BHARAT FORGE

KALYANI

Innovate. Differentiate. Accelerate.

Subsidiary Companies Annual Report 2018-19

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Note:

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

Currency	Rate for conversion Equivalent INR
EURO	79.7805
SEK	7.4843
USD	69.7923

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

Bharat Forge Global Holding GmbH

Managing Director
Mr. Michael Weis
Mr. Martin Kubelback
Mr. Martin Von Werne

Registered Office
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Germany

Auditors
Dr. Wehberg Und Partner HbR
Wirtschaftsprufungsgesellschaft
Feithstrasse 177
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Advisory Board
Mr. B. N. Kalyani
Mr. A. B. Kalyani
Mr. S. E. Tandale
Mr. S. G. Joglekar
Mr. K. Srinivasan
Prof. Dr. Uwe Loos

INDEPENDENT AUDITOR’S REPORT

Audit Opinion

We have audited the annual financial statements of Bharat Forge Global Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2018 and the income statement for the fiscal year from January 1, 2018 to December 31, 2018 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2018 and of its financial performance for the financial year from January 1, 2018 to December 31, 2018 in compliance with German Legally Required Accounting Principles.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for our Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith..

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hagen, April 26, 2019

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

Bharat Forge Global Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2018

ASSETS	**Rs.**		**EUR**		***As at 31/12/2017*** **EUR**
A. Fixed Assets					
I. Tangible assets					
1. Land, land rights and buildings including buildings on third party land			-		515,672.00
2. Technical equipment and machinery					-
3. Other plant, factory and office equipment	3,150,133.04		39,485.00		25,051.00
4. Prepayments on tangible assets and construction in progress	-	3,150,133.04	-	39,485.00	- 540,723.00
II. Financial assets					
1. Shares in affiliated companies	7,318,298,882.11		91,730,421.37		87,731,825.44
2. Loans to affiliated companies	266,865,772.50		3,345,000.00		3,345,000.00
3. Investments	79.78		1.00		1.00
4. Loans to associated companies	79.78		1.00		1.00
		7,585,164,814.17		95,075,423.37	91,617,550.44
		7,588,314,947.21		95,114,908.37	91,617,550.44
B. Current assets					
I. Accounts receivable and other assets					
1 Receivables from affiliated companies of which EUR 0.00 (12/31/2017: EUR 0.00) due after one year of which Rs. 102,070,310.07 EUR 1,279,389.20 (12/31/2017: EUR 1,980,813.82) to shareholders	1,786,860,049.15		22,397,202.94		23,071,096.93
2 Receivables from associated companies of which EUR 0.00 (12/31/2017: EUR 0.00) due after one year	-		-		-
3 Other assets of which EUR 0.00 (12/31/2017: EUR 0.00) due after one year	107,321,589.42		1,345,210.79		975,795.64
		1,894,181,638.57		23,742,413.73	24,046,892.57
II. Cash on hands, bank balances		39,454,153.83		494,533.80	1,012,044.88
C. Prepaid expenses		-		-	358.33
D. Asset side difference from offsetting of plan assets		650,769.54		8,157.00	23,001.00
Total		**9,522,601,509.15**		**119,360,012.90**	**116,699,847.22**

Bharat Forge Global Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2018

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2017* EUR
A. Equity					
I. Share Capital		398,902,500.00		5,000,000.00	5,000,000.00
II. Capital reserves		5,462,126,298.05		68,464,428.00	61,464,428.00
III Profit/loss brought forward		1,757,591,423.1		22,030,338.53	18,583,295.13
IV Net income/Loss for the year		(229,403,929.2)		(2,875,438.60)	3,447,043.40
		7,389,216,291.91		92,619,327.93	88,494,766.53
B. Accruals					
1. Accruals for pensions and similar obligations	129,767,690.30		1,626,559.00		1,523,947.00
2. Tax accruals	197,217,396.00		2,472,000.00		673,000.00
3. Other accruals	65,667,536.18		823,102.59		588,711.86
		392,652,622.48		4,921,661.59	2,785,658.86
C. Liabilities					
1. Liabilities to Banks	483,228,564.19		6,056,975.88		6,000,155.89
up to one year: Rs. 52,413,864.19EUR 656,975.88 (12/31/2017- EUR 857,298.25)					
(Due Later than one year Rs. 430,814,700.00 EUR 5,400,000.00 (12/31/2017 : EUR 5,142,701.25)					
2. Trade payables	12,840,872.52		160,952.52		230,899.76
up to one year: Rs.12,840,872.52 EUR 160,952.52					
- (12/31/2017: 230,899.76)					
- Due later than one year EUR 0.00 (12/31/2017 : EUR 0.00)					
3. Payables to affiliated companies	1,235,613,637.59		15,487,664.75		19,130,727.57
- up to one year: Rs. 1,235,613,637.59 EUR 15,487,664.75 (12/31/2017: EUR 19,130,727.57)					
- Due later than one year EUR 0.00 (12/31/2017 : EUR 0.00) of which Rs.81,842,046.47 EUR 1,025,840.23 (12/31/2017: EUR 1,618,017.23) to shareholders					
4. Other liabilities			113,430.23		57,638.61
- up to one year: Rs.9,027,181.92 EUR 113,150.23 (12/31/2017: EUR 57,638.61)		9,049,520.46			
- due later than one year : Rs. 0.00 EUR 0.00 (12/31/2017 EUR 0.00)					
- of which Rs. 10,471,792.17 EUR 1,131,50.23 (12/31/2017 EUR 57,638.61) relating to taxes of which Rs. 0.00 EUR 0.00 (12/31/2017: EUR 0.00) relating to social security					
		1,731,683,074.30		21,819,023.38	25,419,421.83
Total		**9,522,601,509.15**		**119,360,012.90**	**116,699,847.22**

Profit and Loss Account for the period from January 1st to December 31st, 2018

	Rs.		EUR		Previous Year EUR
1. Sales		328,524,185.38		4,117,850.67	4,640,449.10
2. Other operating income		25,285,910.90		316,943.50	197,826.03
		353,810,096.28		4,434,794.17	4,838,275.13
3. Personnel expenses					
a) Wages and saleries	(204,390,473.52)		(2,561,910.16)		(2,208,836.29)
b) Social security contributions and pension expenses thereof Rs.114,779,46.34 EUR 143,869.07 (2017 : EUR 89,402.42) for pension expenses	(31,536,433.85)		(395,290.00)		(315,987.56)
		(235,926,907.37)		(2,957,200.16)	(2,524,823.85)
4. Depreciation and amortization on intangible fixed assets and tangible assets		(1,551,066.15)		(19,441.67)	(29,423.46)
5. Other operating expenses		(191,404,077.38)		(2,399,133.59)	(3,281,384.48)
		(75,071,954.62)		(940,981.25)	(997,356.66)
6. Income from Profit & Loss transfer agreements	800,777,309.49		10,037,256.09		6,409,177.05
7. Other interest and similar income thereof Rs.5,861,872.24 EUR 73,475 (2017 : EUR 70,338) from affiliated companies	6,985,200.03		87,555.23		76,125.82
8. Depreciation on financial assets	638,967,684.93		8,009,070.95		0.00
9. Interest and similar expenses thereof Rs. 150,376,668.80 EUR 184,880.00 (2017 :EUR 184,880.00) to affiliated companies thereof Rs.465,535,1.73 EUR 58,352.00 (2017: EUR 53,360.00) from discounting of provisions	33,092,871.62		414,799.00		(476,897.99)
		135,701,952.97		1,700,941.37	6,008,404.88
		60,629,998.35		**759,960.12**	**5,011,048.22**
11. Taxes on income		(288,842,667.49)		(3,620,467.00)	(1,541,350.14)
12. Income after Tax		(228,212,669.14)		(2,860,506.88)	3,469,698.08
13. Other taxes		(1,191,260.09)		(14,931.72)	(22,654.68)
14. Net income for the year		(229,403,929.23)		**(2,875,438.60)**	**3,447,043.40**

1. General notes relating to annual accounts

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

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

The financial year comprises the period from 1st January to 31st December 2018.

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

The presentation of the annual accounts was not changed compared with the previous year.

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

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

3. Accounting and valuation principles

The annual financial statements for the financial year 2018 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional rules according to limited liability company law have been considered.

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

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

Low-value items, i.e. items, the acquisition or manufacturing costs of which do not exceed € 250 (€ 150 up to 2017), are fully depreciated in their year of acquisition or manufacture. If the acquisition or manufacturing costs of an individual asset amount to more than € 250 (€ 150 up to 2017), but no more than € 1,000 it is included in a collective item shown as asset addition. One fifth of such collective item is released and debited to the profit and loss account in its year of creation and during each of the following four fiscal years.

Lifetimes of depreciable fixed assets is considered as follows:

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

Additions are depreciated pro rata temporis.

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

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

Share capital is accounted at nominal amount.

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

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

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

Payables are shown at their repayment values.

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

4. Notes relating to balance sheet

4.1 Pension provisions

The amount of the pension obligations not yet accrued in accordance with Article 67 EGHGB (Allocation of the adjustment amount resulting from changed valuation in accordance with BilMoG) with an original amount of k€ 369 totals k€ 66 as at 31st December, 2018.

Setoffs of assets and liabilities in accordance with § 246 paragraph 2 sentence 2 HGB were made for single obligations. The individual values of the provisions were offset against the corresponding assets. The present values of the assets offset amount to k€ 181 and the acquisition cost have the same value. The repayment amounts of the liabilities to be offset amount to k€ 173. There is a remaining as-set value from the offset against the repayment amount of the liabilities. Due to the fact that the remaining periods of obligations and corresponding assets are not fully congruent the pension provision is not balanced at the amount of the corresponding assets.
The effect according to § 253 paragraph 6 HGB amounts to k€ 207 as of 31.12.2018. In this amount there is payout block due to law.

4.2 Payables

Liabilities with a remaining term of more than five years amounted to k€ 600 as of the balance sheet date from bank loans. Liabilities in the amount of € 6,0 Mio. are secured by the real estate of an affiliated company.

4.3 Contingent liabilities and other financial commitments

There are financial commitments from leasing contracts amounting to k€ 132, thereof k€ 72 within the year 2019.

Guarantees existed as of 31.12.2018 as follows:

Nature	Maturity	Value as of balance sheet date
Collateral promises in favour of an affiliated company	2019 2020 2021	k€ 2.060 k€ 1.561 k€ 948
		k€ 4.569

5. Notes relating to profit and loss account

5.1 Other operative income

Income from currency conversions amounts to k€ 188.

5.2 Other operative expenses

Losses from currency conversions amount to k€ 163.

5.3 Depreciation on financial assets

Impairment of k€ 8,000 was charged on investments in affiliated companies.

5.4 Interests and similar expenses

With regard to offsetting of plan assets and obligations respective income and expenses had also been offset amounting to k€ 4, which is accounted in the financial expenses.

6. Other information

6.1 Employees

In 2018 the company employed 9 employees in the average.

6.2 Information about the group

Bharat Forge Limited Pune, India, is the parent company, which prepares the group accounts for the smallest part of group companies.

Ennepetal, 4th February, 2019

Bharat Forge Global Holding GmbH

Michael Weis Martin Kübelbäck Martin von Werne

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Bharat Forge CDP GmbH

Managing Director
Mr. Michael Weis
Mr. Michael Kubelback
Mr. Martin von Werne

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

Independent Auditor's Report

Audit Opinions

We have audited the annual financial statements of Bharat Forge CDP GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2018 and the income statement for the fiscal year from January 1, 2018 to December 31, 2018 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge CDP GmbH, Ennepetal, for the financial year from January 1, 2018 to December 31, 2018. In accordance with German legal requirements, we have not audited the statement on the corporate governance statement in accordance with § (Article) 289f (4) HGB (Handelsgesetzbuch: German Commercial Code) (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2018 and of its financial performance for the financial year from January 1, 2018 to December 31, 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our [audit] opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hagen, April 2, 2019

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)

Balance Sheet as at December 31st, 2018

ASSETS	Rs.		EUR		As at 31/12/2017 EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		17,371,725.19		217,744.00	57,074.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	611,916,727.00		7,670,003.66		6,943,828.66
2. Technical equipment and machinery	978,615,935.08		12,266,355.00		15,087,739.00
3. Other plant, factory and office equipment	653,656,794.80		8,193,190.00		8,547,949.00
4. Prepayments on tangible assets and construction in progress	592,568,287.54		7,427,482.75		1,052,488.91
		2,836,757,744.42		35,557,031.41	31,632,005.57
III. Financial assets					
1. Shares in affiliated companies		123,659,854.78		1,550,001.00	1,689,092.43
		2,977,789,324.39		37,324,776.41	33,378,172.00
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	1,003,309,479.76		12,575,873.55		10,770,209.92
2. Work in progress	1,076,406,683.50		13,492,102.50		12,055,759.31
3. Finished goods and merchandise	626,485,322.04		7,852,612.13		6,155,514.31
		2,706,201,485.30		33,920,588.18	28,981,483.54
II. Accounts receivable and other assets					
1. Trade receivables - of which EUR 0.00 (2017: Eur0.00) due after more than one year	1,882,091,701.59		23,590,873.23		24,098,987.23
2. Receivables from affiliated companies - of which EUR 0.00 (2017 0.00)due after more than one year - of which Rs.102,873,948.62 EUR 1,289,462.32 (2017: Eur 106,151,56.66) to shareholders	783,883,961.74		9,825,508.26		15,133,693.83
3. Other assets - of which Rs.156,80625.91 EUR 196,547.10 (2017 : EUR 473,755.22) due after more than one year	79,677,710.80		998,711.60		1,200,765.30
		2,745,653,374.13		34,415,093.09	40,433,446.36
III. Cash on hands, bank balances		3,348,683.57		41,973.71	59,928.26
		5,455,203,543.00		68,377,654.98	69,474,858.16
C. Prepaid expenses		2,703,761.15		33,890.00	37,256.18
Total		**8,435,696,628.54**		**105,736,321.39**	**102,890,286.34**

