
		68,627,322.97	**7,895,483.13**	**513,746.81**	**-**	**32,474,041.75**	**43,535,017.54**	**40,462,353.79**	**4,691,685.79**

The item "Other assets" includes accruals that do not legally exist until after the balance sheet date, claims for electricity and energy tax refunds at the amount of 186 T€.

The material other provisions and accruals belong to outstanding invoices (590 TEUR), management and staff bonus (164 TEUR), guarantees (268 TEUR), anniversary bonus (229 TEUR) and vacation of staff (55 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	10,410,906.27	12,566,071.88	928,110.57	23,905,088.72
Trade liabilities	4,027,833.92	18,266.16	0.00	4,046,100.08
Liabilities to affiliated companies	267,750.00	0.00	0.00	267,750.00
Liabilities to shareholders	1,398,628.13	0.00	0.00	1,398,628.13
Other liabilities	1,515,718.00	676,829.14	0.00	2,192,547.14
	17,620,836.32	13,261,167.18	928,110.57	31,810,114.07

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 BHARAT FORGE GLOBAL HOLDING GMBH. Furthermore, a subordination and non-call agreement has been concluded with the banks regarding the shareholder loan. In the framework of a security pool contract towards several banks, a global assignment of trade liabilities and a storage assignment of the goods in stock continue to exist.

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

Sales before sales deduction are divides by domestic and foreign as follows:

	2015	2014	change	
	T€	**T€**	**T€**	**in %**
domestic	43.580	34.664	8.916	25,7
foreign	11.431	9.098	2.333	25,6

The extraordinary income results from the merger of the former general Partner, Bharat Forge Aluminiumtechnik Verwaltungs GmbH, to the company with effect from Sept. 1st 2015.

D. OTHER NOTES

In the financial year 2015 the company employed on average 249 staff, including 205 trade staff plus 12 apprentices.

Operating lease liabilities until the end of the respective term amounted to 773 TEUR. The annual value of rent liabilities amounted to 206 TEUR.

The executive of the company in the year 2015 were:

Michael Weis, Schönaich, engineer
Martin Kübelbäck, Meerbusch, businessman Tobias Frenzel,
Freiberg engineer (till 10.08.2015)

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

Bharat Forge GLOBAL HOLDING GmbH, Ennepetal is the parent company, which draws up the consolidated financial statement for the smallest group of companies. In case of 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: Mr Baba N. Kalyani, Pune,

Mr Amit B. Kalyani, Pune,
Mr Gopal K. Agarwal, Pune,
Mr Sanjeev Joglekar, Pune,
Mr Prof. Dr. Uwe Loos, Stuttgart
Mr Dr. Peter Hopp.

Brand-Erbisdorf, 30th March 2016

....	....
Michael Weis	Martin Kübelbäck
Geschäftsführer	Geschäftsführer

Bharat Forge Daun GmbH

Managing Director
Mr. Martin von Werne

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

Auditors
WuP Truehand EmbH
Wirtschaftsprufungsgesellschaf
Feithstrasse 177
58097 Hagen
Germany

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

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Bharat Forge Daun GmbH for the business year from January 1st to December 31st, 2015. 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, 12th May 2016

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, 2015

	Rs.		EUR		Previous Year EUR
1. Sales		950,694,551.52		13,112,847.43	11,454,945.79
2. Increase or Decrease in finished good inventories and work-in-process		4,259,203.20		58,746.82	154,976.02
3. Production for own plant and equipment capitalised		4,427,489.62		61,067.98	24,997.49
		959,381,244.34		13,232,662.23	11,634,919.30
4. Other operating income		2,563,330.13		35,355.79	164,369.35
		961,944,574.47		13,268,018.02	11,799,288.65
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	193,757,671.86		2,672,482.75		2,752,857.85
b) Cost of purchased services	89,346,777.73		1,232,352.35		1,045,701.52
		(283,104,449.59)		(3,904,835.10)	(3,798,559.37)
		678,840,124.88		9,363,182.92	8,000,729.28
6. Personnel expenses					
a) Wages and saleries	335,698,500.56		4,630,260.28		4,175,163.00
b) Social security contributions and pension expenses thereof Rs. 5,860,413.88 EUR 80,832.18 (2014: EUR 44,306.86) for pension expenses	71,115,402.94		980,888.58		823,321.59
		(406,813,903.50)		(5,611,148.86)	(4,998,484.59)
		272,026,221.38		3,752,034.06	3,002,244.69
7. Depreciation and amortization on intangible fixed assets and tangible assets		(48,818,631.73)		(673,351.15)	(504,632.13)
8. Other operating expenses		(91,419,247.81)		(1,260,937.75)	(1,052,297.55)
		131,788,341.84		1,817,745.16	1,445,315.01
9 Depreciation on financial assets	26,415.74		364.35		91.06
10 Interest and similar expenses thereof Rs. 1,717,265.94 EUR 23,686.10 (2014: EUR 23,025.00) from discounting of provisions	1,750,036.39		24,138.10		26,062.00
		(1,776,452.13)		(24,502.45)	(26,153.06)
11 Results from ordinary business operations		**130,011,889.71**		**1,793,242.71**	**1,419,161.95**
12 Extraordinary Expenses	393,825.43		5,432.00		5,432.00
13 Extraordinary Result		(393,825.43)		(5,432.00)	(5,432.00)
14 Taxes on income	-		-		(3,338.03)
15 Other taxes	1,200,050.33		16,552.19		27,451.80
		(1,200,050.33)		(16,552.19)	(24,113.77)
		128,418,013.95		1,771,258.52	1,389,616.18
16 Expenses out of profit & loss transfer agreement		**(128,418,013.95)**		**(1,771,258.52)**	**(1,389,616.18)**
17 Net Income for the year		-		-	-

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2015

ASSETS	Rs.	Rs.	EUR	EUR	*As at 31/12/2014* EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		804,036.09		11,090.00	13,589.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	93,846,961.92		1,294,423.00		1,058,669.00
2. Technical equipment and machinery	188,645,209.47		2,601,967.00		973,188.00
3. Other plant, factory and office equipment	73,962,765.16		1,020,162.00		116,368.00
4. Prepayments on tangible assets and construction in progress	126,063,702.76		1,738,785.71		1,015,334.57
		482,518,639.31		6,655,337.71	3,163,559.57
		483,322,675.40		6,666,427.71	3,177,148.57
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	46,956,501.54		647,666.95		693,609.31
2. Work in progress	38,051,688.02		524,843.63		604,088.63
3. Finished goods and merchandise	14,324,307.50		197,573.93		80,205.27
		99,332,497.06		1,370,084.51	1,377,903.21
II. Accounts receivable and other assets					
1. Trade receivables	2,804,312.58		38,679.64		37,409.34
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
2. Receivables from affiliated companies	15,538,963.88		214,327.58		483,217.97
of which EUR 0.00 (12/31/2014: EUR 0.00) trade receivables					
of which EUR 0.00 (12/31/2014: EUR 483,217.97) to shareholders					
of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
3 Other assets	28,337,877.16		390,861.88		56,561.78
- of which EUR 0.00 (12/31/2014: EUR 0.00) due after one year					
		629,336,326.08		8,680,381.32	5,132,240.87
III. Cash on hands, bank balances		1,579,081.22		21,780.13	203.91
Total		**630,915,407.30**		**8,702,161.45**	**5,132,444.78**

Bharat Forge Daun GmbH

Balance Sheet as at December 31st, 2015

EQUITY AND LIABILITIES	Rs.	Rs.	EUR	EUR	As at 31/12/2014 EUR
A. Equity					
I. Share Capital		3,625,050.00		50,000.00	50,000.00
II. Capital reserves		108,751,500.00		1,500,000.00	1,500,000.00
III. Profit/loss brought forward		147,703,469.19		2,037,261.13	2,037,261.13
IV. Net income for the year		-		-	-
		260,080,019.19		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	33,963,455.96		468,455.00		373,855.00
2. Other accruals	43,334,906.94		597,714.61		516,620.91
		77,298,362.90		1,066,169.61	890,475.91
C. Liabilities					
1. Trade payables	38,520,424.38		531,308.87		545,352.12
- up to one year: Rs. 38,520,424.38 EUR 531,308.87 (12/31/2014: EUR 557,298.12)					
2. Payables to affiliated companies	251,326,189.00		3,466,520.31		61,188.21
- up to one year: Rs. 251,326,189.00 EUR 3,466,520.31 (12/31/2014: EUR 61,188..21) of which Rs. 260,639,169.52 EUR 3,457,044.31 (12/31/2014: EUR 0.00) to shareholders					
3. Other liabilities	3,690,411.83		50,901.53		48,167.41
- up to one year: Rs. 3,690,411.83 EUR 50,901.53 (12/31/2014: EUR 48,167.41)					
- of which Rs. 3,652,902.71 EUR 50,384.17 (12/31/2014: EUR 46,956.22) relating to taxes					
- of which EUR 0.00 (12/31/2014: EUR 46,956.22) relating to social security					
		293,537,025.21		4,048,730.71	654,707.74
Total		**630,915,407.30**		**8,702,161.45**	**5,132,444.78**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

A. General notes relating to annual accounts

The annual accounts for the fiscal year 2015 were prepared on the basis of the pro- visions 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).

B. 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: 3.89 % 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.

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.

C. Notes relating to balance sheet

1. Fixed Assets

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

Bharat Forge Daun GmbH, Daun

Assets analysis as at 31st December, 2015

	Historical acquisition or manufacturing costs					Depreciation				Book value	Book value
	1/1/2015	Additions	Disposals	Reclassification	12/31/2015	1/1/2015	Additions	Disposals	12/31/2015	12/31/2015	12/31/2014
	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	95,454.44	6,958.94	-	1,190.00	103,603.38	81,865.44	10,647.94	-	92,513.38	11,090.00	13,589.00
	95,454.44	6,958.94	-	1,190.00	103,603.38	81,865.44	10,647.94	-	92,513.38	11,090.00	13,589.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	1,683,562.75	24,533.77	-	277,826.14	1,985,922.66	624,893.75	66,605.91	-	691,499.66	1,294,423.00	1,058,669.00
2. Technical equipment and machinery	3,976,051.95	1,666,252.44	269.79	416,529.89	6,058,564.49	3,002,863.95	454,003.33	269.79	3,456,597.49	2,601,967.00	973,188.00
3. Other plant, factory and office equipment	1,242,812.96	735,090.87	15,829.68	312,219.10	2,274,293.25	1,126,444.96	142,093.97	14,407.68	1,254,131.25	1,020,162.00	116,368.00
4. Payments in Advance & construction in progress	1,015,334.57	1,731,216.27	-	(1,007,765.13)	1,738,785.71	-	-	-	-	1,738,785.71	1,015,334.57
	7,917,762.23	4,157,093.35	16,099.47	(1,190.00)	12,057,566.11	4,754,202.66	662,703.21	14,677.47	5,402,228.40	6,655,337.71	3,163,559.57
Total	**8,013,216.67**	**4,164,052.29**	**16,099.47**	**-**	**12,161,169.49**	**4,836,068.10**	**673,351.15**	**14,677.47**	**5,494,741.78**	**6,666,427.71**	**3,177,148.57**

2. 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 kEUR 46.

3. 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 kEUR 49.

With regard to pension provisions the profit and loss accounts includes interest expenses amounting to kEUR 19, extraordinary expenses amounting to 5 kEUR and personnel expenses in the amount of kEUR 70.

4. Other provisions

Of the **other provisions** the main ones are in conjunction with personnel for variable portion of monthly salaries and wages (kEUR 132, flexitime credits (kEUR 128), anniversary bonuses (kEUR 81) and bonuses (kEUR 60) as well as for outstanding in- voices from suppliers (kEUR 67).

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 kEUR 20, and the acquisition cost to kEUR 20. The repayment amounts of the liabilities to be offset amount to kEUR 67. Relating to progressive retirement exists as well in the profit and loss accounts includes as well setoffs for interest expenses amounting to kEUR 19 and comprises personnel expenses amounting to kEUR 12.

5. 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.

6. Contingent liabilities and other financial obligations

Other financial payables consist of rental payments of of kEUR 243 p. a. in respect of rent contracts and obligations under leasing agreements totaling kEUR 31, of which kEUR 19 will fall due within 2016.

D. Notes relating to profit & loss account

1. Turnover

The geographical breakdown of the turnover is as follows:

Turnover distribution by region	**2015**	**2014**
	kEUR	**kEUR**
Germany	13,065	11,432
Other countries	48	23
Thereof in Europe	48	48
Total	13,113	11,455

2. Extraordinary result

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

E. Other information

1. Personnel structure

The average personnel structure is shown in the summary below:

Workers	67
Salaried employees	17
Trainees	12
Total number of employees	96

2. Management Directors
Director of Bharat Forge Daun GmbH in 2015:

- Martin von Werne, engineer, Ennepetal.

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

3. Advisory Board
In 2015 the advisory board of the company consisted of the following members:

- Mr. Baba N. Kalyani,
- Mr. Amit B. Kalyani,
- Mr. Subodh Tandale,
- Prof. Dr. Uwe Loos
- Mr Sanjeev Joglekar
- Dr. Hans-Peter Coenen (until 4th March, 2015)
- Mr. Eckard Rudau (until 4th March, 2015)
- Mr. Gopal K. Agarwal, (until 27th March, 2015)

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

Daun, 15.02.2016

Bharat Forge Daun GmbH

Martin von Werne

Bharat Forge Kilsta AB

Chairman
Mr. B. N. Kalyani

Managing Director
Mr. Michael Weis

Director
Mr. S. E. Tandale
Mr. S. G. Joglekar
Mr. Ari Tiuraniemi
Mr. 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 2015.

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 2015 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 2015.

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 30 March 2016

KPMG AB

Magnus Gustafsson

Authorized Public Accountant

Administration Report

General information on the Company and 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

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.

	2015	2014	2013	2012	2011
Net sales, TSEK	808 457	716 294	790 028	806 014	946 677
Profit/loss after financial items, TSEK	7 278	-44 579	-13 594	-21 772	-61 288
Balance sheet total, TSEK	408 638	402 361	439 621	434 356	547 046
Number of employees,	291	293	328	337	351
Equity/assets ratio, %	5,0	3,2	3,8	6,9	10,1
Return on total assets, %	4,3	Neg	0,7	0,5	Neg
Return on equity, %	35,9	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 2016

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 0,24 % (0,27 %) of the total operating expenses during the financial year. Brief description!

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.

Proposed treatment of losses

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

Unappropriated profit brought forward	-30 163 877,00
Net profit for the year	7 278 359,11
	-22 885 517,89

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

Retained losses carried forward	-22 885 517,89

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.

Currency

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, 2015

	Note	31/12/2015		31/12/2014
		Rs.'000	SEK'000	SEK'000
Assets				
Fixed assets				
Land and buildings	7	294,352	37,590	40,861
Plant and machinery	8	868,210	110,874	112,503
Equipment, tools, fixtures & fittings	9	63,271	8,080	9,483
Construction in progress	10	63,999	8,173	11,376
		1,289,832	164,717	174,223
Financial assets				
Deferred tax Assets	15	25,089	3,204	2,639
		25,089	3,204	2,639
Total fixed assets		**1,314,921**	**167,921**	**176,862**
Current assets				
Inventories				
Raw materials and consumables		390,700	49,894	54,203
Work in progress		546,623	69,806	51,031
Finished goods and goods for resale		139,111	17,765	6,244
		1,076,434	137,465	111,478
Current receivables				
Accounts receivables - Trade		466,022	59,513	77,785
Other receivables		2,936	375	523
Income tax receivable		23,476	2,998	3,041
Prepaid expenses and accrued income		64,713	8,264	9,735
		557,147	71,150	91,084
Cash and bank balances		251,378	32,102	23,207
Total current assets		1,884,959	240,717	225,769
Total assets		**3,199,880**	**408,638**	**402,631**

Bharat Forge Kilsta AB

Balance Sheet as at December 31, 2015

	Note	31/12/2015		31/12/2014
		Rs.'000	SEK'000	SEK'000
Equity and liabilities				
Equity	16			
Restricted equity				
Share capital (200 000 shares)		156,612	20,000	20,000
Revaluation Reserve		150,230	19,185	21,901
Statutory reserve		31,322	4,000	4,000
		338,164	43,185	45,901
Unrestricted equity				
Unappropiated Profit brought forward		(236,194)	(30,163)	19,384
Net income of the year		56,991	7,278	(52,263)
		(179,203)	(22,885)	(32,879)
Total equity		158,961	20,300	13,022
Provisions				
Provisions for pensions		76,795	9,807	10,528
Guarantee reserve		7,831	1,000	1,500
Total provisions		84,626	10,807	12,028
Long-term liabilities	17, 18			
Liabilities to Credit Institutions		-	-	166,095
Total long-term liabilities		-	-	166,095
Current liabilities				
Liabilities to credit institutions	17	1,270,703	162,274	17,772
Accounts payable - trade		856,401	109,366	104,579
Liabilities to group companies		468,450	59,823	42,038
Other liabilities		45,801	5,849	5,404
Accrued expenses and deferred income	18	314,938	40,219	41,693
Total current liabilities		2,956,293	377,531	211,486
Total equity and liabilities		**3,199,880**	**408,638**	**402,631**

	Note	31/12/2015		31/12/2014
		Rs.'000	SEK'000	SEK'000
Assets pledged	19	1,630,331	208,200	208,200
Contingent liabilities	20	1,535	196	211

Bharat Forge Kilsta AB

Income statement for the period from January 1 to December 31, 2015

	Note	2015		Previous Year
		Rs.'000	SEK'000	SEK'000
	1			
Operating income etc.				
Net sales	2	6,330,703	808,457	716,294
Change in inventories of work in progress, finished goods		103,043	13,159	(31,414)
Other operating income	3	242,255	30,937	31,626
Operating income etc.		6,676,001	852,553	716,506
Operating expenses				
Raw materials and consumables		(3,698,369)	(472,297)	(398,473)
Other external costs	4,5	(1,194,026)	(152,482)	(134,048)
Personnel costs	6	(1,393,197)	(177,917)	(163,834)
Depreciation of tangible assets	7, 8, 9, 10	(284,752)	(36,364)	(40,245)
Other operating expenses	11	(46,786)	(5,975)	(6,043)
Operating expenses		(6,617,130)	(845,035)	(742,643)
Operating profit/(loss)		**58,871**	**7,518**	**(26,137)**
Result from financial items				
Interest items and similar items	12	79,692	10,177	6,381
Interest expenses and similar items	13	(85,996)	(10,982)	(24,823)
Loss from financial items		(6,304)	(805)	(18,442)
Profit/(Loss) after financial items		52,567	6,713	(44,579)
Income taxes	14	4,424	565	(7,684)
Net profit/(Loss) for the year		**56,991**	**7,278**	**(52,263)**

Bharat Forge Kilsta AB

Statement of Cash Flow for the period ended December 31 , 2015

	2015		2014
	Rs.'000	**SEK'000**	**SEK'000**
Operating activities			
Income after financial items	52,567	6,713	(44,579)
Adjustments for items not requiring an outflow of cash:			
Exchange Rate difference	(33,985)	(4,340)	13,660
Loss disposal fixed assets	5,662	723	-
Depreciations	284,752	36,364	40,245
Change in Provisions	(9,561)	(1,221)	(831)
	299,434	38,239	8,495
Income tax paid	(337)	(43)	1,039
Cash flow from operating activities before changes in working capital	**299,771**	**38,282**	**7,456**
Increase(-) /decrease (+) in inventories	(203,494)	(25,987)	21,899
Increase(-) /decrease (+) in current receivables	155,758	19,891	(5,454)
Increase(+) /decrease (-) in current liabilities	198,451	25,343	(32,462)
Cash flow from operating activities	**450,486**	**57,529**	**(8,561)**
Investing activities			
Acquisition of tangible assets	(215,975)	(27,581)	(28,139)
Disposal of tangible assets	-	-	4,000
Cash flow from investing activities	(215,975)	(27,581)	(24,139)
Financing activities			
Loans taken	-	-	113,416
Proceeds/repayment of borrowings	(164,858)	(21,053)	(100,614)
Cash flow from financing activities	(164,858)	(21,053)	12,802
Net cash flow for the year	69,653	8,895	(19,898)
Cash and cash equivalents at beginning of year	181,725	23,207	43,105
Cash and cash equivalents at end of year	**251,378**	**32,102**	**23,207**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

1. Accounting principles

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

a) Ownership structure

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

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

b) 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.

c) 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.

d) Income taxes

Current taxes are valued using tax rates and tax laws applicable at the balance sheet date. Deferred tax loss carry forwards 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.

e) Intangible fixed assets

Research and development

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

f) 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 improvements	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.

g) 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.

h) 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.

i) Financial instruments

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

Account receivables and other receivables

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

Loan and payables

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

Derivative instruments

Hedging of electricity used to protect the company against changes in the electricity market. Outstanding net position on electricity futures stood at 2015-12-31 to -14,092 TSEK (-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.

j) Inventories

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

k) Provisions

The Company recognizes 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 recognized as interest expense.

l) Employee benefits

Short term benefits

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

Post-employment benefits

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

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

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

The charges for defined contribution plans are recognized as an expense. Unpaid fees are recognized as a liability. For defined benefit plans, the Company has elected to apply the simplification rules in BFNAR 2012:1. 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 required to settle the obligation at the balance sheet date.

m) Cash flow

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

2. Net sales classified according to geographical market

	2015	2014
Net sales classified according to operating area as follows:		
Chassis	507 655	367 790
Engines	294 120	335 917
Other	6 682	12 587
Total	808 457	716 294

	2015	2014
Net sales classified according to geographic market as follows:		
Nordic countries	436 925	340 898
Europe, excluding the Nordic countries	352 587	354 526
North America	12 110	11 530
Other markets	6 835	9 340
Total	808 457	716 294

3. Other operating income

	2015	2014
Included in other income, revenues from:		
Scrap	26 989	25 478
Sales of dies	3 371	5 219
Services/rent	-	20
Other	327	573
Contributions employees	250	336
Total	30 937	31 626

4. Remuneration to auditors

	2015	2014
K P M G		
Audit engagement	249	192
Audit activities in addition to the audit engagement	-	30
Tax advice	-	15
Other services	20	10
Total	269	247

5. Operating lease

	2015	2014
Future minimum payable non cancellable leases		
Payment due within one year	4 351	6 796
Payment due after one year but within 5 years	7 619	8 714
Total	11 970	15 510
During the period, lease	6 876	8 345

6. Salaries, other remuneration and social security contributions

	2015	2014
Average number of employees, with women and males as allocation basis amounts to:		
Women	21	21
Men	270	272
Total for the Company	291	293

	2015	2014
Wages and compensations amounts to		
Board of Directors and Managing Director	23	4 938
Other employees	121 964	108 065
	121 987	113 003

Statutory and contractual social security contributions	41 119	35 219
Pension costs for Board of Directors and Managing Director	-	831
Pension costs	11 644	12 116
Total salaries, remuneration, social security contributions and pension costs	**174 750**	**161 169**

Managing Director is employed by the parent company. (Managing Director has a termination salary until 8 December 2015.)

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	1
Men	5	5
Total for the Company	14	14

7. Land and buildings

	2015-12-31	2014-12-31
Opening acquisition cost	36 771	42 010
Changes during the year		
-Redistribution from construction in progress	-	543
-Purchases	1 484	1 499
-Disposals	-833	-7 281
Closing accumulated acquisition cost	37 422	36 771
Opening depreciation	-23 988	-26 287
-Disposals	833	3 281
-Depreciation	-1 274	-982
Closing accumulated depreciation	-24 429	-23 988
Opening revaluation	28 078	-
Changes during the year		
-Revaluation	-	28 078
-Depreciation	-3 481	-
Closing accumulated revaluation	24 597	28 078
Closing residual value according to plan	37 590	40 861

8. Plant and machinery

	2015-12-31	2014-12-31
Opening acquisition cost	363 445	345 788
Changes during the year		
-Redistribution from construction in progress	17 277	6 873
-Purchases	10 948	10 784
-Disposals	-21 435	-
Closing accumulated acquisition cost	370 235	363 445

Opening depreciation	-250 942	-221 700
Changes during the year		
-Depreciation	-29 854	-29 242
-Disposals	21 435	-
Closing accumulated depreciation	-259 361	-250 942
Closing residual value according to plan	110 874	112 503

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

9. Equipment, tools, fixtures and fittings

	2015-12-31	2014-12-31
Opening acquisition cost	58 283	58 344
Changes during the year		
-Redistribution from construction in progress	132	-
-Purchases	220	-
-Disposals	-848	-61
Closing accumulated acquisition cost	57 787	58 283
Opening depreciation	-48 800	-47 495
Changes during the year		
-Depreciation	-1 755	-1 366
-Disposals	848	61
Closing accumulated depreciation	-49 707	-48 800
Closing residual value according to plan	8 080	9 483

10. Constructions in progress

	2015-12-31	2014-12-31
Opening accrued expenses	11 376	2 936
Expenses accrued during the year	14 206	15 856
Fixed assets under construction completed this year	-17 409	-7 416
Closing expenses accrued	8 173	11 376

11. Other operating expenses

	2015	2014
Realized/unrealized exchange loss Realized/unrealized exchange loss	5 975	6 043
Total	5 975	6 043

12. Other interest income and similar profit/loss items

	2015	2014
Other interest income	-	19
Exchange profit on loans and cash	10 177	6 362
Total	10 177	6 381

13. Interest expenses and similar profit/loss items

	2015	2014
Interest expenses to group company	807	1 637
Interest expenses pensions	300	363
Unreazlied exchange loss loans	-	13 000
Reazlied exchange loss loans	-	660
Other interest expenses	9 874	9 163
Total	10 981	24 823

14. Tax on profit for the year

	2015	2014
Current tax	-	-
Deferred tax	565	-7 684
Total	565	-7 684

Reconciliation of effective tax

Profit/loss before tax	6 713	-44 579
Tax calculated at applicable tax rate (22%)	-1 477	9 807
Tax effect of non-deductible expenses	-102	-59
Tax effect of non-deductible income	1	1
Revaluation of deferred tax	-	-7 985
Increase in loss carry forwards without corresponding capitalization of deferred tax	-	-9 448
Utilization of previously unrecognized loss carry forwards	2 143	-
Recognized tax	565	-7 684

15. Deferred tax

	2015	2014
Deferred tax assets on tax loss	8 515	8 515
Deferred tax on temporary differences		
-pensions	-	180
-guarantee	100	121
Deferred tax liabilities related to revaluation of property	-5 411	-6 177
	3 204	2 639

Total tax loss amount is 130 518 TSEK (140 256 TSEK). For prudential reasons, not the entire deferred tax asset is considered.

16. Change in equity

	Share capital	Revaluat. reserve	Statutory reserve	Non restricted equity	Total equity
Equity 2014-12-31	**20 000**	**21 901**	**4 000**	**-32 879**	**13 022**
Change revaluation, note 8 and 16		-2 716		2 716	
Net profit/loss for the year				7 278	7 278
Equity 2015-12-31	**20 000**	**19 185**	**4 000**	**-22 885**	**20 300**

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

17. Non-current liabilities

	2015-12-31	2014-12-31
Long-term liabilities, due within one year after closing day		
Liabilities to credit institutions	162 274	17 772
Long-term liabilities, due after five years after closing day		
Liabilities to credit institutions	-	166 095
Total	162 274	183 867

18. Accrued expenses and deferred income

	2015-12-31	2014-12-31
Accrued salaries	7 571	8 302
Accrued holiday pay	8 124	6 677
Accrued social security costs & pensions	10 416	11 038
Accrued special employer´s contribution, tax on returns from pension funds and property tax	866	3 344
Accrued customer provisions	3 436	766
Accured financial expenses	224	2 160
Ongoing claims	723	709
Other items	8 859	8 697
Total	40 219	41 693

19. Pledged assets

	2015-12-31	2014-12-31
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

Cancellation process will continue and are expected to be completed during the summer in 2016. (Business mortgage is missing at creditor, why a cancellation process is likely to begin during 2015).

20. Contingent liabilities

	2015-12-31	2014-12-31
Contingent liability to FPG	196	211
Total contingent liabilities	196	211

21. Cash and cash equivalents

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

Income statement and balance sheet will be submitted to the annual general meeting 2016-03-30 for adoption.

Karlskoga 2016-03-30

Michael Weis
Managing Director

Babasaheb Kalyani
Chairman

Sanjeev Joglekar

Subodh Tandale

Roland Stehr
Employee representive Unionen

Ari Tiuraniemi
Employee representive IF Metall

Our audit report was issued on 2016-03-30

KPMG AB

Magnus Gustafsson
Authorized public accountant

Bharat Forge Hong Kong Limited

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

Directors' Report for the year ended 31 December 2015

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 2015.

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2015 are set out in the statement of profit or loss and other comprehensive income.