Balance Sheet as at December 31st, 2018

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2017 EUR
A. Equity					
I. Share Capital		39,890,250.00		500,000.00	500,000.00
II. Capital reserves		3,324,331,838.35		41,668,475.86	41,668,475.86
III. Profit/loss brought forward		-		-	-
		3,364,222,088.35		42,168,475.86	42,168,475.86
B. Accruals					
1. Accruals for pensions and similar obligations	552,813,125.87		6,929,176.00		6,026,094.00
2. Other accruals	381,607,176.60		4,783,213.65		5,026,812.96
		934,420,302.47		11,712,389.65	11,052,906.96
C. Liabilities					
1. Liabilities to Banks	1,653,577,865.08		20,726,591.90		15,088,683.43
- upto one year: Rs. 935,555,740.94 Eur 11,726,621.68 (2017 Eur 823,1540.57)					
- due later than one year:Rs.718,022,124.14 Eur 8,999,970.22 (2017 : Eur 6,857,142.86)					
2 Advance payments	1,093,471.53		13,706.00		9,609.00
up to one year: Rs. 1093471.53 EUR 13,706.00 (2017 : Eur 9609.00)					
Due later than one year : Rs.0.00 Eur 0.00 (2017: Eur 0.00)					
3 Trade payables	1,862,304,605.03		23,342,854.52		24,044,743.21
up to one year: Rs.1,862,304,605.03 EUR 23,342,854.52 (2017: - EUR 24,044,743.21)					
Due later than one year : Rs.0.00 Eur0.00(2017: Eur 0.00)					
4 Payables to affiliated companies	566,472,576.64		7,100,388.90		9,771,216.15
up to one year: Rs. 566,472,576.64 EUR 7,100,388.90 (2017: Eur 9,171,216.15)					
Due later than one year : Rs 0.00 Eur 0.00 (2017: Eur 0.00)					
of which Rs. 519,066,978.01 EUR 6,506,188.58 (2017:EUR 9,793,740.10) to shareholders					
of which Rs.30,564,101.02 EUR 383,102.40 (2017 : Eur 158,578.13) from supplies & services					
5 Other liabilities	53,604,123.83		671,895.06		754,631.73
- up to one year: Rs. 53,604,123.83 EUR 671,895.06 (2017 :EUR 754,631.73)					
Due later than one year Rs.0.00 Eur 0.00 (2017 : Eur 0.00)					
- of which Rs.28,407,180.16 EUR 356,066.71 (2017 : EUR 335,118.50) taxes					
- of which Rs.0.00 EUR 0.00 (2017: EUR 36.00) relating to social security					
		4,137,052,642.11		51,855,436.38	49,668,883.52
D. Deferred Income		1,595.61		20.00	20.00
Total		**8,435,696,628.54**		**105,736,321.89**	**102,890,286.34**

Profit and Loss Account for the period from January 1st to December 31st, 2018

	Rs.		EUR		Previous Year Eur
1. Fixed Assets		15,334,046,460.01		192,202,937.56	171,128,990.67
2. Increase/Decrease in finished good inventories and work-in-process		249,987,490.50		3,133,441.01	(67,483.75)
3. Production for own plant and equipment capitalised		75,385,202.38		944,907.62	299,878.14
		15,659,419,152.89		196,281,286.19	171,361,385.06
4. Other operating income thereof Rs.75,055.90 EUR 940.78 (2017 : EUR 2,810.85) from currency conversion		107,695,111.36		1,349,892.66	1,360,041.41
		15,767,114,264.25		197,631,178.85	172,721,426.47
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	(7,765,090,358.82)		(97,330,680.54)		
b) Cost of purchased services	(2,492,006,645.72)		(31,235,786.26)		
		(10,257,097,004.54)		(128,566,466.80)	(107,519,911.41)
		5,510,017,259.71	(10,257,097,004.54)	69,064,712.05	65,201,515.06
6. Personnel expenses					
a) Wages and salaries	(2,464,004,762.47)		(30,884,799.70)		
b) Social security contributions and pension expenses thereof Rs. 54,199,793.77 EUR 679,361.42 (2017: EUR 426,393.24) for Pension Expenses	(521,127,897.40)		(6,532,020.95)		
		(2,985,132,659.87)	(10,423,080,291.99)	(37,416,820.65)	(35,121,420.15)
7. Depreciation and amortization on intangible fixed assets and tangible assets		(637,834,942.24)		(7,994,872.71)	(9,100,703.36)
8. Other operating expenses		(1,367,430,996.64)		(17,139,915.10)	(17,318,379.65)
		519,618,660.96		6,513,103.59	3,661,011.90
9. Income from Profit & Loss transfer agreements	131,544,273.59		1,648,827.39		
10. Other interest and similar income thereof Rs. 123,739.56 EUR 1,551.00 (2017 :EUR 4,651.49) from affiliated companies thereof Rs. 0.00 EUR 0.00 (2017 : EUR 9719.79) from discounting	123,331.08		1,545.88		
11. Depreciation on financial assets	(13,330,152.77)		(167,085.35)		
12. Interest and similar expenses thereof Rs 0.00 EUR 0.00 to affiliated companies thereof Rs. 20,283,158.97 EUR 254,237.05 (2017: EUR 260,517.30) from discounting of provisions	(61,372,582.48)		(769,267.96)		
		56,964,869.42		714,019.96	(455,461.03)
		576,583,530.38		**7,227,123.55**	**3,205,550.87**
13. Taxes from Income		-		-	-
14. Income after Taxes		576,583,530.38		7,227,123.55	3,205,550.87
15. Other taxes		(35,891,860.36)		(449,882.62)	(323,511.85)
16. Expenses from Profit & Loss Transfer Agreements		(540,691,670.02)		(6,777,240.93)	(2,882,039.02)
17. **Net income for the year**		**-**		**(0.00)**	**(0.00)**

1. General

The company is registered with the name “Bharat Forge CDP GmbH“in the commercial register of Hagen Local Court (*Amtsgericht*) under No. HRB 10053. The registered office of the company is Ennepetal.

Bharat Forge CDP GmbH, Ennepetal, is a large-sized capital company pursuant to Section 267 subsection 3 of the German Commercial Code (*HGB*).

The fiscal year is the period between 1 January and 31 December 2018.

2. General Information on the Contents and Structure of the Financial Accounts

No changes have been made to the presentation of the financial accounts.
The structure of the balance sheet and of the profit and loss account is the one required pursuant to Sections 266 and 275 *HGB*. For the profit and loss account, the cost-of-production method in the meaning of Section 275 subs. 2 *HGB* was selected in an unchanged manner.

3. Fundamental Balance Sheet Preparation and Valuation Principles

The financial accounts as of 31 December 2018 were prepared to meet the requirements of Sections 242 through 256a, and Sections 264 through 278 *HGB*. Any supplementary provisions of the German law (*GmbHG*) concerning the *Gesellschaft mit beschränkter Haftung* (limited liability company) concerning the financial accounts were also complied with.

The fundamental balance sheet preparation and valuation principles were applied in an unchanged manner compared to the previous year.

Purchased **intangible assets** are recognized at cost. Assets that can only be used for a certain period are recognized at cost, reduced by depreciation and amortisation. The usual useful life to be assumed is three years unless the type of asset requires a deviating period of use.

Property, plant and equipment are generally recognised at purchase or production costs, reduced by depreciation and amortisation based on the usual useful life. The production costs of facilities we have built on our own do not only include directly attributable costs but also required overhead costs.

Since 2010, we have been using the straight-line method for the depreciation and amortization of additions to assets. Low-value economic assets, i.e. objects with purchase or production costs up to and equal to 250 euros (until 2017 150 euros) are fully amortized in the year of addition. A collective account is established for added assets in one fiscal year if the purchase or production costs for any single asset exceeding 250 euros (until 2017 150 euros), but are not higher than 1000 euros. The respective collective account is released through profit and loss with a fifth of the amount in the year of acquisition and the next four fiscal years.

Depreciation and amortisation of additions are made *pro rata temporis*. Any own work capitalized to be recognized are valuated at cost including reasonable portions of material and manufacturing overhead costs and depreciation and amortisation due to manufacturing.

The useful lives are based on the different groups of investments below:

Asset	**Period of utilisation**
Intangible assets	3 years
Buildings	25 - 33 years
External facilities	8 - 33 years
Technical equipment and machines	5 -10 years
Tools	3 years
Fixtures, fittings and office equipment	5 -10 years
EDP equipment	3 years

Financial assets are recognized at purchase costs.

Should the value of objects of fixed assets which has been determined pursuant to the principles defined above, exceed the fair value to be recognized on the reporting date, it is subject to an extraordinary write-down or value impairment if its value is expected to be permanently impaired.

Inventories are assessed at purchase or production costs or in accordance with the application of permitted calculation simplification methods or on the basis of the lower fair values. The production costs do not only include directly attributable costs but also production costs and required overhead costs. No interest for third-party capital is recognized. Administration costs are only included in the determination of production costs if they are the direct result of manufacturing. The risk from storage and marketability is managed by reasonable deductions. Sales and administration costs were not included in the loss-free assessment of consignment goods.

Receivables and other assets are assessed at cost, reduced by reasonable value impairment for visible individual risks. General credit risks are accounted for by a flat-rate allowance.

Prepaid expenses/prepayments and accrued income generally include the expenses incurred before the reporting date if they represent expenses for a defined period thereafter.

The **subscribed capital** is assessed with its nominal value.

The value of **provisions for pensions** is recognised using actuarial calculations based on the Projected Unit Credit Method under application of Prof. Dr. Klaus Heubeck's expectancy tables “Richttafeln 2018 G“ below:

- Imputed interest rate:	3.21 % p.a.
- Accrual tendency:	2.00 % p.a.
- BBG tendency:	2.00 % p.a.

- Pensions tendency: 2.00 % p.a.
- Fluctuation: 1.00 % p.a.

Other provisions take all visible risks, uncertain liabilities and expected losses from pending transactions, if any, into account. They are generally assessed with the amount of settlement required on the basis of prudent business judgement.

Provisions with a remaining term of more than one year are discounted at the mean market interest rate pursuant to Section 253 subs. 2 first sentence *HGB* of the past seven business years resulting corresponding to their remaining term. Provisions for anniversaries and other long-term liabilities are valuated using the interest rate pursuant to Section 253 subs. 2, 2nd sentence *HGB* determined with a flat rate resulting from a remaining assumed term of 15 years.

The semi-retirement obligations were recognized on a net basis with the fair value of the securities deposit in order to secure the employees' semi-retirement entitlements from insolvency risks.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

Other provisions are assessed with the expected amount of settlement on the basis of prudent business judgement. They take all visible risks and uncertain liabilities in account. Medium- and long-term liabilities have been discounted pursuant to Section 253 subs. 2, first sentence, *HGB*.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

4. Information on the Balance Sheet and Profit and Loss Account

4.1 Fixed assets

The composition and development of the fixed assets have been depicted in detail in the fixed asset schedule below (page 6).

Bharat Forge CDP GmbH, Ennepetal

Assets analysis as at 31st December, 2018

	Historical acquisition or manufacturing costs					Depreciation					Book value	Book value
	1/1/2018	Additions	Disposals	Reclassification	31/12/2018	1/1/2018	Additions	Disposals	Reclassification	31/12/2018	31/12/2018	12/31/2017
		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	1,603,128.72	167,752.39	11,544.07	67,310.95	1,826,647.99	1,546,054.72	74,393.34	11,544.07	-	1,608,903.99	217,744.00	57,074.00
	1,603,128.72	167,752.39	11,544.07	67,310.95	1,826,647.99	1,546,054.72	74,393.34	11,544.07	-	1,608,903.99	217,744.00	57,074.00
II. Tangible assets												
1. Land, land rights and Buildings, including buildings on third party land	13,080,036.04	1,234,407.17	-	259,811.02	14,574,254.23	6,136,207.38	768,043.19	-	-	6,904,250.57	7,670,003.66	6,943,828.66
2. Technical equipment and machinery	42,852,828.77	355,823.06	587,002.39	223,620.69	42,845,265.13	27,765,084.77	3,072,388.75	258,563.39	-	30,578,910.13	12,266,355.00	15,087,739.00
3. Other plant, factory and office equipment	37,771,231.88	3,602,328.91	491,281.39	161,489.52	41,043,769.08	29,223,282.88	4,080,047.43	452,751.23	-	32,850,579.08	8,193,190.00	8,547,949.00
4. Payments in Advance & construction in progress	2,135,810.13	7,087,497.54	1,083,592.74	(712,232.18)	7,427,482.75	1,083,321.22	-	1,083,321.22	-	-	7,427,482.75	1,052,488.91
	95,839,906.82	12,280,056.68	2,161,876.52	(67,310.95)	105,890,771.19	64,207,896.25	7,920,479.37	1,794,635.84	-	70,333,739.78	35,557,031.41	31,632,005.57
III. Financial Assets												
Shares in affiliated companies	1,686,092.43	16,521.61	-	-	1,705,614.04	-	155,613.04	-	-	155,613.04	1,550,001.00	1,689,092.43
Total	**99,129,127.97**	**12,464,330.68**	**2,173,420.59**	**-**	**109,423,033.22**	**65,753,950.97**	**8,150,485.75**	**1,806,179.91**	**-**	**72,098,256.81**	**37,324,776.41**	**33,378,172.00**

4.2 Receivables and other assets

The other assets legally incurring after the reporting d6ate include entitlements to electricity and energy tax refund claims in the amount of kEUR 281 which are recognized as anticipative items.

4.3 Accruals/Provisions for pensions

The portion of pension provisions not yet carried as liabilities due to the application of Article 67 subs. 1 *EGHGB, the* Introductory Law to the Commercial Code (the distribution of the adjustment amount resulting from the assessment pursuant the German Accounting Modernisation Act, *BilMoG*) in the original amount of kEUR 1,181 in total still amounts to kEUR 472 at 31 Dec. 2018.

The effect resulting from Section 253 subs. 6 *HGB* amounts to kEUR 1,242 as of 31 Dec. 2018, which is subject to a payout block in this amount.

Provisions for pensions are kEUR 6,929 on the reporting date.

4.4 Other provisions

The other provisions include the following major items:

	kEUR
Staff	3,266
Customers	391
Suppliers	665
Others	461
	4,783

4.5 Liabilities

Bank loans and overdrafts include kEUR 1,000 with a remaining term of more than five years, kEUR 8,000 with a remaining term of one to five years, and kEUR 11,727 with a remaining term of one year and less.

The liabilities owed to banks in the amount of kEUR 10,094 result from loan agreements and are secured by land charges. There are land charges in the amount of kEUR 16,000 in favour of the credit institution mentioned above, of which kEUR 6,000 base on liability relations for the benefit of Bharat Forge Global Holding GmbH. Furthermore, two banks are owed current account liabilities of kEUR 10,633, which are secured by an agreement in favour of these banks by which all inventories and trade receivables are deemed transferred as security. In addition, there are landcharges amounting to kEUR 17,600 at first rank in favour of a bank without related bank liabilities as these landcharges were not yet deleted.

4.6 Subdivision of revenue from sales

Sales revenue are divided in Germany and other countries as follows:

	2018	2017	Change
	kEUR	kEUR	kEUR
In Germany	71,674	63,224	+ 8,450
Abroad	120,529	107,905	+ 12,624
	192,203	171,129	+ 21,074

4.7 Expenses and income from other periods

Other operational expenses include kEUR 1,136 of revenue which is to be allocated to previous fiscal years. This amount includes revenue from the release of reserves of kEUR 1,021.

Other operational expenses include kEUR 362 of expenses which had to be allocated to previous fiscal years, of which kEUR 79 from the entitlement to the option of accumulation under the pension scheme provisions pursuant to Art. 67 *EGHGB*.

4.8 Income Statement

Expenses and income in the amount of kEUR 9 have been cleared in the financial result.

5. Other information

5.1 Liability relations and other financial obligations

Other financial obligations incur from rental or leasing agreements in the total amount of kEUR 3,188, of which kEUR 975 are due for payment during the year 2019.

On 25 May 2015, a special collective wage agreement named „Securing the Future“ was entered into between the former CDP Bharat Forge GmbH, the North Rhine-Westphalia association for the metal and electric industries (*Verband der Metall- und Elektroindustrie Nordrhein-Westfalen e.V.*) and the Industrial Union for Metalworkers, Regional Headquarters of North Rhine-Westphalia with effect for the years 2015-2020. This decision was based on the strong impact of market price demands and the resolution to reduce staff costs in mutual agreement with the employees.

The agreement provides for the employees to oblige themselves to work longer hours which are not paid from July 2015 through June 2018 and renouncing some part of the time credits from flexitime. By counteraction, the employer agrees to enact a number of operational measures as well as the granting of a participation in the results in favour of the employees when a specified return on sales is achieved. The agreement regarding participation in the results is valid up to and including 2020 and is limited to EUR 3.2 million.

Contingent liabilities in favour of affiliated companies consisted of the following:

Contributions to debt to secure loans and hire-purchase obligations of an affiliated company totalling kEUR 1,682 (due in 2019 kEUR 698, in 2020 kEUR 801, in 2021 kEUR 183). In addition, the Company is liable for a bank loan granted to the parent company Bharat Forge Global Holding GmbH in the amount of EUR 6.0 million with registered land charges.

The economic situation and the prospects of proceeds are such that the loans will not have to be acceded; a detailed insight into the planning documentation exists. The covenants specified in the loan agreements were complied with.

5.2 Staff

The following average number of employees per year was employed in the company:

	2018	**Previous Year**
Production workers	388	384
Salaried employees	120	120
Trainees	40	43
	548	547

5.3 Members of the Board of Directors

The appointed directors were:

- Michael Weis, Dipl.-Ing., Area Development and Strategy, of Schönaich;
- Martin von Werne, Dipl.-Ing., Technical Area, of Ennepetal;
- Martin Kübelbäck, Dipl.-Kfm., Commercial Area, of Meerbusch.

The directors did not receive any remuneration from the company for their activity.

5.4 Auditor's Fees

The total fee invoiced by the auditor for the fiscal year 2018 pursuant to Section 285 No. 17 *HGB* is included in the information in the Annex to the consolidated financial accounts as of 31 December 2018 of Bharat Forge Global Holding GmbH.

5.5 Participations

	Equity	Share	Previous result
	kEUR	**%**	**kEUR**
Bharat Forge Daun GmbH	3.587	100	1,649*)
OOO Bharat Forge Trading/Moscow	19	99	-51

*) before transferring the profit to Bharat Forge CDP GmbH

5.6 Inclusion in the consolidated financial accounts

The company Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company which prepares the consolidated financial accounts for the largest part of companies. Any disclosures are made at the "Registrar of Companies" in Maharashtra, Pune, India. The company Bharat Forge Global Holding GmbH, Ennepetal, is the parent company which prepares the consolidated financial accounts for the smallest part of companies. Any disclosures are made in the German electronic official gazette (E-Bundesanzeiger).

5.7 Supplementary report

There were no special transactions after the closing of the fiscal year on 31 Dec. 2018, neither outside the profit and loss account nor outside the balance sheet.

5.8 Recommendation for the use of profits

The net income of the fiscal year is transferred to the parent company in accordance with the profit transfer agreement. A transfer to reserves is not provided for.

Ennepetal, on January 30th 2019

Bharat Forge CDP GmbH

Michael Weis Martin von Werne Martin Kübelbäck

Bharat Forge Holding GmbH

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

Auditor's Report

We have audited the annual financial statements of Bharat Forge Holding GmbH, Ennepetal, which comprise the balance sheet as at December 31, 2018 and the income statement for the fiscal year from January 1, 2018 to December 31, 2018 and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2018 and of its financial performance for the financial year from January 1, 2018 to December 31, 2018 in compliance with German Legally Required Accounting Principles.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for our Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibilities of the Executive Directors for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith..

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hagen, March 29, 2019

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

Bharat Forge Holding GmbH, Ennepetal

Balance Sheet as at December 31st, 2018

ASSETS	Rs.	EUR	*As at 31/12/2017* EUR
A. Fixed Assets			
I. Financial assets			
Shares in affiliated companies	1,360,359,308.16	17,051,275.79	10,051,275.79
B. Current assets			
I. Accounts receivable and other assets			
Receivables from affiliated companies - of which EUR 0.00 (12/31/2017: EUR 0.00) due after one year	922,454,366.74	11,562,403.93	8,776,384.76
II. Cash on hands, bank balances	2,870.50	35.98	16.34
Total	**2,282,816,545.40**	**28,613,715.70**	**18,827,676.89**

Balance Sheet as at December 31st, 2018

EQUITY AND LIABILITIES	Rs.	EUR	*As at 31/12/2017* EUR
A. Equity			
I. Share Capital	1,994,512.50	25,000.00	25,000.00
II. Capital reserves	863,544,132.00	10,824,000.00	3,824,000.00
III. Profit/loss brought forward	159,665,423.10	2,001,308.88	2,001,308.88
IV Net income for the year	0.00	0.00	0.00
	1,025,204,067.60	12,850,308.88	5,850,308.88
B. Accruals			
Other Provisions	3,376,921.08	42,327.65	8,568.00
C. Liabilities			
1 Payables to affiliated companies	1,254,235,556.72	15,721,079.17	12,968,800.01
- up to one year: Rs.1,254,235,556.72 EUR 15,721,079.17 (12/31/2017: EUR 12,968,800.01)			
- Due later than one year Rs. 0.00 EUR 0.00 (12/31/2017 : EUR 0.00)			
- thereof to shareholders : Rs. 1,262,213,606.72 EUR 15,821,079.17 (12/31/2017 : EUR 12,968,800.01)			
Total	**2,282,816,545.40**	**28,613,715.70**	**18,827,676.89**

Profit and Loss Account for the period from January 1st to December 31st, 2018

	Rs.		EUR		Previous Year EUR
1. Other operating expenses		(3,314,076.39)		(41,539.93)	(10,381.50)
2. Income from Profit & Loss transfer agreements	266,068,379.97		3,335,005.17		3,589,400.48
3 Interest and similar expenses thereof Rs. 2,668,657.72 EUR 33,450.00 (2017 :EUR 33,450.00) to affiliated companies	(2,668,664.11)		(33,450.08)		(33,450.00)
		263,399,715.86		3,301,555.09	3,555,950.48
		260,085,639.47		**3,260,015.16**	**3,545,568.98**
4 Taxes on income		-		-	-
5 Results after taxes on Income		**260,085,639.47**		**3,260,015.16**	**3,545,568.98**
6 Expenses out of profit & loss transfer agreements		(260,085,639.47)		(3,260,015.16)	(3,545,568.98)
7 Net income for the year		-		-	-

1. General notes relating to annual accounts

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

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

The financial year comprises the period from 1st January to 31st December 2018.

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

The presentation of the annual accounts was not changed compared with the previous year. The structure of balance sheet and profit & loss account follow §§ 266 und 275 HGB. For the profit & loss account the total cost format was selected (§ 275 paragraph 2 HGB).

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

3. Accounting and valuation principles

The annual accounts for the fiscal year 2018 were prepared on the basis of the provisions of §§ 242 – 256a HGB and §§ 264 – 288 HGB. Additional rules according to limited liability company law have been considered.

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

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

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

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

Share capital is accounted at nominal amount.

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

Payables are shown at their repayment values.

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

4. Other information

4.1 Employees

There are no people employed in Bharat Forge Holding GmbH.

4.2 Information about the group

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

Ennepetal,

March 29 , 2019

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
Mr. K. Srinivasan
Prof. Dr. Uwe Loos

INDEPENDENT AUDITOR'S REPORT

Audit Opinions

We have audited the annual financial statements of Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf, which comprise the balance sheet as at December 31, 2018 and the income statement for the fiscal year from January 1, 2018 to December 31, 2018 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge Aluminiumtechnik GmbH, Brand-Erbisdorf, for the financial year from January 1, 2018 to December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2018 and of its financial performance for the financial year from January 1, 2018 to December 31, 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hagen, 29. March, 2019

W U P Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

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

Balance Sheet as at December 31, 2018

ASSETS	Rs.		EUR		As at 31/12/2017 EUR
A. Fixed Assets					
I. Intangible assets					
1 Concessions, trade mark rights and similar rights values, licenses		67,312,563.02		843,722.00	432,250.50
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	1,219,361,026.18		15,283,948.16		13,657,749.64
2. Technical equipment and machinery	1,752,623,369.29		21,968,067.00		20,985,532.00
3. Other plant, factory and office equipment	155,268,489.98		1,946,196.00		1,983,564.00
4. Prepayments on tangible assets and construction in progress	670,595,335.01	3,797,848,220.46	8,405,504.29	47,603,715.45	1,986,957.80
					38,613,803.44
III. Financial assets					
Shares in affiliated companies		-			-
		3,865,160,783.48		48,447,437.45	39,046,053.94
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	420,709,768.09		5,273,340.83		4,557,681.37
2. Work in progress	892,940,804.97		11,192,469.40		7,033,930.78
3. Finished goods and merchandise	220,488,291.61		2,763,686.51		2,063,032.12
		1,534,138,864.67		19,229,496.74	13,654,644.27
II. Accounts receivable and other assets					
1. Trade receivables - of which EUR 0.00 (12/31/2017: EUR 0.00) due after one year	452,520,464.16		5,672,068.54		3,294,991.13
2. Receivables from affiliated companies - of which EUR 0.00 (12/31/2017: EUR 0.00) due after one year	52,494,618.02		657,988.08		110,867.97
3 Other assets - of which Rs. 159,766.03 EUR 2,002.57 (12/31/2017: EUR 2,002.57) due after one year	54,496,455.16		683,079.89		390,472.95
		559,511,537.34		7,013,136.51	3,796,332.05
III. Cash on hands, bank balances		11,071,042.65		138,768.78	465,973.72
C. Prepaid expenses		8,058,641.07		101,010.16	82,427.74
D. Asset side difference from offsetting of planned asset		728,475.75		9,131.00	14,048.00
Total		**5,978,669,344.96**		**74,938,980.64**	**57,059,479.72**

Balance Sheet as at December 31, 2018

EQUITY AND LIABILITIES	Rs.		EUR		*As at 31/12/2017* EUR
A. Equity					
I. Share capital	662,178,150.00		8,300,000.00		8,300,000.00
II. Capital reserve	761,036,026.44		9,539,123.30		2,539,123.30
III. Retained income	538,623,254.45		6,751,314.60		6,751,314.60
IV Net income for the year	-		-		-
		1,961,837,430.89		24,590,437.90	17,590,437.90
B Special item for investment grants		485,765,600.05		6,088,776.08	7,008,057.00
C Provisions & Accruals					
1. Accruals for pensions and similar obligations	-		-		-
2. Tax accruals	-		-		-
3. Other accruals	404,373,319.34		5,068,573.39		3,944,657.55
		404,373,319.34		5,068,573.39	3,944,657.55
D Liabilities					
1. Liabilities to banks	1,721,864,670.88		21,582,525.44		14,102,343.56
· of which up to one year: Rs. 856,073,990.99					
EUR 10,730,366.33 (12/31/2017: EUR 8,303,170.66)					
2. Trade payables	243,248,414.11		3,048,970.79		3,959,966.76
· of which up to one year: Rs. 865,790,679.88					
EUR 10,852,159.11 (12/31/2017: EUR 5,799,172.88)					
3. Payables to affiliated companies	41,017,090.52		514,124.26		883,157.00
· of which up to one year: Rs. 410,170,90.52					
EUR 514,124.26 (12/31/2017: EUR 883,157.00)					
- of which Trade payable: Rs. 410,170,90.52					
EUR 514,124.26 (12/31/2017: EUR 883,157.00)					
4 Liabilities to Shareholders	905,612,869.13		11,351,306.01		8,557,486.84
· of which up to one year: Rs. 905,612,869.13					
EUR 11,351,306.01 (12/31/2017: EUR 85,574,86.84)					
5 Other liabilities	214,949,950.04		2,694,266.77		1,013,373.11
· of which taxes: Rs.7,723,303.68 EUR 96,806.91					
(12/31/2017: EUR 97,353.07)					
· of which related to social security :Rs. 1,138,044.10					
EUR 14,264.69 (12/31/2017: EUR 14,200.80)					
· of which upto one year: Rs. 173,440,623.41					
EUR 2,173,972.63 (12/31/2017: EUR 720,472.63)					
· of which upto one year: Rs. 41,509,331.42		3,126,692,994.68		39,191,193.27	28,516,327.27
EUR 520,294.20 (12/31/2017: EUR 292,900.48)					
Total		**5,978,669,344.96**		**74,938,980.64**	**57,059,479.72**