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

SHARE CAPITAL

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

DIRECTORS

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

Mr. Babasaheb Neelkanth Kalyani
Mr. Amit Babasaheb Kalyani
Mr. Gopal Krishan Agarwal
Mr. Sanjeev Gajanan Joglekar
Mr. Kedar Prakash Dixit (appointed on 21 July 2015)

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 or fellow subsidiaries 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 or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITOR

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

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

On behalf of the board

____

S. G. Joglekar
DIRECTOR

Hong Kong
6 May 2016

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 25, which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 405 of the Hong Kong Companies Ordinance, 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 financial position of the Company as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER - MATERIAL UNCERTAINTY REGARDING THE GOING CONCERN ASSUMPTION
Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicate that the Company incurred loss for the year of US$310,136 and as of that date, the Company had net current liabilities and net liabilities of US$101,930. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

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

Hong Kong
6 May 2016

Bharat Forge Hong Kong Limited

Statement of Comprehensive Income for the year ended 31st December,2015

	Notes	2015 Rs.	2015 USD	2014 USD
Other Income	**8**	38,137	575	115
Administrative Expenses		(19,848,918)	(299,263)	(417,594)
Loss before Tax		(19,810,781)	(298,688)	(417,479)
Income Tax Expense	**9**	**(759,300)**	**(11,448)**	**(13,043)**
Loss for the year	**10**	**(20,570,081)**	**(310,136)**	**(430,522)**
Other Comprehensive Expense/Income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		(686,275)	(10,347)	5,316
Total comprehensive expenses for the year		**(21,256,356)**	**(320,483)**	**(425,206)**

Bharat Forge Hong Kong Limited

Statement of Financial Position as at 31st December,2015

	Notes	2015		2014
		Rs.	USD	USD
Non Current Assets				
Investment in Subsidiary		-	-	-
Current Assets				
Other receivables		228,228	3,441	80,221
Bank balance and cash	**11**	3,035,476	45,766	101,740
Amount due from immediate holding company	**12**	-	-	50,000
Amount due from ultimate holding company	**12**	2,188,758	33,000	-
		5,452,462	82,207	231,961
Current Liability				
Other Payable		5,249,106	79,141	13,408
Amount due to immediate holding company	**12**	6,632,600	100,000	-
Tax payable		331,365	4,996	-
Net current assets		(6,760,609)	(101,930)	218,553
Total Net Assets		**(6,760,609)**	**(101,930)**	**218,553**
Capital & Reserve				
Share Capital	**13**	1,174,136,347	17,702,505	17,702,505
Accumulated Loss		(1,180,896,956)	(17,804,435)	(17,483,952)
		(6,760,609)	**(101,930)**	**218,553**

The Financial Statements were approved and authorised for issue by the board of directors on 6 May 2016 and are signed on its behalf by

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

Bharat Forge Hong Kong Limited

Statement of Changes in Equity
for the year ended 31st December 2015

	Share Capital		Exchange Reserve		Accumulated Loss		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
At 1st January 2014	2,882,030,847	43,452,505	(5,439)	(82)	(1,131,432,948)	(17,058,664)	1,750,592,459	26,393,759
Loss for the year	-	-	-	-	(28,554,802)	(430,522)	(28,554,802)	(430,522)
Other Comprehensive Expense/Income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	-	-	352,589	5,316	-	-	352,589	5,316
Total Comprehensive Expense for the year	-	-	352,589	5,316	(28,554,802)	(430,522)	(28,202,213)	(425,206)
As at 31st December, 2014	**2,882,030,847**	**43,452,505**	**347,150**	**5,234**	**(1,159,987,751)**	**(17,489,186)**	**1,722,390,246**	**25,968,553**
Loss for the year	-	-	-	-	(20,570,080)	(310,136)	(20,570,080)	(310,136)
Other Comprehensive Expense/Income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	-	-	(686,275)	(10,347)	-	-	(686,275)	(10,347)
Total Comprehensive Expense for the year	-	-	(686,275)	(10,347)	(20,570,080)	(310,136)	(21,256,355)	(320,483)
Capital Reduction	(1,707,894,500)	(25,750,000)					(1,707,894,500)	(25,750,000)
As at 31st December, 2015	**1,174,136,347**	**17,702,505**	**(339,125)**	**(5,113)**	**(1,180,557,831)**	**(17,799,322)**	**(6,760,609)**	**(101,930)**

Bharat Forge Hong Kong Limited

Statement of cash flows
for the year ended 31st December, 2015

	2015		2014
	Rs.	USD	USD
Operating activities			
Loss before Tax	(19,810,780)	(298,688)	(417,479)
Adjustments for:			
Bank Interest Income	(38,137)	(575)	(111)
Operating Cash flow before movement in working capital	(19,848,917)	(299,263)	(417,590)
Decrease/(Increase) in other receivables	5,092,509	76,780	28,166,021
Increase / (Decrease) in other payable	4,359,807	65,733	(1,094,000)
Cash generated from (used in) operations	(10,396,601)	(156,750)	26,654,431
Income tax paid	(427,935)	(6,452)	(13,043)
Net Cash used in Operating activities	**(10,824,536)**	**(163,202)**	**26,641,388**
Investing activities			
Bank Interest received	38,137	575	111
Increase in amount due from ultimate holding company	(2,188,758)	(33,000)	-
Net Cash from (used in) Investing activities	**(2,150,621)**	**(32,425)**	**111**
Financing activities			
Decrease in amount due to a shareholder	-	-	(300,000)
(Decrease)/Increase in amount due to immediate holding company	9,948,900	150,000	(26,400,000)
Net Cash from (used in) Investing activities	9,948,900	150,000	(26,700,000)
Net decrease in Cash and Cash equivalents	**(3,026,257)**	**(45,627)**	**(58,501)**
Cash & cash equivalent at 1 January	**6,748,008**	**101,740**	**154,925**
Effect of foreign exchange rate changes	(686,275)	(10,347)	5,316
Cash & cash equivalent at 31 December represented by bank balance	**3,035,476**	**45,766**	**101,740**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

1. GENERAL

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

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

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

The Company's principal activity is investment holding.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company incurred loss for the year of US$310,136 and as of that date, the Company had net current liabilities and net liabilities of US$101,930. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

Application of new and revised HKFRSs

The Company has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to Hong Kong Accounting Standard ("HKAS") 19	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements to HKFRSs 2010 - 2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011 - 2013 Cycle

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general 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:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally 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 the 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of financial liability designated as fair value through profit or loss is 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.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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 1 Disclosure Initiative
The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in 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.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

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.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Accordingly the presentation and disclosure of information in the financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO but not under the new CO are not disclosed in these financial statements.

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

The principal accounting policies are set out below.

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

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 year in which they are incurred.

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

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

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

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

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

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

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

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

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

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

Financial assets
Financial assets are classified 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 income is recognised on an effective interest basis for debt instruments.

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

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

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

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

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

For financial assets 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 recognized.

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

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

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

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

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

On derecognition of a financial asset 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).

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the year in which they arise.

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

5. CRITICAL ACCOUNTING 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgment in applying accounting policies

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

Going concerns and liquidity

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

Key sources of estimation uncertainty

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

6. CAPITAL RISK MANAGEMENT

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

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

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risk associates with each class of capital. Based on recommendations of the Directors, the Company will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs.

7. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

	2015	2014
	US$	US$
Financial assets		
Loan and receivables (including cash and cash equivalents):		
Other receivables	**3,441**	60,468
Amount due from immediate holding company	**-**	50,000
Amount due from ultimate holding company	**33,000**	-
Bank balances and cash	**45,766**	101,740
	82,207	212,208
Financial liabilities		
Other financial liabilities measured at amortised cost:		
Other payables	**79,141**	13,408
Amount due to immediate holding company	**100,000**	-
	179,141	13,408

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

Currency risk

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

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Renminbi ("RMB")	**9,574**	141,473	**12,719**	-

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

Interest rate risk

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

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

Credit risk

At 31 December 2015, 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 other group companies. The management monitors its working capital requirements regularly.

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

	Carrying amounts US$
At 31 December 2015	
Other payables	**79,141**
Amount due to immediate holding company	**100,000**
	179,141
At 31 December 2014	
Other payables	13,408

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.

8. OTHER INCOME

	2015 US$	2014 US$
Bank interest income	**575**	111
Other income	**-**	4
	575	115

9. INCOME TAX EXPENSE

	2015 US$	2014 US$
Current tax:		
PRC Enterprise Income Tax	**11,448**	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 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% from 1 January onwards.

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:

	2015	2014
	US$	US$
Loss before tax	**(298,688)**	(417,479)
Tax at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	**(49,283)**	(68,884)
Tax effect of income not taxable for tax purpose	**(95)**	(18)
Tax effect of expenses not deductible for tax purpose	**49,378**	68,902
Effect of different tax rate of representative office	**11,448**	13,043
Income tax expense	**11,448**	13,043

10. LOSS FOR THE YEAR

	2015	2014
	US$	US$
Loss for the year has been arrived at after charging:		
Staff costs:		
- salaries, allowance and benefits in kind	**179,689**	168,107
- retirement benefits scheme contributions	**-**	-
	179,689	168,107
Auditor's remuneration	**5,770**	4,500
Directors' remuneration	**-**	-
Operating lease charges in respect of land and building	**22,170**	23,100

11. BANK BALANCES AND CASH

	2015	2014
	US$	US$
Bank balances and cash	**45,766**	101,740

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

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

	2015	2014
RMB	**48,085**	404,972

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

Particulars of amount from immediate holding company / ultimate holding company are as follows:

Name of Company	**Relationship**	**At 31 December 2015 US$**	**Maximum amount outstanding during the year US$**	**At 31 December 2014 US$**
Bharat Forge Global Holding GmbH (formerly known as Bharat Forge Beteiligungs)	Immediate holing company	**-**	**50,000**	50,000
Bharat Forge Limited	Ultimate holding company	**33,000**	**33,000**	-

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

13. SHARE CAPITAL

	Par value per share	Number of ordinary shares	Number of non-voting redeemable preference shares	Amount US$
Issued and fully paid:				
At 1 January 2014	HK$10	1	N/A	1
At 1 January 2014	US$1	31,299,864	N/A	31,299,864
At 1 January 2014	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
At 31 December 2015 (Note a)	**N/A**	**17,702,505**	**-**	**17,702,505**

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 was 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.

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.

14. OPERATING LEASE COMMITMENTS

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

	2015	2014
	US$	US$
Within one year	**13,684**	13,684

15. RELATED PARTY TRANSACTIONS

(a) Other than the balances with related parties disclosed in the Note 12 to the financial statements, there were no other related party transactions for the years ended 31 December 2015 and 31 December 2014.

(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 2015 and 31 December 2014.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 6 May 2016.

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Bharat Forge America Inc.

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

Independent Auditor's Report

To the Board of Directors
Bharat Forge America, Inc.

We have audited the accompanying financial statements of Bharat Forge America, Inc. (a wholly owned subsidiary of Bharat Forge, Ltd.) (the "Company"), which comprise the balance sheet as of December 31, 2015 and 2014 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, 2015 and 2014 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.

Plante & Moran PLLC
March 16, 2016

Bharat Forge America Inc.

Balance Sheet as on 31st December, 2015

			As at 31/12/2014
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	17,568,829	264,886	229,813
Accounts receivable			
Affiliates (Note 7)	-	-	163,466
Inventories (Note 3)	146,116	2,203	2,203
Prepaid expenses and other current assets	3,186,168	48,038	91,149
Total current assets	20,901,113	315,127	486,631
Equipment - Net (Note 4)	685,347	10,333	16,237
Total assets	**21,586,460**	**325,460**	**502,868**
Liabilities and Stockholder's Deficit			
Current Liabilities			
Trade accounts payable	384,094	5,791	30,683
Accounts payable to related parties (Note 7)	22,306,561	336,317	4,478
Related party note payable (Note 7)	92,856,400	1,400,000	1,500,000
Accrued liabilities:			
Other accrued liabilities	2,095,902.00	31,600.00	31,424.00
Total current liabilities	117,642,957	1,773,708	1,566,585
Stockholder's Deficit	(96,056,497)	(1,448,248)	(1,063,717)
Total liabilities and stockholder's deficit	**21,586,460**	**325,460**	**502,868**

Bharat Forge America Inc.

Statement of Operations for the period ended December 31, 2015

			Previous Year
	Rs.	USD	USD
Sales and Other Revenue	19,898	300	970,399
Cost of Sales	-	-	982,890
Gross Profit	19,898	300	(12,491)
Selling and Administrative Expenses	26,394,498	397,951	574,759
Operating Loss	(26,374,600)	(397,651)	(587,250)
Non operating Income (Expense)			
Other income	62,744	946	4,207
Interest expense	-	-	-
Gain on extinguishment of related party accrued interest (Note 7)	-	-	70,701
Total nonoperating income (expense)	62,744	946	74,908
Loss before income taxes	**(26,311,856)**	**(396,705)**	**(512,342)**
Income tax (recovery) expense (Note 5)	(807,453)	(12,174)	(4,464)
Net Loss	**(25,504,403)**	**(384,531)**	**(507,878)**

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 , 2014	66	1	1,834,719,429	27,662,145	(1,871,586,073)	(28,217,985)	(36,866,578)	(555,839)
Additional Capital Contributed	-	-	-	-	-	-	-	-
Net Loss	-	-	-	-	(33,685,516)	(507,878)	(33,685,516)	(507,878)
Balance December 31 , 2014	66	1	1,834,719,429	27,662,145	(1,905,271,589)	(28,725,863)	(70,552,094)	(1,063,717)
Net Loss	-	-	-	-	(25,504,403)	(384,531)	(25,504,403)	(384,531)
Balance December 31 , 2015	**66**	**1**	**1,834,719,429**	**27,662,145**	**(1,930,775,992)**	**(29,110,394)**	**(96,056,497)**	**(1,448,248)**

Bharat Forge America Inc

Statement of Cash Flow for the period ended December 31 , 2015

			Previous Year
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net Loss	(25,504,403)	(384,531)	(507,878)
Adjustments to reconcile net loss to net cash fom Operating Activities :			
Depreciation	391,589	5,904	5,905
(Gain) Loss On Disposal of property and equipment	-	-	-
Bad Debt Expense	-	-	194
Gain on extinguishment of related party accrued interest (Note 6)	-	-	(70,701)
Amortisation of Deferred Financing charges	-	-	-
Changes in operating assets and liabilities which provided (used) cash :			
Account Receivable	10,842,046	163,466	3,592
Inventory	-	-	964,946
Prepaid expense and other assets	2,859,381	43,111	42,298
Accounts Payable	(1,650,987)	(24,892)	(494,432)
Accounts Payable - Affiliates	22,009,554	331,839	-
Accrued and other liabilities	11,672	176	31,424
Customer deposits & advances	-		-
Net cash (used in) provided by operating acitivties	8,958,852	135,073	(24,652)
Cash Flow from Investing Acitivities			
Proceeds from disposition of property, plant and equipment	-	-	-
Net cash (used in) provided by investing activity	-	-	-
Cash Flow from Financing Acitivities			
Payments on debt	(6,632,600)	(100,000)	(200,000)
Proceeds from revolving credit facilities - Net	-	-	-
Net cash used in financing activities	(6,632,600)	(100,000)	(200,000)
Net (Decrease) Increase in Cash and Cash Equivalents	**2,326,252**	**35,073**	**(224,652)**
Cash and Cash Equivalents - Beginning of Year	**15,242,577**	**229,813**	**454,465**
Cash and Cash Equivalents - End of Year	**17,568,829**	**264,886**	**229,813**
Supplemental Cash Flow Information - cash paid for			
Interest	-	-	-
Income taxes	5,281,274	79,626	(15,221)

Notes to Financial Statements December 31, 2015 and 2014

1. Nature of Business

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.

2. Significant Accounting Policies

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. There were no significant receivables due from Chrysler at December 31, 2015 or 2014.

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 are no accounts receivables at December 31, 2015. An allowance for doubtful accounts has not been recorded at December 31, 2014, as management considers all accounts receivable collectible.

Inventories
Inventories are stated at the lower of cost or market, with cost determined 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 March 16, 2016, which is the date the financial statements were available to be issued.

3. Inventories

Inventory at December 31, 2015 and 2014 consists of the following:

	2015	2014
Finished goods	$ 2,203	$ 2,203

4. Equipment

Property and equipment are summarized as follows:

	2015	2014	Depreciable Life - Years
Transportation equipment	$ 29,522	$ 29,522	5
Accumulated depreciation and impairment	19,189	13,285	
Net property, plant, and equipment	$ 10,333	$ 16,237	

Depreciation expense on equipment for 2015 and 2014 was $5,904 and $5,905, respectively.

5. Income Taxes

The components of the income tax provision included in the statement of operations for the year ended December 31, 2015 include an increase in the estimated state tax refund that will be recoverable in the amount of $12,174. The components of the income tax provision included in the statement of operations for the year ended December 31, 2014 include a federal income tax recovery of $18,221 and reduction to estimated state taxes that will be recoverable in the amount of $13,757. A valuation allowance was recorded for the full amount of the net deferred tax assets as of December 31, 2015 and 2014.

The income tax provision for 2015 and 2014 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:

	2015	2014
Total deferred tax assets	$ 9,700,000	$ 9,486,000
Valuation allowance recognized for deferred tax assets	(9,700,000)	(9,486,000)
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 $25,416,000 that expire through 2035. Based on the level of historical taxable income, a valuation allowance has been recognized for the net deferred tax assets.

As of December 31, 2015 and 2014, 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, 2015 and 2014.

6. Common Stock

Common stock consists of 3,000 authorized shares of $0.01 par value stock. As of December 31, 2015 and 2014, there were 60 shares issued and outstanding.

7. 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
At December 31, 2015 and 2014, the Company had accounts payable to Bharat Forge, Ltd. (BFL), totaling $213,317 and $4,478, respectively, primarily for advances related to an agreement for the reimbursement of payroll costs associated with several Company employees. At December 31, 2015, the Company had accounts payable to BFIL totaling $123,000.

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 BFL. 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 3.11 percent and 2.74 percent at December 31, 2015 and 2014, respectively. The loan was due December 15, 2012, but has been extended on a monthly basis and can be terminated by either party. The outstanding balance on the loan was $1,400,000 and $1,500,000 at December 31, 2015 and 2014, 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 2015 or 2014 due to the forgiveness.

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.

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Bharat Forge International Limited

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

Strategic Report for the year ended 31 March, 2016

The directors present the strategic report and financial statements for the year ended 31 March 2016.

Fair review of the business

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

Inspite of the weak global market scenario, the company was able to add new customers and reasonably maintain the volume of business with its existing customer base. Turnover of the company was US$ 150 million during the year. Despite the slight drop in sales, the company has generated healthy profits and cash flows.

Analysis of key performance indicators

The directors are of the opinion that the key performance indicator for this business is the turnover which dropped from 171 million to 150 million in 2016. The company is focusing on obtaining additional customers while at the same time continuing to develop business with the new customers added during the year.

As a key performance indicator turnover has decrease by 12.5% but gross margin increased from 1.85% to 2.95%.

Analysis of key risks and challenges facing the organization

The company is targeting to achieve a stable to moderate growth in the year 2016-17.

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

Other risks are the following;

- Downturn in the 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 to enable further growth.

On behalf of the board

Mr K Dixit
Director

16 May 2016

Directors' Report for the year ended 31 March, 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities

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

Directors

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

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

Results and dividends

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

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 Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditors

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

On behalf of the board

Mr K Dixit
Director
16 May 2016

Independent Auditors' Report

We have audited the financial statements of Bharat Forge International Limited for the year ended 31 March 2016 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on , 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

16 May 2016

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,2016

		Year ended 31st March 2016		Previous Year
	Notes	**Rs.**	**USD**	**USD**
Turnover	3	9,955,590,370	150,100,871	171,630,712
Cost of sales		(9,662,058,555)	(145,675,279)	(168,463,058)
Gross profit		293,531,815	4,425,592	3,167,654
Administrative expenses		(73,702,048)	(1,111,209)	(536,436)
Operating Profit	4	219,829,767	3,314,383	2,631,218
Other interest receivable & similar income	**5**	13,229,649	199,464	163,987
Interest payable and similar charges	6	(19,880,489)	(299,739)	(239,073)
Profit before taxation		213,178,927	3,214,108	2,556,132
Tax on loss on ordinary activities	7	(43,409,239)	(654,483)	(548,232)
Profit for the financial year		**169,769,688**	**2,559,625**	**2,007,900**
Total comprehensive income for the year		**169,769,688**	**2,559,625**	**2,007,900**

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

Bharat Forge International Limited

Balance Sheet As at 31st March 2016

	Notes	2016		2016		2015	
		Rs.	Rs.	USD	USD	USD	USD
Fixed assets							
Tangible assets	8		504,109,569		7,600,482		33,029
Current assets							
Stocks	10	4,026,405,987		60,706,299		46,858,381	
Debtors falling due after one year	11	761,448,281		11,480,389		5,073,583	
Debtors falling due within one year	11	1,885,091,573		28,421,608		28,050,071	
Cash at bank and in hand		72,484,568		1,092,853		3,907	
		6,745,430,409		101,701,149		79,985,942	
Creditors : amount falling due within one year	12	(6,178,961,333)		(93,160,470)		(75,553,495)	
Net current liabilities			566,469,076		8,540,679		4,432,447
Total assets less current liabilities			**1,070,578,645**		**16,141,161**		**4,465,476**
Creditors : amount falling due more than one year	13		(604,631,796)		(9,116,060)		-
Net assets			**465,946,849**		**7,025,101**		**4,465,476**
Capital and reserves							
Called up share capital	15		6,949,240		104,774		104,774
Profit and loss account			458,997,609		6,920,327		4,360,702
Shareholders funds			**465,946,849**		**7,025,101**		**4,465,476**

The financial statements were approved by the board of directors and authorised for issue on 16 May 2016 and are signed on its behalf by:

K P Dixit
Director

Bharat Forge International Limited

Statement of changes in equity for the year ended 31 March 2016

	Share Capital		Profit and loss reserves		Total	
	Rs.	**$**	**Rs.**	**$**	**Rs.**	**$**
Balance at 1 April 2014	6,949,240	104,774	156,051,945	2,352,802	163,001,186	2,457,576
Period ended 31 March 2015:						
Profit and total comprehensive income for the year	-	-	133,175,975	2,007,900	133,175,975	2,007,900
Balance at 31 March 2015	**6,949,240**	**104,774**	**289,227,920**	**4,360,702**	**296,177,161**	**4,465,476**
Period ended 31 March 2016:						
Profit and total comprehensive income for the year	-	-	169,769,688	**2,559,625**	169,769,688	**2,559,625**
Balance at 31 March 2016	**6,949,240**	**104,774**	**458,997,608**	**6,920,327**	**465,946,849**	**7,025,101**

Bharat Forge International Limited

Cash flow statement for the year ended 31st March,2016

	Note	Year ended 31st March 2016				Previous Year	
		Rs.	Rs.	USD	USD	USD	USD
Cash flows from operating activities							
Cash absorbed by operations	**19**		(568,470,263)		(8,570,851)		(1,731,493)
Interest paid			(19,880,489)		(299,739)		(239,073)
Taxation			(35,155,234)		(530,037)		(540,066)
Net cash outflow from operating activities			**(623,505,986)**		**(9,400,627)**		**(2,510,632)**
Investing activities							
Purchase of tangible fixed assets		(519,633,567)		(7,834,538)		(788)	
Interest received		13,229,649		199,464		163,987	
Net cash (used in)/generated from investing activities			**(506,403,918)**		**(7,635,074)**		**163,199**
Financing activities							
Proceeds of new bank loans		666,523,239		10,049,200		-	
Net cash generated from/(used in) financing activities			**666,523,239**		**10,049,200**		-
Net decrease in cash and cash equivalents			**(463,386,665)**		**(6,986,501)**		**(2,347,433)**
Cash and cash equivalents at beginning of year			(520,783,063)		**(7,851,869)**		**(5,504,436)**
Cash and cash equivalents at end of year			**(984,169,728)**		**(14,838,370)**		**(7,851,869)**
Relating to:							
Cash at bank and in hand			72,484,568		1,092,853		3,907
Bank overdrafts included in creditors			-		-		-
payable within one year			(1,056,654,297)		(15,931,223)		(7,855,776)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2016

1. Accounting policies

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

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

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

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

These financial statements for the year ended 31 March 2016 are the first financial statements of Bharat Forge International Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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

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

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

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

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

Interest is accrued over the period of loan/investment.

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

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

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

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

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

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

e. Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

f. Stocks

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

Stocks held for distribution at no or nominal considerations are measured at cost, adjusted where applicable for any loss of service potential.

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

g. Cash and cash equivalents

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

h. Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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

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

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

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

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

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Derecognition of financial liabilities

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

i. Equity instruments

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

j. Taxation

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

Current tax

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

Deferred tax

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

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

k. Employee benefits

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

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

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

The company operates an employee share ownership plan (ESOP) trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records assets and liabilities of the trust as its own. Consideration paid by the ESOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the ESOP are recognised on an accruals basis.

l. Leases

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

m. Foreign exchange

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

2. Judgements and key sources of estimation uncertainty

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

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

3. Turnover and other revenue

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

	2016	2015
	$	$
Turnover		
Forged and machined components for the auto industry	150,100,871	171,630,712
Other significant revenue		
Interest income	199,464	163,987

Turnover analysed by geographical market

	2016	2015
	$	$
United States of America	113,578,962	115,847,750
Europe	26,884,665	41,812,986
United Kingdom	9,637,244	13,969,976
	150,100,871	171,630,712

4. Operating profit

	2016	2015
Operating profit for the year is stated after charging/(crediting):	$	$
Exchange losses/(gains)	(154,166)	(360,780)
Fees payable to the company's auditors for the audit of the company's financial statements	106,249	65,926
Depreciation of owned tangible fixed assets	267,085	29,938
Cost of stocks recognised as an expense	138,651,125	163,217,761
Operating lease charges	318,229	287,019

5. Interest receivable and similar income

	2016	2015
	$	$
Interest income		
Other interest income	199,464	163,987

6. Interest payable and similar charges

	2016	2015
	$	$
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	299,739	239,073

7. Taxation

	2016	2015
	$	$
Current tax		
UK corporation tax on profits for the current period	674,000	548,000
Adjustments in respect of prior periods	(19,517)	232
Total current tax	654,483	548,232

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016	2015
	$	$
Profit before taxation	3,214,108	2,556,132
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	642,822	536,788
Tax effect of expenses that are not deductible in determining taxable profit	7,578	-
Permanent capital allowances in excess of depreciation	23,981	5,420
Under/(over) provided in the year	(19,517)	-
Other adjustments	(381)	6,024
Tax expense for the year	654,483	548,232

8. Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	$	$	$	$	$
Cost					
At 1 April 2015	-	79,170	11,760	62,471	153,401
Additions	7,366,098	1,333	467,107	-	7,834,538
At 31 March 2016	7,366,098	80,503	478,867	62,471	7,987,939
Depreciation and impairment					
At 1 April 2015	-	58,512	9,693	52,167	120,372
Depreciation charged in the year	231,911	15,042	12,952	7,180	267,085
At 31 March 2016	231,911	73,554	22,645	59,347	387,457
Carrying amount					
At 31 March 2016	7,134,187	6,949	456,222	3,124	7,600,482
At 31 March 2015	-	20,658	2,067	10,304	33,029

9. Financial instruments

	2016	2015
	$	$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	39,768,781	32,961,400
Carrying amount of financial liabilities		
Measured at amortised cost	101,878,042	75,279,855

10. Stocks

	2016	2015
	$	$
Finished goods and goods for resale	60,706,299	46,858,381

11. Debtors

	2016	2015
Amounts falling due within one year:	$	$
Trade debtors	21,298,844	26,034,681
Amount due from parent undertaking	6,303,902	197,153
Amounts due from fellow group undertakings	194,155	-
Other debtors	514,085	1,683,657
Prepayments and accrued income	110,622	134,580
	28,421,608	28,050,071
Amounts falling due after one year:		
Amount due from parent undertaking	11,315,787	4,919,014
Other debtors	164,602	154,569
	11,480,389	5,073,583
Total debtors	39,901,997	33,123,654

Trade debtors disclosed above are measured at amortised cost.

12. Creditors: amounts falling due within one year

		2016	2015
	Notes	$	$
Loans and overdrafts	**14**	16,864,363	7,855,776
Trade creditors		7,661,390	1,207,310
Amount due to parent undertaking		66,616,831	65,735,412
Amounts due to fellow group undertakings		339,044	-
Corporation tax		382,999	258,553
Other taxation and social security		15,489	15,087
Other creditors		439,058	141,741
Accruals and deferred income		841,296	339,616
		93,160,470	75,553,495

13. Creditors: amounts falling due after more than one year

		2016	2015
	Notes	$	$
Loans and overdrafts	**14**	9,116,060	-

14. Loans and overdrafts

	2016	2015
	$	$
Bank loans	10,049,200	-
Bank overdrafts	15,931,223	7,855,776
	25,980,423	7,855,776
Payable within one year	16,864,363	7,855,776
Payable after one year	9,116,060	-

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

The £7,000,000 bank loan facility was drawn down in March 2016 and is repayable over 36 months. Interest is being charged on this loan at 2.85% above LIBOR. As at the 31 March 2016 £7,000,000 (2015: £nil) is outstanding.

The overdraft facility provided to the company by its bankers has gross limit of £15,000,000 and a net limit of £12,000,000. This is repayable on demand and incurs in interest of 2% above the banks's base rate.

15. Share capital

	2016	2015
	$	$
Ordinary share capital		
Authorised		
64,000 Ordinary shares of £1 each	104,774	104,774
Issued and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774

16. Operating lease commitments

Lessee

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

	2016	2015
	$	$
Within one year	243,980	200,644
Between two and five years	207,444	113,049
	451,424	313,693

17. Related party transactions

Remuneration of key management personnel

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

No guarantees have been given or received.

18. Controlling party

Until the 15 September 2015 the immediate parent company was Bharat Forge Beteiligungs GmbH. On the 15th September 2015 100% of the shareholding was transferred to Bharat Forge Global Holdings GmbH, who then became the intermediate parent company.

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

19 Cash generated from operations

	2016	2015
	$	$
Profit for the year after tax	2,559,625	2,007,900
Adjustments for:		
Taxation charged	654,483	548,232
Finance costs	299,739	239,073
Investment income	(199,464)	(163,987)
Depreciation and impairment of tangible fixed assets	267,085	29,938
Movements in working capital:		
(Increase) in stocks	(13,847,918)	(680,590)
(Increase) in debtors	(6,778,343)	(4,660,342)
Increase in creditors	8,473,942	948,283
Cash absorbed by operations	(8,570,851)	(1,731,493)

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 financial statements

Year ended 31 December 2015

Dear Sirs

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 31 December 2015, on:

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

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

1. Opinion on the annual accounts

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2015 and of the results of its operations for the year ended in accordance with French accounting principles.

2. Justification of our assessments

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

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

3. Specific information and verifications

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

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

Place: Dijon; Date: 9 May 2016

KPMG Audit Rhône Alpes Auvergne

Isabelle Fanjas

Mécanique Générale Langroise SAS

Balance Sheet as at December 31st, 2015

ASSETS	Rs.		EUR		As at 31/12/2014 EUR
A. Fixed Assets					
I. Other Intangible assets	-		-		2,585.00
II. Tangible assets					
1. Land	5,243,852.33		72,328.00		72,328.00
2. Buildings	147,380,757.81		2,032,810.00		2,145,203.00
3 Industrial Fixtures,fittings,plant machinery and equipment	39,809,066.58		549,083.00		616,825.00
4. Other Tangible Assets	4,311,996.98		59,475.00		81,868.00
5 Fixed Assets in progress	1,358,523.74		18,738.00		18,739.00
III. Other Fixed Assets	6,742.59		93.00		93.00
		198,110,940.03		2,732,527.00	2,937,641.00
B. Current assets					
I. Inventories					
Raw materials, supplies	22,945,768.99		316,489.00		286,472.00
Work in progress of service	15,020,467.18		207,176.00		488,511.00
Semi-finished and Finished goods	0.00		-		-
II. Accounts receivable and other assets					
Advances and down-payments to suppliers	2,900.04		40.00		564.00
Trade and Related Accoutns	66,309,849.61		914,606.00		1,605,441.00
Other Receivables	0.00				
-State Profit tax	25,124,206.54		346,536.00		0.00
-State Turnover tax	4,221,080.72		58,221.00		86,366.00
-Other	2,362,155.08		32,581.00		41,218.00
Investment Securities	7,497,110.91		103,407.00		101,594.00
Prepaid expenses	4,449,023.85		61,365.00		38,149.00
III. Cash on hands, bank balances	71,109,923.31		980,813.00		1,374,940.00
		219,042,486.23		3,021,234.00	4,023,255.00
Total		**417,153,426.26**		**5,753,761.00**	**6,960,896.00**

Mécanique Générale Langroise SAS

Balance Sheet as at December 31st, 2015

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2014* EUR
A. Equity					
Share Capital (paid up: 600,000)	43,500,600.00		600,000.00		600,000.00
Legal reserves	4,350,060.00		60,000.00		60,000.00
Other Reserve	126,151,232.49		1,739,993.00		1,250,000.00
Retained (profit/losses) brought forward merger	79,459,863.48		1,095,983.00		489,993.00
Net Income or loss of the tax year	**4,104,499.11**		**56,613.00**		**1,095,983.00**
Subsidies of Investment	15,796,952.89		217,886.00		243,933.00
Regulated Provisions	9,636,252.91		132,912.00		122,643.00
		282,999,460.88		3,903,387.00	3,862,552.00
B. Accruals		-		-	-
C. Provision for Liabilities & Charges		-		-	-
D. Loans & Debts					
Bank Borrowings	68,103,306.84		939,343.00		1,158,259.00
Other Financial borrowing & debts					
-Miscellaneous	1,450,020.00		20,000.00		40,000.00
-Partners					
Trade Notes & Related Accounts Payable	24,183,071.06		333,555.00		1,033,455.00
Tax Payables & Social Liabilities					
-Staff	9,573,612.05		132,048.00		141,826.00
-Payroll Taxes	17,654,138.50		243,502.00		301,791.00
-State, Profit Tax	-		-		154,676.00
-State, Turnover Tax	6,945,160.79		95,794.00		125,475.00
-Other Taxes	4,428,723.59		61,085.00		89,226.00
Liabilities on Fixed Assets & Related Accounts	1,368,528.88		18,876.00		44,161.00
Other Debts	447,403.67		6,171.00		9,475.00
		134,153,965.38		1,850,374.00	3,098,344.00
Total		**417,153,426.26**		**5,753,761.00**	**6,960,896.00**

Mécanique Générale Langroise SAS

Income statement for the period from January 1 to December 31, 2015

	2015		Previous Year
	Rs.	Eur	Eur
Sales of manufactured goods	1,705,441	23,523	31,246
Sales of manufactured services	560,808,430	7,735,182	9,484,672
Stored production	(20,397,141)	(281,336)	230,097
Operating subsidies	-	-	2,902
Recaptures on depreciations and reserves, expense transfer	4,398,346	60,666	46,483
Other operating income	18,053	249	-
Total operating income	**546,533,129**	**7,538,284**	**9,795,400**
Operating expenses			
Purchase of raw materials and other supplies	117,542,246	1,621,250	2,155,508
(including customs duties)			
Variation in inventory (raw materials and supplies)	(2,113,114)	(29,146)	(84)
Other purchases and external expenses	143,809,939	1,983,558	2,193,093
Taxes and assimilated payments	16,278,722	224,531	245,966
Salaries and wages expenses	163,610,687	2,256,668	2,234,451
Social security expenses	66,637,917	919,131	909,372
Operating allowances on fixed assets : depreciation allowances	33,928,075	467,967	416,770
Operating allowances on current assets : reserve allowances	2,370,058	32,690	33,562
Other expenses	4,205	58	1
Total operating expenses	**542,068,735**	**7,476,707**	**8,188,639**
Operating result	**4,464,394**	**61,577**	**1,606,761**
Other interest and assimilated income	131,517	1,814	1,181
Total financial income	**131,517**	**1,814**	**1,181**
Interests and assimilated expenses	1,639,610	22,615	27,286
Total financial expenses	**1,639,610**	**22,615**	**27,286**
Financial result	**(1,508,093)**	**(20,801)**	**(26,105)**
Ordinary result before tax	**2,956,301**	**40,776**	**1,580,656**
Extraordinary capital gains	1,888,434	26,047	42,601
Recaptures on reserves and expense transfers	1,868,931	25,778	29,568
Total extraordinary income	**3,757,365**	**51,825**	**72,169**
Extraordinary operating losses	-	-	6,440
Depreciation and reserve extraordinary allowances	2,613,516	36,048	39,800
Total extraordinary expense	**2,613,516**	**36,048**	**46,240**
Extraordinary result	**1,143,849**	**15,777**	**25,929**
Income tax	(4,350)	(60)	510,602
Total income	**550,422,011**	**7,591,923**	**9,868,750**
Total expenses	**546,317,511**	**7,535,310**	**8,772,767**
Net result	**4,104,500**	**56,613**	**1,095,983**
	Profit	***Profit***	***Profit***
Including leasing of furnitures	51,420,392	709,237	427,064

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:

a. 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

b. 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.

c. 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.

d. 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.

e. 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 01/01/2015 to 31/12/2015.

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

Mécanique Générale Langroise SAS

3. STATUS OF THE FIXED ASSETS

	Gross value of assets at the start of the year	Increases; Acquisition, creation, item to item transfer	Reductions via item to item transfer	Reductions via transfer or decommissioning	Gross value of assets at the end of the year	Legal revaluation; Original value at the end of the year
Preliminary & formation expenses, research & development						
Other intangible assets	61,763	-		-	61,763	61,763
Land	72,328	-	-	-	72,328	72,328
Buildings on owned land	2,281,546	96,278	-	-	2,377,824	2,377,824
General equipment, fixtures and fittings	935,731	12,677	-	-	948,408	948,408
Industrial fixtures, fittings, plant machinery & equipment	1,733,902	144,773	-	-	1,878,675	1,878,675
Other installations, fixtures and fittings	286,036	3,580	-	-	289,616	289,616
Transportation equipment	81,349	-	-	-	81,349	81,349
Office & computer equipment, furniture	52,869	5,546	-	-	58,415	58,415
Tangible assets in progress	18,738		-	-	18,738	18,738
Total	5,462,499	262,854	-	-	5,725,353	5,725,353
Investments valued using the equity method					-	-
Loans and other financial fixed assets	93				93	93
Total	93	-	-	-	93	93
Grand Total	**5,524,355**	**262,854**	**-**	**-**	**5,787,209**	**5,787,209**

Mécanique Générale Langroise SAS

4. STATUS OF THE AMORTISATION

	Situations and transactions of the year				Breakdown of the depreciation charges for the year			Transactions affecting the allowance for depreciations 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	59,177	2,585	-	61,762	2,585	-	-	-	-
Land									
Buildings on leased land	701,422	138,185		839,607	138,185	-	-	-	615
General equipment, fixtures and fittings	370,651	83,164		453,815	83,164	-	-	-	-
Industrial fixtures, fittings, plant machinery & equipment	1,117,077	212,515		1,329,592	212,515	-	-	34,901	24,746
Other installations, fixtures and fittings	247,832	9,545		257,377	9,545	-	-	-	45
Transportation equipment	52,322	14,656		66,978	14,656	-	-	-	-
Office & computer equipment, furniture	38,232	7,317		45,549	7,317	-	-	1,147	373
Total	2,527,536	465,382	-	2,992,918	465,382	-	-	36,048	25,779
Grand Total	**2,586,713**	**467,967**	**-**	**3,054,680**	**467,967**	**-**	**-**	**36,048**	**25,779**

5. 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	122,642	36,048	25,778	132,912
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				
Total Regulated Provisions	122,642	36,048	25,778	132,912
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	33,562	32,690	33,562	32,690
Other depreciations				
Total Depreciation	33,562	32,690	33,562	32,690
Grand Total	156,204	68,738	59,340	165,603
Including:				
– Operating allowances and write-offs		32,690	33,562	
– Financial allowances and write-offs				
– Extraordinary allowances & write-offs		36,048	25,778	

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.

6. 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	914,606	914,606	
Receivables representing loaned shares			
Staff accounts receivable			
Social security and other social bodies			
Government and other public bodies:			
- Corporate income tax	346,536	346,536	
- VAT	58,221	58,221	
- Other taxes and similar levies			
- Miscellaneous	28,722	28,722	
Group and shareholders			
Miscellaneous debtors	3,859	3,859	
Prepaid expenses	61,367	61,367	
Grand Total	1,413,404	1,413,404	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	939, 343	270,679	634,936	33,728
Financial loans and debts	20,000	20,000		
Trade accounts payable	333,555	333,555		
Staff accounts payable	132,048	132,048		
Social security and other social bodies	243,502	243,502		
Government and other public bodies:				
- Corporate income tax				
- VAT	95,794	95,794		
- Guaranteed bonds				
- Other taxes and similar levies	61,085	61,085		
Trade accounts payable – fixed assets	18,876	18,876		
Group and shareholders				
Other debts	6,170	6,170		
Payables representing loaned shares				
Deferred income				
Grand Total	1,850,374	1,181,710	634,936	33,728
Loans taken during the year	80,000			
Loans reimbursed during the year	318,727			
Loans and debts from shareholders				

OTHER TABLES

7.1 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	
Other receivables	430
MARKETABLE SECURITIES	
CASH	444
Total	**875**

7.2 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	253
Miscellaneous financial loans and debts	
Trade accounts payable	47,039
Tax payable	251,172
Trade accounts payable – fixed assets	
Other debts	2,312
Total	**300,777**

7.3 PREPAID EXPENSES AND DEFERRED INCOME

	Expenses	Income
Operating Expenses / Income	61,367	
Financial Expenses / Income		
Extraordinary Expenses / Income		
Total	**61,367**	

7.4 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	489,993		1,739,993
Profit/Loss brought forward	489,994	1,095983	489,993	1,095,983
Results	1,095,983	56,613	1,095,983	56,613
Equipment subsidies	243,933		26,047	217,886
Accelerated depreciations	122,642	36,048	25,778	132,912
TOTALS	3,862,552	1,678,637	1,637,801	3,903,38

7.5 BREAKDOWN OF THE NET TURNOVER

Distribution by sector of activity	Amount
Sale of goods	
Sale of finished products	23,523
Provision of services	7,735,182
Total	**7,758,705**

Distribution by geographical market	Amount
France	5,162,183
Overseas	2,596,522
Total	**7,758,705**

7.6 BREAKDOWN OF THE CORPORATE INCOME TAX

	Result before tax	Tax
Ongoing result	40,776	
Extraordinary result (and investment)	15,777	
Accounting income	56,613	

8.1 EQUIPMENT LEASING

	Installations, Equipment, Tools	Other	Total
Original value	4,740,886		4,740,886
Amortisations:			
– Total of previous years			
– Allowances for the year			
Total	4,740,886		4,740,886
Royalties paid:			
- Total of previous years	1,437,743		1,437,743
- Financial year	722,399		722,399
Total	2,160,142		2,160,142
Royalties to be paid:			
- In one year or less	270,417		270,417
- In more than one year and up to five years			
- In more than five years	1,695,012		1,695,012
	479,224		479,224
Total	2,444,653		2,444,653
Residual value:			
- Less than one year	10,361		10,361
- Up to one year			
- More than one year & upto five years	18,300		18,300
- More than five years	18,075		18,075
Total	46,736		46,736
Amount defrayed in the year	709,237		709,237

8.2 FINANCIAL COMMITMENTS

Commitments made	Amount
Discounted non-matured bills Guarantees given Pension commitments Other commitments made: Equipment leasing Loans Mortgage undertaking Pledging of business assets Pledging of bank accounts Other Société Générale	 2,444,652 959,090 334,837 654,677 100,000 245,723
Total	4,738,979
Of which concern: - Managers - Subsidiaries - Investments - Other related companies Including commitments made with collateral	 654,677
Commitments received	**Amount**
Guarantees, securities and sureties Other commitments received	
Total	
Of which concern: - Managers - Subsidiaries - Investments - Other related companies Including commitments made with collateral	

8.3 REMUNERATION OF MANAGERS

	Amount
Remuneration allocated to members: - Of the administrative bodies - Of the management bodies - Of the supervisory bodies	

The remuneration of the management bodies has not been communicated as it will indirectly lead to the disclosure of the individual remuneration.

8.4 STATUTORY AUDITOR'S FEES

	Amount
- Fees invoiced under the legal control of accounts	13,600
- Fees invoiced under counselling and provision of services	
Total	**13,600**

8.5 AVERAGE WORKFORCE

	Salaried staff	Staff provided to the est.
Executives	6	
First-line supervisor and technicians	8	
Employees	2	
Labourers	33	
	49	

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8.6 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		**156,997**	
Total		**156,997**	

Comments:
The calculation of the retirement package is based on the following parameters:
- Mortality table: TG05
- Discount rate: 2.03%
- Staff turnover rate: 1%
- Wage progression rate: 1%

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BF-NTPC Energy Systems Limited

Directors

Mr. A. B. Kalyani
Mr. K. M. Saletore
Mr. S. C. Pandey
Mr. M. V. Krishna
Mr. S. G. Joglekar
Mr. Thomas Joseph
Mr. Subhasis Ghosh
Mrs. Deepti R. Puranik

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, 2016

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, 2016.

1. FINANCIAL HIGHTLIGHTS

During the financial year 2015-16, Company has incurred a Net Loss of Rs. 4,110,320/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2016	As on March 31, 2015
Net Sales	NIL	NIL
Other Income	500,000	740
Total Revenue	**500,000**	**740**
Employee Benefits Expenses	1,208,701	18,57,734
Operating and Other Expenses	3,391,014	10,52,602
Total Expenses	**4,599,715**	**29,10,336**
PBDIT	(4,099,715)	(29,09,596)
Depreciation/Amortization	10,605	41,664
PBIT	(4,110,320)	(29,51,260)
Current Tax	NIL	NIL
PAT	(4,110,320)	(29,51,260)
Net Profit/(Loss)	**(4,110,320)**	**(29,51,260)**
Basic and Diluted Earnings Per Share	(0.34)	(0.25)

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, 2016. Your Company has not transferred any sum into any Reserves.

3. STATE OF COMPANY'S AFFAIRS

The Company is engaged in the business of manufacturing, buying, selling, etc. equipment relating to power and associate sector. The Company is not engaged in any business activity and there has been no change in the business of the Company during the financial year ended 31st March, 2016.

4. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2016 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, 2016, 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, 2016 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.

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. Subhash Chandra Pandey and Mr. Thomas Joseph, the Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the year under review, Mr. Subhasis Ghosh has been appointed as a nominee director of NTPC Limited, pursuant to the powers conferred under Articles of Association of the Company, in place of Mr. Girish Jagannath Deshpande. The Directors place on record the valuable contribution made by Mr. Girish Jagannath Deshpande.

Pursuant to Section 161 of the Companies Act, 2013, Mr. Subhasis Ghosh, Additional Director of the Company whose term of office expires at the ensuing 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.

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. Ashwani Singh has been appointed as Company Secretary of the Company with effect from April 13, 2016 due to resignation of Mr. Deepak Bedekar from the services of the Company effective from December 15, 2015.

12. NUMBER OF MEETINGS OF THE BOARD

In 2015-16, the Board of Directors of the Company met 4 (four) times i.e. on May 8, 2015, July 31, 2015, November 11, 2015 and January 29, 2016. 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 (NRC) comprises of Mr. Subhash Chandra Pandey, Mr. Mogalapalli Venkata Krishna and Mrs. Deepti Rajeev Puranik.

The Board has, on the recommendation of the NRC, 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.

The NRC meets, inter alia, to fill up of vacancies in the Board, evaluate the performance of the Whole-time Directors of the Company, the Board and its individual Members. The NRC recommends to the Board from time to time the amount of remuneration payable to the Whole-time Directors of the Company and the framework relating to the remuneration for the Directors, Key Managerial Personnel, Senior Manager and other employees.

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, 2016, 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, 2016 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 financial year under review there has been no related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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 "C"** to this report.

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: April 21, 2016	**Director**	**Director**
	DIN: 03142319	**DIN: 01705850**

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016
[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, 2016

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, 2015 and March 31, 2016.

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, 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
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, 2016				
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

i) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Mr. Vikaykumar K. Neginal, Manager	Total Amount
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	4,36,237/-	4,36,237/-
	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)		4,36,237/-	4,36,237/-
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 V of the Companies Act, 2013.*

ii) **Remuneration to other Director**

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
	1. Independent Directors · Fee for attending board / committee meetings	NIL	NIL
	· Commission	NIL	NIL
	· Others, please specify	NIL	NIL
	Total (1)	NIL	NIL
	2. 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			**453,330/-**
Overall Ceiling as per the Act			**30,00,000/-**

iii) **Remuneration to Key Managerial Personnel other than the MD/Manager/WTD**

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Deepak Vijay Bedekar, Company Secretary (till December 15, 2015)	Mr. Raj Kumar Mishra, Chief Financial Officer**	Total
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,52,189/-	4,49,713/-	7,01,902/-
	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		2,52,189/-	4,49,713/-	7,01,902/-

* Mr. Ashwani Singh was appointed as Company Secretary of the Company with effect from April 13, 2016 due to resignation of Mr. Deepak Bedekar from the services of the Company effective from December 15, 2015.

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 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 <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. <u>Removal</u>
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. <u>Retirement</u>
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 <u>Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel</u>

3.3.1 <u>General</u>**:**

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 <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.

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, 2016.

(A) Conservation of Energy

a. **Steps taken or impact on conservation of energy during 2015-2016**
   NIL
b. **Steps taken by the Company for utilizing alternate sources of energy**
   NIL
c. **Capital investment on energy conservation equipment**
   NIL

(B) Technology Absorption, Adaptation and Innovation

a. **Efforts made towards technology absorption, adaptation and innovation**
   The Company has continued its endeavor to absorb the best of technologies for its products.
b. **Benefits derived as a result of above efforts**
   The project was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo for the financial year is as follows:

i) Total Foreign Exchange Earning : NIL
ii) Total Foreign Exchange Outgo : NIL

Independent Auditor's Report

To the Members of 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, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended 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 Board of Directors are 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 prescribed 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 provisions 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.

Auditors' 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 of the financial statements 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. 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, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, I report that:

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

    b) In 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 financial statements comply with the Accounting Standards prescribed 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

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

        i. The Company does not have any pending litigations which would impact its financials positions;

        ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.N. Dhawan & Co.
Chartered Accountants
Firm Registration No. 000050N

Place : New Delhi
Date : 21st April 2016

Vijay Dhawan
Partner
Membership No. 12565

Annexure "A" to the Independent Auditor's Report

Referred to in paragraph 8 of the Independent Auditor's Report of even date to the members of BF-NTPC Energy Systems Limited on the financial statements as of and for the year ended March 31, 2016.

(i)

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in fixed assets as disclosed in Note 8 to the financial statements are held in the name of the company.

(ii) The Company does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order, is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the Public.

(vi) Since the Company has not commenced its commercial operation of products, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(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, 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 amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, , service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, and Government or debenture holders during the year. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S. N. Dhawan & Co.
Chartered Accountants
Firm Registration No. 000050N

Vijay Dhawan
Partner
Membership No. 12565

Place: New Delhi
Date: 21st April 2016

Annexure "B" to the Independent Auditor's Report of even date on the financial statements of BF-NTPC Energy Systems Limited

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **BF-NTPC Energy Systems Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. N. Dhawan & Co.
Chartered Accountants
Firm Registration No. 000050N

Vijay Dhawan
Partner
Membership No. 12565

Place: New Delhi
Date: 21st April 2016

BF-NTPC Energy Systems Limited

Balance Sheet as at March 31, 2016 **Amount in Rs.**

	Note No	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	120,000,000	120,000,000
Reserves and surplus	4	(73,883,160)	(69,772,840)
		46,116,840	**50,227,160**
Non-current liabilities			
Long-term provisions	5	68,153	38,273
		68,153	**38,273**
Current liabilities			
Trade Payables	6	1,261,433	1,421,432
Other current liabilities	7	12,403,499	8,187,390
Short-term provisions	5	80,498	66,773
		13,745,430	**9,675,595**
TOTAL :		**59,930,423**	**59,941,028**
ASSETS			
Non-current assets			
Fixed assets	8		
-Tangible Assets		59,705,875	59,716,480
		59,705,875	**59,716,480**
Current assets			
Cash and cash equivalents	9	224,548	224,548
		224,548	**224,548**
TOTAL :		**59,930,423**	**59,941,028**

Summary of significant accounting policies 2

The Notes are an intergral part of these Financial Statements

This is the Balance Sheet refferred to in our report of even date.

For S. N. Dhawan & Co.
Chartered Accountants

For and on behalf of the board of directors

Vijay Dhawan
Partner
Membership No. 12565

Kishore M Saletore
Director
DIN: 01705850

Subhash C Pandey
Director
DIN: 03142319

Place: New Delhi
Date: 21 April 2016

Ashwani Singh
Company Secretary

Rajkumar Mishra
Chief Financial Officer

BF-NTPC Energy Systems Limited

Statement of Profit and Loss for the Year Ended March 31, 2016 **Amount in Rs.**

	Note No	Year ended 31st March, 2016	Year ended 31st March, 2015
Income			
Other income	10	500,000	9,619
Total Revenue		**500,000**	**9,619**
Expenses			
Employee benefit expenses	11	1,208,701	1,857,734
Other expenses	12	3,391,014	1,061,481
Depreciation	8	10,605	41,664
Total Expenses		**4,610,320**	**2,960,879**
(Loss) before tax		(4,110,320)	(2,951,260)
(Loss) for the year		**(4,110,320)**	**(2,951,260)**
Basic & Diluted earnings per equity share(In Rs) (Refer note 20)		(0.34)	(0.25)

Summary of significant accounting policies
The Notes are an intergral part of these Financial Statements
This is the Statement of Profit & Loss refferred to in our report of even date.

As per our report of even date
For S. N. Dhawan & Co.
Chartered Accountants

For and on behalf of the board of directors

Vijay Dhawan
Partner
Membership No. 12565

Kishore M Saletore
Director
DIN: 01705850

Subhash C Pandey
Director
DIN: 03142319

Place: New Delhi
Date: 21 April 2016

Ashwani Singh
Company Secretary

Rajkumar Mishra
Chief Financial Officer

BF-NTPC Energy Systems Limited

Cash Flow Statement for the Year Ended March 31, 2016 **Amount in Rs.**

		Year ended 31st March, 2016	Year ended 31st March, 2015
A	**Cash flow from operating activities**		
	(Loss) as per Statement of Profit and Loss	(4,110,320)	(2,951,260)
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Provision no longer required written back	(500,000)	-
	Depreciation	10,605	41,664
	Interest received	-	(9,619)
	Loss on sale of fixed assets (Net of Gain)	-	(8,879)
	Operating profit before Working Capital Changes	**(4,599,715)**	**(2,928,094)**
	Movements in working capital :		
	Increase/(decrease) in other current liabilities	4,569,835	2,983,296
	Decrease / (increase) in long term loans & advances	29,880	(84,327)
	Net cash (used in) operating activities	**-**	**(29,125)**
B	**Cash flows from investing activities**		
	Interest received	-	9,619
	Sale of assets	-	11,899
	Net cash flow generated from investing activities	**-**	**21,518**
	Net (decrease) in cash and cash equivalents (A + B)	-	(7,607)
	Cash and cash equivalents at the beginning of the year	224,548	232,155
	Cash and cash equivalents at the end of the year	**224,548**	**224,548**
	Components of cash and cash equivalents as at end of the year		
	Bank Balances	-	-
	- In current accounts	224,548	224,548
	Cash and Cash equivalents (refer note 9)	**224,548**	**224,548**

1) The cash flow statement has been prepared under the indirect method as set out in accounting standard-3 on cash flow statement.
2) Figures in brackets indicate cash outflow
3) The notes are an integral part of these financial statements.
4) Previous year amount have been regrouped/ reclassified, wherever necessary, to conform with current year's presentation.

This is the cash flow statement referred in our report of even date

For S. N. Dhawan & Co.
Chartered Accountants

For and on behalf of the board of directors

Vijay Dhawan
Partner
Membership No. 12565

Kishore M Saletore
Director
DIN: 01705850

Subhash C Pandey
Director
DIN: 03142319

Place: New Delhi
Date: 21 April 2016

Ashwani Singh
Company Secretary

Rajkumar Mishra
Chief Financial Officer

Notes to Financial Statements for the year ended March 31, 2016

1. General Information

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. The Company currently is not engaged in any business activity.

2. Summary of significant accounting policies

2.1 Basis of preparation of Financial Statements

These financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company is Small and Medium Sized Company as defined in the General Instructions in respect of Accounting Standards, including the accounting standards notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules 2014. Accordingly, Company has complied with the accounting standards as applicable to Small & Medium Sized Company. The financial statements have been prepared on an accrual basis under the historical cost convention.

2.2 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

2.3 Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and any other attributable cost of bringing the asset to its working condition for the intended use. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long term advances and the cost of fixed assets not ready for their intended use before such date is disclosed as Capital work in progress.

Subsequent expenditure 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 are charged to the statement of profit and loss for the period during which such expenses are incurred.

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 would be recognized in the statement of profit and loss when the asset is derecognized.

Leasehold improvements are amortized over the period of lease or estimated useful life, whichever is lower.

Depreciation is provided on a pro-rata basis on Straight Line Method (SLM) using the rates arrived based on the useful lives of assets specified in Part C of Schedule II thereto of the Companies Act 2013 or useful lives of assets estimated by the management based on technical advice in cases where useful life is different than useful lives indicated in Part C of Schedule II of the Companies Act, 2013, as follows:

The Management's estimates of the useful lives of various fixed assets are given below:

Type of Assets	Estimated useful life
Office Equipments	5 Years
Computer	3 Years

2.4 Impairment of Assets

Assessment is done at each balance sheet date, as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from continuing of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

2.5 Foreign currency translation

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.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in foreign currency are repotted using the exchange rate at the date of the transaction, all non monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of the accounting period.

Exchange differences on restatement of all other monetary items are recognized in the Statement of Profit and Loss.

2.6 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.

2.7 Other Income

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable

2.8 Retirement benefits

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.

2.9 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.

2.10 Tax Expenses

Tax expenses for the period, comprising current tax and deferred tax, are included in the determination of the net profit and loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction.

Deferred tax is recognized for all the timings differences, subject to the consideration of prudence in respect of deferred tax assets.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off the recognized amounts and there is an intention to settle the assets and the liabilities on a net basis. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.11 Provisions and contingencies

Provisions: Provisions are recognized when there is an 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 measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

Contingent Liabilities: Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.12 Earnings per share

Basic earnings per share is 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. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purposes 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.

2.13 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include demand deposits with bank.

Amount in Rs.

		As at March 31, 2016	As at March 31, 2015
3.	**Share capital :**		
	Authorised :		
	25,000,000 equity shares of Rs. 10 each	250,000,000	250,000,000
	(Previous year: 25,000,000 equity shares of Rs. 10 each)		
	Issued, subscribed and fully paid-up :		
	12,000,000 equity shares of Rs. 10 each	120,000,000	120,000,000
	(Previous year: 12,000,000 equity shares of Rs. 10 each)		
	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

Equity shares	As at March 31, 2016		As at March 31, 2015	
	Nos.	Rs.	Nos.	Rs.
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Balance as at the beginning of the year	12,000,000	120,000,000	12,000,000	120,000,000
Add: Issue during the year	-	-	-	-
Balance as 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

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. 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 company, the holders of equity shares will be entitled to receive remaning assets of the company, after distributation of all preferential amounts. The distributaion will be in proportion to the number of equity shares held by the shareholders.

During the year, the amount of per share dividend recognized as distributions to equity shareholders is NIL (Previous year: Rs.NIL)

c. Shares held by holdinq company (including nominee)

	As at March 31, 2016	As at March 31, 2015
Bharat Forge Limited, Holding Company	61,200,000	61,200,000
6,120,000 Equity shares (Previous year 6,120,000) at Rs. 10 each		

d. Details of shareholders holdinq more than 5% shares in the Company (including nominee)

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Nos.	% of Holding	Nos.	% of 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%

4.	**Reserve and surplus :**		
	(Deficit) in the statement of profit and loss :		
	Balance as per last financial statements	(69,772,840)	(66,735,020)
	Loss for the year	(4,110,320)	(2,951,260)
	Depreciation adjustment pursuant to reassessment of useful lives considering the provisions of schedule II to Companies Act, 2013 (Refer note 8)	-	(86,560)
	Net (Deficit) in statement of profit & loss	**(73,883,160)**	**(69,772,840)**

		Long-term		Short-term	
5.	**Provisions :**				
	(Refer Note 14)				
	Provision for gratuity	68,153	38,273	-	-
	Provision for leave encashment	-	-	80,498	66,773
		68,153	**38,273**	**80,498**	**66,773**

6.	**Trade payables :**		
	Trade payables (Refer note 19)	1,261,433	1,421,432
		1,261,433	**1,421,432**
7.	**Other current liabilities :**		
	Statutory dues	10,000	72,500
	Contractually reimbursable expenses	12,275,170	7,537,229
	Provision for Expenses	118,329	577,661
		12,403,499	**8,187,390**

8. Fixed Assets :

Amount in Rs.

Particulars	Gross Block					Depreciation						Net Block	
	As at	Additions	Deletions/Adjustment during the year	Adjustment during the year	As at	As at	Charge for the year	Depreciation adjustment	Deletions/Adjustment during the year	Adjustments during the year	As at	As at	As at
	April 1, 2015	for the year			As at March 31, 2016	April 1, 2015		(Refer Note 4)			As at March 31, 2016	As at March 31, 2016	March 31, 2015
Tangible Assets													
Freehold Land	59,674,194	-	-	-	59,674,194	-	-		-	-	-	59,674,194	59,674,194
Computers	487,589	-	-	-	487,589	463,957	-	-	-	-	463,957	23,632	23,632
Office Equipment	162,169	-	-	-	162,169	143,515	10,605	-	-	-	154,120	8,049	18,654
Total	**60,323,952**	**-**	**-**	**-**	**60,323,952**	**607,472**	**10,605**	**-**	**-**	**-**	**618,077**	**59,705,875**	**59,716,480**
Previous year	60,384,327	-	60,375	-	60,323,952	536,603	41,664	86,560	57,355	-	607,472	59,716,480	

Note 1

During the previous year the Company reassessed the useful lives of its fixed assets considering the provisions of Schedule II of the Companies Act, 2013.
Accordingly, the re-assessment resulted in a capital charge of Rs. 86,560 to the opening balance of retained earnings.