Profit and Loss Account for the period from January 1 to December 31, 2018

	Rs.	Rs.	EUR	EUR	*Previous Year* EUR
1. Sales		5,033,746,267.55		63,094,945.10	59,965,579.86
2. Increase or decrease in finished goods and work-in-progress		356,879,537.73		4,473,267.75	3,115,871.69
		5,390,625,805.28		67,568,212.85	63,081,451.55
3. Other operating income		164,811,417.73		2,065,810.79	3,029,022.92
of which Currency Translation Rs. 36,89,631.12 Euro 46,247.98 (2017: EUR 19,321.60)					
		5,555,437,223.01		69,634,023.64	66,110,474.47
4. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	2,920,168,409.54		36,602,533.32		34,608,179.62
b) Cost of purchased services	277,288,665.61		3,475,644.62		4,792,699.59
		3,197,457,075.15		40,078,177.94	39,400,879.21
5. Personnel expenses					
a) Wages and salaries	833,224,097.08		10,443,956.82		9,078,515.87
b) Social security contributions and pension expenses thereof Rs.46,60,992.22 EUR 58,422.70 (2017: EUR 55,305.46) for pension expenses	172,658,860.67		2,164,173.71		1,952,845.56
6. Depreciation and amortization on intangible fixed assets and tangible assets	451,891,288.01		5,664,182.20		5,429,171.96
7. Other operating expenses	570,014,538.84		7,144,785.24		6,089,772.97
of which Currency Translation Rs.17,14,975.99 EUR 21,496.18 (2017: EUR 12,038.96)					
		2,027,788,784.60		25,417,097.97	22,550,306.36
		330,191,363.26		4,138,747.73	4,159,288.90
8. Other Interest and similar Income	15.96			0.20	-
9. Interest and similar expenses	59,823,979.15		749,857.16		535,215.05
of which to affiliated companies: Rs.10,66,346.16 EUR 13,366.00 (2017: EUR 12,999.00)					
		(59,823,963.19)		(749,856.96)	(535,215.05)
		270,367,400.07		3,388,890.77	3,624,073.85
10. Taxes on income and profits	-		-		-
11. Result after taxes on income and profits		266,068,379.96		3,335,005.17	3,569,415.10
12. Other taxes	4,299,020.11		53,885.60		54,658.75
		4,299,020.11		53,885.60	54,658.75
13. Expenses out of profit and losse transfer agreement		(266,068,379.96)		(3,335,005.17)	(3,569,415.10)
14. Net income		-		-	-

Bharat Forge Aluminiumtechnik GmbH

Assets analysis as at 31st December, 2018

	Historical acquisition or manufacturing costs					Depreciation					Book value	Book value
	1/1/2018	Additions	Disposals	Reclassification	31/12/2018	1/1/2018	Additions	Disposals	Write -up	12/31/2018	31/12/2018	31/12/2017
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets												
Purchased concessions, industrial & similar rights and assets and licenses in such rights & assets	2,316,785.18	188,781.08	-	3,532.50	2,509,098.76	1,992,444.18	187,339.58	-	-	2,179,783.76	329,315.00	324,341.00
Prepayment on intangible assets	107,909.50	500,000.00	-	(93,502.50)	514,407.00	-	0.00	-	-	-	514,407.00	107,909.50
	2,424,694.68	688,781.08	-	(89,970.00)	3,023,505.76	1,992,444.18	187,339.58	-	-	2,179,783.76	843,722.00	432,250.50
II. Tangible assets												
1. Land, land rights and Buildings, including buildings on third party land	16,545,081.40	2,273,974.45	30,910.91	135,198.54	18,923,343.48	2,887,331.76	770,864.56	-	18,801.00	3,639,395.32	15,283,948.16	13,657,749.64
2. Technical equipment and machinery	53,562,541.70	3,525,631.24	1,371,146.76	1,384,672.10	57,101,698.28	32,577,009.70	3,922,160.34	1,365,538.76	-	35,133,631.28	21,968,067.00	20,985,532.00
3. Other plant, factory and office equipment	6,900,488.88	724,703.87	224,089.58	32,505.85	7,433,609.02	4,916,924.88	783,817.72	213,329.58	-	5,487,413.02	1,946,196.00	1,983,564.00
4. Payments in Advance & construction in progress	1,986,957.80	7,880,952.98	-	(1,462,406.49)	8,405,504.29	-	-	-	-	-	8,405,504.29	1,986,957.80
	78,995,069.78	14,405,262.54	1,626,147.25	89,970.00	91,864,155.07	40,381,266.34	5,476,842.62	1,578,868.34	18,801.00	44,260,439.62	47,603,715.45	38,613,803.44
Total	**81,419,764.46**	**15,094,043.62**	**1,626,147.25**	**-**	**94,887,660.83**	**42,373,710.52**	**5,664,182.20**	**1,578,868.34**	**18,801.00**	**46,440,223.38**	**48,447,437.45**	**39,046,053.94**

GENERAL NOTES ON THE FINANCIAL STATEMENTS AND ON THE CLASSIFICATION

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

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

B. ACCOUNTING AND VALUATION PRINCIPLES

The financial statements for the financial year from 01.01. to 31.12.2018 were prepared in accordance with the regulations of the German Commercial Code (Section 242-256a and Section 264-288 HGB). Supplementary provisions of the Limited Liability Company Law (GmbH-Gesetz) were observed in the annual financial statements.

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

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

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

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

Low-value fixed assets with acquisition costs up to EUR 250 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 250 but not more than EUR 1,000 within the meaning of Section 6 para. 2a EStG are compounded annually and depreciated with an asset life of five years.

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

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

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

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

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

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

A pension promise has been made in the form of a contribution-based direct pledge. This pension promise is funded via a reinsurance policy not totally in line with performance. Pension provisions are thus determined for the balance sheet date 31.12.2018 with use of the reference tables 2018 G compiled by Dr. Klaus Heubeck. Calculation was made in accordance with the provisions of Section 249 HGB in connection with Section 252 to 255 HGB. According to Section 253 para. 1 sentence 2 HGB, the pension provision is to be made at the settlement amount determined by reasonable commercial evaluation. Appraisal is based on projected unit credit method.

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

- an actuarial interest rate of 3.21 % p.a. acc. Section 253 para. 2 HGB and the provisions discounting act for a maturity of 15 years
- a pension dynamic of 1.00 % p.a.
- fluctuation probabilities of 0.00 % p.a.

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

In the provisions, all recognisable obligations and risks are covered and are valued at their prospective settlement amount in accordance with reasonable commercial assessment. Anniversary payment provisions are valued according to the “projected unit credit method”, taking into account the reference tables 2018 G by Dr. Klaus Heubeck and an interest rate of 2.32%. This takes into account a fluctuation probability of 3% for the first ten years of service and a flat 20% social security share. Other provisions with a residual term of up to one year have not been discounted.

The liabilities are assessed at their repayment amounts.

C. NOTES TO THE BALANCE SHEET

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

Within the fixed assets, no extraordinary depreciation was carried out in this fiscal year.

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 TEUR 534.

The pension provision of EUR 73,815 has been set off against the coverage capital of the reinsurance of EUR 82,946, resulting in an asset-side difference from offsetting of assets of EUR 9,131.

The discounting of the pension provisions at the average market interest rate of the past ten years compared to discounting at the average market interest rate of the past seven years results in a difference of TEUR 6. This amount is blocked from dividend distribution.

The material other provisions and accruals include contingency provisions (TEUR 2,798), outstanding invoices (TEUR 1,136), guarantees (TEUR 152), anniversary bonuses (TEUR 332), bonuses/premiums (TEUR 237), and holiday and flexitime claims (TEUR 256).

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	more than 5 years	total
	EUR	**EUR**	**EUR**	**EUR**
Liabilities to banks	10,730,366.33	10,768,847.11	83,312.00	21,582,525.44
Trade liabilities	3,048,970.79	0	0	3,048,970.79
Liabilities to affiliated companies	514,124.26	0	0	514,124.26
Liabilities to shareholders	11,351,306.01	0	0	11,351,306.01
Other liabilities	2,173,972.57	520,294.20	0	2,694,266.77
	27,818,739.96	11,289,141.31	83,312.00	39,191,193.27

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

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

Insofar as they are not recognised on the balance sheet as liabilities, lease obligations exist at the amount of TEUR 658 until the end of the respective term. TEUR 289 of this relates to the following financial year and TEUR 0 to a residual term of more than five years. The annual value of the rental obligation amounts to TEUR 152. Future license payments are incurred for the use of a production license. The amount depends on the quantity produced. The corresponding expenditure for the financial year 2018 amounted to TEUR 580.

D.NOTES TO THE PROFIT AND LOSS ACCOUNT

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

	2018	2017	change	
	TEUR	**TEUR**	**TEUR**	**in %**
domestic	53,586	49,292	+4,294	+9
foreign domestic	8,989	10,443	-1,454	-14

The sales revenues include income unrelated to the accounting period of TEUR 15 and other operating income of TEUR 108.

Expenses of exceptional significance and magnitude of € 1.5 million were incurred in order to secure future sales opportunities and are reported under other operating expenses. Of this, T€ 555 were passed on to a sister company. This income is reported under other operating income.

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

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

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

F.OTHER NOTES

In order to hedge purchases of fixed assets made in US dollars, foreign exchange forwards have been signed. In this way, the acquisition of 2,698,000 US dollars has been hedged. The market value of these transactions on 31.12.2018 is EUR 227,995.95.

In the financial year 2018, the company employed on average 279 employees, including 227 industrial staff plus 13 apprentices.

The managing directors in the financial year 2018 were:

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

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

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

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

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

Mr. B. N. Kalyani
Prof Dr U. Loos
Mr. S. Joglekar
Mr. S. Tandale
Mr. K. Srinivasan

Brand-Erbisdorf - March 1st 2019

....	....
Michael Weis Managing Director	Martin Kübelbäck Managing Director

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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
Mr. K. Srinivasan
Prof. Dr. Uwe Loos

Independent Auditor's Report

Audit Opinion

We have audited the annual financial statements of Bharat Forge Daun GmbH, Daun, which comprise the balance sheet as at December 31, 2018 and the income statement for the fiscal year from January 1, 2018 to December 31, 2018 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Bharat Forge Daun GmbH, Daun, for the financial year from January 1, 2018 to December 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2018 and of its financial performance for the financial year from January 1, 2018 to December 31, 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

<u>Basis for the Audit Opinions</u>

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

<u>Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report</u>

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process.

<u>Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report</u>

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hagen, April 2, 2019

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)

Balance Sheet as at December 31st, 2018

ASSETS	Rs.	Rs.	EUR	EUR	As at 31/12/2017 EUR
A. Fixed Assets					
I. Intangible assets					
Trademarks, patents, licenses, and similar rigths and licenses to such rights		1,273,855.24		15,967.00	21,084.00
II. Tangible assets					
1. Land, land rights and buildings including buildings on third party land	87,647,655.11		1,098,610.00		1,173,664.00
2. Technical equipment and machinery	355,507,253.29		4,456,067.00		3,139,948.00
3. Other plant, factory and office equipment	92,856,683.51		1,163,902.00		1,359,853.00
4 Prepayments on tangible assets and construction in progress	5,921,565.60		74,223.22		109,432.04
		541,933,157.51		6,792,802.22	5,782,897.04
		543,207,012.75		6,808,769.22	5,803,981.04
B. Current assets					
I. Inventories					
1. Raw materials, supplies and operating materials	81,697,788.97		1,024,032.05		837,566.24
2. Work in progress	67,000,232.73		839,807.13		699,684.99
3. Finished goods and merchandise	18,598,557.81		233,121.60		149,947.38
		167,296,579.51		2,096,960.78	1,687,198.61
II. Accounts receivable and other assets					
1. Trade receivables	25,916,450.50		324,846.93		62,642.81
- of which Rs. 0.00 EUR 0.00 (12/31/2017: EUR 0.00) due after one year					
2. Receivables from affiliated companies	343,288,671.07		4,302,914.51		2,183,050.48
of which Rs. 0.00EUR 0.00 (12/31/2017: EUR 0.00) trade receivables					
of which Rs.0.00 EUR 0.00 (12/31/2017: EUR 0.00) to shareholders					
of which Rs. 0.00 EUR 0.00 (12/31/2017: EUR 0.00) due after one year					
3 Other assets	4,455,687.47		55,849.33		43,712.09
- of which Rs. 0.00 EUR 0.00 (12/31/2017: EUR 0.00) due after one year					
		373,660,809.04		4,683,610.77	2,289,405.38
		1,084,164,401.30		13,589,340.77	9,780,585.03
III. Cash on hands, bank balances		17,440.82		218.61	0.00
C. Prepaid Expenses		248,131.72		3,110.18	0.00
D. Active difference resulting from asset offsetting		1,465,358.76		18,367.38	10,124.63
Total		**1,085,895,332.60**		**13,611,036.94**	**9,790,709.66**

Balance Sheet as at December 31st, 2018

EQUITY AND LIABILITIES	Rs.		EUR		As at 31/12/2017 EUR
A. Equity					
I. Share Capital		3,989,025.00		50,000.00	50,000.00
II. Capital reserves		119,670,750.00		1,500,000.00	1,500,000.00
III. Profit/loss brought forward		162,533,711.58		2,037,261.13	2,037,261.13
IV Net income for the year		-		-	-
		286,193,486.58		3,587,261.13	3,587,261.13
B. Accruals					
1. Accruals for pensions and similar obligations	52,373,903.74		656,475.00		560,387.00
2. Other accruals	39,912,773.63		500,282.32		512,098.83
		92,286,677.37		1,156,757.32	1,072,485.83
C. Liabilities					
1. Trade payables - up to one year: Rs. 60,009,689.81 EUR 752,184.93 (12/31/2017: EUR 102,8994.19)	60,009,689.81		752,184.93		1,028,994.19
2. Payables to affiliated companies - up to one year: Rs. 642,140,433.35 EUR 8,048,839.42 (12/31/2017: EUR 3,66,180.21) -due later than one year : Eur 0.00 (12/31/2017 : Eur 0.00) of which Rs. 642,140,433.35 EUR 8,048,839.42 (12/31/2017: EUR 3,661,180.21) to shareholders	642,140,433.35		8,048,839.42		3,661,180.21
3. Other liabilities - up to one year: Rs. 5,265,045.49 EUR 65,994.14 (12/31/2017: EUR 440,788.30) due later than one year : Eur 0.00 (12/31/2017 : Eur - 0.00) of which Rs. 4,799,594.88 EUR 60,160.42 (12/31/2017: EUR 56,655.82) relating to taxes - of which EUR 0.00 (12/31/2017: EUR 207.00) relating to social security	5,265,045.49		65,994.14		440,788.30
		707,415,168.65		8,867,018.49	5,130,962.70
Total		**1,085,895,332.60**		**13,611,036.94**	**9,790,709.66**

Profit and Loss Account for the period from January 1st to December 31st, 2018

	Rs.		EUR		*Previous Year* EUR
1. Sales		1,429,117,407.68		17,913,116.71	13,472,751.36
2. Increase or Decrease in finished good inventories and work-in-process		17,814,695.25		223,296.36	145,427.36
3. Production for own plant and equipment capitalised		4,522,150.21		56,682.40	18,388.83
		1,451,454,253.14		18,193,095.47	13,636,567.55
4. Other operating income		4,278,698.42		53,630.88	53,660.37
		1,455,732,951.56		**18,246,726.35**	**13,690,227.92**
5. Cost of materials					
a) Cost of raw materials, consumables, supplies and purchased merchandise	392,209,104.33		4,916,102.36		
b) Cost of purchased services	139,787,632.84		1,752,152.88		
		(531,996,737.17)		(6,668,255.24)	(3,813,864.02)
		923,736,214.39		11,578,471.11	9,876,363.90
6. Personnel expenses					
a) Wages and saleries	423,384,958.24		5,306,872.71		
b) Social security contributions and pension expenses thereof Rs. 5,908,409.00 EUR 74,058.31 (2017: EUR 49,545.64) for pension expenses	84,603,586.25		1,060,454.45		
		(507,988,544.49)		(6,367,327.16)	(5,959,239.02)
		415,747,669.90		5,211,143.95	3,917,124.88
7. Depreciation and amortization on intangible fixed assets and tangible assets		(128,477,732.16)		(1,610,390.16)	(1,724,109.35)
8. Other operating expenses		(152,204,779.96)		(1,907,794.26)	(1,868,233.05)
		135,065,157.78		1,692,959.53	324,782.48
9 Depreciation on financial assets	30,256.75		379.25		
10 Interest and similar expenses thereof Rs. 1,924,458.36 EUR 23,870.08 (2017: EUR 23,894.01) from discounting of provisions	1,904,366.92		23,870.08		
		(1,934,623.67)		(24,249.33)	(24,301.92)
		133,130,534.11		**1,668,710.20**	**300,480.56**
11 Taxes on income	-	-	-	-	-
12 Income Tax after tax	**133,130,534.11**		**1,668,710.20**		**300,480.56**
13 Other taxes	(1,586,260.52)		(19,882.81)		(17,394.01)
14 Expenses out of profit & loss transfer agreement		131,544,273.59		1,648,827.39	283,086.55
15 Net Income for the year		-		-	-

1. General

The company is registered with the name "Bharat Forge Daun GmbH" in the commercial register of Wittlich Local Court (Amtsgericht) under No. HRB 40331. The registered office of the company is Daun.