		Amount in Rs.	
		As at 31st March, 2016	**As at 31st March, 2015**
9.	**Cash and cash equivalents :**		
	Balances with banks:		
	- On current accounts	224,548	224,548
		224,548	**224,548**
10.	**Other income :**		
	Provision no longer required written back	500,000	-
	Profit on sale of fixed assets	-	8,879
	Interest income on tds receivable	-	740
		500,000	**9,619**
11.	**Employee benefit expenses :**		
	Salaries, wages and bonus	1,156,245	1,778,843
	Gratuity expense (Refer note 14)	29,880	40,541
	Staff welfare expenses	22,576	38,350
		1,208,701	**1,857,734**
12.	**Other expenses :**		
	Land assesment tax (Refer Note 15)	2,517,910	-
	Rent (Refer Note 17)	338,400	338,400
	Repairs to building	130,800	130,800
	Auditor's remuneration (Refer Note 13)	120,708	118,944
	Legal and professional fees	93,151	306,105
	Communication costs	74,388	104,062
	Office expenses	31,529	35,530
	Insurance expenses	31,163	-
	Travelling and conveyance	23,819	-
	Electricity Expenses	15,600	15,600
	Printing & Stationery	12,546	11,290
	Miscellaneous expenses	1,000	750
		3,391,014	**1,061,481**

13. Auditor's Remuneration

(Amount in Rupees)

Particulars	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Statutory Audit Fee*	112,360	112,360
Out of pocket expense	8,348	6,584
Total	**120,708**	**118,944**

*Inclusive of service tax

14. Retirement and other employee benefits

The Company has voluntarily made a provision of Rs. 68,153 (Previous Year Rs. 38,273) and Rs. 80,498 (Previous Year Rs. 66,773) towards estimated gratuity and leave encashment respectively for all the employees existing as on March 31, 2016 on the assumption that they shall continue rendering service for 5 years. However the company is not covered under the provision of Gratuity Act 1972 as the Company had only 3 employees. Accordingly provisions of Accounting Standard 15 –"Employee Benefits" are not applicable to the Company.

15. Land assessment tax

During the year under review, the Company has paid an amount of Rs.25,17,910/- towards Non Agricultural Assessment Tax on the Land held by the Company at Solapur. The Tax so paid relates to the Financial Year 2011 to 2016, demand for which was received by the Company during current year.

16. Related Party

16.1 List of Related Parties

16.1.1. Parties with whom control exists:

Bharat Forge Limited, Holding Company

16.1.2. Joint Venture Partner

NTPC Limited

16.2. Key Managerial personnel (KMP)

Amit Babasaheb Kalyani	Director
Kishore Mukund Saletore	Director
Sanjeev Gajanan Joglekar	Director
Subhash Chandra Pandey	Director
Girish Jagannath Deshpande	Director (till 31st August 2015)
Thomas Joseph	Director
Subhasis Ghosh	Director (Appointed w.e.f 04th November 2015)
Deepak Bedekar	Company Secretary (till 15th December 2015)
Raj Kumar Mishra	Chief Financial Officer
Vijay Kumar K. Neginal	Manager

Transactions with Related Parties during the year are as under:

Particulars	Holding Company		Venturer Company		Fellow Subsidiary		Joint Venture of fellow subsidiary		Key Management Personnel		Total	
	2015-16	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15**
A. Transactions during the year												
Reimbursement of expenses	**-**	**-**	**-**	**-**	**4,599,715**	**2,919,215**	**-**	**-**	**-**	**-**	**4,599,715**	**2,919,215**
B.F. Infrastructure Limited	-	-	-		4,599,715	2,919,215	-	-	-	-	4,599,715	2,919,215
Employee benefit expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,179,513**	**1,819,384**	**1,179,513**	**1,819,384**
Tushar Mane	-	-	-	-	-	-	-	-	-	-	-	-
Jagmohan Bijalwan								-	-	1,103,514	-	1,103,514
Vijay.K.Neginal	-	-	-	-	-	-	-	-	453,330	456,640	453,330	456,640
Raj Kumar Mishra	-	-	-	-	-	-	-	-	466,893	229,830	466,893	229,830
Deepak Bedekar	-	-	-	-	-	-	-	-	259,290	29,400	259,290	29,400
B. Outstanding balances at the year end												
Balance payable	**-**	**-**	**1,178,829**	**1,178,829**	**12,275,170**	**7,537,229**	**-**	**18,381**	**-**	**-**	**13,453,999**	**8,734,439**
NTPC Limited	-	-	1,178,829	1,178,829	-	-	-	-	-	-	1,178,829	1,178,829
B.F. Infrastructure Limited	-	-	-	-	12,275,170	7,537,229	-	-	-	-	12,275,170	7,537,229
Ferrovia Transrail Solutions Private Limited	-	-	-	-	-	-	-	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

17. Operating lease

The Company has taken building on lease for corporate office in NOIDA. Rent recognized during the year 2 amounting to Rs. 338,400 (Previous Year Rs. 338,400). The total Future minimum lease payment under such leases is Rs. Nil (Previous Year Rs. Nil).

18. The Company is a Small and Medium Sized Company (SMC) as defined in The Companies (Accounting Standards) Rules, 2006 in respect of Accounting Standards deemed to be specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

19. Details of dues to micro & small enterprises as defined under the MSMED Act, 2006.

(Amount in Rupees)

S.No.	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2016
i)	Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at year end.	Nil	Nil
ii)	Interest due to suppliers registered under MSMED Act and remaining unpaid as at year end	Nil	Nil
iii)	Principal amount paid to suppliers registered under the MSMED Act beyond the appointed day during the year	Nil	Nil
iv)	Interest paid, other than section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
v)	Interest paid, under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
vi)	Interest due and payable towards suppliers registered under MSMED Act, for the payments already made	Nil	Nil
vii)	Further interest remaining due and payable for earlier years	Nil	Nil

20. Earnings /(Loss) per share

(Amount in Rupees)

Particulars	Units	For the Year ended March 31, 2016	For the Year ended March 31, 2015
(Loss) attributable to shareholders	Rs.	(41,10,320)	(29,51,260)
Weighted average number of equity shares in issue	Nos.	12,000,000	12,000,000
Basic and diluted earnings per share of Rs. 10 each	Rs.	(0.34)	(0.25)

21. The company has not commenced its operations as at the Balance Sheet Date. The expenses incurred for the year are considered as not directly related to the acquisition of an asset and are charged to the Statement of Profit & Loss.

22. 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**	
Vijay Dhawan Partner Membership No. 12565	Kishore M Saletore Director DIN: 01705850	Subhash C Pandey Director DIN: 03142319
Place: New Delhi Date: 21st April 2016	Ashwani Singh Company Secretary	Raj kumar Mishra Chief Financial Officer

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BF Infrastructure Limited

Directors	***Registered Office***	***Auditors***
Mr. Sandeep Kapoor	Pune Cantonment,	RMA & Associates
Mr. K. M. Saletore	Mundhwa,	Chartered Accountants
Mrs. Deepti R. Puranik	Pune - 411 036.	48, UG-2, Hasanpur, I.P. Extension
Mr. M. V. Krishna		New Delhi 110 092.

BOARD'S REPORT
For the year ended March 31, 2016

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, 2016.

1. FINANCIAL HIGHTLIGHTS

During the financial year 2015-16, Company has incurred a Net Loss of Rs. 18,554,843/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	**As on March 31, 2016**	**As on March 31, 2015**
Revenue from operations (Gross)	-	350,901,031
Less: Excise Duty	-	-
Revenue from operations (Net)	**-**	**350,901,031**
Other income	4,852,955	41,082,372
Total Revenue	**4,852,955**	**391,983,403**
Project Expenses	-	231,579,799
Purchases	-	121,908,659
Employee benefits expenses	11,227,996	18,939,352
Depreciation and amortization expenses	583,095	2,281,503
Finance costs	1,840,548	4,905,672
Other Expenses	9,080,700	12,183,212
Total expenses	**22,732,339**	**391,798,197**
Profit before exceptional and extraordinary items & tax	(17,879,384)	185,206
Exceptional items	-	-
Profit before extraordinary items and tax	(17,879,384)	185,206
Extraordinary Items	**-**	**-**
Profit before tax	(17,879,384)	185,206
Current tax	-	-
Deferred tax	675,459	(356,338)
Profit for the period from continuing operation	(18,554,843)	541,545
Profit/ (Loss) from discontinuing operations	-	-
Tax expense of discontinuing operations	-	-
Profit/(Loss) from discontinuing operations (after tax)	-	-
Profit/(Loss) for the period	**(18,554,843)**	**541,545**
Basic	(0.67)	0.027
Diluted	(0.67)	0.027

2. DIVIDEND

No dividend is recommended for the year ended March 31, 2016.

3. STATE OF COMPANY'S AFFAIRS

- **Oil & Gas Exploration Project:**
  Your Company (BFIL) with consortium partners Bharat Petro Resources Limited (BPRL), Engineers India Limited (EIL), Gas Authority of India Limited (GAIL) & Monnet Ispat & Energy Limited (MIEL) has jointly participated in the bidding process in NELP-IX in March 2011. The consortium 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.

- **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 131 Track Kilo Meters (TKMs) out of total project of 142 TKMs.

- **Railway Electrification Project:**
  Your Company (BFIL) has entered into a Joint Venture Agreement with JV Partner Cimechel Electrical Co. for business of design, supply, erection, testing & commissioning of 25 kV, 50 Hz, Single Phase, AC Electrification works 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, 2016 stood at Rs. 493,336,500/- divided into 27,519,600 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 7,728,100 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, 2016, 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, 2016 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. 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. Rohit Gogia, was re-appointed as Manager of the Company vide resolution passed in the General Meeting held on February 8, 2016, w.e.f. January 4, 2016 for a period of three years i.e. January 3, 2019.

Mr. Om Prakash Maken, Director of the Company has tendered his resignation effective from December 31, 2015 due to personal reasons.

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 2015-16, the Board of the Company met 8 (eight) times on May 18, 2015, May 22, 2015, July 3, 2015, July 9, 2015, August 4, 2015, August 14, 2015, November 17, 2015, January 12, 2016. 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, 2016, 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, 2016 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 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 – 28 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 Share holding	Whether relative of any Director or Manager
Sunil Kumar Nayyar	Chief Operating Officer	3,830,215/- (till November 9, 2015)	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: Pune
Date: 29th April 2016

Sandeep Kapoor
Chairman

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	NIL
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency	NA
4.	Share capital	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	

Notes:
1. There are no subsidiaries that are yet to commence operations.
2. No subsidiaries were liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/~~Joint Ventures~~	Ferrovia Transrail Solutions Private Limited
1. Latest audited Balance Sheet Date	March, 2016
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	4,900 equity shares
Amount of Investment in Associates/Joint Venture	Rs.49,000/-
Extend of Holding%	49%
3. Description of how there is significant influence	There is significant influence due to percentage (%) of Share Capital holding.
4. Reason why the associate/joint venture is not consolidated	Consolidated
5. Net worth attributable to shareholding as per latest audited Balance Sheet	99,835
6. Profit/Loss for the year	12,671
i. Considered in Consolidation	6,209
ii. Not Considered in Consolidation	6,462

Notes:
1. There are no Associates or Joint Ventures that are yet to commence operations.
2. No Associates or Joint Ventures were liquidated or sold during the year.

For and on behalf of The Board Of Directors

K. M. Saletore
Director

Sandeep Kapoor
Director

Place: Pune
Date: 29th April 2016

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U45203PN2010PLC136755
ii)	Registration date	July 5, 2010
iii)	Name of the Company	BF INFRASTRUCTURE LIMITED
iv)	Category/Sub category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune-411036, Maharashtra Tel. No. +91 120 463 8000 Fax No. +91 120 463 8099
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1	NIL	NIL	NIL

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune – 411036	L25209PN1961PLC012046	Holding	100%	Sec 2 (46)
2	Ferrovia Transrail Solutions Private Limited, 14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi – 110001	U45300DL2012PTC239645	Associate	49%	Sec 2(6)
3	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, 2016

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	19791500	19791500	100	NIL	27519600	27519600	100	NA
Sub-total (A) (1):-	NIL	19791500	19791500	100	NIL	27519600	27519600	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	19791500	19791500	100	NIL	27519600	27519600	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	19791500	19791500	100	NIL	27519600	27519600	100	NA

ii) Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Bharat Forge Limited with its nominees	19791500	100	NIL	27519600	100	NIL	NA

iii) Change in Promoters' Shareholding:

Sr. 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
1	At the beginning of the year	19791500	100	19791500	100
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	Allotment of 7728100 Equity Shares on July 3, 2015		9791500	
3	At the End of the year	27519600	100	27519600	100

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 01/04/2015				
i) Principal Amount	284,489,961/-	NIL	NIL	284,489,961/-
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	284,489,961/-	NIL	NIL	284,489,961/-
Change in Indebtedness during the financial year				
• Addition	29,677,177/-			29,677,177/-
• (Reduction)				
Net Change	29,677,177/-	NIL	NIL	29,677,177/-
Indebtedness as at 31st March, 2016				
i) Principal Amount	314,167,138/-	NIL	NIL	314,167,138/-
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	314,167,138/-	NIL	NIL	314,167,138/-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i) Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Rohit Gogia, Manager	
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,677,475/-	1,677,475/-
	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		1,705,075/-	1,705,075/-
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 V of the Companies Act, 2013.

ii) Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
	1. Independent Directors · Fee for attending board / committee meetings		NIL
	• Commission		NIL
	• Others, please specify		NIL
	Total (1)		NIL
	2. Other Non-Executive Directors · Fee for attending board / committee meetings		NIL
	Commission:		NIL
	- others, specify		NIL
	Total (2)		NIL
Total (B)=(1+2)			**NIL**
Total Managerial Remuneration			**1,705,075/-**
Overall 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 V of the Companies Act, 2013.

iii) 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	559,120/-	382,514/-	941,634/-
	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		559,120/-	382,514/-	941,634/-

*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 Three (3) Non-Executive Directors of which majority are Independent Directors.

1. OBJECTIVE

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

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as **"KMP")** and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.

1.4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity.

1.7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

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

2.2. Board means Board of Directors of the Company.

2.3. Directors mean Directors of the Company.

2.4. Key Managerial Personnel (KMP) means:

2.4.1. Chairman and Managing Director;
2.4.2. Executive Directors;
2.4.3. Chief Financial Officer; and
2.4.4. Company Secretary;

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

3. ROLE OF COMMITTEE

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

The Committee shall:

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

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

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

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

3.2.1. Appointment Criteria and qualification:

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure:

a) Managing Director/Whole-time Director:
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
b) Independent Director:
An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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

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

3.2.5. Retirement
The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior

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

3.3.1 General**:**

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

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

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

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

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

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

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

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

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

3.3.3 Remuneration to Non- Executive / Independent Director:

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

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

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

4. MEMBERSHIP

4.1. The Committee shall consist of a minimum 3 Non-Executive Directors, majority of them being Independent.

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

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

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

5. CHAIRPERSON

5.1. Chairperson of the Committee shall be an Independent Director.

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

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

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

6. FREQUENCY OF MEETINGS

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

7. COMMITTEE MEMBERS' INTERESTS

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

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

8. SECRETARY

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

9. VOTING

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

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

10. NOMINATION DUTIES

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

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

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

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

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

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

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

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

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

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

10.10 Recommend any necessary changes to the Board; and

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

11. REMUNERATION DUTIES

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

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

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

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

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

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

12. MINUTES OF COMMITTEE MEETING

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

Annexure "C"

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

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

2 Details of material contracts or arrangement or transactions at arm's length basis

a	Name(s) of the related party and nature of relationship	BF NTPC Energy Systems Ltd.	BFIL – CEC JV	Ferrovla Transrail Solutions Pvt. Ltd.
b	Nature of contracts/ arrangements/ transactions	Reimbursement of Expenses	Rendering of Services	Rendering of Services
c	Duration of the contracts / arrangements/transactions	On-going basis	On-going basis	On-going basis
d	Salient terms of the contracts or arrangements or transactions including the value, if any	On cost to cost basis	On cost to cost basis	On cost to cost basis
e	Date(s) of approval by the Board, if any	NA	NA	NA
f	Amount paid as advances, if any	Rs. 12,275,170/-	Rs. 62,160,975/-	Rs. 253,548,437/-

For and on behalf of the Board Of Directors

Sandeep Kapoor
Chairman
DIN: 01235153

Place: Pune
Date: 29th April 2016

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, 2016.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2015-2016

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

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	NIL
Foreign Exchange used	NIL	NIL
Net Foreign Exchange earned	NIL	NIL

For and on behalf of the Board Of Directors

Sandeep Kapoor
Chairman
DIN: 01235153

Place: Pune
Date: 29th April 2016

Independent Auditor's Report

To the Members of BF Infrastructure Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **BF Infrastructure Limited** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone 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 provisions 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 Standalone 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 there under.

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 controls 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 Standalone financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2016, and its Profit/Loss and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "***Annexure* A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

   c) the Balance Sheet, 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 written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B**".

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer note no.26 to the financial statement.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of
RMA & Associates
Chartered Accountants
FRN:000978N

Rajiv Bajpai
Partner
M.No.405219

Place: Delhi
Date: 29th April 2016

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

1)

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

b. The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

c. The title deeds of immovable properties are held in the name of the company.

2)

a. The management has conducted the physical verification of inventory at reasonable intervals.

b. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and I86 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7)

a. According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of
RMA & Associates
Chartered Accountants
FRN:000978N

Rajiv Bajpai
Partner
M.No.405219

Place: Delhi
Date: 29th April 2016

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of BF Infrastructure Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **BF Infrastructure Limited** as of March 31, 2016 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all materialrespects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016.

For and on behalf of
RMA & Associates
Chartered Accountants
FRN:000978N

Rajiv Bajpai
Partner
M.No.405219

Place: Delhi
Date: 29th April 2016

BF Infrastructure Limited

Balance Sheet as at 31st March , 2016 **Amount in Rs.**

	Note No	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share capital	3	493,336,500	416,055,500
b) Reserves and surplus	4	(245,138,750)	(226,583,908)
		248,197,750	**189,471,592**
2. Non Current liabilities			
a) Long-term borrowings		-	-
b) Deferred tax liabilities (Net)		105,907	-
c) Other Long term liabilities		-	-
d) Long-term provisions	5	478,804	368,000
		584,711	368,000
3. Current liabilities			
a) Short-term borrowings	6	314,167,138	284,489,961
b) Trade payables	7	509,878	121,705,418
c)Other current liabilities	8	57,981,192	66,283,600
d) Short-term provisions	9	1,188,865	2,023,119
		373,847,073	474,502,098
TOTAL :		**622,629,535**	**664,341,690**
II. ASSETS			
1. Non-current assets			
a) Fixed assets	10		
Tangible assets		289,103	555,753
Intangible assets		230,727	471,182
Intangible Assets Under Development	11	169,692,615	110,545,675
b) Non-current investments	12	84,000	49,000
c) Deferred Tax Assets (Net)	13	-	569,552
d)Long-term loans and advances		-	-
e) Other non-current assets	14	37,178,009	37,622,040
		207,474,455	**149,813,202**
2. Current assets			
a) Current investments		-	-
b) Inventory	15	-	-
c)Trade receivables	16	-	122,110,023
d) Cash and cash equivalents	17	573,683	582,775
e) Short-term loans and advances	18	408,902,331	388,032,373
f) Other current assets	19	5,679,066	3,803,317
		415,155,080	**514,528,488**
TOTAL :		**622,629,535**	**664,341,690**

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

Rajiv Bajpai
Partner
Membership No 405219

Place: Delhi
Date: 29th April 2016

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

Profit and Loss Account for the Year Ended March 31, 2016 **Amount in Rs.**

	Note No	Year ended 31st March, 2016	Year ended 31st March, 2015
I. Total revenue			
Revenue from operations (Gross)	20	-	350,901,031
Less: Excise Duty		-	-
Revenue from operations (Net)		**-**	**350,901,031**
Other income	21	4,852,955	41,082,372
Total Revenue		**4,852,955**	**391,983,403**
II. Expenses			
a) Project Expenses	22	-	231,579,799
b) Purchases	22	-	121,908,659
c) Employee benefits expenses	23	11,227,996	18,939,352
d) Depreciation and amortization expenses	10	583,095	2,281,503
e) Finance costs	24	1,840,548	4,905,672
f) Other Expenses	25	9,080,700	12,183,212
Total Expenses		**22,732,339**	**391,798,197**
Profit before exceptional and extraordinary items & tax		(17,879,384)	185,206
III. Exceptional items		-	-
Profit before extraordinary items and tax		(17,879,384)	185,206
IV. Extraordinary Items			-
Profit before tax		(17,879,384)	185,206
V. Tax expense			
a) Current tax		-	-
b) Deferred tax		675,459	(356,338)
VI. Profit for the period from continuing operation		(18,554,843)	541,545
VII. Profit/ (Loss) from discontinuing operations		-	-
VIII. Tax expense of discontinuing operations		-	-
IX. Profit/(Loss) from discontinuing operations (after tax)		-	-
X. Profit/(Loss) for the period		**(18,554,843)**	**541,545**
Earnings per equity share			
Nominal Value of share Rs. 10 (March 31 , 2016 Rs. 10)			
Basic		(0.67)	0.03
Diluted		(0.67)	0.03

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

Rajiv Bajpai
Partner
Membership No 405219

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: 29th April 2016

Virender Chand
Chief Finance Officer

BF Infrastructure Limited

Cash Flow Statement for the year Ended 31st March, 2016 — **Amount in Rs.**

		Year ended 31st March, 2016	Year ended 31st March, 2015
A.	**Cash Flow from Operations**		
	Profit before Taxation	(17,879,384)	185,206
	Adjustments for:		
	Depreciation	583,095	2,281,503
	Deferred Tax Liability	(569,552)	356,338
	Finance Charges	1,840,548	4,905,672
	Interest Income	(254,137)	(1,225,549)
	(Profit)/Loss on Sale of Fixed Assets	-	3,756,401
	Operating Profit before Working Capital Changes	**(16,279,430)**	**10,259,572**
	(Increase)/Decrease in Current Assets :		
	Projects WIP	-	-
	Trade Receivables	122,110,023	287,605,878
	Other Current Assets	(1,875,749)	279,963,824
	Other Non-current Assets	1,013,582	17,629,929
	Short-term Loans and Advances	(20,869,959)	544,270,014
	Increase/(Decrease) in Current Liabilities :		
	Trade Payables	(121,195,540)	(296,406,550)
	Other Current Liabilities	(8,302,408)	(915,270,287)
	Other Long Term Liabilities	-	-
	Long Term Provision	110,804	(812,000)
	Short Term Provision	(834,254)	(3,017,234)
	Cash Inflow/(Outflow) from Operations	**(46,122,929)**	**(75,776,854)**
	Direct Taxes Paid :		
	Income Tax Paid	-	
	Income Tax for Earlier years Written Back	-	
	Net Cash Inflow/ (Outflow) from Operation	**(46,122,929)**	**(75,776,854)**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	(75,990)	(45,991)
	Increase in Investment	(35,000)	
	Sale of Fixed Asset and Adjustments	-	599,614
	Net Cash Inflow/ (Outflow) from Investing Activities	**(110,990)**	**553,623**
C.	**Cash Flow from Financing Activities**		
	Increase in Share Capital	77,281,000	97,915,000
	Increase/(Decrease) in Borrowings	29,677,177	40,025,088
	Increase/(Decrease) in Non-Current Investment	(59,146,940)	(64,364,652)
	Interest Income	254,137	1,225,549
	Finance Charges	(1,840,548)	(4,905,672)
	Net Cash Inflow/(Outflow) from Financing Activities	**46,224,826**	**69,895,313**
	Net Change in Cash or Cash Equivalents during the Year	**(9,093)**	**(5,327,918)**
	Cash and Cash Equivalents at the beginning of the year	582,775	5,910,693
	Cash and Cash Equivalents at the end of the year	**573,682**	**582,775**

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

Rajiv Bajpai
Partner
Membership No 405219

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: 29th April 2016

Virender Chand
Chief Finance Officer

Notes to financial statements for the year ended 31st March 2016

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.

3. 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 is provided on a pro-rata basis on Straight Line Method (SLM) using the rates arrived based on the useful lives of assets specified in Part C of Schedule II thereto of the Companies Act or useful lives of assets estimated by the management based on technical advice in cases where useful life is different than useful lives indicated in Part C of Schedule II of the Companies Act, 2013, as follows:

The Management's estimates of the useful lives of various fixed assets are given below:

Type of Assets	Estimated useful life
Office Equipment	5 Years
Furniture & Fixture	10 Years
Software	3 Years
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) Inventories

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

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

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity.

Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realizable value.

Dies are amortized over their productive life. Expenditure incurred to repair the dies from time to time is charged to statement of profit and loss.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f) 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.

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:

i. Sale of goods

a. 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.

b. Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading.

ii. 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.

Amount in Rs.

		As at March 31, 2016	As at March 31, 2015
3.	**Share capital**		
	Authorized Shares (No.)	300,000,000	300,000,000
	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)		
	2,20,00,000 Non Cumulative Redemable Preference shares of par value of Rs.10/- each (Previous Year - 2,20,00,000 Non Cumulative Redemable Preference shares of par value of Rs.10/- each)	220,000,000	220,000,000
	Total	**520,000,000**	**520,000,000**
	Issued , Subscribed and Fully Paid up (No.)		
	275,19,600 shares of par value of Rs.10/- each fully paid up (Previous year 197,91,500 shares of par value of Rs.10/- each fully paid-up)	275,196,000	197,915,000
	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	**493,336,500**	**416,055,500**

(a) Reconciliation of the shares outstanding at the beginning and the at the end of the reporting period

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	No.	**In Rs.**	**No.**	**In Rs.**
At the begining of the year	19,791,500	197,915,000	10,000,000	100,000,000
Issued During the year	7,728,100	77,281,000	9,791,500	97,915,000
Outstanding at the year end	27,519,600	275,196,000	19,791,500	197,915,000

Preference Shares	As at March 31, 2016		As at March 31, 2015	
	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	As at March 31, 2016		As at March 31, 2015	
	No.	**% Holding**	**No.**	**% Holding**
Bharat Forge Limited	27,519,594	100%	19,791,494	100%
Total	**27,519,594**	**100%**	**19,791,494**	**100%**

Details of Preference Shares held by holding company

Particulars	As at March 31, 2016		As at March 31, 2015	
	No.	**% Holding**	**No.**	**% Holding**
Bharat Forge Limited	21,814,050	100%	21,814,050	100%
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	As at March 31, 2016		As at March 31, 2015	
	No.	**% Holding**	**No.**	**% Holding**
Bharat Forge Limited	27,519,594	100%	19,791,494	100%
Total	**27,519,594**	**100%**	**19,791,494**	**100%**

Details of Preference Shareholders holding more that 5% shares in the company

Particulars	As at March 31, 2016		As at March 31, 2015	
	No.	**% Holding**	**No.**	**% Holding**
Bharat Forge Limited	21,814,050	100%	21,814,050	100%
Total	**21,814,050**	**100%**	**21,814,050**	**100%**

BF Infrastructure Limited

Notes to Accounts of Financial Statements for the Year Ended March 31, 2016

			As at March 31, 2016	As at March 31, 2015
				Amount in Rs.
4.	**Reserves and surplus**			
	Balance as per last Financial Statement		(226,583,907)	(227,125,452)
	Add: Net Profit/Loss for the year		(18,554,843)	541,545
	Closing Balance		**(245,138,750)**	**(226,583,908)**
5.	**Long Term Provision**			
	Provision for Employee Benefits			
	Provision for Gratuity (Refer Note No. 26)		478,804	368,000
		TOTAL :	**478,804**	**368,000**
6.	**Short Term Borrowings**			
	Cash Credit from Bank (Secured)		314,167,138	284,489,961
		TOTAL :	**314,167,138**	**284,489,961**

a) Cash Credit from bank is secured against hypothecation of fixed assets and current assets such as stocks of raw material, semi finished, finished goods, work in progress, consumable stores and spares, book debts etc.Cash credit is repayable on

			As at March 31, 2016	As at March 31, 2015
7.	**Trade Payables**			
	Trade Payables		509,878	121,705,418
		TOTAL :	**509,878**	**121,705,418**
8.	**Other Current Liabilities**			
	Due to Holding Company		57,700,000	65,306,000
	Duties and Taxes		281,192	977,600
		TOTAL :	**57,981,192**	**66,283,600**
9.	**Short Term Provisions**			
	Expenses Payable		552,210	819,035
	Short term provisions		636,655	1,204,084
		TOTAL :	**1,188,865**	**2,023,119**

10. Fixed Assets

Amount in Rs.

	Tangible				Intangible			Total Assets
	Office equipments	Furniture and fixtures	Computers	Sub Total	Software	Website	SubTotal	As at 31.03.14
As at March 31, 2014	**3,481,683.00**	**5,824,450.00**	-	**9,306,133.00**	**2,118,966.00**	**581,970.00**	**2,700,936.00**	**12,007,069.00**
Additions	20,879.00	2,000.00	**23,112.00**	45,991.00	-	-	-	45,991.00
Disposals	1,888,174.00	5,297,073.00	-	7,185,247.00	-	-	-	7,185,247.00
Other adjustments	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-	-	-
As at March 31, 2015	**1,614,388.00**	**529,377.00**	**23,112.00**	**2,166,877.00**	**2,118,966.00**	**581,970.00**	**2,700,936.00**	**4,867,813.00**
Additions	-	-	**75,990.00**	75,990.00	-	-	-	75,990.00
Disposals	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-	-	-
As at March 31, 2016	**1,614,388.00**	**529,377.00**	**99,102.00**	**2,242,867.00**	**2,118,966.00**	**581,970.00**	**2,700,936.00**	**4,943,803.00**
Depreciation								
At March 31, 2014	**1,048,140.84**	**2,351,293.62**	-	**3,399,434.46**	**798,545.69**	**190,626.79**	**989,172.48**	**4,388,606.94**
Charge for the year	801,710.97	227,812.65	11,398.08	1,040,921.70	943,265.07	297,316.45	1,240,581.53	**2,281,503.00**
Disposals	547,355.64	2,281,876.82	-	2,829,232.46	-	-	-	2,829,232.46
At March 31, 2015	**1,302,496.17**	**297,229.45**	**11,398.08**	**1,611,123.70**	**1,741,810.76**	**487,943.24**	**2,229,754.01**	**3,840,878.00**
Charge for the year	68,226.51	222,858.92	51,554.76	**342,640.19**	180,018.12	60,436.59	**240,454.71**	**583,094.89**
Disposals	-	-	-	-	-	-	-	-
At March 31, 2016	**1,370,722.68**	**520,088.38**	**62,952.83**	**1,953,763.89**	**1,921,828.88**	**548,379.84**	**2,470,208.72**	**4,423,972.60**
Net Block								
As at March 31, 2014	**2,433,542.16**	**3,473,156.38**	-	**5,906,698.54**	**1,320,420.31**	**391,343.21**	**1,711,763.52**	**7,618,462.06**
As at March 31, 2015	**311,891.83**	**232,147.55**	**11,713.92**	**555,753.30**	**377,155.24**	**94,026.76**	**471,181.99**	**1,026,935.29**
As at March 31, 2016	**243,665.32**	**9,288.62**	**36,149.17**	**289,103.11**	**197,137.12**	**33,590.16**	**230,727.28**	**519,830.39**

		As at March 31, 2016	As at March 31, 2015
			Amount in Rs.
11.	**Intangible Assets Under Development**		
	OIL Exploration Activities	169,692,615	110,545,675
	TOTAL :	**169,692,615**	**110,545,675**
12.	**Non Current Investment**		
	Trade Investments		
	(i) Investments in Equity Instruments		
	Ferrovia Solutions Private Limited (4,900 Equity Shares @ Rs 10)	49,000	49,000
	Hospet Bellary Highways Private Limited (3,500 Equity Shares @ Rs 10)	35,000	-
	TOTAL :	**84,000**	**84,000**
13.	**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	675,459	(569,552)
	Net Deferred Tax Liability /(Asset)	**675,459**	**(569,552)**
14.	**Non Current Assets**		
	Taxes and Duties including VAT	37,178,009	37,622,040
	TOTAL :	**37,178,009**	**37,622,040**
15.	**Inventory**		
	Project Work in Progress	-	-
	TOTAL :	**-**	**-**

BF Infrastructure Limited

Notes to Accounts of Financial Statements for the Year Ended March 31, 2016

			As at March 31, 2016	As at March 31, 2015
				Amount in Rs.
16.	**Trade Receivables**			
	Unsecured considered good unless stated otherwise		-	122,110,023
	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**
17.	**Cash And Bank Balances**			
	Cash and Cash Equivalents			
	Balances with Banks			
	In Current Accounts		523,367	540,814
	Cash in Hand		50,315	41,961
		TOTAL :	**573,683**	**582,775**
18.	**Short term Loans and Advances**			
	To Related Parties considered good		373,640,510	360,554,722
	Others			
	Unsecured Considered Good		9,750,000	9,750,000
	Income Tax Refundable		15,184,690	11,407,631
	TDS Receivable		10,327,132	6,320,020
		TOTAL :	**408,902,331**	**388,032,373**
19.	**Other Current Assets**			
	Prepaid Expenses		56,240	316,583
	Security Deposits		3,452,168	3,285,848
	ALSTOM Bharat Forge Power Limited		-	60,000
	Kenersys India Limited		2,046,548	-
	United Insurance Co.Ltd		-	16,776
	Gratuity Fund with LIC		124,110	124,110
		TOTAL :	**5,679,066**	**3,803,317**

Amount in Rs.

			For the year ended March 31, 2016	For the year ended March 31, 2016
20.	**Revenue From Operations**			
	Contract Revenue		-	225,747,747
	Sale of Products		-	125,153,284
		TOTAL :	**-**	**350,901,031**

Disclosure pursuant to Accounting Standard-7 'Construction Contracts'

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2016
Contract Revenue Recognized during the period	Nil	225,747,747
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	Nil	231,579,799
Amount of customer advances outstanding for contracts in progress up to the reporting date	Nil	Nil
Retention amount due from customers for contract in progress up to the reporting date	Nil	Nil
Due from customers	Nil	Nil
Due to customers	Nil	Nil

21.	**Other Income**			
	Interest Income		254,137	1,225,549
	Other Income		4,540	1,179,223
	Management Consultancy Fees		4,594,278	38,400,000
	Forefeiture of Security		-	277,600
		TOTAL :	**4,852,955**	**41,082,372**
22.	**Project Expenses**			
	BTG Work		-	225,747,746
	BOP Work		-	140,809
	Retainership Fees		-	1,415,235
	Office Rent and Maintenance		-	2,302,738
	Professional Charges		-	1,439,064
	Local Transport		-	429,075
	Other Site Expenses		-	93,632
	Labour Cess		-	11,500
		TOTAL :	**-**	**231,579,799**
	Cost Of Raw Materials And Components Consumed			
	Inventory at the beginning of the year		-	-
	Add: Purchases		-	121,908,658.60
	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%	-	95,138,015.60
	Indegenous	22%	-	26,770,643.00
	Total	**TOTAL :**	**-**	**121,908,659**

			For the year ended March 31, 2016	For the year ended March 31, 2016
				Amount in Rs.
23.	**Employee Benefit Expenses**			
	Employee Benefits Expenses			
	Salaries, wages and bonus (including managing and whole time director's remuneration)		10,733,830	18,256,808
	Contributions to			
	- Provident fund		591,278	949,055
	- Superannuation scheme			
	- Other fund / scheme			
	- Gratuity fund [Refer note 26]		(97,112)	(266,511)
	- Special Gratuity fund [Refer note 26]			
	Employee voluntary retirement scheme compensation			
	Staff welfare expenses			
		TOTAL :	**11,227,996**	**18,939,352**
24.	**Finance Cost**			
	Bank Charges		46,526	1,800,408
	BG Commission		10,177	409,640
	Interest Expenses		1,783,845	2,695,624
		TOTAL :	**1,840,548**	**4,905,672**
25.	**Other Expenses**			
	Office and Administration Expenses		492,214	3,259,661
	Transportation Charges		-	1,701,557
	Insurance Expenses		433,591	135,054
	Legal & Professional Expenses		1,159,772	2,672,436
	Retainership Fees		5,301,129	4,011,943
	Guest House Rent & maintence Expenses		395,152	-
	Travel & Conveyance		1,034,796	-
	Payment to Auditors		264,046	235,000
	Miscellaneous Expenses		-	4,777
	Preliminary Exps. Written off		-	162,785
		TOTAL :	**9,080,700**	**12,183,212**
	Payment To Auditors			
	As auditors			
	- Audit Fee		264,046	235,000
	- Other (Including Certification Fee)		-	-
		TOTAL :	**264,046**	**235,000**

Amount in Rs.

		For the year ended March 31, 2016	For the year ended March 31, 2016
26.	**Contingent Liabilities**		
	Bank Guarantees		
	Bank Guarantees Extended for Project/Oil Business	213,473,362	35,961,241
	Claims against the company not acknowledged as Debts- to the extent ascertained*#	10,000,000	10,000,000
	Sales Tax Demand-Matters under dispute #	13,726,771	13,726,771
	TOTAL :	**237,200,133**	**59,688,012**

*# The claim against the company comprises of dues in respect of local taxes.

The company is contesting the damands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appllate process. No tax expense has been accrued in the financial statements for the tax demand raised.

27. 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.

	For the year ended March 31, 2016	For the year ended March 31, 2016
Table Showing Change in Benefit Obligation		
Projected Benefit Obligatons (PBO)		
at the beginning of the year	605,000	1,352,000
Interest Cost	48,400	108,160
Service Cost	106,677	388,786
Benefits paid	-	(245,971)
Actuarial (gain) loss on obligations	(275,983)	(997,975)
PBO at the end of the year	484,094	605,000
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
Notes to Accounts of Financial Statements for the Year Ended March 31, 2016

Note No. 28 to the Financial Statements
Related Party Disclosure
Name of related parties and related parties relationship

Holding Company	Bharat Forge Limited
Joint Ventures of Company	Ferovia Transrail Solution P. Ltd.
	BFIL-CEC JV
Fellow Subsidiary	BF-NTPC Energy Systems Ltd.
Key Managerial Persons	Mr. Kishore Mukund Saletore
	Mr. Sandeep Kapoor
	Mr. Om Parkash Maken (till 31st Dec 2015)
	Mr. Rohit Gogia
	Mr. Shubham Kandhway
	Mr. Virendra Chand

Amount in Rs.

Sr.No.	Nature of Transaction	Name of Related Party and Nature of Relationship	For the year ended March 31, 2016	For the year ended March 31, 2016
1.	**Services Rendred**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	4,238,680	25,842,800
		2. BF-NTPC Energy Systems Limited	-	-
		Total	**4,238,680**	**25,842,800**
		Joint Ventures		
		1. BFIL-CEC JV	1,021,769	16,995,440
		Total	**1,021,769**	**16,995,440**
2.	**Reimburshment of Expenses**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	33,226,150	35,389,073
		2. BF-NTPC Energy Systems Limited	600,000	600,000
		Total	**33,826,150**	**35,989,073**
		Joint Ventures		
		1. BFIL-CEC JV	5,611,699	51,131,586
		Total	**5,611,699**	**51,131,586**
3.	**Investments**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	49,000	49,000
		2. BF-NTPC Energy Systems Limited	-	-
		Total	**49,000**	**49,000**
4.	**Advance Given**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	249,309,757	219,524,464
		2. BF-NTPC Energy Systems Limited	11,675,170	6,937,229
		2. BFIL-CEC JV	61,139,206	9,723,238
		Total	**322,124,133**	**236,184,931**

Sr.No.	Balance Outstanding as at Year ended			
1.	**Receiavable towards Services Rendered**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	4,238,680	25,842,800
		Total	**4,238,680**	**25,842,800**
		Joint Ventures		
		1. BFIL-CEC JV	1,021,769	16,995,440
		Total	**1,021,769**	**16,995,440**
2.	**Receiavable towards Reimburshment of Expenses**	**Associates**		
		1. Ferrovia Transrail Solutions Pvt.Ltd	249,309,757	254,962,537
		2. BF-NTPC Energy Systems Limited	600,000	600,000
		Total	**249,909,757**	**255,562,537**
		Joint Ventures		
		1. BFIL-CEC JV	61,139,206	9,723,238
		Total	**61,139,206**	**9,723,238**

Amount in Rs.

		For the year ended March 31, 2016	For the year ended March 31, 2016
29.	**Capital and Other Commitments**		
	Capital Commitments	-	-
	TOTAL :	**-**	**-**
30.	**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 ,	-	-
	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.

31.	**Value of Imports on CIF Basis**		
	Main Gear Box	-	95,138,016
	TOTAL :	**-**	**95,138,015.60**

Note No. 31
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

On behalf of the Board of Directors

Kishore Saletore
Director

Sandeep Kapoor
Director

Rajiv Bajpai
Partner
Membership No 405219

Shubham Kandhway
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: 29th April 2016

Virender Chand
Chief Finance Officer

BF Infrastructure Ventures Limited

Directors	***Registered Office***	***Auditors***
Mr. K. M. Saletore	Pune Cantonment,	RMA & Associates
Mr. M. V. Krishna	Mundhwa,	Chartered Accountants
Mrs. Deepti R. Puranik	Pune - 411 036.	48, UG-2, Hasanpur, I.P. Extension
Mr. S. G. Joglekar		New Delhi 110 092.
Mr. B.S. Mitkari		

BOARD'S REPORT
For the year ended March 31, 2016

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, 2016.

1. FINANCIAL HIGHTLIGHTS

During the financial year 2015-16, Company has incurred a Net Loss of Rs. 12,831,028/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2016	As on March 31, 2015
Total Revenue	**-**	**-**
Finance Cost	22,614	-
Operating and Other Expenses	320,730	51,988
Total Expenses	**343,344**	**51,988**
Profit/(Loss) before exceptional and extraordinary items and tax	(343,344)	51,988
Exceptional Item		
Profit/(Loss) before items and tax	(343,344)	(51,988)
Extraordinary Item		
Loss on sale of investment	12,487,684	-
Profit/(Loss) before tax	(12,831,028)	(51,988)
Tax Expense		
Current Tax	-	-
Deferred Tax	-	-
Profit for the period from continuing operation	(12,831,028)	(51,988)
Profit/ (Loss) from discontinuing operations	-	-
Tax expense of discontinuing operations	-	-
Profit/(Loss) from discontinuing operations (after tax)	-	-
Profit/(Loss) for the period	**(12,831,028)**	**(51,988)**
Basic and Diluted Earnings Per Share	(0.32)	(0.0013)

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, 2016.

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, 2016 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, 2016, 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, 2016 which may affect the financial position of the Company or may require disclosure.

6. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

During the year under review the Company has sold its entire shareholding in David Brown Bharat Forge Gear Systems India Limited to the Venturer Company - David Brown Systems India (Holdings) Limited on September 30, 2015. So as on March 31, 2016, the Company does not have any Subsidiary, Joint Venture or Associate Company.

A statement containing the salient features of the financial statement (upto September 30, 2015) of the Joint Venture Company in the prescribed format AOC-1 is annexed herewith as **Annexure "A"** to this report.

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 "B"** 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. Sanjeev Gajanan Joglekar, Director of the Company retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

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 2015-16, the Board of the Company met 6 (six) times on May 1, 2015, July 3, 2015, July 9, 2015, August 25, 2015, December 17, 2015 and January 12, 2016. 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 "C"** 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, 2016, 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, 2016 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 "D"** to this report.

21. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Performance evaluation has been carried out as per the Nomination and Remuneration Policy.

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

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: Pune
Date: April 29, 2016

K. M. Saletore
Chairman

Annexure - "A"

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	NIL
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency	NA
4.	Share capital	NA
5.	Reserves & surplus	NA
6.	Total assets	NA
7.	Total Liabilities	NA
8.	Investments	NA
9.	Turnover	NA
10.	Profit before taxation	NA
11.	Provision for taxation	NA
12.	Profit after taxation	NA
13.	Proposed Dividend	NA
14.	% of shareholding	NA

Notes:

1. There are no subsidiaries that are yet to commence operations.
2. No subsidiaries were liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	*David Brown Bharat Forge Gear Systems India Limited
1. Latest audited Balance Sheet Date	NA
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	NIL
Amount of Investment in Associates/Joint Venture	NIL
Extend of Holding%	NIL
3. Description of how there is significant influence	NA
4. Reason why the associate/joint venture is not consolidated	NA
5. Net worth attributable to shareholding as per latest audited Balance Sheet	NA
6. Profit/Loss for the year	
i. Considered in Consolidation	NA
ii. Not Considered in Consolidation	NA

Notes:

1. There are no Associates or Joint Ventures that are yet to commence operations.
2. *The Company has sold its stake in David Brown Bharat Forge Gear Systems India Limited to the Venture Company - David Brown Systems India (Holdings) Limited on September 30, 2015.

For and on behalf of The Board Of Directors

Place: Pune	K. M. Saletore	S. G. Joglekar
Date: April 29, 2016	Director	Director

Annexure "B"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016
[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)

*The Company has sold its stake in David Brown Bharat Forge Gear Systems India Limited to the Venture Company - David Brown Systems India (Holdings) Limited on September 30, 2015.

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

i) Category-wise Share Holding as of March 31, 2016

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

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	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 01/04/2015				
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
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, 2016				
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 "C"

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 <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.

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, 2016.

(A) Conservation of Energy

a. **Steps taken or impact on conservation of energy during 2015-2016**
The project is under implementation.

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

For and on behalf of the Board of Directors

Kishore Mukund Saletore
Chairman
DIN: 01705850

Place: Pune
Date: April 29, 2016

Independent Auditor's Report

To the Members of BF Infrastructure Ventures Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **BF Infrastructure Ventures Limited** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone 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 provisions 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 Standalone 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 there under.

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 controls 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 Standalone financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2016, and its Profit/Loss and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "***Annexure* A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

   c) the Balance Sheet, 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 written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B**".

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

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of
RMA & Associates
Chartered Accountants
FRN: 000978N

Rajiv Bajpai
Partner
M.No.405219

Place: Delhi
Date: 29th April 2016

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

1)
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

   (c) The title deeds of immovable properties are held in the name of the company.

2)
   (a) The management has conducted the physical verification of inventory at reasonable intervals.

   (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and I86 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7)
   (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

   (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of
RMA & Associates
Chartered Accountants
FRN: 000978N

Rajiv Bajpai
Partner
M.No.405219

Place: Delhi
Date: 29th April 2016

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of BF INFRASTRUCTURE VENTURES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **BF INFRASTRUCTURE VENTURES LIMITED** as of March 31, 2016 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all materialrespects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016.

For and on behalf of
RMA & Associates
Chartered Accountants
FRN:000978N

Rajiv Bajpai
Partner
M.No.405219

Place: Delhi
Date: 29th April 2016

BF Infrastructure Ventures Ltd

Balance Sheet as at 31st March, 2016 — **Amount in Rs.**

	Note No	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	400,500,000	400,500,000
Reserves and surplus	4	(17,003,489)	(4,172,461)
		383,496,511	**396,327,539**
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	30,752,741	60,555,291
Short-term provisions	6	284,849	268,811
		31,037,590	**60,824,102**
TOTAL :		**414,534,101**	**457,151,641**
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
Long-term loans and advances		-	-
Other non-current assets		-	-
		-	**43,400,000**
Current assets			
Current investments		-	-
Inventories		-	-
Trade receivables		-	-
Cash and cash equivalents	8	843,312	55,687
Short-term loans and advances		-	-
Other current assets	9	413,690,789	413,695,954
		414,534,101	**413,751,641**
TOTAL :		**414,534,101**	**457,151,641**

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: 29 April 2016

Place: Delhi
Date: 29 April 2016

BF Infrastructure Ventures Ltd

Statement of Profit and Loss for the year ended March 31 , 2016 **Amount in Rs.**

	Note No	Year ended 31st March, 2016	Year ended 31st March, 2015
Revenue			
Revenue from operations		-	-
Other income		-	-
Total Revenue		-	-
Expenses:			
Employee benefits expense		-	-
Depreciation and amortization expense		-	-
Finance costs		22,614	-
Other expenses	10	320,730	51,988
Total expenses		**343,344**	**51,988**
			-
Profit/(Loss) before exceptional and extraordinary items & tax		(343,344)	(51,988)
Exceptional items			-
Profit/(Loss) before extraordinary items and tax		(343,344)	(51,988)
Extraordinary Items		-	-
Loss on Sale Investments		12,487,684	
Profit/(Loss) before tax		(12,831,028)	(51,988)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the period from continuing operation		(12,831,028)	(51,988)
Profit/ (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
Profit/(Loss) for the period		**(12,831,028)**	**(51,988)**
Earnings per equity share:			
Nominal Value of share Rs. 10 (March 31 , 2016 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: 29 April 2016

Place: Delhi
Date: 29 April 2016

Notes to Financial Statements for the year ended March 31, 2016

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.

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. 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 estimate 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.

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:

i. Sale of goods

a. 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.
b. Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading.

ii. 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.

		Amount in Rs.	
		As at March 31, 2016	As at March 31, 2015
3.	**Share capital :**		
	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, 2016		As at March 31, 2015	
	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 2016		31 March 2015	
	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 2016		31 March 2015	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	400,500,000	100%	400,500,000	100%
Total	**400,500,000**	**100%**	**400,500,000**	**100%**

		Amount in Rs.	
		As at March 31, 2016	As at March 31, 2015
4.	**Reserve and Surplus**		
	Surplus/(Deficit) in the Statement of Profit and Loss Account		
	Balance as per last Financial Statement	(4,172,461)	(4,120,473)
	Add(Less):-Profit (Loss) after tax for the year	(12,831,028)	(51,988)
	Closing Balance	**(17,003,489)**	**(4,172,461)**
5.	**Other Current Liabilities**		
	Duties & Taxes	-	-
	Due to Holding Company	30,555,291	60,555,291
	BF Infrastructure Limited	197,450	-
	TOTAL :	**30,752,741**	**60,555,291**
6.	**Short Term Provisions**		
	Leave Encashment Payable	237,912	237,912
	Payment to Auditors	46,937	30,899
	TOTAL :	**284,849**	**268,811**
7.	**Non Current Investment**		
	Investment in Joint Venture Company		
	David Brown Bharat Forge Gear Systems India Limited	-	43,400,000
	TOTAL :	**-**	**43,400,000**

BF Infrastructure Ventures Ltd

			Amount in Rs.
		As at March 31, 2016	**As at March 31, 2015**
8.	**Cash and Bank Balance**		
	Balances with Bank in Current Account	831,552	52,440
	Cash in hand	11,760	3,247
	TOTAL :	**843,312**	**55,687**
9.	**Other Current Assets**		
	Opening Balance	413,695,954	413,701,118
	Add: Addition during the year	-	-
	Less: Preliminary Expenses w/off during the year	5,165.00	5,164
	TOTAL* :	**413,690,789**	**413,695,954**

*Rs. 41,36,95,954 represents amount incurred on the project related activities carried out by the company.

		For the year ended As at	**For the year ended As at**
10.	**Other Expenses**		
	Payment to Auditors	31,488	30,899
	Advertisement Expenses	10,594	-
	Books & Periodicals	800	-
	Professional charges and consultancy fees	243,668	1,035
	Legal Fees	28,875	14,760
	Interest on TDS	140	130
	Preliminary Exps. Written Off	5,165	5,164
	TOTAL :	**320,730**	**51,988**
	Payment to Auditors		
	As auditors		
	- Audit Fee	31,488	30,899
	- Other (Including Certification Fee)	-	
	TOTAL :	**31,488**	**30,899**

11. 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 (Till 30th September 2015)
Key Managerial Persons	Mr. S.G. Joglekar
	Mr. K.M. Saletore
	Mr. B.S.Mitkari

Nature of Transaction	Name of Related Party and Nature of Relationship	Amount
Balance Outstanding as at March 31, 2016	Bharat Forge Limited (Holding Company)	30,555,291
	Total	**30,555,291**

12.	**Capital and Other Commitments**		
	Capital Commitments	-	-
	TOTAL :	-	-
13.	**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.

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: 29 April 2016

Place: Delhi
Date: 29 April 2016

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Kalyani Strategic Systems Limited

Directors	***Registered Office***	***Auditors***
Mr. K. M. Saletore	Pune Cantonment,	P.V.Deo
Mr. Vikram M. Munje	Mundhwa,	Chartered Accountant
Mr. Rajinder Singh Bhatia	Pune - 411 036.	604, Jeevan Hights, Thorat Colony
		Erandawana
		Pune 411 004.

BOARD'S REPORT
For the year ended March 31, 2016

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, 2016.

1. PERFORMANCE OF THE COMPANY

During the financial year company has incurred a loss of Rs.6,979,589/-. The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2016	As on March 31, 2015
Revenue from operations	NIL	NIL
Other income	443,656	250
Total Revenue	443,656	250
Administrative and other expenses	7,423,245	37,776
Total expenses	7,423,245	37,776
Profit/(Loss) before Depreciation, Interest and Taxes	(6,979,589)	(37,526)
Depreciation/Amortization	NIL	NIL
Profit/(Loss) before Interest and Taxes	(6,979,589)	(37,526)
Current Tax	NIL	NIL
PAT	(6,979,589)	(37,526)
Earnings per equity share Basic/ Diluted	(10.85)	(0.75)

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, 2016.

3. STATE OF COMPANY'S AFFAIRS

During the year, the Company has received the grant for an Industrial License for the manufacture of Tanks & Armored Fighting Vehicles fitted with Mountings for Arms & Launching Munitions etc., falling under Scheduled Industry No. 37. The Board of Directors is evaluating various projects to be undertaken under these sectors.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2016 which affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

In 2015-16, the Board of Directors of the Company met 5 (five) times i.e. on May 16, 2015, August 25, 2015, November 25, 2015, January 2, 2016 and March 23, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

6. DIRECTORS

During the year under review, there has been no change in directorship.

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Vikram Munje, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

7. AUDITORS

At the Annual General Meeting held on August 1, 2015, Mr. P. V. Deo, Chartered Accountants, Pune were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2020. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of Mr. P. V. Deo, Chartered Accountants, as Statutory Auditors of the Company, 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 ratified by the shareholder, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

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, 2016, 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, 2016 and of the loss account of the Company for the year under review;
c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) the Directors had prepared the annual accounts on a going concern basis;
e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

11. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

During the year under review, the Company has entered into Joint Venture Agreement with Rafael Advanced Defense Systems Limited (Rafael) and incorporated a company named - Kalyani Rafael Advanced Systems Private Limited (JV Company) which is currently a wholly owned subsidiary of the Company. After the Closing procedure as per Joint Venture Agreement, the Company shall own and hold 50% with 1% holding of Kalyani Technoforge Limited (Group Company of Bharat Forge Limited) and Rafael shall own and hold 49% in the JV Company.

A statement containing the salient features of the financials of the Financial Statement of Company's subsidiary and joint venture in the prescribed format AOC-1 is annexed herewith as **Annexure "A"** to this report in a separate section forming part of the Financial Statement.

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

Particulars of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statement provided in this Annual Report. These loans/investments are primarily granted for the furtherance of business of the borrowing companies.

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, 2016 stood at Rs. 2,83,00,000/-. During the year under review, the Company has issued 13,93,300 equity share of Rs. 10 each on right issue basis dated November 25, 2015 & 13,86,700 equity share of Rs. 10 each on preferential issue basis dated March 23, 2016. However the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

16. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "B"** to this report.

17. PARTICULARS OF CONTRACTS OR ARRRANGEMENT WITH RELATED PARTIES

All transactions or arrangement entered into by the Company with Related Parties have been done at arm's length and are in ordinary course of business.

Pursuant to section 134 of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 the particulars of such transaction are provided in form AOC-2 which is annexed herewith as **"Annexure C"** to this report. Related Part disclosure as per AS-18 has been provided in Note -20 to the financial statement.

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 "D"** 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
Kalyani Strategic Systems Limited

Place : Pune	**Rajinder Singh Bhatia**	**Kishore Mukund Saletore**
Date : May 11, 2016	**Director**	**Director**

Annexure - "A"

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	*Kalyani Rafael Advanced Systems Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	August 21, 2015 to March 31, 2016
3.	Reporting currency	INR
4.	Share capital	1,500,000
5.	Reserves & surplus	(2,296,926)
6.	Total assets	1,318,083
7.	Total Liabilities	2,115,009
8.	Investments	NIL
9.	Turnover	NIL
10.	Profit before taxation	(2,296,926)
11.	Provision for taxation	NIL
12.	Profit after taxation	(2,296,926)
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

* The Company is incorporated on August 21, 2015

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	BF Premier Advanced Systems Private Limited
1. Latest audited Balance Sheet Date	31 March, 2016
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	5,000
Amount of Investment in Associates/Joint Venture	50,000
Extend of Holding%	50%
3. Description of how there is significant influence	There is significant influence due to percentage of holding of share capital
4. Reason why the associate/joint venture is not consolidated	It is Consolidated
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(20,532)
6. Profit/Loss for the year	(10,41,063)
i. Considered in Consolidation	(5,20,532)
ii. Not Considered in Consolidation	NIL

Annexure - "B"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U31902PN2010PLC138025
ii)	Registration date	December 20, 2010
iii)	Name of the Company	Kalyani Strategic Systems Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune 411 036. Tel. No. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company
1	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	51%	Sec 2(46)
2	Kalyani Rafael Advanced Systems Private Limited Mundhwa, Pune Cantonment, Pune-411036	U29270PN2015PTC156252	Subsidiary	100%	Sec 2(87)(ii)
3	BF Premier Energy Systems Private Limited Mundhwa, Pune Cantonment, Pune-411036	U24292PN2015PTC154278	Joint Venture	50%	Sec 2(6)

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

i) Category-wise Share Holding as of March 31, 2016

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	49994	49994	100%	NIL	1443294	1443294	51%	49%
Sub-total (A) (1):-	NIL	49994	49994	100%	NIL	1443294	1443294	51%	49%
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**49994**	**49994**	**100%**	**NIL**	**1443294**	**1443294**	**51%**	**49%**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	6	6	NIL	NIL	1386706	1386706	49%	49%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	6	6	NIL	NIL	1386706	1386706	49%	49%
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**	**2830000**	**283000**	**100%**	NIL

ii) Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		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	49994	99.99%	0%	1443294	51%	0%	49%

iii) Change in Promoters' Shareholding:

Sr. 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
1	Bharat Forge Limited	49994	99.99%	1443294	51%

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year (01-04-2015)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Kalyani Technoforge Limited	311300	11%	311300	11%
2	Kalyani Global Engineering Private Limited	537700	19%	537700	19%
3	Sundaram Trading and Investment Private Limited	537700	19%	537700	19%

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sr. No.		Shareholding at the beginning of the year (01-04-2015)		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

Key Managerial Person

Sr. No.		Shareholding at the beginning of the year (01-04-2015)		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act		NIL		

B. Remuneration to other Directors

The Company does not pay remuneration to any other directors.

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company does not have Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Annexure -"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

Sr. No.	**Name of Related Party & Nature of Relationship**	**Nature of Contract**	**Duration of the Transaction**	**Salient terms of the Transaction including the value if any**	**Date of approval of the Board**	**Amount paid as Advances, if any**
1.	BF Elbit Advance System Private Limited	Inter Corporate Loan	Payable on demand	Rs. 90,00,000 of Loan at an interest rate of 9.7% p.a	**August 25, 2015**	**NIL**

For and on behalf of the Board of Directors
Kalyani Strategic Systems Limited

Place : Pune
Date : May 11, 2016

Rajinder Singh Bhatia
Director

Kishore Mukund Saletore
Director

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, 2016.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2015-2016

NIL

b. Steps taken by the Company for utilizing alternate sources of energy

NIL

c. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

a. Efforts made towards technology absorption, adaptation and innovation

The Company has continued its endeavor to absorb the best of technologies for its products.

b. Benefits derived as a result of above efforts

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

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo for the financial year is as follows:

i)	Total Foreign Exchange Earning	:	NIL
ii)	Total Foreign Exchange Outgo	:	NIL

Independent Auditor's Report

To the Members of Kalyani Strategic Systems Limited

Report on the Financial Statements

I have audited the accompanying standalone financial statements of **Kalyani Strategic Systems Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2016, 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 standalone 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these standalone financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the standalone financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to us, the aforesaid standalone 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, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, I report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss, 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "**Annexure B**".

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2016.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state that:

(i) The Company does not own any fixed assets. And hence paragraph 3(i) of the Order is not applicable to the Company.

(ii) As explained to me, the Company was not required to hold any physical inventories during the period covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii)

(a) The Company has granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013.

(b) The terms and conditions of the grant of the said loan were not found prima facie prejudicial to the Company's interest.

(c) The said loan is repayable on demand and hence no schedule of repayment of principal or payment of interest has been stipulated. Principal repayments or interest payments had not fallen due during the period covered by this report.