Bharat Forge Daun GmbH, Daun, is a medium-sized company with limited liability pursuant to Section 267 subsection 2 of the German Commercial Code (*HGB*).

The company has benefited of the relief granted for companies of such size under Section 288 subsection 2 *HGB*.

The fiscal year is the period from 1 January to 31 December 2018.

2. General Information on the Contents and Structure of the Financial Accounts

No changes have been made to the presentation of the financial accounts.

The structure of the balance sheet and of the profit and loss account is the one required pursuant to Sections 266 and 275 *HGB*. For the profit and loss account, the cost-of-production method in the meaning of Section 275 subs. 2 *HGB* was selected in an unchanged manner.

3. Fundamental Balance Sheet Preparation and Valuation Principles

The financial accounts as of 31 December 2018 were prepared to meet the requirements of Sections 242 through 256a, and Sections 264 through 288 *HGB*. Any supplementary provisions of the German law (*GmbHG*) concerning the *Gesellschaft mit beschränkter Haftung* (limited liability company) concerning the financial accounts were also complied with.

The fundamental balance sheet preparation and valuation principles were applied in an unchanged manner compared to the previous year.

Purchased **intangible assets** are recognized at cost. Assets that can only be used for a certain period are recognized at cost, reduced by regular depreciation and amortisation. The usual useful life to be assumed is three years unless the type of asset requires a deviating period of use.

Property, plant and equipment are generally recognised at purchase or production costs, reduced by regular depreciation and amortisation based on the usual useful life. The production costs of own-built facilities do not only include directly attributable costs but also required overhead costs.

Since 2010, we have been using the straight-line method for the depreciation and amortization of additions to assets. Low-value items, i.e. objects with purchase or production costs up to and equal to 250 euros (until 2017 150 euros) are fully amortized in the year of addition. A collective account is established for added assets in one fiscal year if the purchase or production costs for any single asset exceeding 250 euros (until 2017 150 euros), but are not higher than 1000 euros. The respective collective account is released through profit and loss with a fifth of the amount in the year of acquisition and the next four fiscal years. Depreciation and amortisation of additions are made *pro rata temporis*.

Any own work capitalized to be recognized are valuated at cost including reasonable portions of material and manufacturing overhead costs and depreciation and amortisation due to manufacturing.

The periods of utilisation are based on the different groups of investments below:

Asset	**Period of utilisation**
Intangible assets	3 years
Buildings	25 - 33 years
External facilities	8 - 33 years
Technical equipment and machines	5 -10 years
Tools and dies	3 years
Fixtures, fittings and office equipment	5 -10 years
EDP equipment	3 years

Should the value of objects of fixed assets which has been determined pursuant to the principles defined above, exceed the fair value to be recognized on the reporting date, it is subject to an extraordinary write-down or value impairment if its value is expected to be permanently impaired.

Inventories are assessed at purchase or production costs or in accordance with the application of permitted calculation simplification methods or on the basis of the lower fair values. The production costs do not only include directly attributable costs but also production costs and material overhead costs exclusive any cost elements not subject to capitalization. No interest for third-party capital is recognized. Administration costs are only included in the determination of production costs if they are the direct result of manufacturing. The risk from storage and marketability is managed by reasonable deductions. Sales and administration costs were not included in the loss-free assessment of consignment goods.

Receivables and other assets are assessed at cost, reduced by reasonable value impairment for visible individual risks. General credit risks are accounted for by a flat-rate allowance.

Prepaid expenses/prepayments generally include the expenses incurred before the reporting date if they represent expenses for a defined period thereafter.

The **subscribed capital** is assessed with its nominal value.

The value of **provisions for pensions** is recognised using actuarial calculations based on the Projected Unit Credit Method under application of Prof. Dr. Klaus Heubeck's expectancy tables "Richttafeln 2018 G" below:

- Imputed interest rate:	3.21% p.a.
- Accrual tendency:	0.00% p.a.
- BBG tendency:	0.00% p.a.
- Pensions tendency:	2.00 % p.a.
- Fluctuation:	1.00 % p.a.

Other provisions take all visible risks, uncertain liabilities and expected losses from pending transactions, if any, into account. They are generally assessed with the amount of settlement required on the basis of prudent business judgement.

Provisions with a remaining term of more than one year are discounted at the mean market interest rate pursuant to Section 253 subs. 2, first sentence *HGB* of the past seven business years resulting corresponding to their remaining term. Provisions for anniversaries and other long-term liabilities are valuated using the interest rate pursuant to Section 253 subs. 2, 2nd sentence *HGB* determined with a flat rate resulting from a remaining assumed term of 15 years.

The value of the early retirement obligations was set off against the fair value of the securities deposit in order to secure the employees' early retirement entitlements from insolvency risks. The fair value is measured on the balance sheet date as determined on a regulated market.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

Other provisions are assessed with the expected amount of settlement on the basis of prudent business judgement. They take all visible risks and uncertain liabilities in account. Medium- and long-term liabilities have been discounted pursuant to Section 253 subs. 2, first sentence, *HGB*.

Liabilities are recognized with their settlement amounts. Liabilities in foreign currencies were translated at the mean spot exchange rate prevailing on the reporting date pursuant to Section 256a *HGB*.

4. Information on the Balance Sheet and Profit and Loss Account

4.1 Fixed assets

The composition and development of the fixed assets have been depicted in detail in the fixed asset schedule below (page 6).

Bharat Forge Daun GmbH, Daun

Assets analysis as at 31st December, 2018

	Historical acquisition or manufacturing costs					Depreciation				Book value	Book value
	1/1/2018	Additions	Disposals	Reclassification	12/31/2018	1/1/2018	Additions	Disposals	12/31/2018	12/31/2018	12/31/2017
	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	125,928.38	2,699.28	-	0.72	128,628.38	104,844.38	7,817.00	-	112,661.38	15,967.00	21,084.00
	125,928.38	2,699.28	-	0.72	128,628.38	104,844.38	7,817.00	-	112,661.38	15,967.00	21,084.00
II. Tangible assets											
1. Land, land rights and Buildings, including buildings on third party land	2,016,696.45	-	-	-	2,016,696.45	843,032.45	75,054.00	-	918,086.45	1,098,610.00	1,173,664.00
2. Technical equipment and machinery	8,804,558.12	2,330,951.00	619.94	11,403.07	11,146,292.25	5,664,610.12	1,026,235.07	619.94	6,690,228.25	4,456,067.00	3,139,948.00
3. Other plant, factory and office equipment	3,374,652.77	207,304.84	17,794.66	98,028.25	3,662,191.20	2,014,799.77	501,284.09	17,794.66	2,498,289.20	1,163,902.00	1,359,853.00
4. Payments in Advance & construction in progress	109,432.04	74,223.22	-	(109,432.04)	74,223.22	-	-	-	-	74,223.22	109,432.04
	14,305,339.38	2,612,479.06	18,414.60	(0.72)	16,899,403.12	8,522,442.34	1,602,573.16	18,414.60	10,106,603.90	6,792,802.22	5,782,897.04
Total	**14,431,267.76**	**2,615,178.34**	**18,414.60**	**0.00**	**17,028,031.50**	**8,627,286.72**	**1,610,390.16**	**18,414.60**	**10,219,265.28**	**6,808,769.22**	**5,803,981.04**

4.2 Receivables and other assets

The other assets legally incurring after the reporting date include entitlements to electricity and energy tax refund claims in the amount of kEUR 47 which are recognized as anticipative items.

4.3 Accruals/Provisions for pensions

The portion of pension provisions not yet carried as liabilities due to the application of Article 67 subs. 1 *EGHGB* (the distribution of the adjustment amount resulting from the change of assessment pursuant the German Accounting Modernisation Act, *BilMoG*) in the original amount of kEUR 81 in total still amounts to kEUR 33 at 31 Dec. 2018.

The effect resulting from Section 253 subs. 6 *HGB* amounts to kEUR 154 as of 31 Dec. 2018, which is subject to a dividend distribution ban in this amount.

4.4 Other provisions

The other provisions include the following major items:

	kEUR
Personnel	398
Customers	20
Suppliers	82
	500

The hedging of early retirement obligations by means of associated security results in an active difference. The acquisition costs of the assets settled in accordance with section 246 subs. 2 *HGB* total kEUR 20, the fair values kEUR 18 and the settlement amount of the offset liabilities kEUR 0.

4.5 Liabilities

All liabilities have a remaining term of one year and less.

4.6 Income Statement

Expenses and income in the amount of kEUR 0.3 have been set off for in the financial result.

5. Other information

5.1 Liability relations and other financial obligations

Other financial obligations incur from rental or leasing agreements in the total amount of kEUR 134, of which kEUR 58 are due for payment during the year 2019.

5.2 Staff

The following average number of employees per year was employed in the company:

	2018	Previous Year
Production workers	74	74
Salaried employees	17	17
Trainees	15	15
	106	106

5.3 Members of the Board of Directors

The appointed director was:

- Martin von Werne, Engineer, of Ennepetal.

The board of directors did not receive any remuneration for the year 2018.

5.4 Inclusion in the consolidated financial accounts

The company Bharat Forge Ltd., Mundhwa/Pune, India, is the parent company which prepares the consolidated financial accounts for the largest part of companies. Any disclosures are made at the “Registrar of Companies“ in Maharashtra, Pune, India. The company Bharat Forge Global Holding GmbH, Ennepetal, is the parent company which prepares the consolidated financial accounts for the smallest part of companies. Any disclosures are made in the German electronic official gazette (E-Bundesanzeiger).

5.5 Supplementary report

There were no special transactions after the closing of the fiscal year on 31 Dec. 2018, neither outside the profit and loss account nor outside the balance sheet.

5.6 Recommendation for the use of profits

The net income of the fiscal year is transferred to the parent company in accordance with the profit transfer agreement. A transfer to reserves is not provided for.

Ennepetal, on 30 January 2019

Bharat Forge Daun GmbH

Martin von Werne

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Bharat Forge Kilsta AB

Chairman
Mr. B. N. Kalyani

Managing Director
Mr. Michael Weis

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

Registered Office
Box 428 691 27 Karlskoga
Sweden

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

Auditor's report

Report on the annual accounts

Opinions

We have audited the annual accounts and consolidated accounts of Bharat Forge Kilsta AB for the financial year January 1, 2018 to December 31, 2018

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 2018 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

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

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

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bharat Forge Kilsta AB for the financial year January 1, 2018 to December 31, 2018 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

Karlstad

May 20,2019

Ernst & Young AB

Tomas Karlsson	Daniel Berg
Authorized Public Accountant	Authorized Public Accountant

Administration Report

General information on the Company and business

The Company is one of the leading manufactures of forged crankshafts for diesel engines in the world. Other products are front axle beams, 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.

Ownership structure, see note 3.

Significant events

Sales, measured as delivered tonnage, decreased by 4,5 % in 2018, as compared to 2017.

The production in the 16000 ton press was operated in 5-shift during 2018.

To fulfill the capital cover requirements of Swedish Companies Act, the Company received a capital cover guarantee as of February 2nd 2018 from its parent company, the value of which was extended in August 31, 2018. The capital cover guarantee was replaced by a shareholder contribution of 51 250 MSEK as of December 31, 2018

Significant events after year-end

The parent company has, as of January 1, 2019, issued a new capital cover guarantee of 25 MSEK.

Expected future development, risk and uncertainties

In the beginning of 2019, demand has been on the same, high level as in the beginning of 2018, and slightly above the Company’s budget.

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

Sustainability report

The Company has issued a separate Sustainability Report, available at request from the Company.

Comparative figures covering several years

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

	2018	2017	2016	2015	2014
Net sales, TSEK	952 021	845 037	749 771	808 457	716 294
Profit/loss after financial items, TSEK	-44 629	-24 065	-21 439	6 713	-44 579
Balance sheet total, TSEK	523 481	509 672	416 633	408 638	402 361
Number of employees,	333	311	295	291	293
Equity/assets ratio, %	2,5	2,2	3,5	5,0	3,2
Return on total assets, %	Neg	Neg	Neg	4,3	Neg
Return on equity, %	Neg	Neg	Neg	32,5	Neg

Equity/assets ratio
Equity and untaxed reserves (less deferred tax) as a percentage of total assets.
Return on total assets
Income before taxes plus financial income related to balance sheet total.
Return on equity
Income after financial items as a percentage of equity and untaxed reserves (less deferred tax).

Research and development

The research and development activities of the Company amounted 0,25 % (0,22 %) of the total operating expenses during the financial year.