(iv) In my opinion and according to the information and explanations given to me, the Company has not granted any loans in contravention of section 185 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of 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 generally regular in depositing undisputed statutory dues including income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to me by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2016 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has made private placement of equity shares during the year under review and based upon the audit procedures performed and the information and explanations given to me, the requirements of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF KALYANI STRATEGIC SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2016.

I have audited the internal financial controls over financial reporting of **Kalyani Strategic Systems Limited** ("the Company") as of 31st March, 2016 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

Kalyani Strategic Systems Limited

Balance sheet as at March 31, 2016			**Amount in Rs.**
	Note No	**As at March 31, 2016**	**As at March 31, 2015**
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share capital	3	**28,300,000**	500,000
b) Reserves and surplus	4	**(7,730,897)**	(751,308)
		20,569,103	(251,308)
2. Current liabilities			
a) Trade Payables	5	**50,000**	59,048
b) Other current liabilities	6	**-**	200,000
		50,000	259,048
TOTAL :		**20,619,103**	7,740
II. ASSETS			
1. Non-current assets			
a) Long-term loans and advances	7	**411,565**	-
b) Non-current investments	8	**2,000,000**	-
		2,411,565	-
2. Current assets			
a) Cash and Bank Balances	9	**8,761,876**	7,740
b) Short-term loans and advances	10	**9,046,372**	-
c) Other current assets	11	**399,290**	-
		18,207,538	7,740
TOTAL :		**20,619,103**	7,740
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 19		

As per my attached report of the even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 11 May 2016

Kishore Saletore
Director

Rajinder Singh Bhatia
Director

Place: Pune
Date: 11 May 2016

Kalyani Strategic Systems Limited

Statement of profit and loss for the year ended March 31, 2016 **Amount in Rs.**

	Note No	Year ended 31st March, 2016	Year ended 31st March, 2015
I. Revenue from operation		-	-
II. Other Income	12	**443,656**	250
Total revenue (I + II)		**443,656**	**250**
IV. Expenses			
Other expenses	13	**7,423,245**	37,776
V. Total expenses		**7,423,245**	**37,776**
VI. Loss before tax (III - V)		**(6,979,589)**	**(37,526)**
VII. Tax expenses		-	-
VIII. Loss for the year (VI - VII)		**(6,979,589)**	**(37,526)**
IX. Earnings per equity share [nominal value of share x 10/-]			
a) Basic (In x)	16	**(10.85)**	(0.75)
b) Diluted (In x)	16	**(10.85)**	(0.75)
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 19		

As per my attached report of the even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 11 May 2016

Kishore Saletore
Director

Rajinder Singh Bhatia
Director

Place: Pune
Date: 11 May 2016

Kalyani Strategic Systems Limited

Cash Flow Statement for the year ended March 31, 2016 **Amount in Rs.**

		Year ended 31st March, 2016	Year ended 31st March, 2015
A.	**Cash flow from operating activities**		
	Loss before tax	**(6,979,589)**	(37,526)
	Add : Non Cash Expenses		
	Preliminary Expenses written off	-	5,135
		(6,979,589)	**(32,391)**
	Less : Income considered separately		
	Interest received	**(443,656)**	-
	Operating loss before working capital changes	**(7,423,245)**	**(32,391)**
	Movements in working capital :		
	Increase / (decrease) in Trade Payables	**(9,048)**	28,149
	Increase / (decrease) in Other current liabilities	**(200,000)**	-
	(Increase) / decrease in long-term loans and advances	**(367,199)**	-
	(Increase) / decrease in Short-term loans and advances	**(46,372)**	-
	Increase / (decrease) in Other-current Assets	**(399,290)**	-
		(1,021,909)	**28,149**
	Cash generated from operations	**(8,445,154)**	(4,242)
	Direct taxes paid (net of refunds)	**(44,366)**	-
	Net cash used in operating activities	**(8,489,520)**	**(4,242)**
B.	**Cash flows from investing activities**		
	Investments in Equity Shares	**(2,000,000)**	**-**
	Investments In fixed deposits	**(2,600,000)**	-
	Inter corporate loans given	**(9,000,000)**	-
	Interest received on loans	**443,656**	
	Net cash used in investing activities	**(13,156,344)**	**-**
C.	**Cash flows from financing activities**		
	Proceeds from issue of Equity Shares	**27,800,000**	-
	Net cash flows from financing activities	**27,800,000**	**-**
D.	**Net increase / (Decrease) in cash and cash equivalents (A+B+C)**	**6,154,136**	**(4,242)**
E.	**Cash and cash equivalents at the beginning of the year**	**7,740**	11,982
F.	**Cash and cash equivalents at the end of the year**	**6,161,876**	**7,740**

	March 31, 2016	**March 31, 2015**
Components of cash and cash equivalents		
Cash in Hand	-	1,924
Balance in Bank Account in Current accounts	**6,161,876**	5,816
TOTAL :	**6,161,876**	**7,740**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1 to 19

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 11 May 2016

Kishore Saletore **Director**

Rajinder Singh Bhatia **Director**

Place: Pune
Date: 11 May 2016

1. Corporate information:

Kalyani Strategic Systems Limited was incorporated on December 20, 2010, as a public limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited, which holds 51% of the issued and subscribed equity share capital of the Company.

The Company has been formed with the object to engage in the business of scientific, technical and other research and development in the field of developing/ deploying advance defence, Aerospace and other strategic areas.

Operating Cycle of the Company consists of 12 months.

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 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.3 Investments :

Investments, which are readily realisable 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. If an investment is acquired or partly acquired , by issue of shares or other securities , the acquisition cost is the fair value of the security issued. if an investment is acquired in exchange for another asset the acquisition is determined by reference to the fair value of the asset given up, or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost of acquisition and fair value determined on an individual investment basis.

Long term investments are carried at cost of acquisition. Provisions are made in respect of determined diminution in the value of long term investments.

On disposal of an investment, the difference between its carrying amount and net disposal basis is charged or credited to the statement of profit and loss.

2.4 Revenue Recognition :

i) Interest Income

Interest Income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rate

ii) Dividend Income

Dividend Income is recognised when the Companies right to receive is established by the reporting date.

iii) Profit / Loss on sale of investments

Profit / Loss on sale of investments is recognised when all the significant risk and rewards of ownership in investment is transferred.

2.5 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 non cancellable operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.6 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.

2.7 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 Provisions, Contingent Liabilities and Contingent Assets:

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Kalyani Strategic Systems Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

Amount in Rs.

				As at March 31, 2016	As at March 31, 2015
3.	**Share capital**				
	Authorised				
	25,000,000	(50,000)	Equity shares of z 10/- each	**250,000,000**	500,000
	25,000,000	-	Preference shares of B 10/- each	**250,000,000**	-
			TOTAL :	**500,000,000**	500,000
	Issued				
	2,830,000	(50,000)	Equity shares of z 10/- each	**28,300,000**	500,000
			TOTAL :	**28,300,000**	500,000
	Subscribed and fully paid-up				
	2,830,000	(50,000)	Equity shares of z 10/- each	**28,300,000**	500,000
			TOTAL :	**28,300,000**	500,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2016		As at March 31, 2015	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	**50,000**	**500,000**	50,000	500,000
Shares Issued during the year	**2,780,000**	**27,800,000**	-	-
Shares bought back during the year	**-**	-	-	-
Outstanding at the end of the year	**2,830,000**	**28,300,000**	50,000	500,000

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of x 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of x 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**1,443,300**	**51**	50,000	100
Kalyani Global Engineering Private Limited	**537,700**	**19**	**-**	**-**
Sundaram Trading and Investment Private Limited	**537,700**	**19**	**-**	**-**
Kalyani Technoforge Limited	**311,300**	**11**	**-**	**-**

including the shares held through nominees

Amount in Rs.

			As at March 31, 2016	As at March 31, 2015
4.	**Reserves and surplus**			
	Deficit in the Statement of Profit and Loss			
	As per last account		**(751,308)**	(713,782)
	Add : Loss for the year transferred from the Statement of Profit and Loss		**(6,979,589)**	(37,526)
	Less : Appropriations		**-**	-
	Closing balance		**(7,730,897)**	(751,308)
5	**Trade Payables :**			
	Micro and Small Enterprises		**-**	-
	Others		**50,000**	59,048
		TOTAL :	**50,000**	59,048
6	**Other current liabilities**			
	Other Payable			
	-To Holding Company		**-**	200,000
		TOTAL :	**-**	200,000
7.	**Long-term loans and advances**			
	Unsecured, Good			
	Security deposits		**25,000**	-
	CENVAT credits and balances with Central Excise Department		**342,199**	-
	Advance income tax (Net of provisions)		**44,366**	-
		TOTAL :	**411,565**	-

Amount in Rs.

			As at March 31, 2016	As at March 31, 2015
8.	**Non-Current Investments, At Cost :**			
	Other than trade :			
	Equity Instruments, Unquoted :			
	Investments in wholly owned subsidiaries :			
	150,000	Equity shares having Face value of B 10/- each, fully paid up, of	**1,500,000**	-
	Investments in Joint Ventures :			
	50,000	Equity shares having Face value of B 10/- each, fully paid up, of BF	**500,000**	-
		TOTAL :	**2,000,000**	-
9.	**Cash and Bank Balances :**			
	Cash and Cash Equivalents :			
	Cash in Hand		**-**	1,924
	Balances with banks			
	In Current accounts		**6,161,876**	5,816
	Other bank balances :			
	In fixed deposits[(a)] **[(b)]**		**2,600,000**	-
(a)	Maturing after 3 Months but before 12 Months			
(b)	Under lien with bank, for bank guarantee issued			
		TOTAL :	**8,761,876**	7,740
10.	**Short-term loans and advances**			
	Unsecured, Good			
	Inter-corporate loan to a fellow subsidiary		**9,000,000**	-
	Other advances recoverable in cash or in kind or for value to be received			
	From Holding Company		**10,500**	-
	From wholly owned subsidiary		**20,400**	-
	Prepaid Expenses		**15,472**	-
		TOTAL :	**9,046,372**	-
11.	**Other Current Assets :**			
	Income receivable from a fellow subsidiary		**399,290**	-
		TOTAL :	**399,290**	**-**
12.	**Other Income**			
	Interest received		**443,656**	-
	Miscellaneous income		**-**	250
		TOTAL :	**443,656**	250
13.	**Other expenses**			
	Legal and professional fees		**2,492,876**	1,612
	Rates and Taxes		**5,838**	
	Payment to Auditors (Refer details below)		**50,000**	30,899
	Preliminary Expenses written off		**-**	5,135
	Bank Charges		**6,680**	-
	Share Issue Expenses		**4,863,200**	-
	Miscellaneous expenses[#]		**4,651**	130
		TOTAL :	**7,423,245**	37,776

\# Miscellaneous Expenses include general office expenses, printing and stationery etc.

Payment to auditors			
As auditor:			
- Audit fee		**50,000**	30,899
	TOTAL :	**50,000**	30,899

Kalyani Strategic Systems Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

14. Segment Reporting :
Since the Company was exclusively engaged in setting up of its business activities, 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

Holding Company :	i) Bharat Forge Limited
Subsidiary Company :	i) Kalyani Rafael Advanced Systems Private Limited
Fellow Subsidiary Companies :	i) BF Elbit Advanced Systems Private Limited ii) BF Infrastructure Limited
Joint Venture :	i) BF Premier Energy Systems Private Limited

(ii) Related parties with whom transactions have taken place during the year

Amount in Rs.

Sr. No.	Nature of transaction	Holding Company	Subsidiary Company	Fellow Subsidiary Companies		Joint Venture	Total
		Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	BF Infrastructure Limited	BF Premier Energy Systems Private Limited	
1	Expenses incurred on behalf of other party	-	20,400	-	-	-	20,400
		-	-	-	-	-	-
2	Expenses incurred by other party on behalf of the Company	7,510,627	-	-	59,048	-	7,569,675
		-	-	-	-	-	-
3	Share Allotment	13,933,000	-	-	-	-	13,933,000
		-	-	-	-	-	-
4	Demand Loan received	6,067,000	-	-	-	-	6,067,000
		-	-	-	-	-	-
5	Demand Loan repaid	6,267,000	-	-	-	-	6,267,000
		-	-	-	-	-	-
6	Investment made	-	1,500,000	-	-	500,000	2,000,000
		-	-	-	-	-	-
7	Intercorporate Loan given	-	-	9,000,000	-	-	9,000,000
		-	-	-	-	-	-
8	Interest received on Intercoporate loan	-	-	443,656	-	-	443,656
		-	-	-	-	-	-

(Figures in bracket indicate previous year)

(iii) Balances outstanding

Amount in Rs.

Sr. No.	Nature of transaction	Holding Company	Subsidiary Company	Fellow Subsidiary Company		Joint Venture	Total
		Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	BF Infrastructure Limited	BF Premier Energy Systems Private Limited	
1	Reimbursements payable	-	-	-	-	-	-
		(200,000)	-	-	-	-	(200,000)
2	Reimbursements Receivable	10,500	20,400	-	-	-	30,900
		-	-	-	-	-	-
3	Intercorporate Loan receivable	-	-	9,000,000	-	-	9,000,000
		-	-	-	-	-	-
4	Interest receivable on Intercoporate loan	-	-	399,290	-	-	399,290
		-	-	-	-	-	-

(Figures in bracket indicate previous year)

		For the year ended March 31, 2016	For the year ended March 31, 2015
			Amount in Rs.
16.	**Earnings per share (EPS)**		
	Numerator for basic and diluted EPS		
	Loss for the year attributable to Shareholders as at March 31	**(6,979,589)**	(37,526)
	Weighted average number of equity shares in calculating basic EPS	**643,361**	50,000
	EPS - Basic (in x)	**(10.85)**	(0.75)
	EPS - Diluted - (in x)	**(10.85)**	(0.75)
17.	**Interest in Joint Venture**		
	BF PREMIER ENERGY SYSTEMS PRIVATE LIMITED (incorporated in India)		
	Percentage of Ownership/Interest	50%	-
	Interest in assets, Liabilities, income and expenditure with respect to jointly controlled entities are as follows		
	Current Assets	111,921	-
	Non-Current Assets	14,596	-
	Less : Current Liabilities	110,754	-
	Equity	15,763	-
	Share of the Company in the contingent liabilities incurred by jointly controlled entity	-	-
	Share of the Company in the capital commitment of jointly controlled entity	-	-
	Income	-	-
	Expenses		
	Employee benefit expenses	427,312	-
	Depreciation and amortization	1,730	-
	Other expenses	55,197	-
		484,238	-
	Profit before tax	(484,238)	-
	Tax expenses	-	-
	Profit after tax	(484,238)	-

18. The Group has not recognized deferred tax asset in respect of timing differences on account of unabsorbed depreciation and business loss aggregating to u 870,545/- (Previous Year : B 232,031/-) under the Income Tax Act, 1961 on the considerations of prudence.

19. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per my attached report of the even date,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 11 May 2016

On behalf of the Board of Directors,

Kishore Saletore
Director

Rajinder Singh Bhatia
Director

Place: Pune
Date: 11 May 2016

BF Elbit Advanced Systems Private Limited

Directors

Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. Rajinder Singh Bhatia
Mr. Shai Israel Cohen
Mr. Yehuda Vered

Registered Office

Pune Cantonment,
Mundhwa,
Pune - 411 036.

Auditors

P.V.Deo
Chartered Accountant
604, Jeevan Hights, Thorat Colony
Erandawana
Pune 411 004.

BOARD'S REPORT
For the year ended March 31, 2016

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, 2016.

1. PERFORMANCE OF THE COMPANY

The Company has not yet started any commercial activities.

(Amount in Rupees)

Particulars	As on March 31, 2016	As on March 31, 2015
Total Revenue	1,454,012	NIL
Depreciation/Amortization	260,299	230,599
Other expenses	26,199,258	3,466,809
Total expenses	26,459,557	3,697,408
Profit/(Loss)	(25,005,545)	(3,697,408)
Current Tax	NIL	NIL
PAT	(25,005,545)	(3,697,408)
Earnings per equity share Basic/Diluted	(1,850.48)	(308.07)

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, 2016.

3. STATE OF COMPANY'S AFFAIRS

During the year, the Company has received Industrial License for manufacture of Guns, Howitzers, Mortars, Protected Vehicles and Ammunition including smart bombs and ready-to-fill shells excluding filing. The Company expected to commence business operation in near future.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2016 which affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

In 2015-16, the Board of the Company met 7(Seven) times on May 16, 2015, May 18, 2015, July 14, 2015, September 9, 2015, December 10, 2015, February 11, 2016 and March 29, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

6. DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mr. Rajinder Singh Bhatia and Mr. Cohen Shai retire by the rotation and being eligible, offers themselves for reappointment.

During the year under review, there has been no change in directorship of the Company.

7. SHARE CAPITAL

During the year under review, the Company has not issued any Equity share, shares with any differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company. During the year under review the Company has applied to the Foreign Investment Promotion Board (FIPB) for increasing the foreign equity participation in the Company from the existing 26% (twenty-six percent) to 49% (forty nine percent). The Company has received the FIPB approval for the same dated on November 19, 2015.

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, 2016, 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, 2016 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;
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.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

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 ratified by the shareholder, 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 – 16 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 — **B. N. Kalyani**
Date: May 16, 2016 — **Chairman**

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U29270PN2012PTC144268
ii)	Registration date	August 2, 2012
iii)	Name of the Company	BF Elbit Advanced Systems Private Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune 411 036. Tel. No. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
	NIL	NIL	NIL

***** 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	74%	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, 2016

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	10000	10000	74%	NIL	10000	10000	74%	NIL
Sub-total (A) (1):-	NIL	10000	10000	74%	NIL	10000	10000	74%	NIL
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	3513	3513	26%	NIL	3513	3513	26%	NIL
Sub-total (A) (2):-	NIL	3513	3513	26%	NIL	3513	3513	26%	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**13513**	**13513**	**100%**	**NIL**	**13513**	**13513**	**100%**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**13513**	**13513**	**100%**	**NIL**	**13513**	**13513**	**100%**	**NIL**

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Bharat Forge Limited	10000	74%	0%	10000	74%	0%	0%
2	Elbit Systems Land and C4I Limited	3513	26%	0%	3513	26%	0%	0%
	Total	13513	100%	0%	13513	100%	0%	0%

iii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

<u>Shareholding of Directors & KMPs</u> :

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NIL	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	20,000,000	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	NIL	20,000,000	NIL	NIL
Change in Indebtedness during the Financial year				
i.) Addition	NIL	65,530,399	NIL	NIL
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	65,530,399	NIL	NIL
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	85,530,399	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	6,216,281	NIL	NIL
Total(i+ii+iii)	NIL	91,746,680	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i) Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act		NIL		

ii) Remuneration to other Directors

The Company does not pay remuneration to any other directors.

iii) 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	Bharat Forge Limited	Bharat Forge Limited	Kalyani Strategic Systems Limited
b	Nature of contracts/ arrangements/ transactions	Obtain premises on rent at Baramati	Inter Corporate Deposit	Inter Corporate Deposit
c	Duration of the contracts / arrangements/transactions	From January 1, 2015 for 3 (three) years	Payable on demand	Payable on demand
d	Salient terms of the contracts or arrangements or transactions including the value, if any	As per Sub-let Agreement	At an interest rate of 10% p.a.	At an interest rate of 9.7% p.a
e	Date(s) of approval by the Board, if any	Board Meeting held on December 30, 2014	Board Meeting held on March 29, 2016	Board Meeting held on September 9, 2015
f	Amount paid as advances, if any	NIL	NIL	NIL

For and on behalf of the Board of Directors

Place: Pune
Date: May 16, 2016

B. N. Kalyani
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, 2016.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2015-2016

NIL

b. Steps taken by the Company for utilizing alternate sources of energy

NIL

c. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

(1) Efforts made towards technology absorption, adaptation and innovation

The Company has continued its endeavor to absorb the best of technologies for its products.

(2) Benefits derived as a result of above efforts

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

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo for the financial year is as follows :

i)	Total Foreign Exchange Earning	:	NIL
ii)	Total Foreign Exchange Outgo	:	NIL

Independent Auditor's Report

To the Members of BF Elbit Advanced Systems Private Limited

Report on the Financial Statements

I have audited the accompanying financial statements of **BF Elbit Advanced Systems Private Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2016, 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, I report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss, 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "**Annexure B**".

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 16th May 2016

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2016.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state that:

(i)

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

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) The Company does not own any immovable properties.

(ii) As explained to me, the Company was not required to hold any physical inventories during the financial year covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of 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 generally regular in depositing undisputed statutory dues including income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to me by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2016 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 16th May 2016

“Annexure B” REFERRED TO IN THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF BF ELBIT ADVANCED SYSTEMS PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2016.

I have audited the internal financial controls over financial reporting of **BF Elbit Advanced Systems Private Limited** (“the Company”) as of 31st March, 2016 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 16th May 2016

BF Elbit Advanced Systems Private Limited

Balance sheet as at March 31, 2016 **Amount in Rs.**

	Note No	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share capital	3	**135,130**	135,130
b) Reserves and surplus	4	**(71,885,604)**	(46,880,059)
		(71,750,474)	(46,744,929)
2. Current liabilities			
a) Short-term borrowings	5	**85,530,399**	20,000,000
b) Trade Payables	6	**121,470**	946,716
c) Other current liabilities	7	**7,278,980**	43,898,898
		92,930,849	64,845,614
TOTAL :		**21,180,375**	18,100,685
II. ASSETS			
1. Non-current assets			
a) Fixed Assets			
Tangible Assets	8	**326,521**	586,820
Capital work-in-progress		**-**	32,144
b) Long-term loans and advances	9	**1,652,731**	17,222,648
		1,979,252	17,841,612
2. Current assets			
a) Cash and cash equivalents	10	**546,538**	208,300
b) Short-term loans and advances	11	**18,654,585**	50,773
		19,201,123	259,073
TOTAL :		**21,180,375**	18,100,685
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 22		

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 2016

B .N. Kalyani
Director

Kishore Saletore
Director

Place: Pune
Date: 16 May 2016

BF Elbit Advanced Systems Private Limited

Statement of profit and loss for the year ended March 31, 2016 **Amount in Rs.**

	Note No	Year ended 31st March, 2016	Year ended 31st March, 2015
I. Total revenue			
a) Other Income	12	**1,454,012**	-
		1,454,012	-
II. Expenses			
a) Finance costs	13	**6,907,252**	-
b) Depreciation and amortization expenses	8	**260,299**	230,599
c) Other expenses	14	**19,292,006**	3,466,809
II. Total expenses		**26,459,557**	3,697,408
III. Loss before tax		**(25,005,545)**	(3,697,408)
IV. Tax expenses		**-**	-
V. Loss for the year		**(25,005,545)**	(3,697,408)
VI. Earnings per equity share [nominal value of share Rs.10/-]			
a) Basic (In Rs.)	18	**(1,850.48)**	(308.07)
b) Diluted (In Rs.)	18	**(1,850.48)**	(308.07)
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 22		

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 2016

B .N. Kalyani **Director**

Kishore Saletore **Director**

Place: Pune
Date: 16 May 2016

BF Elbit Advanced Systems Private Limited

Cash Flow Statement for the year ended March 31, 2016 **Amount in Rs.**

		Year ended 31st March, 2016	Year ended 31st March, 2015
A.	**Cash flow from operating activities**		
	Loss before tax	**(25,005,545)**	(3,697,408)
	Foreign Exchange Gain on revaluation	**(1,454,012)**	-
	Amounts Written Off	**32,144**	-
	Depreciation and amortization	**260,299**	230,599
	Interest Paid	**6,907,252**	-
	Operating loss before working capital changes	**(19,259,862)**	(3,466,809)
	Movements in working capital :		
	(Increase) / decrease in long-term loans and advances	**(1,549,283)**	(16,697,648)
	(Increase) / decrease in short-term loans and advances	**(30,600)**	(50,773)
	Increase / (decrease) in liabilities	**7,188,078**	988,357
		5,608,195	(15,760,064)
	Cash generated from operations	**(13,651,667)**	(19,226,873)
	Direct taxes paid (net of refunds)	-	-
	Net cash flows from operating activities	**(13,651,667)**	(19,226,873)
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	-	(699,957)
	Net cash flows (used in) investing activities	-	(699,957)
C.	**Cash flows from financing activities**		
	Proceeds from issue of equity shares	-	35,130
	Proceeds from short term borrowings	**20,897,157**	20,000,000
	Interest Paid	**(6,907,252)**	-
	Net cash flows from financing activities	**13,989,905**	20,035,130
	Net increase in cash and cash equivalents (A+B+C)	**338,238**	108,300
	Cash and cash equivalents at the beginning of the year	**208,300**	100,000
	Cash and cash equivalents at the end of the year	**546,538**	208,300
	Components of cash and cash equivalents as at	**March 31, 2016**	**March 31, 2015**
	Balance in current account	**546,538**	208,300
	TOTAL :	**546,538**	208,300

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1 to 22

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 16 May 2016

B .N. Kalyani
Director

Kishore Saletore
Director

Place: Pune
Date: 16 May 2016

BF Elbit Advanced Systems Private Limited

Notes forming part of the Financial Statements for the year ended March 31, 2016

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 systems 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 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.3 Fixed Assets and Depreciation :

a) Tangible 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 and amortisation :

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 equipments	5 Years

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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 non cancellable operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.11 Provisions, Contingent Liabilities and Contingent Assets:

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Amount in Rs.

		As at March 31, 2016	As at March 31, 2015
3.	**Share capital**		
	Authorised		
	15,000,000 (15,000,000) equity shares of Rs. 10/- each	**150,000,000**	150,000,000
	Issued		
	13,513 (13,513) equity shares of Rs. 10/- each	**135,130**	135,130
	Subscribed and fully paid-up		
	13,513 (13,513) equity shares of Rs. 10/- each	**135,130**	135,130
	Total issued, subscribed and fully paid-up share capital :	**135,130**	135,130

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2016		As at March 31, 2015	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	**13,513**	**135,130**	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**	13,513	135,130

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	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	74
Elbit Systems Land and C4I Limited	**3,513**	**26**	3,513	26

Amount in Rs.

		As at March 31, 2016	As at March 31, 2015
4.	**Reserves and surplus**		
	Deficit in the Statement of Profit and Loss		
	As per last account	**(46,880,059)**	(43,182,651)
	Add : Loss for the year transferred from the Statement of Profit and Loss	**(25,005,545)**	(3,697,408)
	Subtotal :	**(71,885,604)**	(46,880,059)
	Less : Appropriations	**-**	-
	Closing balance	**(71,885,604)**	(46,880,059)
5.	**Short-Term Borrowings**		
	Unsecured		
	Demand loans from companies[(a)(b)]	**85,530,399**	20,000,000
	TOTAL :	**85,530,399**	20,000,000
(a)	Includes Loan from Bharat Forge Ltd, investing co-venturer and the Holding Company which carries interest @ 10% p.a.	**76,530,399**	20,000,000
(b)	Includes Loans from other related parties which carries interest @ 9.70% p.a.	**9,000,000**	-
6.	**Trade Payables**		
	Micro and Small Enterprises	**-**	-
	Others	**121,470**	946,716
	TOTAL :	**121,470**	946,716
7.	**Other current liabilities**		
	Interest accrued	**6,216,281**	-
	Statutory Dues	**1,062,699**	84,536
	Reimbursements payable to Bharat Forge Limited, the Holding Company	**-**	43,814,362
	TOTAL :	**7,278,980**	43,898,898

BF Elbit Advanced Systems Private Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

8. Fixed Assets **Amount in Rs.**

	Building - Temporary structure	**Office Equipments**	**Total**
Gross Block, at Cost :			
As at 1st April, 2014	667,813	156,950	**824,763**
Additions	-	-	**-**
Disposals	-	-	**-**
Adjustments	-	-	**-**
As at 31st March, 2015	**667,813**	**156,950**	**824,763**
Additions	-	-	**-**
Disposals	-	-	**-**
Adjustments	-	-	**-**
As at 31st March, 2016	**667,813**	**156,950**	**824,763**
Depreciation and Amortization :			
Upto 1st April, 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**
Disposals	-	-	**-**
Adjustments	-	-	**-**
For the year	222,928	37,371	**260,299**
Upto 31st March, 2016	**416,258**	**81,984**	**498,242**
Net Block :			
As at 31st March, 2015	474,483	112,337	586,820
As at 31st March, 2016	**251,555**	**74,966**	**326,521**

Amount in Rs.

			As at March 31, 2016	As at March 31, 2015
9.	**Long-term loans and advances**			
	Unsecured, Good			
	Security deposits		**25,000**	-
	Capital Advance to a related party		**-**	17,119,200
	Cenvat Credit		**1,627,731**	103,448
		TOTAL :	**1,652,731**	17,222,648
10.	**Cash and cash equivalents**			
	Balances with banks			
	In Current accounts		**546,538**	208,300
		TOTAL :	**546,538**	208,300
11.	**Short-term loans and advances**			
	Unsecured, Good			
	Advances recoverable in cash or in kind or for value to be received			
	From a related party		**18,573,212**	-
	Advance against expenses		**80,773**	50,773
	Prepaid Expenses		**600**	-
		TOTAL :	**18,654,585**	50,773

			For the year ended March 31, 2016	For the year ended March 31, 2015
12.	**Other Income**			
	Foreign Exchange Gain		**1,454,012**	-
		TOTAL :	**1,454,012**	-
13.	**Finance costs**			
	Interest on borrowings		**6,906,980**	-
	Other Interest		**272**	-
		TOTAL :	**6,907,252**	-
14.	**Other expenses**			
	Consumables		**8,239,635**	69,612
	Transportation		**-**	64,083
	Equipment hire charges		**-**	40,000
	Business promotion expenses		**6,995,420**	3,097
	Rent (Refer Note 17)		**3,720,000**	800,000
	Rates and Taxes		**53,638**	-
	Legal and professional fees		**167,950**	78,500
	Communication		**-**	8,600
	Payment to Auditors (Refer details below)		**65,000**	65,361
	Travelling, conveyance and vehicle expenses		**-**	439,701
	Share Issue Expenses		**-**	1,551,300
	Miscellaneous expenses#		**50,363**	346,555
		TOTAL :	**19,292,006**	3,466,809

\# Miscellaneous Expenses include general office expenses, printing and stationery, amounts written off etc.

		2016	2015
Payment to auditors			
As auditor:			
- Audit fee		**40,000**	40,000
- Certification		**15,000**	15,000
- Income Tax matters		**10,000**	5,000
- Out of pocket expenses reimbursed		**-**	5,361
	TOTAL :	**65,000**	65,361

BF Elbit Advanced Systems Private Limited
Notes forming part of the Financial Statements for the year ended March 31, 2016

15. Segment Reporting

The Company is engaged in the business of developing weapon systems 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'.

16. 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
Fellow Subsidary	i) Kalyani Strategic Systems Limited

(ii) Related parties with whom transactions have taken place during the year

Sr. No.	Nature of transaction		Bharat Forge Limited	Elbit Systems Land and C4I Limited	Kalyani Strategic Systems Limited	Total
			Rs.	Rs.	Rs.	Rs.
1	Reimbursement of expenses		**6,995,420**	**-**	**-**	**6,995,420**
			(224,800)	-	-	(224,800)
2	Rent		**3,720,000**	**-**	**-**	**3,720,000**
			(800,000)	-	-	(800,000)
3	Advance paid for Purchase of Fixed Assets		**-**	**-**	**-**	**-**
			-	(17,119,200)	-	(17,119,200)
4	Demand Loans Taken		**-**	**-**	**9,000,000**	**9,000,000**
			(20,000,000)	-	-	(20,000,000)
5	Interest Paid		**6,463,324**	**-**	**443,656**	**6,906,980**
			-	-	-	-

(Figures in bracket indicate previous year)

(iii) Balance outstanding

Sr. No.	Nature of transaction		Bharat Forge Limited	Elbit Systems Land and C4I Limited	Kalyani Strategic Systems Limited	Total
			Rs.	Rs.	Rs.	Rs.
1	Reimbursements payable		**-**	**-**	**-**	**-**
			(43,814,362)	-	-	(43,814,362)
2	Trade payables		**-**	**-**	**-**	**-**
			(818,880)	-	**-**	(818,880)
3	Demand Loans		**76,530,399**	**-**	**9,000,000**	**85,530,399**
			(20,000,000)	-	**-**	(20,000,000)
4	Capital Advance		**-**	**-**	**-**	**-**
			-	(17,119,200)	**-**	(17,119,200)
5	Other Advance Given		**-**	**18,573,212**	**-**	**18,573,212**
			-	-	**-**	-
6	Interest Payable		**5,816,991**	**-**	**399,290**	**6,216,281**
			-	-	-	-

(Figures in bracket indicate previous year)

17. 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	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
a)	Payments recognised in the statement of profit and loss	**3,720,000**	800,000
b)	There are no transactions in the nature of sub-lease.		

18. Earnings per share (EPS)

	For the year ended March 31, 2016 Rs.	For the year ended March 31, 2015 Rs.
Numerator for basic and diluted EPS		
Loss for the year attributable to Shareholders as at March 31	**(25,005,545)**	(3,697,408)
Weighted average number of equity shares in calculating basic EPS	**13,513**	12,002
EPS - Basic (in Rs.)	**(1,850.48)**	(308.07)
EPS - Diluted - (in Rs.)	**(1,850.48)**	(308.07)

19. Details of unhedged foreign currency exposures

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at March 31, 2016		As at March 31, 2015	
	USD	Rs.	USD	Rs.
Capital Advance	-	-	280,000	17,119,200
Other Advance	**280,000**	**18,573,212**	-	-

		As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
20.	Estimated amount of contracts remaining to be executed on capital account and not provided for.	224,868,531	194,567,388

21. The Company has incurred losses of Rs. 25,005,545 (March 31, 2015 : Rs 3,697,408) during the year. As at March 31, 2016, the Company's accumulated losses are Rs. 71,885,604 (March 31, 2015 : Rs 46,880,059) which have completely eroded the net worth of the Company. The Company also has net current liabilities of Rs.73,729,726 as at March 31, 2016 (March 31, 2015 : Rs 64,586,541). The management is recalibrating its business strategy and focusing on streamlining the operations so as to start generating profits upon commencement of commercial operations. The Company is also evaluating more effective capital structure including equity funding from the shareholders, working capital facilities from banks and financial institutions for funding the requirement. Further, the majority shareholders have confirmed their commitment and have provided unconditional support to the Company to ensure that the Company continues to operate and is able to meet all 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.

22. 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 2016

B .N. Kalyani
Director

Kishore Saletore
Director

Place: Pune
Date: 16 May 2016

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Analogic Controls India Limited

Directors	***Registered Office***	***Auditors***
Mr. K. Padmanabham	S.No. 23/2,	P.V.Deo
Mr. T. V. Prasad	P.O. Gundlapochampally,	Chartered Accountant
Mr. Rajinder Singh Bhatia	via Hakimpet,	604, Jeevan Hights, Thorat Colony
Mr. K. M. Saletore	Hyderabad-500014.	Erandawana
Mr. Vikram M. Munje		Pune 411 004.

BOARD'S REPORT
For the year ended March 31, 2016

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, 2016.

1. PERFORMANCE OF THE COMPANY

During the financial year company has incurred a loss of Rs. 56,134,563/- The financial results are summarized here under:

(Amount in Rs.)

Particulars	2015-2016	2014-2015
Revenue and operations	93,113,926	33,299,198
Other Income	2,430,405	862,268
Total Revenue	95,544,331	34,161,466
Total Expenses excluding Depreciation	147,662,201	99,846,532
Profit/(Loss) before Depreciation and Tax	(52,117,870)	(65,685,066)
Depreciation and amortization expenses	4,016,693	4,875,084
Profit/(Loss) before Tax	(56,134,563)	(70,560,150)
Tax	-	(157,093)
Profit/(Loss) after Tax	(56,134,563)	(70,717,243)
Balance brought forward from P/Y	(141,628,012)	(70,559,472)
Appropriations	-	351,297
Balance carried forward to next year	(197,762,575)	(141,628,012)

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, 2016.

3. STATE OF COMPANY'S AFFAIRS

During the year, the company achieved a turnover of Rs. 931.13 lacs as against Rs. 332.99 lacs during the previous year.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2016 which may affect the financial position of the Company or may require disclosure.

5. NUMBER OF MEETINGS OF THE BOARD

In 2015-16, the Board of Directors of the Company met 7 (Seven) times on May 16, 2015, August 27, 2015, September 30, 2015, October 15, 2015, December 14, 2015, February 26, 2016 and March 7, 2016. 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. T. V. Prasad and Mr. Rajinder Singh Bhatia retires by the rotation and being eligible, offers themself for reappointment.

During the year under review, Mr. T. V. Prasad has resigned from Whole-time Directorship and continued as a Non-Executive Director of the Company with effect from February 26, 2016. The tenure of Mr. K.

Padmanabham as Managing Director of the Company expired on March 31, 2016 and he continues to hold the position of Director.

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 their appointment is ratified, 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, 2016, 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, 2016 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 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, 2016 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, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

However the Company has issued 706633 0% Unsecured Compulsory Convertible Debentures for conversion of existing loan. Thus the total Debenture as at March 31, 2016 stood at Rs. 157,310,000.

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:

During the financial year under review there has been no related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large, further form no. AOC-2 is annexed herewith as **Annexure "B".**

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

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
DIN: 05333963

Place: Pune
Date: May 11, 2016

ANNEXURE "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016

[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	Safety Arming Mechanism	30304	48%
2	Launcher Relay Unit	30304	21%
3	Antenna Pointing System	26515	13%

***** On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	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, 2016

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	1103468	1103468	40%	NIL	1103468	1103468	40%	NA
b) Bodies Corp.	NIL	1655202	1655202	60%	NIL	1655202	1655202	60%	NA
Sub-total (A) (1):-	NIL	2758670	2758670	100%	NIL	2758670	2758670	100%	NA
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	2758670	2758670	100%	NIL	2758670	2758670	100%	NA
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	2758670	2758670	100%	NIL	2758670	2758670	100%	NA

ii) Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		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	1655202	60%	NIL	1655202	60%	NIL	NIL
2	Mr. T.V. Prasad	496638	18%	NIL	496638	18%	NIL	NIL
3	Mr. K. Padmanabham	206500	7.49%	NIL	206500	7.49%	NIL	NIL
4	Mr. K. Prabhakar	170450	6.18%	NIL	170450	6.18%	NIL	NIL
5	Mr. C. Muralidhar Reddy	188500	6.83%	NIL	188500	6.83%	NIL	NIL
	Total	**2717290**	**98.5%**	**NIL**	**2717290**	**98.5%**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	2717290	98.5%	2717290	98.5%
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	#	#	#	#
3	At the End of the year	2717290	98.5%	2717290	98.5%

There is no change in the total shareholding of the Promoters between April 1, 2015 and March 31, 2016.

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

<u>Shareholding of Directors</u>:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. T. V. Prasad				
	As on 01.04.2015	496638	18%	496638	18%
	As on 31.03.2016	496638	18%	496638	18%
2	Mr. K. Padmanabham				
	As on 01.04.2015	206500	7.49%	206500	7.49%
	As on 31.03.2016	206500	7.49%	206500	7.49%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	128,776,665	161,371,157	-	290,147,822
ii.) Interest due but not paid	-	-	-	-
iii.) Interest accrue but not due	-	5,030,501	-	5,030,501
Total(i+ii+iii)	128,776,665	166,401,658	-	295,178,323

Change in Indebtedness during the Financial year				
i.) Addition	225,141,231	98,777,664	-	323,918,895
ii.) Reduction	(233,161,167)	(76,649,348)	-	(309,810,515)
Net Change	(8,019,936)	22,128,316	-	14,108,380
Indebtedness at the end of the Financial year				
i.) Principal Amount	120,756,730	185,875,837	-	306,632,567
ii.) Interest due but not paid	-	-	-	-
iii.) Interest accrue but not due	-	2,654,137	-	2,654,137
Total(i+ii+iii)	120,756,730	188,529,974	-	309,286,704

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i) 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	1,375,000	1,500,000	2,875,000
	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		1,375,000	1,500,000	2,875,000
Ceiling as per the Act				3,000,000

ii) Remuneration to other Directors

The Company does not pay remuneration to any other Directors.

iii) 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

Sr. No.	Name of Related Party & Nature of Relationship	Nature of Contract	Duration of the Transaction	Salient terms of the Transaction including the value if any	Date of approval of the Board	Amount paid as Advances, if any
1	Bharat Forge Limited	Conversion of loan into 0% Compulsory Convertible Debentures	40 months from the date of allotment	Zero Coupon rate	September 30, 2015	NA
2	Bharat Forge Limited	Inter Corporate Deposits	Payable on demand	Rs.30 lacs ICD @ interest of Rs.13% pa.	March 7, 2016	NA
3	Bharat Forge Limited	Inter Corporate Deposits	Payable on demand	Rs.13 lacs ICD @ interest of Rs.13% pa.	March 7, 2016	NA
4	Mr. K. Padmanabham	Loans taken	Short Term	Rs.34,50,000	-	NA
5	Mr. T. V. Prasad	Loans taken	Short Term	Rs.5,00,000	-	NA
6	Integrated Clean Room Technologies Limited	Interest paid on loan taken	Payable on demand	At market rate	-	NA

For and On behalf of the Board of Directors

Rajinder Singh Bhatia
Chairman
DIN: 05333963

Place: Pune
Date: May 11, 2016

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, 2016.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2015-2016

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 earnings and outgo for the financial year is as follows:

i)	Total Foreign Exchange Earning	:	Rs. Nil
ii)	Total Foreign Exchange Outgo	:	Rs. 3,785,668/-

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, 2016, 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, I report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss, 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "**Annexure B**".

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ANALOGIC CONTROLS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2016.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state that:

(i)

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

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii)

(a) The inventory comprising stock of raw materials and work in progress was physically verified at reasonable intervals during the year by the management. As explained to me, no material discrepancies were noticed by the management on physical verification of stocks.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of 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 undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. 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, 2016 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute, 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) – 8, Hyderabad.
The Central Excise Act,1944/Central Excise Rules,2002	Central Excise Duty and Penalty	1,348,264	January 2008 to March 2009.	The Central Excise and Service Tax Appellate Tribunal, Bengaluru

(viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution, bank, government or debenture holders.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Moneys raised by the Company by way of term loans were applied for the purpose for which those were raised.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has paid managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has made private placement of fully convertible debentures during the year under review and based upon the audit procedures performed and the information and explanations given to me the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

"ANNEXURE B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF ANALOGIC CONTROLS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2016.

I have audited the internal financial controls over financial reporting of **Analogic Controls India Limited** ("the Company") as of 31st March, 2016 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

Analogic Controls India Limited

Balance Sheet as at 31st March, 2016 — **Amount in Rs.**

			Note No	As at 31st March, 2016	As at 31st March, 2015
I.	**EQUITY AND LIABILITIES**				
1.	**Shareholders' funds**				
	(a)	Share Capital	3.1	**27,586,700**	27,586,700
	(b)	Reserves and Surplus	3.2	**(196,627,575)**	(140,493,012)
				(169,040,875)	(112,906,312)
2.	**Non-current liabilities**				
	(a)	Long-term borrowings	3.3	**157,321,000**	90,396,412
	(b)	Long-Term Provisions	3.4	**1,894,318**	1,533,283
	(c)	Deferred tax Liability (net)	3.5	**-**	-
				159,215,318	91,929,695
3.	**Current liabilities**				
	(a)	Short-term borrowings	3.6	**145,567,567**	195,954,744
	(b)	Trade payables	3.7	**16,183,926**	13,298,178
	(c)	Other current liabilities	3.8	**10,291,183**	25,873,043
	(d)	Short term provisions	3.9	**11,951,033**	4,033,561
				183,993,709	239,159,526
		Total:		**174,168,152**	218,182,909
II.	**ASSETS**				
1.	**Non-current assets**				
	(a)	Fixed assets			
		Tangible assets	3.10	**39,957,153**	44,433,742
		Intangible Assets	3.10	**1,572,298**	1,054,659
		Capital Work in progress, expenditure till date		**293,154**	273,097
	(b)	Long-term loans and advances	3.11	**2,602,751**	4,189,364
	(c)	Other Non-Current Assets	3.12	**-**	18,569
				44,425,356	49,969,431
2.	**Current assets**				
	(a)	Inventories	3.13	**48,707,728**	61,715,320
	(b)	Trade receivables	3.14	**69,315,441**	81,941,606
	(c)	Cash and Bank Balances	3.15	**454,212**	13,861,797
	(d)	Short-term loans and advances	3.16	**6,334,715**	5,941,623
	(e)	Other current assets	3.17	**4,930,700**	4,753,132
				129,742,796	168,213,478
		Total:		**174,168,152**	218,182,909
	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
Chartered Accountant

T. V. Prasad
Director

K. Padmanabham
Director

Place : Pune
Date : 11 May 2016

Place : Pune
Date : 11 May 2016

Analogic Controls India Limited

Statement of Profit and Loss for the year ended 31st March, 2016 — **Amount in Rs.**

			Note No	Year ended 31st March, 2016	Year ended 31st March, 2015
I		**Revenue from operations**	3.18	**93,113,926**	33,299,198
II		**Other income**	3.19	**2,430,405**	862,268
III		**Total revenue (I+II)**		**95,544,331**	34,161,466
IV		**Expenses**			
	(a)	Cost of materials consumed	3.20	**44,319,480**	22,124,969
	(b)	Changes in inventories of work-in-progress	3.21	**11,521,149**	(20,736,569)
	(c)	Employee benefit expenses	3.22	**25,198,039**	35,163,922
	(d)	Finance costs	3.23	**24,292,701**	26,386,971
	(e)	Depreciation and amortisation expense	3.24	**4,016,693**	4,875,084
	(f)	Other expenses	3.25	**42,330,832**	36,907,239
		Total expenses (IV)		**151,678,894**	104,721,616
V		**Loss before tax (III - IV)**		**(56,134,563)**	(70,560,150)
VI		**Tax expense:**			
	(a)	Current tax expense		-	-
	(b)	Deferred tax (Expenses)/ Savings		-	(157,093)
	(c)	Deferred tax (Expenses)/ Savings for earlier years		-	-
				-	(157,093)
VII		**Loss for the year (V + VI)**		**(56,134,563)**	(70,717,243)
VIII		**Earnings per share (of P 10/- each):**			
	(a)	Basic	3.34	**(20.35)**	(25.63)
	(b)	Diluted	3.34	**(20.35)**	(25.63)
		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
Chartered Accountant

T. V. Prasad
Director

K. Padmanabham
Director

Place : Pune
Date : 11 May 2016

Place : Pune
Date : 11 May 2016

Analogic Controls India Limited

Cash Flow Statement for the year ended 31st March, 2016 — **Amount in Rs.**

		Year ended 31st March, 2016	Year ended 31st March, 2015
A.	**Cash flow from operating activities :**		
	Net Profit after tax and exceptional items	**(56,134,563)**	(70,717,243)
	Adjusted for :		
	Tax expense	**-**	157,093
	Depreciation	**4,016,693**	4,875,084
	Reversal of Depreciation	**(74,795)**	-
	Interest Paid	**24,292,701**	26,386,971
	Interest Received	**(85,960)**	(710,251)
	Provision for Liquidated damages	**11,443,325**	2,250,374
	Provision for Doubtful Trade Receivables	**93,197**	-
	Profit on Sale of Fixed Assets	**(82,388)**	-
	Loss on Sale of Fixed Assets	**-**	153,843
		39,602,773	33,113,114
	Operating Profit before working capital changes :	**(16,531,790)**	(37,604,129)
	Changes in :		
	Trade and other receivables	**14,244,794**	32,206,287
	Inventories	**13,007,592**	(34,791,128)
	Liabilities and Provisions	**(18,014,838)**	7,555,393
		9,237,548	4,970,552
	Cash generation from operations :	**(7,294,242)**	(32,633,577)
	Direct Taxes paid	**(677,304)**	(409,731)
	Net Cash from operating activities :	**(7,971,546)**	(33,043,308)
B.	**Cash flow from investing activities :**		
	Purchase of fixed assets	**(1,585,617)**	(5,674,954)
	Sale of fixed assets	**1,665,000**	550,000
	Interest received	**85,960**	710,251
	Fixed deposits matured during the year	**6,942,585**	177,418
	Net cash from/(used in) investing activites :	**7,107,928**	(4,237,285)
C.	**Cash flow from financing activities :**		
	Proceeds from long term borrowings	**66,924,588**	(3,799,540)
	Proceeds from short term borrowings	**(50,387,177)**	62,607,211
	Interest paid	**(22,138,793)**	(29,379,025)
	Net cash used in financing activities :	**(5,601,382)**	29,428,646

Analogic Controls India Limited

Cash Flow Statement for the year ended 31st March, 2016 **Amount in Rs.**

	Year ended 31st March, 2016	Year ended 31st March, 2015
Net changes in cash and cash equivalents (A+B+C) :	**(6,465,000)**	(7,851,947)
Cash and Cash Equivalents, at the beginning :	**6,919,212**	14,771,159
Add : Net changes in cash and cash equivalents, as above	**(6,465,000)**	(7,851,947)
Cash and Cash Equivalents, at the close :	**454,212**	6,919,212
Cash and Cash Equivalents :		
Cash and Bank Balances:	**454,212**	13,861,797
Less : Deposits Pledged with Bank for issue of Bank Guarantees	**-**	6,942,585
	454,212	6,919,212

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	**T. V. Prasad**	**K. Padmanabham**
Chartered Accountant	**Director**	**Director**

Place : Pune
Date : 11 May 2016

Place : Pune
Date : 11 May 2016

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.

The Company is a subsidiary of Bharat Forge Limited.

Bharat Forge Limited, the erstwhile promoters of the Company and the Company have entered into a Shareholders' Agreement on 18th June, 2013 and have agreed to various terms and conditions which have also become part of the Articles of Association of the Company. The Shareholders' Agreement has put certain restrictions on transferrability of the equity shares held by the erstwhile promoters of the Company. Bharat Forge Limited is entitled for options to acquire shareholding from the erstwhile promoters in future.

2. Statement of Significant Accounting Policies :

2.1 **Basis of Accounting :**

These financial statements 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 **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.

2.3 **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.

2.4 **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.

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.

2.5 **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.

2.6 **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.

2.7 **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.

2.8 **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.

2.09 **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.

2.10 **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.

2.11 **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.

2.12 **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.

2.13 **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.

2.14 **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.

2.15 **Provisions, Contingent Liabilities and Contingent Assets :**

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be

			As at 31st March, 2016	As at 31st March, 2015
				Amount in Rs.
3.	**Notes on Accounts :**			
3.1	**Share Capital :**			
	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, 2016 and 31st March, 2015 is set out below.

	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
Balance at the beginning of the year	2,758,670	27,586,700	2,758,670	27,586,700
Add: Shares issued during the year	-	-	-	-
Balance at the close of the year	2,758,670	27,586,700	2,758,670	27,586,700

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	As at 31st March, 2016		As at 31st March, 2015	
	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

		As at 31st March, 2016	As at 31st March, 2015
3.2	**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	**(141,628,012)**	(70,559,472)
	Add : Loss for the year transferred from the Statement of Profit and Loss	**(56,134,563)**	(70,717,243)
	Subtotal	**(197,762,575)**	(141,276,715)
	Less : Appropriations		
	Carrying amount, net of residual value of fixed assets whose remaining useful	-	351,297
	Closing Balance	**(197,762,575)**	(141,628,012)
	TOTAL :	**(196,627,575)**	(140,493,012)

Amount in Rs.

	Current		Non - Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
3.3 Long-term Borrowings :				
Secured				
Term Loan from Banks[(a) (b) (c)]	**3,744,000**	3,796,666	**11,000**	3,749,712
Less : Shown under "Other Current Liabilities" (Refer Note No. 3.8)	**3,744,000**	3,796,666	**-**	-
Subtotal :	**-**	-	**11,000**	3,749,712
Unsecured				
Debentures[(d)] 1,573,100 (866,467) 0% Unsecured Compulsorily Convertible Debentures of r 100/- each, fully paid up	**-**	-	**157,310,000**	86,646,700
TOTAL :	**-**	-	**157,321,000**	90,396,412

(a) Term Loan from ICICI Bank :

This loan is repayable in 29 monthly instalments from the date of first disbusrement i.e. April, 2015 and carries interest at base rate plus 3% p.a. — **3,755,000** | -

The Term loan is secured by the first and exclusive charge on land, building and hypothecation of equipments, fixtures and fittings proposed to be purchased out of the term loan.

(b) Term Loans from Andhra Bank :

Term Loan - I : — - | 2,452,240

This loan was repayable in 72 monthly instalments from the date of its origniation i.e. April, 2011 and carried interest at base rate plus 4% p.a. The loan has since been repaid in full.

Term Loan - II : — - | 5,047,472

This loan was repayable in 72 monthly instalments from the date of its origniation i.e. August, 2011 and carried interest at base rate plus 4.75% p.a. The loan has since been repaid in full.

The 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.

(c) Term Loans from HDFC Bank

Balance outstanding : — **-** | 46,666

The loan was secured by hypothecation of motor cars purchased, thereunder.

Loan was repayable in 60 monthly installments from date of its origination i.e. 5th August, 2010 and carried interest at 11% to 13% p.a. The loan has since been repaid in full.

(d) The Company has issued the following Unsecured Compulsorily Convertible Debentures

Balance outstanding : — **157,310,000** | 86,646,700

Date of Issue	No of Debentures	Tenor (in months)	Conversion Terms	As at 31st March, 2016	As at 31st March, 2015
9/30/2013	574,480	60	Refer Notes (ii),(iv)	**57,448,000**	57,448,000
2/17/2014	291,987	60	Refer Notes (ii),(iv)	**29,198,700**	29,198,700
10/1/2015	706,633	40	Refer Notes (iii),(iv)	**70,663,300**	-
TOTAL :	1,573,100			**157,310,000**	86,646,700

Notes :

i) All the above debentures have been issued to and held by Bharat Forge Limited, the Holding Company.

ii) These debentures, shall unless otherwise agreed, but subject to the provisions of the Shareholders' Agreement, be converted into the equity shares of the Company any time after 48 months from the date of allotment, but not before exercise of the Call Option 2, by Bharat Forge Limited, as per the Shareholders' Agreement.

iii) These debentures, shall unless otherwise agreed, but subject to the provisions of the Shareholders' Agreement, be converted into the equity shares of the Company any time after 29 months from the date of allotment, but not before exercise of the Call Option 2, by Bharat Forge Limited, as per the Shareholders' Agreement.

iv)The conversion shall be at the higher of (i) Fair Value determined in accordance with the provisions of the Shareholders' Agreement or (ii) Par Value.

	Non - Current As at 31st March, 2016	Non - Current As at 31st March, 2015
3.4 Long-Term Provisions :		
Provision for employee benefits :		
Gratuity	**1,670,753**	1,533,283
Compensated absences	**223,565**	-
TOTAL :	**1,894,318**	1,533,283
3.5 Deferred tax Assets (net)		
Deferred Tax Liabilities :		
Timing differences for		
Depreciation	**3,624,500**	3,000,700
Less : Deferred Tax Assets :		
Timing differences for		
Disallowances and unabsorbed depreciation	**3,624,500**	3,000,700
TOTAL :	**-**	-

		Amount in Rs.
	As at 31st March, 2016	As at 31st March, 2015
3.6 Short-Term Borrowings :		
Secured		
Cash Credit[(a)]	-	106,815,947
Overdraft[(b)]	117,001,730	-
Raw Material Assistance from NSIC [(c)]	-	14,414,340
Unsecured		
LC Discounting Facility[(d)]	14,551,250	-
Demand loans from companies[(e) (f) (g)]	9,394,587	70,104,457
Demand loans from directors[(e)]	4,620,000	4,620,000
TOTAL :	**145,567,567**	195,954,744

(a) Cash Credit Facility from Andhra Bank :
Cash Credit facility availed from Andhra Bank was primarily secured by hypothecation of stock of Raw Materials, Work in Progress, Finished Goods and book debts. The facility was collaterally secured by Equitable Mortgage of certain immovable properties belonging to the erstwhile promoters of the Company and also by the first charge on unencumbered fixed assets of the Company. The facility was guaranteed by the erstwhile promoters of the Company. Rate of interest applicable was 3.75% over Base Rate, p.a. The said facility has since been fully repaid.

(b) Overdraft Facility from ICICI Bank :
Overdraft facility availed from ICICI Bankis secured by first and exclusive charge by was of hypothecation of stocks of raw materials, semi finished and finished goods, consumables, stores, spares and such other moveables including book debts, bills, oustanding monie and receivables. The facility is also secured by second charge on all fixed assets except vehicles financed. Rate of Interest applicable is 3% over Base Rate, p.a.

(c) Raw Material Assistance from NSIC :
Raw Material Assistance availed from NSIC was secured by bank guarantee equivalent to the value of limit sanctioned from Andhra Bank. Maximum repayment period was 90 days and the facility carried interest @13.40% p.a.The said facility has since been fully repaid.

(d) LC Discounting Facility from ICICI Bank :
LC Discounting Facility from ICICI Bank covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by ICICI bank or other first class banks. The facility carries interest as informed by ICICI Bank from time to time.

(e) Rates of interest for demand loans from companies and directors are in the range from 13% p.a. to 18% p.a.

(f) Includes Loan from Bharat Forge Limited, the Holding Company	**4,290,130**	65,000,000
(g) Includes Loans from other related parties	**2,000,000**	2,000,000

3.7 Trade Payables :		
Micro and Small Enterprises	**1,939,398**	788,844
Others	**14,244,528**	12,509,334
TOTAL :	**16,183,926**	13,298,178

3.8 Other Current Liabilities :		
Current maturities of long term debt - Secured (Refer Note No. 3.3)	**3,744,000**	3,796,666
Creditors for capital expenditure	**402,505**	2,658,162
Interest accrued	**2,955,310**	5,109,218
Statutory dues	**700,476**	3,784,788
Advances from customers	**2,441,763**	9,242,000
Other amounts payable	**47,129**	41,099
Pre-Received Income	-	1,241,110
TOTAL :	**10,291,183**	25,873,043

3.9 Short-Term Provisions :		
Provision for employee benefits :		
Gratuity	**10,634**	237,114
Compensated absences	**174,359**	598,334
Other provisions :		
Liquidated damages[(a)(b)]	**11,766,040**	3,198,113
TOTAL :	**11,951,033**	4,033,561

(a) In pursuance of Accounting Standard-29 (AS-29) ‘Provisions, contingent liabilities and contingent assets’, the provisions required have been incorporated in the books of account in the following manner:

Opening Balance	**3,198,113**	2,234,901
Arising during the year	**17,544,003**	2,548,105
Utilised during the year	**(8,075,634)**	(1,508,226)
Provision Written Back	**(900,442)**	(76,667)
Closing balance — **TOTAL :**	**11,766,040**	3,198,113

(b) Provision for liquidated damages represents the expected claims which the Company may need to pay for non-fulfilment of certain commitments as per the terms of the respective sales contracts. These are determined on a case to case basis considering the dynamics of each contract and the factors relevant to that sale.

3.10 Fixed Assets :

Amount in Rs.

	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 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**
Additions	-	-	115,220	702,680	-	-	-	**817,900**	747,660	**747,660**	**1,565,560**
Disposals	-	-	-	(1,500,000)	-	-	(1,349,838)	**(2,849,838)**	-	**-**	**(2,849,838)**
Adjustments	-	-	-	-	-	-	-	**-**	-	**-**	**-**
As at 31st March, 2016	**413,976**	**34,557,516**	**4,306,682**	**11,753,364**	**4,638,829**	**2,610,367**	**735,669**	**59,016,403**	**1,893,937**	**1,893,937**	**60,910,340**
DEPRECIATION AND AMORTIZATION :											
Upto 1st April, 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**
Disposals	-	-	-	-	-	-	(1,267,226)	**(1,267,226)**	-	**-**	**(1,267,226)**
Adjustments	-	-	-	(74,795)	-	-	-	**(74,795)**	-	**-**	**(74,795)**
For the year#	-	1,361,489	227,915	767,852	455,121	758,830	215,465	**3,786,672**	230,021	**230,021**	**4,016,693**
Upto 31st March, 2016	**-**	**6,295,212**	**3,769,528**	**4,110,984**	**2,137,447**	**2,289,457**	**456,622**	**19,059,250**	**321,639**	**321,639**	**19,380,889**
NET BLOCK :											
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
As at 31st March, 2016	**413,976**	**28,262,304**	**537,154**	**7,642,380**	**2,501,382**	**320,910**	**279,047**	**39,957,153**	**1,572,298**	**1,572,298**	**41,529,451**

Amount in Rs.