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

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

Change of Equity

MSEK

	Share capital	Revaluat. reserve	Statutory reserve	Non restricted equity	Total equity
Equity 2017-12-31	**20 000**	**15 134**	**4 000**	**-28 072**	**11 062**
Change revaluation, note 10,18		-1 592		1 592	-
Shareholder contribution				51 250	51 250
Revaluation of defined benefit pensions				-37	-37
Net loss for the year	-	-	-	-49 009	-49 009
Equity 2018-12-31	**20 000**	**13 542**	**4 000**	**-24 276**	**13 266**

Proposed treatment of losses

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

Unappropriated profit brought forward	24 733 135
Net loss for the year	-49 008 602
	-24 275 467

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

Retained losses carried forward	-24 275 467

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.

Balance Sheet as at December 31, 2018

	Note	31/12/2018		31/12/2017
		Rs.'000	SEK'000	SEK'000
Assets				
Fixed assets				
Land and buildings	10	250,058	33,411	34,572
Plant and machinery	11	1,145,502	153,054	125,104
Equipment, tools, fixtures & fittings	12	49,606	6,628	7,141
Construction in progress	13	-	-	1,878
		1,445,166	193,093	168,695
Financial assets				
Deferred tax Assets	18	-	-	4,380
		-	-	4,380
Total fixed assets		**1,445,166**	**193,093**	**173,075**
Current assets				
Inventories				
Raw materials and consumables		702,289	93,835	104,962
Work in progress		538,787	71,989	86,963
Finished goods and goods for resale		214,859	28,708	33,323
		1,455,935	194,532	225,248
Current receivables				
Accounts receivables - Trade		469,108	62,679	61,224
Receivables from group Companies		242,349	32,381	-
Other receivables		5,089	680	298
Income tax receivable		19,437	2,597	2,932
Prepaid expenses and accrued income		25,364	3,389	7,764
		761,347	101,726	72,218
Cash and bank balances		255,439	34,130	39,131
Total current assets		2,472,721	330,388	336,597
Total assets		**3,917,887**	**523,481**	**509,672**

Balance Sheet as at December 31, 2018

	Note	31/12/2018		31/12/2017
		Rs.'000	SEK'000	SEK'000
Equity and liabilities				
Equity	19			
Restricted equity				
Share capital (200 000 shares)		149,686	20,000	20,000
Revaluation Reserve		101,352	13,542	15,134
Statutory reserve		29,937	4,000	4,000
		280,975	37,542	39,134
Unrestricted equity				
Unappropiated Profit brought forward		185,109	24,733	(4,712)
Net income of the year		(366,798)	(49,009)	(23,360)
		(181,689)	(24,276)	(28,072)
Total equity		99,286	13,266	11,062
Provisions				
Provisions for pensions	20,21	54,269	7,251	7,793
Guarantee reserve		8,981	1,200	1,000
Total provisions	22	63,250	8,451	8,793
Long-term liabilities				
Liabilities to Group companies		-	-	-
Total long-term liabilities		-	-	-
Current liabilities				
Liabilities to credit institutions	21	1,994,566	266,500	216,260
Accounts payable - trade		771,601	103,096	166,863
Liabilities to group companies		418,440	55,909	38,853
Other liabilities		60,271	8,053	5,659
Accrued expenses and deferred income	23	510,473	68,206	62,182
Total current liabilities		3,755,351	501,764	489,817
Total equity and liabilities		**3,917,887**	**523,481**	**509,672**

Income statement for the period from January 1 to December 31, 2018

	Note	2018		Previous Year
		Rs.'000	SEK'000	SEK'000
Operating income etc.	1,2,3,4			
Net sales	5	7,125,211	952,021	845,037
Change in inventories of work in progress, finished goods		(177,715)	(23,745)	7,395
Other operating income	6	443,594	59,270	38,188
Operating income etc.		7,391,090	987,546	890,620
Operating expenses				
Raw materials and consumables		(4,464,550)	(596,522)	(502,260)
Other external costs	7,8	(1,353,917)	(180,901)	(174,965)
Personnel costs	9	(1,597,823)	(213,490)	(200,093)
Depreciation of tangible assets	10, 11,12,13	(178,126)	(23,800)	(26,247)
Other operating expenses	14	(17,835)	(2,383)	(1,816)
Operating expenses		(7,612,251)	(1,017,096)	(905,381)
Operating profit/(loss)		**(221,161)**	**(29,550)**	**(14,761)**
Result from financial items				
Interest income and similar items	15	19,549	2,612	1,087
Interest expenses and similar items	16	(132,405)	(17,691)	(10,391)
Loss from financial items		(112,856)	(15,079)	(9,304)
Profit/(Loss) after financial items		(334,017)	(44,629)	(24,065)
Income taxes	17	(32,781)	(4,380)	705
Net profit/(Loss) for the year		**(366,798)**	**(49,009)**	**(23,360)**

Statement of Cash Flow for the period ended December 31 , 2018

	2018		2017
	Rs.'000	SEK'000	SEK'000
Operating activities			
Income after financial items	(334,017)	(44,629)	(24,065)
Adjustments for items not requiring an outflow of cash:			
Exchange loss	78,338	10,467	6,147
Result disposal fixed assets	-	-	(33)
Change in accured interest	1,983	265	44
Depreciation	178,126	23,800	26,246
Released debts	(38,357)	(5,125)	-
Change in Provisions	(2,837)	(379)	(671)
	(116,763)	(15,601)	7,668
Income tax paid	2,507	335	208
Cash flow from operating activities before changes in working capital	**(114,256)**	**(15,266)**	**7,876**
Increase(-) /decrease (+) in inventories	229,888	30,716	(77,352)
Increase(-) /decrease (+) in current receivables	(223,354)	(29,843)	550
Increase(+) /decrease (-) in current liabilities	(211,866)	(28,308)	72,685
Cash flow from operating activities	**(319,588)**	**(42,701)**	**3,759**
Investing activities			
Acquisition of tangible assets	(360,728)	(48,198)	(36,264)
Disposal of tangible assets	-	-	94
Cash flow from investing activities	(360,728)	(48,198)	(36,170)
Financing activities			
Loans taken	642,886	85,898	38,194
Proceeds/repayment of borrowings	-	-	-
Cash flow from financing activities	642,886	85,898	38,194
Net cash flow for the year	(37,430)	(5,001)	5,783
Cash and cash equivalents at beginning of year	292,869	39,131	33,348
Cash and cash equivalents at end of year	**255,439**	**34,130**	**39,131**

Note 1 Accounting principles

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

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

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

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

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

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

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

In this respect the following depreciation periods are applied:

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

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

Impairment of non-financial assets

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

Lease

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

Financial instruments

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

Account receivables and other receivables

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

Loan and payables

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

Netting of financial asset and financial liability

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

Impairment of financial assets

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

Inventories

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

Provisions

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

Employee benefits

Short term benefits

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

Post-employment benefits

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

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

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

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

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.

Cash flow

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

Note 2 Estimates and judgements

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

According to management's significant judgments regarding the accounting policies applied and sources of uncertainty in the estimates for the balance sheet items of significant value in the balance sheet as of 2017-12-31 primarily related to capitalized losses recognized as deferred tax assets. As a result of the losses in recent years, the Management has assessed that tax losses are only capitalized to the extent that there are temporary differences on which deferred tax liabilities are reported, see note 18 - deferred tax.

Note 3 Transactions Intercompany

	2018	2017
Purchases and sales, Intercompany		
Below are the percentage of purchases and sales, Intercompany.		
Purchases, (%)	1,4	3,6
Sales, (%)	1,3	-

Ownership structure

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

Note 4 CSR/Sustainability report

According to Annual Accounts Act chapter 7 §31a the company does not establish a statutory sustainability report. Bharat Forge Kilsta AB is a wholly owned subsidiary to Bharat Forge Global Holding GmbH. Bharat Forge Global Holding GmbH, corp. id HRB6669 is registered at "Handelsregister B des Amtsgerichts Hagen", Mittelstrasse 64, 58256 Ennepetal. Bharat Forge Global Holding GmbH is publishing a CSR/Sustainability report in accordance with EU Directive 2014/95/EU, comprising all its subsidiaries including Bharat Forge Kilsta AB for reporting year 2018-01-01 – 2018-12-31. Bharat Forge Kilsta AB does not publish a separate CSR/Sustainability report separately. Instead it is reported and published when the annual report of Bharat Forge Global Holding GmbH is being published.

Note 5 Net sales classified according to geographical market

	2018	2017
Net sales classified according to operating area as follows:		
Chassis	465 159	445 568
Engines	482 935	397 129
Other	3 927	2 340
Total	952 021	845 037
Net sales classified according to geographic market as follows:		
Nordic countries	597 432	511 719
Europe, excluding the Nordic countries	282 767	279 814
North America	15 484	9 502
Other markets	56 338	44 002
Total	952 021	845 037

Note 6 Other operating income

	2018	2017
Included in other income, revenues from:		
Scrap	43 096	34 484
Sales of dies	7 762	2 711
Other	7 814	226
Contributions employees	598	767
Total	59 270	38 188

Note 7 Remuneration to auditors

	2018	2017
Ernst & Young		
Audit engagement	545	334
Other services	-	78
Total	545	412

Note 8 Operating lease

	2018	2017
Future minimum payable non cancellable leases:		
Payment due within one year	6 834	7 470
Payment due after one year but within 5 years	8 797	8 734
Payment due after 5 years	716	137
Total	16 347	16 341
During the period, lease	7 886	7 632

Note 9 Salaries, other remuneration and social security contributions

	2018	2017
Average number of employees, with women and males as allocation basis amounts to:		
Women	23	22
Men	310	289
Total for the Company	333	311

	2018	2017
Wages and compensations amounts to		
Board of Directors and Managing Director	24	24
Other employees	146 031	135 743
	146 055	135 767
Statutory and contractual social security contributions	49 216	47 022

	2018	2017
Pension costs	14 401	13 885
Total salaries, remuneration, social security contributions and pension costs	209 672	196 624

Managing Director is employed by the parent company since 2015.

Number of board of directors on the closing date		
Men	6	6
Total for the Company	6	6

Number of Managing Directors and senior executives		
Women	1	1
Men	4	4
Total for the Company	11	11

Note 10 Land and buildings

	2018	2017
Opening acquisition cost	41 141	38 637
Changes during the year		
-Redistribution from construction in progress	120	-
-Purchases	2 401	2 504
-Disposals	-461	-
Closing accumulated acquisition cost	43 201	41 141
Opening depreciation	-25 972	-24 922
-Disposals	461	-
-Depreciation	-1 380	-1 050
Closing accumulated depreciation	-26 891	-25 972
Opening revaluation	19 403	22 000
Changes during the year		
-Depreciation	-2 302	-2 597
Closing accumulated revaluation	17 101	19 403
Closing residual value according to plan	33 411	34 572

Note 11 Equipment, tools, fixtures and fittings

	2018	2017
Opening acquisition cost	53 722	52 888
Changes during the year		
-Redistribution from construction in progress	186	953
-Purchases	126	238
-Disposals	-3 013	-357
Closing accumulated acquisition cost	51 021	53 722
Opening depreciation	-46 581	-45 771
Changes during the year		
-Depreciation	-825	-1 106
-Disposals	3 013	296
Closing accumulated depreciation	-44 393	-46 581
Closing residual value according to plan	6 628	7 141

Note 12 Plant and machinery

	2018	2017
Opening acquisition cost	406 753	382 867
Changes during the year		
-Redistribution from construction in progress	26 126	21 955
-Purchases	21 117	10 501
-Disposals	-29 728	-8 570
Closing accumulated acquisition cost	424 268	406 753
Opening depreciation	-281 649	-268 726
Changes during the year		
-Depreciation	-19 293	-21 493
-Disposals	29 728	8 570
Closing accumulated depreciation	-271 214	-281 649
Closing residual value according to plan	153 054	125 104

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

Note 13 Constructions in progress

	2018	2017
Opening accrued expenses	1 878	1 765
Expenses accrued during the year	24 554	23 022
Fixed assets under construction completed this year	-26 432	-22 909
Closing expenses accrued	0	1 878

Note 14 Other operating expenses

	2018	2017
Realized/unrealized exchange loss Realized/unrealized exchange loss	2 382	1 816
Total	2 382	1 816

Note 15 Other interest income and similar profit/loss items

	2018	2017
Exchange profit on loans and cash	2 612	1 087
Total	2 612	1 087

Note 16 Interest expenses and similar profit/loss items

	2018	2017	2015
Interest expenses to group company	878	349	807
Interest expenses pensions	107	127	254
Realized/unreazlied exchange loss loans	11 589	6 147	-
Other interest expenses	5 116	3 768	9 874
Total	17 690	10 391	0 935

Note 17 Tax on profit for the year

	2018	2017
Deferred tax	-4 380	705
Total	-4 380	705

Reconciliation of effective tax

Profit/loss before tax	-44 628	-24 065	6 713
Tax calculated at applicable tax rate (22%)	9 818	5 294	477
Tax effect of non-deductible expenses	-457	-58	-102
Tax effect of non-deductible income	-	-	1
Earned unrecognized loss carryforwards/utilization of previously unrecognized loss carryforwards	-13 741	-4 531	2 143
Recognized tax	-4 380	705	565

Note 18 Deferred tax

	2018	2017
Deferred tax assets on tax loss	3 558	8 515
Deferred tax on temporary differences		
-guarantee	-	134
Deferred tax liabilities related to revaluation of property	-3 558	-4 269
	0	4 380

Total tax loss amount is 211 801 TSEK (168 640 TSEK). For prudential reasons, not the entire deferred tax asset is considered.

Change in deferred tax

Opening balance	4 380	3 675
Changes during the year	-4 380	705
Closing balance	0	4 380

Note 19 Equity and proposed treatment of losses

	2018	2017
To the disposal of the annual general meeting are the following losses:		
Unpropriated profit/loss brought forward	24 733	-4 712
Net gain/loss for the year	-49 009	-23 360
	-24 276	-28 072

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

	2018	2017
retained losses carried forward	-24 276	-26 683

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

The Company reports a revaluation fund of 13 542 (15 134) TSEK related to the revaluation of the building. Annually reduction in revaluation fund has been transferred to equity.

Note 20 Contingent liabilites

	2018	2017
Contingent liability to FPG	162	169
Total contingent liabilities	162	169

Note 21 Pledged assets

	2018	2017
For provisions, own liabilities and receivables		
Concerning credit insurance FPG liability		
Business mortage	10 000	10 000
Total pledged assets	10 000	10 000

Bharat Forge Limited has provided guarantee for current loans.

Not 22 Provisions

	2018	2017
Provisions for pensions and guarantee		
Opening balance provisions	8 793	9 425
Provision during the year	200	
Change of the year	-542	-632
Closing balance provisions	8 451	8 793

The company reports defined benefit pension plan financed in-house (ITP 2 in-house) by the PRI. Provisions for the defined benefit pension plan are recognized under paragraph 28.14a BFNAR in 2012: 1 (K3) and amounts to 7 250 (7 793) tsek. Transition to reporting in accordance with paragraph 28.14a, assessment such as IAS 19, occurred in 2016 when the company previously reported defined benefit pension plan in-house according 28.14b (simplification rule).

The commitments that the company has in ITP2 plan in-house are mostly lifelong retirement pension. Key actuarial assumptions used as the discount rate of 1.50 (1.30) % and expected inflation of 2.00 (1.90) %. The company has reported interest expenses attributable to the provision of 107 (127) tsek over the financial result. Furthermore, the Company reported actuarial loss of 37 (39) tsek directly in equity.

Note 23 Accrued expenses and deferred income

	2018	2017
Accrued salaries	11 440	12 691
Accrued holiday pay	15 848	15 311
Accured social security costs & pensions	15 226	14 460
Accured customer provisions	250	485
Accured special employer´s contribution, tax on returns from pension funds and property tax	3 975	3 640
Accured financial expenses	2 392	2 127
Ongoing claims	425	619
Other items	18 650	12 849
Total	68 206	62 182

Note 24 Cash and cash equivalents

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

Income statement and balance sheet will be submitted to the annual general meeting May 20th, 2019 for adoption.

Karlskoga May 20th,2019

Michael Weis
Managing Director

Babasaheb Kalyani
Chairman

Sanjeev Joglekar

Subodh Tandale

Hans Lindbäck
Employee representive Unionen

Ari Tiuraniemi
Employee representive IF Metall

Our audit report was issued on May 20th, 2019

Ernst & Young

Tomas Karlsson
Authorized public accountant

Daniel Berg
Authorized public accountant

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Bharat Forge Hong Kong Limited

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

Auditor's Report

TO THE SHAREHOLDERS OF BHARAT FORGE HONG KONG LIMITED

QUALIFIED OPINION

We have audited the financial statements of Bharat Forge Hong Kong Limited (the "Company") set out on pages 6 to 24, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As stated in Note 2 to the financial statements, the Company has passed a resolution to apply to the Registrar of Companies for deregistration of the Company on March 4th 2019. This condition indicates the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

The financial statements have been prepared on the assumption that the Company will continue as a going concern. Should the going concern assumption be inappropriate, the Company may have to adjust the value of the Company's assets to their recoverable amounts and provide for further liabilities that might arise.

However, we were unable to ascertain whether the assumptions made by the directors of the Company in preparing the financial statements on a going concern basis are proper and appropriate and we consider that due to the potential implication of the above material uncertainties and their possible cumulative effect on the financial statements is extreme, we have qualified our opinion.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we are unable to ascertain whether the going concern assumption in preparing the financial statements is proper and appropriate. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Hong Kong
April 2, 2019

Directors' Report
For the year ended 31 December 2018

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 2018 (date of cessation).

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding.

On March 4 2019, the Company has passed a resolution to apply to the Register of Companies for deregistration of the Company pursuant to sections 750 of the Hong Kong Companies Ordinance.

RESULTS

The results of the Company for the year ended 31 December 2018 (date of cessation) are set out in the statement of profit or loss and other comprehensive income.

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (date of cessation).

SHARE CAPITAL

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

DIRECTORS

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

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

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Except as disclosed in Note 14 to the financial statements, there were no contract of significance to which the Company's holding companies or fellow subsidiaries was a party and in which the directors 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 of the Company for the year ended 31 December 2018 (date of cessation) have been audited by Asian Alliance (HK) CPA Limited ("Asian Alliance").

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

On behalf of the board

____

Sanjeev Gajanan Joglekar
Chairman

Hong Kong
April 2, 2019

Statement of Financial Position as at 31st December,2018

	Notes	2018		2017
		Rs.	USD	USD
Non Current Assets				
Investment in Subsidiary		-	-	-
Current Assets				
Other receivables		-	-	1,423
Bank balance and cash		800,936	11,476	48,328
Amount due from ultimate holding company	**12**	-	-	33,000
	11	800,937	11,476	82,751
Current Liability				
Other Payable		668,471	9,578	16,268
Net current assets		132,466	1,898	66,483
Total Net Assets		**132,466**	**1,898**	**66,483**
Capital & Reserve				
Share Capital	**13**	1,235,498,540	17,702,505	17,702,505
Accumulated Loss		(1,235,366,074)	(17,700,607)	(17,636,022)
		132,466	**1,898**	**66,483**

The Financial Statements were approved and authorised for issue by the board of directors on April 2nd, 2019 and are signed on its behalf by

S. G. Joglekar
Director

K. P. Dixit
Director

Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2018

	Notes	2018 Rs.	2018 USD	2017 USD
Other Income	8	-	-	29
Administrative Expenses		(2,409,998)	(34,531)	(34,104)
Written -off of amount due from ultimate holding company		(2,303,146)	(33,000)	-
Written -off of other receivables		(98,756)	(1,415)	-
Loss before Tax		(4,811,900)	(68,946)	(34,075)
Income Tax Expense	9	**-**	**-**	**(876)**
Loss for the year	10	**(4,811,900)**	**(68,946)**	**(34,951)**
Other Comprehensive Expense/Income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		(34,338)	(492)	2,057
Release of exchange reserve upon closer of the representative office		338,702	4,853	-
Total comprehensive expenses for the year		**(4,507,536)**	**(64,585)**	**(32,894)**

Bharat Forge Hong Kong Limited

Statement of Changes in Equity
for the year ended 31st December 2018

	Share Capital		Capital Reserve		Exchange Reserve		Accumulated Loss		Total	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
At 1st January 2017	1,235,498,540	17,702,505	-	-	(447,927)	(6,418)	(1,245,562,938)	(17,846,710)	(10,512,326)	(150,623)
Loss for the year	-	-	-	-	-	-	(2,439,311)	(34,951)	(2,439,311)	(34,951)
Other Comprehensive Expense/Income:										
Items that may be reclassified subsequently to profit or loss										
Exchange differences on translating foreign operations	-	-	-	-	143,563	2,057	-	-	143,563	2,057
Total Comprehensive Expense for the year	-	-	-	-	143,563	2,057	(2,439,311)	(34,951)	(2,295,748)	(32,894)
Waiver of amount due to immediate holding compnay			17,448,075	250,000					17,448,075	250,000
As at 31st December, 2017	**1,235,498,540**	**17,702,505**	**17,448,075**	**250,000**	**(304,364)**	**(4,361)**	**(1,248,002,249)**	**(17,881,661)**	**4,640,001**	**66,483**
Loss for the year	-	-	-	-	-	-	(4,811,900)	(68,946)	(4,811,900)	(68,946)
Other Comprehensive Expense/Income:										
Items that may be reclassified subsequently to profit or loss										
Exchange differences on translating foreign operations	-	-	-	-	(34,338)	(492)	-	-	(34,338)	(492)
Release of exchange reserve upon clouser of the representative office					338,702	4,853			338,702	4,853
Total Comprehensive Expense for the year	-	-	-	-	304,364	4,361	(4,811,900)	(68,946)	(4,507,536)	(64,585)
As at 31st December, 2018	**1,235,498,540**	**17,702,505**	**17,448,075**	**250,000**	**-**	**-**	**(1,252,814,149)**	**(17,950,607)**	**132,466**	**1,898**

Statement of cash flows for the year ended 31st December, 2018

	2018		2017
	Rs.	USD	USD
Operating activities			
Loss before Tax	(4,811,900)	(68,946)	(34,075)
Adjustments for:			
Bank Interest Income	-	-	(29)
Written -off of amount due from holding company	2,303,146	33,000	-
Written -off of other receivables	98,756	1,415	-
Operating Cash flow before movement in working capital	(2,409,998)	(34,531)	(34,104)
Decrease/(Increase) in other receivables		-	-
Increase / (Decrease) in other payable	(466,910)	(6,690)	2,860
Cash generated from (used in) operations	(2,876,908)	(41,221)	(31,244)
Income tax paid	-	-	(876)
Net Cash used in Operating activities	**(2,876,908)**	**(41,221)**	**(32,120)**
Bank Interest received	-	-	29
Net Cash from (used in) Investing activities	**-**	**-**	**29**
Increase in amount due to immediate holding company	-	-	50,000
Net Cash from (used in) Investing activities	-	-	50,000
Net decrease in Cash and Cash equivalents	**(2,876,908)**	**(41,221)**	**17,909**
Cash & cash equivalent at 1 January	**3,372,921**	**48,328**	**28,371**
Effect of foreign exchange rate changes	304,923	4,369	2,048
Cash & cash equivalent at 31 December represented by bank balance	**800,936**	**11,476**	**48,328**

Notes for the Financial Statements for the year ended 31st December 2018

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 representative office of the Company which is locates in 上海市黃浦區西藏南路228號3006室, has liquidated on 29 March 2018.

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

On 4 March 2019, the Company has passed a resolution to apply to the Registrar of Companies for deregistration of the Company pursuant to Sections 750 of the Hong Kong Companies Ordinance.

The directors of the Company (the "Directors") is of the opinion that it is appropriate to prepare these financial statements for the year ended 31 December 2018 (date of cessation) on a going concern basis. The financial statements do not include any adjustments that would result from the failure of the Company to continue to operate as a going concern. However, should the going concern assumption be inappropriate, 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 further liabilities which might arise. The effect of these adjustments has not been reflected in the financial statements.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to Hong Kong Accounting Standard ("HKAS") 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interest In Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019.
[2] Effective for annual periods beginning on or after 1 January 2021.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The Directors anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Revenue recognition (prior to 1 January 2018)

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

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

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

Taxation

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

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Company's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets (upon application HKFRS 9)

The Company recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9 (including bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit- impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

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

Loans and receivables

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

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 (before application of HKFRS 9 on 1 January 2018)

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

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

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

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

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

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

Derecognition of financial assets

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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

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.

Financial liabilities at amortised cost

Financial liabilities including other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Provisions

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

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

Foreign currencies

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

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

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

On the disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgement in applying accounting policies

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

Going concern and liquidity

As explained in Note 2 to the financial statements, the Company has passed a resolution to apply to the Registrar of Companies for deregistration, which indicates the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors considers that the Company has ability to continue as a going concern and the major conditions that may cast significant doubt about the going concern assumptions are set out in Note 2 to the financial statements.

Key sources of estimation uncertainty

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

6. CAPITAL RISK MANAGEMENT

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

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

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

7. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2018 **US$**	2017 US$
Financial assets		
Financial assets measured at amortised cost	**11,476**	82,751
Financial liabilities		
Financial liabilities measured at amortised cost	**9,578**	16,268

(b) Financial risk management objectives and policies

The Company's major financial instruments include other receivables, bank balances, other payables, amount due from 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**	
	2018 **US$**	2017 US$	**2018** **US$**	2017 US$
Renminbi ("RMB")	-	9,060	-	-

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 variable-rate bank balances. 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 and impairment assessment

At 31 December 2018, the Company's maximum exposure to credit risk which will cause a financial loss to the Company arising from those financial assets whose carrying amounts best represent the maximum exposure to credit risk.

The credit risk on bank balances are 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 2018	
Other payables	**9,578**
At 31 December 2017	
Other payables	16,268

(c) Fair value measurements of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values as at 31 December 2018 and 2017.

8. OTHER INCOME

	2018 US$	2017 US$
Bank interest income	**-**	29

9. INCOME TAX EXPENSE

	2018 US$	2017 US$
Current tax:		
PRC Enterprise Income Tax	-	876

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

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

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

	2018 US$	2017 US$
Loss before tax	**(68,946)**	(34,075)
Tax at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(11,376)**	(5,622)
Tax effect of income not taxable for tax purpose	-	(5)
Tax effect of expenses not deductible for tax purpose	**11,376**	5,627
Effect of different tax rate of representative office	-	876
Income tax expense	-	876

10. LOSS FOR THE YEAR

	2018 US$	2017 US$
Loss for the year has been arrived at after charging:		
Staff costs:		
- salaries, allowance and benefits in kind	-	-
- retirement benefits scheme contributions	-	-
	-	-
Auditor's remuneration	**4,300**	5,626
Directors' remuneration	-	-

11. BANK BALANCES

	2018 US$	2017 US$
Bank balances	**11,476**	48,328

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

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

	2018	2017
RMB	-	58,052

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

Particulars of amount from ultimate holding company are as follows:

Name of Company	**Maximum amount outstanding during the year US$**	**At 31 December 2018 US$**	At 31 December 2017 US$
Bharat Forge Limited	**33,000**	-	33,000

The amount due from ultimate holding company is unsecured, interest free and repayable on demand.

During the year ended 31 December 2017, the amount due to immediate holding company of US$250,000 was waived by the immediate holding company.

13. SHARE CAPITAL

	Number of ordinary shares	**Amount US$**
Issued and fully paid:		
At 31 December 2017 and **2018**	**17,702,506**	**17,702,505**

14. RELATED PARTY TRANSACTIONS

(a) Other than the balances with related parties disclosed in Note 12 to the financial statements, there were no other related party transactions for the years ended 31 December 2018 (date of cessation) and 31 December 2017.

(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 2018 (date of cessation) and 31 December 2017.

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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 March 31, 2019

The directors present the strategic report and financial statements for the year ended 31 March 2019.

Review of the business

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

During the year, the company was able to add new customers and increase the volume of business with its

Analysis of key risks and challenges facing the organisation

The company is targeting to achieve a stable to moderate growth in the year 2019-20.

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

Other risks are the following;

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

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 performance indicators

The directors are of the opinion that the key performance indicator for this business is the turnover which increased from $236.5 million to $364.5 million in 2019. The company is focusing on adding customers while at the same time continuing to develop business with the new customers added during the year. As a key performance indicator turnover has increased by 54%.

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
May 16, 2019

Directors' Report for the year ended March 31, 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

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

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to $1,152,000. The directors do not recommend payment of a final dividend.

Directors

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

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

Auditor

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

Statement of disclosure to auditor

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

On behalf of the board

Mr K Dixit
Director

May 16, 2019

Independent Auditor's Report

Opinion

We have audited the financial statements of Bharat Forge International Ltd (the 'company') for the year ended 31 March 2019 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
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.