		As at 31st March, 2016	As at 31st March, 2015
3.11 Long-term loans and advances :			
(Unsecured, Good)			
Security deposits		**278,846**	178,846
Pre-paid Expenses		**76,937**	-
Advance income tax (Net of provisions)		**2,246,968**	2,138,838
Value Added Tax claims		**-**	1,871,680
	TOTAL :	**2,602,751**	4,189,364

3.12 Other Non-Current Assets :			
Balances with Bank			
Deposits with original maturity of more than 12 months[a]		**-**	18,569
	TOTAL :	**-**	18,569

(a) Pledged with Andhra Bank for issue of Bank Guarantees

3.13 Inventories :			
(As taken, valued and certified by the Directors)			
Raw materials		**33,402,076**	34,888,519
Work-in-progress		**15,305,652**	26,826,801
	TOTAL :	**48,707,728**	61,715,320

3.14 Trade Receivables :			
(Unsecured)			
Outstanding for more than six months from the date those became due for payment			
Good		**56,779,211**	66,170,571
Doubtful		**93,197**	-
Less : Provision		**(93,197)**	-
		56,779,211	66,170,571
Other Trade Receivables, Good		**12,536,230**	15,771,035
	TOTAL :	**69,315,441**	81,941,606

3.15 Cash and Bank Balances :			
Cash and cash equivalents			
Balances with banks			
Current account		**170,907**	6,859,893
Cash on hand		**283,305**	77,888
		454,212	6,937,781
Other bank balances			
Deposits with original maturity of less than 3 months[a]		**-**	6,432,196
Deposits with original maturity of more than 3 months but less than 12 months[a]		**-**	491,820
		-	6,924,016
	TOTAL :	**454,212**	13,861,797

(a) Pledged with Andhra Bank for issue of Bank Guarantees

3.16 Short-Term Loans and Advances :			
(Unsecured, Good)			
Balances with government authorities			
CENVAT credit receivable		**1,170,287**	582,787
Service tax credit receivable		**1,442,976**	1,038,446
Pre-paid expenses		**1,582,691**	555,217
Advances to suppliers		**2,135,176**	3,760,914
Other advances recoverable in cash or in kind or for value to be received		**3,585**	4,259
	TOTAL :	**6,334,715**	5,941,623

3.17 Other Current Assets :			
Interest receivable		**-**	683,809
Amount receivable from ICICI Bank		**362,654**	-
Unbilled Revenue		**4,568,046**	4,069,323
	TOTAL :	**4,930,700**	4,753,132

Amount in Rs.

		For the year ended 31st March, 2016	For the year ended 31st March, 2015
3.18	**Revenue from operations :**		
	Sale of products	**97,922,116**	34,654,373
	Sale of services	**872,499**	215,500
	Contract Receipts	**1,739,833**	1,157,123
	Revenue from operations (gross)	**100,534,448**	36,026,996
	Less: Excise Duty	**7,420,522**	2,727,798
	Revenue from operations (net)	**93,113,926**	33,299,198
3.19	**Other income :**		
	Interest on Bank Deposits	**85,960**	710,251
	Miscellaneous Income	**735,503**	75,350
	Profit on Sale of Asset	**82,388**	-
	Depreciation Written Back	**74,795**	-
	Provisions written back	**1,451,759**	76,667
	TOTAL :	**2,430,405**	862,268
3.20	**Cost of raw material and components consumed# :**		
	Inventory at the beginning of the year	**34,888,519**	20,833,961
	Add: Purchases	**42,833,037**	36,179,527
		77,721,556	57,013,488
	Less: Inventory at the end of the year (Refer note 3.13)	**(33,402,076)**	(34,888,519)
	Cost of raw material and components consumed	**44,319,480**	22,124,969
	# Refer note 3.28 for Imported and indigenous raw materials and components consumed		
3.21	**Changes in inventories of finished goods and work in progress :**		
	Inventories at the beginning of the year		
	Work-in-progress	**26,826,801**	6,090,232
		26,826,801	6,090,232
	Inventories at the close of the year		
	Work-in-progress	**15,305,652**	26,826,801
		15,305,652	26,826,801
	TOTAL :	**11,521,149**	(20,736,569)
3.22	**Employee benefit expenses :**		
	(Including Managing and Wholetime Directors' remuneration)		
	Salaries and Wages	**22,202,014**	31,729,812
	Contributions to		
	- Provident fund	**993,324**	1,216,172
	- Other fund / scheme	**261,424**	330,625
	- Gratuity	**973,072**	1,049,282
	Staff welfare expenses	**768,205**	838,031
	TOTAL :	**25,198,039**	35,163,922
3.23	**Finance costs :**		
	Interest on Bank Borrowings	**17,454,775**	18,793,715
	Interest on other Borrowings	**5,983,690**	4,883,671
	Other Interest	**854,236**	2,709,585
	TOTAL :	**24,292,701**	26,386,971

Amount in Rs.

		For the year ended 31st March, 2016	For the year ended 31st March, 2015
3.24	**Depreciation :**		
	Depreciation on Tangible Assets	**3,786,672**	4,783,466
	Depreciation on Intangible Assets	**230,021**	91,618
	TOTAL :	**4,016,693**	4,875,084
3.25	**Other expenses :**		
	Contract Costs	**2,221,520**	4,314,280
	Consumption of Stores and Spares	**144,382**	186,845
	Labour and Processing Charges	**296,414**	189,529
	Power and Fuel	**1,254,735**	1,300,785
		3,917,051	5,991,439
	Repairs and Maintenance - Buildings	**344,797**	397,509
	Repairs and Maintenance - Plant and Machinery	**457,118**	117,935
	Repairs and Maintenance - Others	**318,033**	669,116
	Insurance	**255,227**	338,486
	Rates and Taxes	**136,468**	108,499
	Liquidated damages (Refer note 3.9)	**17,544,003**	2,548,105
	Communication	**357,199**	359,396
	Printing and Stationery	**385,169**	305,096
	Travelling and Conveyance	**5,508,479**	5,163,857
	Professional Fees	**1,328,444**	2,023,840
	Technical Consultancy	**4,632,837**	4,364,814
	Security Services	**531,878**	536,056
	Sales promotion	**92,412**	259,816
	Freight and Forwarding	**286,368**	359,255
	Payment to Auditors	**183,200**	224,960
	Miscellaneous Expenses#	**2,996,631**	4,137,162
	Amounts Written Off	**24,250**	4,327,988
	Bad Debts	**1,266,386**	4,020,611
	Provision for Doubtful Debts	**93,197**	-
	Loss on Sale of Assets	**-**	153,843
	Loss on Foreign Exchange Fluctuations (Net)	**51,497**	196,449
	Prior period adjustments	**1,620,188**	303,007
		38,413,781	30,915,800
	TOTAL :	**42,330,832**	36,907,239

Miscellaneous Expenses includes general office expenses, penalties and fines, rental charges etc.

Amount in Rs.

			As at 31st March, 2016	As at 31st March, 2015
3.26	**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
d)	Claims against the Company not acknowledged as debts@		**4,079,400**	-
		TOTAL :	**6,087,063**	16,060,700

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.

@ The Company has disputed certain amount claimed by its supplier which the Company believes to be not payable as per the underlying contract. This matter is in early stage. The Company has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

3.27	**Value of imports calculated on CIF basis :**			
a)	Raw materials and Components		**4,927,200**	18,216,047
		TOTAL :	**4,927,200**	18,216,047

3.28 Consumption of raw materials

	Year ended 31st March, 2016		Year ended 31st March, 2015	
	Rs	**%**	**Rs**	**%**
Imported	**9,558,201**	**21.57%**	10,615,538	47.98%
Indigenous	**34,761,279**	**78.43%**	11,509,431	52.02%
TOTAL :	**44,319,480**	**100%**	22,124,969	100%

3.29 Payment To Auditors :

			As at 31st March, 2016	As at 31st March, 2015
a)	As auditor		**125,950**	110,000
b)	For tax audit		**57,250**	50,000
c)	Reimbursement of expenses		**-**	64,960
		TOTAL :	**183,200**	224,960

Current Year's figures are inclusive of service tax
Previous Year's figures are excluding service tax

3.30 Disclosure pursuant to Accounting Standard – 7 (Revised) on “Construction Contracts.”

		Year ended 31st March, 2016	Year ended 31st March, 2015
a)	Contract revenue recognised during the year	**1,739,833**	1,157,123
b)	Aggregate cost incurred and recognised profits (less recognised losses) up to the reporting date for contracts in progress	**4,568,046**	8,718,213
c)	Advances received	**1,700,000**	1,700,000
d)	Gross amount due from customers for the contract work presented as an asset	**4,568,046**	4,069,323
e)	Gross amount due to customers for the contract	**-**	1,241,110

3.31 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 ₹993,324/- (Previous Year : ₹1,216,172/-) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) 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, 2016.

Amount in Rs.

Sr. No.		As at 31st March, 2016	As at 31st March, 2015
I	**Change in Benefit obligations :**		
	Projected benefit obligation, at the beginning of the year	**1,793,865**	931,066
	Adjustment to opening balance	**676,558**	-
	Interest cost	**183,323**	74,093
	Past service cost	**-**	-
	Current service cost	**362,978**	341,321
	Settlement Cost/ (Credit)	**-**	-
	Benefits paid	**(222,116)**	(215,625)
	Actuarial (gain)/loss	**(559,322)**	663,010
	Projected benefit obligation, at the end of the year	**2,235,286**	1,793,865
II	**Fair value of Plan assets :**		
	Fair value of plan assets at the beginning of the year	**23,468**	-
	Adjustment to opening balance	**3,981**	29,142
	Expected return on plan assets	**23,866**	2,367
	Employer's contribution	**738,852**	209,951
	Assets distributed on settlement	**-**	-
	Benefits paid	**(222,116)**	(215,625)
	Actuarial gain/(loss)	**(14,152)**	(2,367)
	Fair value of plan assets at the end of the year	**553,899**	23,468
III	**Amount recognized in the Balance Sheet**		
	Projected benefit obligation, at the end of the year	**2,235,286**	1,793,865
	Fair value of plan assets at the end of the year	**553,899**	23,468
	Funded status	**(1,681,387)**	(1,770,397)
	Unrecognized actuarial gain/(loss)	**-**	-
	Net asset/(liability) recognized in the balance sheet	**(1,681,387)**	(1,770,397)
IV	**Amount recognized in the Statement of Profit and Loss**		
	Current service cost	**362,978**	341,321
	Adjustment to opening balance	**(3,981)**	(29,142)
	Past service cost	**-**	-
	Interest cost	**183,323**	74,093
	Expected return on plan assets	**(23,866)**	(2,367)
	Settlement Cost/ (Credit)	**-**	-
	Net actuarial (gain)/loss recognized	**(545,170)**	665,377
	Expenses recognized in the Statement of Profit and Loss	**(26,716)**	1,049,282
V	**Actuarial Assumptions :**		
	Discount rate	**7.46%**	7.77%
	Salary escalation rate	**4.00%**	4.00%
	Expected Average remaining working lives of employees(years)	**20.50**	21.35
	Expected rate of return on plan assets	**8.35%**	-

(c) Other Long Term Employee Benefits :

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

Sr. No.		As at 31st March, 2016	As at 31st March, 2015
1	Present Value of Obligation	**(397,924)**	(598,334)
2	Fair Value of Plan Assets	**-**	-
3	Net asset/(liability) recognized in the Balance Sheet	**(397,924)**	(598,334)

(d) Experience History# :

Sr. No.		31st March, 2016	31st March, 2015	31st March, 2014
1	Present Value of Defined Benefit Obligation	**2,235,286**	1,793,865	931,066
2	Fair Value of Plan Asset	**553,899**	23,468	-
3	Funded Status [Surplus/ (Deficit)]	**(1,681,387)**	(1,770,397)	255,912
4	Experience gain / (loss) adjustments on plan liabilities	**559,322**	(663,010)	(700,837)
5	Experience gain / (loss) adjustments on plan assets	**(14,152)**	(2,367)	-

The experience history has been provided for only three years since actuarial valuation reports for earlier years are not available.

3.32 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.'

Amount in Rs.

3.33 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#
			# Ceased to be Wholetime Director w.e.f. 26th February, 2016
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	Holding Company	Enterprises having common Key Management Personnel	Total
Remuneration	**3,560,096**	**-**	**-**	**3,560,096**
	3,600,000	-	-	3,600,000
Issue of 0% Compulsorily Convertible Debentures	**-**	**70,663,300**	**-**	**70,663,300**
	-	-	-	-
Interest paid	**693,000**	**4,480,018**	**300,000**	**5,473,018**
	693,000	3,380,003	300,000	4,373,003
Loans taken	**3,950,000**	**4,290,130**	**-**	**8,240,130**
	5,619,835	55,000,000	-	60,619,835
Repayment of loans taken	**3,950,000**	**65,000,000**	**-**	**68,950,000**
	5,619,835	-	-	5,619,835

(Figures in bracket indicate previous year)

C. Balance with Related Parties:

Particulars	Key Managerial Personnel	Holding Company	Enterprises having common Key Management Personnel	Total
Amounts payables	**1,746,171**	**-**	**1,060,906**	**2,807,077**
	1,769,945	1,693,616	790,906	4,254,467
Loans taken	**4,620,000**	**4,290,130**	**2,000,000**	**10,910,130**
	4,620,000	65,000,000	2,000,000	71,620,000

(Figures in bracket indicate previous year)

3.34 Earning per Share (Face Value of a 10 Each) :

Loss for the year after taxation	**(56,134,563)**	(70,717,243)
Weighted Average Number of Equity Shares, outstanding during the period	**2,758,670**	2,758,670
Basic Earning per Share in rupees	**(20.35)**	(25.63)
Diluted Earning per Share in rupees[(a)]	**(20.35)**	(25.63)

(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

3.35 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 38,787,600 (Previous Year : r 21,961,600) under the Income Tax Act, 1961 on the considerations of prudence.

3.36 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.

3.37 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

	Particulars	As at 31st March, 2016	As at 31st March, 2015
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**1,939,398**	788,844
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**301,173**	78,717
(iii)	(a) The amount of interest paid to the supplier beyond the appointed day	**-**	-
	(b) The amounts of the payment made to the supplier beyond the appointed day	**4,209,853**	4,584,578
(iv)	The amount of interest due and payable for the year	**222,456**	55,494
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**301,173**	78,717
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**24,627**	8,134

Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.

3.38 The Company has incurred losses of a 56,134,563 (31st March, 2015 : a 70,717,243) during the year. As at 31st March, 2016, the Company's accumulated losses are a 196,627,575 (31st March, 2015 : a 140,493,012) which have completely eroded the net worth of the Company. The Company also has net current liabilities of a 54,250,913 as at 31st March, 2016 (31st March, 2015 : a 70,946,048). Recalibrating business strategy and streamlining operations including an efficient product cost structure as per the long term strategy implemented by the Management has resulted in better capacity utilisationa and sizable topline growth. During the financial year covered by these statements, the Company could secure substantial enhancement of working capital facilities from banks and has also moved into the direction of having more effective capital structure. Further, the majority 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 liabilities in future when those 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.

3.39 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 **Director** **Director**

Place : Pune
Date :

Place : Pune
Date :

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Kalyani Rafael Advanced Systems Private Limited

Directors	***Registered Office***	***Auditors***
Mr. Vikram M. Munje	Pune Cantonment,	P.V.Deo
Mr. Rajinder Singh Bhatia	Mundhwa,	Chartered Accountant
	Pune - 411 036.	604, Jeevan Hights, Thorat Colony
		Erandawana
		Pune 411 004.

BOARD'S REPORT
For the year ended on March 31, 2016

To,

The Members,

Your Directors have pleasure in presenting the First Board's Report on the business and operations of the Company and the audited financial statements for the Financial Year ended on March 31, 2016.

1. PERFORMANCE OF THE COMPANY

During the year under review, The Company has incurred a loss of Rs. 2,296,926/-. The summary of financial results is as under:

(Amount in Rs.)

Particulars	For Financial Year 2015-16
Total Revenue	Nil
Depreciation/Amortization	Nil
Other expenses	2,296,926
Total expenses	2,296,926
Profit/(Loss) before tax	(2,296,926)
Current Tax	Nil
PAT	(2,296,926)
Earnings per equity share Basic/ Diluted	(15.31)

2. DIVIDEND

Since the Company does not have any distributable profit, hence the Board has not recommended any dividend for the year ended March 31, 2016.

3. STATE OF COMPANY'S AFFAIRS

The Company has been incorporated on August 21, 2015 with the main objective of defense and aerospace business including activities of research, design, development, production, integration etc.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2016 which affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

Since incorporation, the Board of the Company met 4(four) times on September 18, 2015, December 22, 2015, January 2, 2016 and February 26, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

6. DIRECTORS

During the year under review, there has been no change in directorship of the Company.

7. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2016 stood at Rs. 15,00,000/-. During the year under review, the Company has issued 140,000 equity share of Rs. 10/- each on right issue basis to its existing shareholders. However the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2016, 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, 2016, 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, 2016 and of 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;
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 FIRST AUDITORS

The Company had appointed Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No. 041609), as first statutory Auditor in the first Board meeting of the Company whose term expires at the conclusion of the first Annual General Meeting of the Company. Your Board further proposes to appoint Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No. 041609), as the Statutory Auditors of the Company from the conclusion of this AGM until the conclusion of the Sixth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM). The Company has received letters from Mr. Prashant V. Deo, Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section141 of the Companies Act, 2013 and that they are not disqualified for appointment.

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

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.

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 "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 Bhatia	**Vikram Munje**
Place : Pune	**Director**	**Director**
Date : May 11, 2016	**DIN : 05333963**	**DIN : 02772991**

Annexure - "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U29270PN2015PTC156252
ii)	Registration date	August 21, 2015
iii)	Name of the Company	Kalyani Rafael Advanced Systems Private Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune 411 036. Tel. No. +91 6704 2343 Fax No. +91 2682 1250
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1	NIL	NIL	NIL

***** On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kalyani Strategic Systems Limited, Mundhwa, Pune Cantonment Pune- 411036	U31902PN2010PLC138025	Holding	100%	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, 2016

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	NIL	1	1	0.01	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	9999	9999	99.99	NIL	150000	150000	100%	NIL
Sub-total (A) (1):-	NIL	10000	10000	100.00	NIL	150000	150000	100%	NIL
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**10000**	**10000**	**100%**	**NIL**	**150000**	**150000**	**100%**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**10000**	**10000**	**100%**	**NIL**	**150000**	**150000**	**100%**	**NIL**

ii) Shareholding of Promoters :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		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	Kalyani Strategic Systems Limited (along with its nominee)	10000	100%	0%	150000	100%	0%	0%
	Total	10000	100%	0%	150000	100%	0%	0%

iii) Change in Promoters' Shareholding:

Sr. 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
1	Kalyani Strategic Systems Limited	10000	100%	150000	100%

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 (01-04-2015)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	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**		**Cumulative Shareholding during the year**	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year				
	*Rajinder Singh Bhatia	1	0.01%	1	0.01%
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	1	0.01%	1*	0.01%
	*Rajinder Singh Bhatia	1	0.01%	1	0.01%

* As a nominee of Kalyani Strategic Systems Limited. The beneficial interest in these shares vests in Kalyani Strategic Systems Limited

Key Managerial Person

Sl. No.		**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Datewise increase/Decrease in shareholding during the year specifying reasons for increse/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	NIL	NIL	NIL
ii.) Interest due but not paid	NIL	NIL	NIL	NIL
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i) Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/ Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act		NIL		

ii) Remuneration to other Directors

The Company does not pay remuneration to any other directors.

iii) Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company does not have Key Managerial Personnel.

VII. VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Annexure -“B”

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors’ Report for the year ended March 31, 2016.

(A) Conservation of Energy

i. Steps taken or impact on conservation of energy during 2015-2016

NIL

ii. Steps taken by the Company for utilizing alternate sources of energy

NIL

iii. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

i. Efforts made towards technology absorption, adaptation and innovation

NIL

ii. Benefits derived as a result of above efforts

NIL

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo for the financial year is as follows:

i) Total Foreign Exchange Earning : NIL

ii) Total Foreign Exchange Outgo : NIL

Independent Auditor's Report

To the Members of Kalyani Rafael Advanced Systems Private Limited

Report on the Financial Statements

I have audited the accompanying financial statements of **Kalyani Rafael Advanced Systems Private Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the financial statements.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, I report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss, 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "**Annexure B**".

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

"ANNEXURE A" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2016.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state that:

(i) The Company does not own any fixed assets. And hence paragraph 3(i) of the Order is not applicable to the Company.

(ii) As explained to me, the Company was not required to hold any physical inventories during the period covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of 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 generally regular in depositing undisputed statutory dues including income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to me by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues were outstanding as at 31st March, 2016 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the period.

(xi) The Company has not paid any managerial remuneration during the period covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

"Annexure B" REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2016.

I have audited the internal financial controls over financial reporting of **Kalyani Rafael Advanced Systems Private Limited** ("the Company") as of 31st March, 2016 in conjunction with my audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : 11th May 2016

Kalyani Rafael Advanced Systems Private Limited

Balance sheet as at March 31, 2016 **Amount in Rs.**

	Note No	As at March 31, 2016
I. EQUITY AND LIABILITIES		
1. Shareholders' funds		
a) Share capital	3	**1,500,000**
b) Reserves and surplus	4	**(2,296,926)**
		(796,926)
2. Non-Current liabilities		
a) Other Long-Term Liabilities	5	**61,498**
		61,498
3. Current liabilities		
a) Trade Payables	6	**2,042,846**
b) Other current liabilities	7	**10,665**
		2,053,511
TOTAL :		**1,318,083**
II. ASSETS		
1. Non-current assets		
a) Long-term loans and advances	8	**936,684**
2. Current assets		
a) Cash and Bank Balances	9	**375,579**
b) Short-term loans and advances	10	**5,820**
		381,399
TOTAL :		**1,318,083**
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 18	

As per my attached report of the even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 11 May 2016

Kishore Saletore **Vikram Munje**
Director **Director**
Place: Pune
Date: 11 May 2016

Kalyani Rafael Advanced Systems Private Limited

Statement of Profit and Loss for the period ended March 31, 2016 **Amount in Rs.**

	Note No	Year ended 31st March, 2016
I. Total revenue		-
II. Expenses		
Other expenses	11	**2,296,926**
Total expenses		**2,296,926**
III. Loss before tax		**(2,296,926)**
IV. Tax expenses		-
V. Loss for the period		**(2,296,926)**
VI. Earnings / (Loss) per equity share [nominal value of share x 10/-]		
a) Basic (In x)	16	**(15.31)**
b) Diluted (In x)	16	**(15.31)**
Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 18	

As per my attached report of the even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 11 May 2016

Kishore Saletore
Director

Vikram Munje
Director

Place: Pune
Date: 11 May 2016

Kalyani Rafael Advanced Systems Private Limited

Cash Flow Statement for the year ended March 31, 2016 — **Amount in Rs.**

			Year ended 31st March, 2016
A.	**Cash flow from operating activities**		
	Loss before tax		(2,296,926)
	Operating loss before working capital changes		(2,296,926)
	Movements in working capital :		
	(Increase) / decrease in long-term loans and advances		(936,684)
	(Increase) / decrease in short-term loans and advances		(5,820)
	Increase / (decrease) in Other Long-Term Liabilities		61,498
	Increase / (decrease) in trade payable		2,042,846
	Increase / (decrease) in other current liabilities		10,665
			1,172,505
	Cash generated from operations		(1,124,421)
	Direct taxes paid (net of refunds)		-
	Net cash flows from operating activities	(A)	(1,124,421)
B.	**Cash flows from investing activities**		-
	Net cash flows (used in) investing activities	(B)	-
C.	**Cash flows from financing activities**		
	Proceeds from issue of equity shares		1,500,000
	Net cash flows from financing activities	(C)	1,500,000
	Net increase in cash and cash equivalents (A+B+C)		375,579
	Cash and cash equivalents at the beginning of the period		-
	Cash and cash equivalents at the end of the period		375,579
	Components of cash and cash equivalents		**March 31, 2016**
	Balances with banks In Current accounts		375,579
		TOTAL :	375,579

Significant Accounting Policies and Notes forming an integral part of the Financial Statements — 1 to 18

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant
Place: Pune
Date: 11 May 2016

Kishore Saletore — **Director**

Vikram Munje — **Director**

Place: Pune
Date: 11 May 2016

Kalyani Rafael Advanced Systems Private Limited

Notes forming part of the Financial Statements for the period ended March 31, 2016

1. **Corporate information:**

Kalyani Rafael Advanced Systems Private Limited was incorporated on August 21, 2015, as a private limited company under the Companies Act, 2013.

The Company is a 100% subsidiary of Kalyani Strategic Systems Limited and thus deemed to be a public company within the meaning of Sec. 2(71) of the Companies Act, 2013. Bharat Forge Limited is the ultimate Holding Company.

The Company has been formed with the object to engage in business of defence and aerospace that will include activities of conceptualization, research, design, development, production, integration, manufacture, assembly, modification, upgrade overhaul, engineering support, marketing, sales, after sales /product life cycle support and related activities of such programs and to act as off-set partner and/or to undertake off-set activities for original equipment manufacturers in defence, aerospace and other sectors.

These financial statements cover the period from August, 21, 2015 to March 31, 2016.

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 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.3 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.

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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 non cancellable operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.9 Provisions, Contingent Liabilities and Contingent Assets:

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.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

		Amount in Rs.
		As at March 31, 2016
3.	**Share capital**	
	Authorised	
	150,000 equity shares of x 10/- each	**1,500,000**
		1,500,000
	Issued	
	150,000 equity shares of x 10/- each	**1,500,000**
		1,500,000
	Subscribed and fully paid-up	
	150,000 equity shares of x 10/- each	**1,500,000**
		1,500,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2016	
	Nos.	**Rs.**
At the beginning of the period	-	-
Shares Issued during the period	**150,000**	**1,500,000**
Shares bought back during the period	-	-
Outstanding at the end of the period	**150,000**	**1,500,000**

(b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of x 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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	As at March 31, 2016	
	Nos.	**% of Holding**
Equity shares of x 10 each fully paid		
Kalyani Strategic Systems Limited, the Holding Company[#]	**150,000**	**100.00%**

[#]Including shares held through Nominees

4.	**Reserves and surplus**		
	Deficit in the Statement of Profit and Loss		
	As per last account		-
	Add : Loss for the period transferred from the Statement of Profit and Loss		**(2,296,926)**
	Less : Appropriations		-
	Closing balance	**TOTAL :**	**(2,296,926)**

Kalyani Rafael Advanced Systems Private Limited

Notes forming part of the Financial Statements for the period ended March 31, 2016

			Amount in Rs.
			As at March 31, 2016
5.	**Other Long-Term Liabilities :**		
	Rent Equalization reserve		**61,498**
		TOTAL :	**61,498**
6.	**Trade Payables :**		
	Micro and Small Enterprises		**-**
	Others		**2,042,846**
		TOTAL :	**2,042,846**
7.	**Other current liabilities :**		
	Statutory liabilities		**10,665**
		TOTAL :	**10,665**
8.	**Long-term loans and advances**		
	Unsecured, Good		
	Security Deposits		**639,878**
	CENVAT credits and balances with Central Excise Department		**296,806**
		TOTAL :	**936,684**
9.	**Cash and Bank Balances**		
	Balances with banks		
	In Current accounts		**375,579**
		TOTAL :	**375,579**
10.	**Short-term loans and advances**		
	Unsecured, Good		
	Other Advances		**5,820**
		TOTAL :	**5,820**
11.	**Other expenses**		
	Rent (Refer Note 14)		**381,436**
	Rates and Taxes		**47,530**
	Legal and Professional Fees		**52,450**
	Business promotion Expenses		**1,748,860**
	Preliminary Expenses		**5,500**
	Share Issue Expenses		**13,700**
	Payment to Auditors (Refer details below)		**20,000**
	Miscellaneous expenses[#]		**27,450**
		TOTAL :	**2,296,926**
#	Miscellaneous Expenses include general office expenses, printing and stationery etc.		

Payment to auditors	
As auditor:	
- Audit fee	**20,000**
	20,000

Kalyani Rafael Advanced Systems Private Limited
Notes forming part of the Financial Statements for the period ended March 31, 2016

12. Segment Reporting :
Since the Company was exclusively engaged in setting up of its business activities there are no separate reportable segments, as per the Accounting Standard – 17 on 'Segment Reporting.'

13. Related Party disclosures
(i) Names of the related parties and related party relationship

Ultimate Holding Company :	Bharat Forge Ltd
Holding Company :	Kalyani Strategic Systems Limited

(ii) Related parties with whom transactions have taken place during the period **Amount in Rs.**

Sr. No.	Nature of transaction		Kalyani Strategic Systems Limited	Bharat Forge Ltd	Total
1	Issue of Share Capital		**1,500,000**	**-**	**1,500,000**
2	Preliminary Expenses reimbursed		**5,500**	**-**	**5,500**
3	Other Expenses reimbursed		**14,900**	**1,748,860**	**1,763,760**

(iii) Balance outstanding **Amount in Rs.**

Sr. No.	Nature of transaction		Kalyani Strategic Systems Limited	Bharat Forge Ltd	Total
1	Trade payables		**20,400**	**2,002,446**	**2,022,846**

14. Leases
The Company has entered into lease agreement for use of building. This is in the nature of non-cancellable operating lease. The particulars as per the Accounting Standard - 19 with regard to the above are as under :

Sr. No	Particulars	Period ended March 31, 2016
a)	Payments recognised in the statement of profit and loss	
	Lease payments for the year	**381,436**
	Minimum lease payments for Non Cancellable Leases	
	- Not later than one year	**1,302,153**
	- Later than one year but not Later than five years	**2,492,198**
	- Later than five years	-
	- Contingent rent recognised in Statement of Profit and Loss	-

b) There are no transactions in the nature of sub-lease.

15. Dues to Micro and Small Enterprises
The Company does not owe any moneys to suppliers which are Micro or Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006.

16. Earnings per share (EPS)

	Period ended March 31, 2016
Numerator for basic and diluted EPS	
Loss for the period attributable to shareholders as at March 31	**(2,296,926)**
Weighted average number of equity shares in calculating basic EPS	**150,000**
EPS - Basic (in x)	**(15.31)**
EPS - Diluted - (in x)	**(15.31)**

17. The Company has not recognized deferred tax asset in respect of timing differences on account of unabsorbed depreciation and business loss aggregating to u 684,765/- (Previous Year : B NIL) under the Income Tax Act, 1961 on the considerations of prudence.

18. This being the first year, since incorporation, question of providing previous year's figures does not arise.

As per my attached report of the even date, **On behalf of the Board of Directors,**

P. V. Deo	**Kishore Saletore**	**Vikram Munje**
Chartered Accountant	**Director**	**Director**

Place: Pune **Place: Pune**
Date: 11 May 2016 **Date: 11 May 2016**

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BHARAT FORGE

KALYANI

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