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

May 17, 2019

Chartered Accountants
Statutory Auditor

Grenville Court
Britwell Road
Burnham
SL1 8DF

Balance Sheet As at 31st March 2019

	Notes	2019		2019		2018	
		Rs.	Rs.	USD	USD	USD	USD
Non - Current Assets							
Property, Plant and equipments	10		481,498,753		6,899,024		7,025,536
Investment	11		17,356,089		248,682		121,697
Other receivables	13		387,772,370		5,556,091		3,208,901
			886,627,212		**12,703,797**		**10,356,134**
Current assets							
Inventories	12	7,206,861,355		103,261,554		64,717,525	
Trade and other receivables	13	8,939,099,192		128,081,453		79,283,040	
Cash and cash equivalents		232,478	16,146,193,025	3,331	231,346,338	3,331	144,003,896
Current Liabilities							
Trade and Other payables	19	14,298,270,613		204,868,884		115,113,079	
Current tax liabilities		38,185,531		547,131		50,532	
Borrowings	15	1,209,836,749	15,546,292,893	17,334,817	222,750,832	21,716,776	136,880,387
Net Current Assets			**599,900,132**		**8,595,506**		**7,123,509**
Non - current liabilities							
Borrowings	15		386,300,381		5,535,000		5,080,000
Total Liabilities			**386,300,381**		**5,535,000**		**5,080,000**
Net Assets			**1,100,226,963**		**15,764,303**		**12,399,643**
Equity							
Called up share capital	21		7,312,418		104,774		104,774
Retained earnings	22		1,092,914,545		15,659,529		12,294,869
Total Equity			**1,100,226,963**		**15,764,303**		**12,399,643**

The financial statements were approved by the board of directors and authorised for issue on May 16, 2019 and are signed on its behalf by:

K P Dixit

Director

Profit and Loss Account for the year ended 31st March,2019

	Notes	Year ended 31st March 2019 Rs.	Year ended 31st March 2019 USD	Previous Year USD
Revenue	2	25,439,949,607	364,509,403	236,551,062
Cost of sales		(24,928,148,852)	(357,176,205)	(231,286,003)
Gross profit		**511,800,755**	**7,333,198**	**5,265,059**
Administrative expenses		(179,107,491)	(2,566,293)	(3,463,504)
Other Operating Income		41,460,884	594,061	438,032
Operating Profit	3	**374,154,148**	**5,360,966**	**2,239,587**
Investment Revenue	6	51,565,971	738,849	614,329
Finance cost	7	(35,903,672)	(514,436)	(572,342)
Profit before taxation		**389,816,447**	**5,585,379**	**2,281,574**
Tax on profit on ordinary activities	8	(74,588,357)	(1,068,719)	(542,120)
Profit and Total comprehensive income for the year for the financial year	22	**315,228,090**	**4,516,660**	**1,739,454**

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

Bharat Forge International Limited

Statement of changes in equity for the year ended 31 March 2019

	Share Capital		Profit and loss reserves		Total	
	Rs.	USD	Rs.	USD	Rs.	USD
Balance at 1 April 2017	7,312,418	104,774	736,686,690	10,555,415	743,999,108	10,660,189
Period ended 31 March 2018:						
Profit and total comprehensive income for the year	-	-	121,400,495	1,739,454	121,400,495	1,739,454
Balance at 31 March 2018	**7,312,418**	**104,774**	**858,087,185**	**12,294,869**	**865,399,603**	**12,399,643**
Period ended 31 March 2019:						
Profit and total comprehensive income for the year	-	-	315,228,090	**4,516,660**	315,228,090	**4,516,660**
Dividends	-	-	(80,400,730)	**(1,152,000)**	(80,400,730)	**(1,152,000)**
Balance at 31 March 2019	**7,312,418**	**104,774**	**1,092,914,545**	**15,659,529**	**1,100,226,963**	**15,764,303**

Cash flow statement for the year ended 31st March,2019

	2019				Previous Year	
	Rs.	Rs.	USD	USD	USD	USD
Cash flows from operating activities						
Cash absorbed by operations		399,649,833		5,726,274		(25,885)
Interest paid		(35,903,672)		(514,436)		(572,342)
Taxation		(39,929,571)		(572,120)		(518,173)
Net cash outflow from operating activities	**-**	**323,816,590**		**4,639,718**		**(1,116,400)**
	-					
Investing activities	-		-		-	
Purchase of tangible fixed assets	(12,047,756)		(172,623)		(7,159)	
Other investments & Loans made	(8,862,575)		(126,985)		(121,697)	
Interest received	51,565,971		738,849		614,329	
Net cash (used in)/generated from investing activities		**30,655,640**		**439,241**		**485,473**
Financing activities						
Proceeds of new bank loans	-				5,000,000	
Repayment of bank loans	(210,253,072)		(3,012,554)		(5,667,496)	
Divended Paid	(80,400,730)		(1,152,000)			
Net cash generated from/(used in) financing activities		**(290,653,802)**		**(4,164,554)**		**(667,496)**
Net decrease in cash and cash equivalents		**63,818,428**		**914,405**		**(1,298,423)**
Cash and cash equivalents at beginning of year		(960,559,521)		**(13,763,116)**		**(12,464,693)**
Cash and cash equivalents at end of year		**(896,741,093)**		**(12,848,711)**		**(13,763,116)**
Relating to:						
Cash at bank and in hand		232,478		3,331		3,331
Bank overdrafts included in creditors		-		-		-
payable within one year		(896,973,571)		(12,852,042)		(13,766,447)

1 Accounting policies

Company information

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

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

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 basis. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2019 are the first financial statements of Bharat Forge International Limited prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS . The date of transition to IFRS was 1 April 2017. The reported financial position and financial performance for the previous period are not affected by the transition to IFRS.

1.2 Going concern

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

1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are

1.4 Property, plant and equipment

Property, plant and equipment 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
Fixtures, fittings & equipment	10-20% Straight line
Plant and machinery	33% 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 recognised in the income statement.

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of tangible and intangible assets

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

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

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

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

1.7 Inventories

Inventories 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 inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.9 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.

1.10 Financial assets

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.

Loans and receivables

Trade receivables, 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

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b. Lease receivables
c. Trade receivables or any contractual right to receive cash or another financial asset. that result from transactions that are within the scope of IAS 11 and IAS 18
d. Financial assets that are measured at fair value through the statement of other comprehensive invome (FVTOCI)

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

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

- The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

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.

1.11 Financial 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. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.12 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.

1.13 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 income statement 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 is the tax expected to be payable or recoverable on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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.

1.14 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 inventories or non-current 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

1.15 Retirement benefits

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

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the fair value of the assets at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic

Rentals payable under operating leases, less any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

1.17 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 income statement for the period.

2 Revenue

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

	2019	2018
	$	$
Revenue analysed by class of business		
Forged and machined components for the auto industry	364,509,403	236,551,062

	2019	2018
	$	$
Other significant revenue		
Interest income	738,849	614,329

Revenue analysed by geographical market		
United States of America	301,728,878	181,016,917
Europe	57,284,236	50,541,856
United Kingdom	5,496,289	4,992,289
	364,509,403	236,551,062

3 Operating profit

	2019 $	2018 $
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(597,326)	1,613,662
Fees payable to the company's auditor for the audit of the company's financial statements	95,871	71,613
Depreciation of property, plant and equipment	299,135	296,211
Cost of inventories recognised as an expense	337,829,777	219,159,388

4 Employees

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

	2019 Number	2018 Number
Administration	12	9

Their aggregate remuneration comprised:

	2019 $	2018 $
Wages and salaries	606,328	572,218
Social security costs	29,630	27,238
Pension costs	3,738	1,941
	639,696	601,397

5 Directors' fees

	2019 $	2018 $
Fees for qualifying services	262,396	282,674

Fees disclosed above include the following amounts paid to the highest paid director:

	2019 $	2018 $
Fees for qualifying services	131,198	141,337

6 Investment income

	2019 $	2018 $
Interest income		
Other interest income	738,849	614,329
Total interest revenue	738,849	614,329

7 Finance costs

	2019 $	2018 $
Interest on bank overdrafts and loans	514,436	572,342

8 Income tax expense

	2019 $	2018 $
Current tax		
UK corporation tax on profits for the current period	1,068,719	539,044
Adjustments in respect of prior periods	-	3,076
Total UK current tax	1,068,719	542,120

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 $	2018 $
Profit before taxation	5,585,379	2,281,574
Expected tax charge based on a corporation tax rate of 19.00%	1,061,222	433,499
Effect of expenses not deductible in determining taxable profit	120	29,667
Adjustment in respect of prior years	-	3,076
Permanent capital allowances in excess of depreciation	35,873	46,146
Foreign exchange differences	(8,159)	29,746
Other differences	(20,337)	(14)
Taxation charge for the year	1,068,719	542,120

9 Dividends

	2019 per share	2018 per share	2019 $	2018 $
Amounts recognised as distributions to equity holders:				
Ordinary				
Interim dividend paid	18.00	-	1,152,000	-

10 Property, plant and equipment

	Land and buildings Freehold	Fixtures, fittings & equipment	Plant and machinery	Motor vehicles	Total
	$	$	$	$	$
Cost					
At 1 April 2017	7,366,098	497,727	80,503	62,471	8,006,799
Additions	-	2,798	4,361	-	7,159
At 31 March 2018	7,366,098	500,525	84,864	62,471	8,013,958
Additions	-	64,462	2,042	106,119	172,623
At 31 March 2019	7,366,098	564,987	86,906	168,590	8,186,581

	Land and buildings Freehold	Fixtures, fittings & equipment	Plant and machinery	Motor vehicles	Total
	$	$	$	$	$
Accumulated depreciation and impairment					
At 1 April 2017	477,939	71,970	79,831	62,471	692,211
Charge for the year	246,028	49,156	1,027	-	296,211
At 31 March 2018	723,967	121,126	80,858	62,471	988,422
Charge for the year	246,027	50,513	1,897	698	299,135
At 31 March 2019	969,994	171,639	82,755	63,169	1,287,557
Carrying amount					
At 31 March 2019	6,396,104	393,348	4,151	105,421	6,899,024
At 31 March 2018	6,642,131	379,399	4,006	-	7,025,536
At 31 March 2017	6,888,159	425,758	672	-	7,314,589

Property, plant and equipment includes assets held under finance leases or hire purchase contracts, as follows.

Leased assets	2019	2018
	$	$
Net values	6,630	-
Depreciation charge for the year	193	-

11 Investments

	Current 2019 $	Current 2018 $	Non-current 2019 $	Non-current 2018 $
Investments in other group companies	-	-	248,682	121,697

The company holds an investment of 16,377 shares in Tevva Motors (Jersey) Limited, a company incorporated in Jersey. The first 7,500 shares were purchased at £12 per share with the remaining 8,877 shares purchased at £10.70 per share.

Fair value of financial assets carried at amortised cost
The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

12 Inventories

	2019 $	2018 $
Finished goods	103,261,554	64,717,525

13 Trade and other receivables

	Current 2019 $	Current 2018 $	Non-current 2019 $	Non-current 2018 $
Trade receivables	111,138,273	55,667,943	-	-
Other receivables	5,282,622	9,362,782	5,556,091	3,208,901
VAT recoverable	61,786	66,878	-	-
Amount owed by parent undertaking	2,841,669	7,409,878	-	-
Amounts owed by fellow group	8,482,834	6,445,559	-	-
Prepayments	274,269	330,000	-	-
	128,081,453	79,283,040	5,556,091	3,208,901

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

14 Trade receivables - credit risk

Fair value of trade receivables
The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

15 Borrowings

Secured borrowings at amortised cost

Bank overdrafts	12,852,042	13,766,447
Bank loans	10,017,775	13,030,329
	22,869,817	26,796,776

Analysis of borrowings

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.

	2019 $	2018 $
Current liabilities	17,334,817	21,716,776
Non-current liabilities	5,535,000	5,080,000
	22,869,817	26,796,776

The company has three loans:

An existing $6,000,000 bank loan facility which was drawn down in August 2016 and is repayable over 36 months. Interest is being charged on this loan at 2.15% above LIBOR. As at 31 March 2019 $567,775 (2018: $3,400,000) is outstanding.

Another existing $5,000,000 bank loan facility which was drawn down in March 2018 and is repayable over 36 months. Interest is being charged at 2.15% above LIBOR. As at 31 March 2019 $4,450,000 (2018: $5,000,000) is outstanding.

A new $5,000,000 bank loan facility which was drawn down in August 2018 and is repayable over 36

16 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

17 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 year	1 – 5 years	Total
	$	$	$
At 31 March 2018			
Bank loans	7,950,329	5,080,000	13,030,329
Bank overdraft	13,766,447	-	13,766,447
Trade creditors	19,774,654	-	19,774,654
Other payables	95,388,957	-	95,388,957
	136,880,387	5,080,000	141,960,387
At 31 March 2019			
Bank loans	4,482,775	5,535,000	10,017,775
Bank overdraft	12,852,042	-	12,852,042
Trade creditors	23,401,456	-	23,401,456
Other payables	182,014,559	-	182,014,559
	222,750,832	5,535,000	228,285,832

18 Market risk

Market risk management
Foreign exchange risk
The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilites	
	2019	2018	2019	2018
	$	$	$	$
Euro	17,432,830	16,996,077	3,365,667	4,548,890
Pound sterling	2,454,016	6,822,837	6,474,327	10,924,410
	19,886,846	23,818,914	9,839,994	15,473,300

18 Market risk

Interest rate risk
The carrying amounts of financial liabilities and applicable interest rates at the reporting date are as follows:

	Weighted average effective interest rate	
	2019	2018
	$	$
Bank loans carried at $10,017,775 (2018: $13,030,329)	4	5
	4	5

19 Trade and other payables

	Current 2019 $	2018 $
Trade payables	23,401,456	19,774,654
Amount owed to parent undertaking	178,696,784	91,904,772
Amounts owed to fellow group undertakings	306,192	314,278
Accruals	1,852,281	2,285,587
Social security and other taxation	90,001	100,231
Other payables	522,170	733,557
	204,868,884	115,113,079

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

20 Retirement benefit schemes

Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is $3,738 (2018 - $1,941).

21 Share capital

	2019 $	2018 $
Ordinary share capital		
Issued and fully paid		
64,000 Ordinary shares of £1 each	104,774	104,774
	104,774	104,774

22 Retained earnings

	2019 $	2018 $
At the beginning of the year	12,294,869	10,555,415
Profit for the year	4,516,660	1,739,454
Dividends	(1,152,000)	-
At the end of the year	15,659,529	12,294,869

23 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2019	2018
	$	$
Minimum lease payments under operating leases	123,897	130,406

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:

	2019	2018
Land and buildings	$	$
Within one year	140,134	104,573
Between two and five years	52,420	-
	192,554	104,573

24 Capital risk management

The company is not subject to any externally imposed capital requirements.

25 Related party transactions

Remuneration of key management personnel

Two director received directors fees totalling $262,396 (2018: $282,674), ok ease refer to note 5.

No guarantees have been given or received.

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchase of goods	
	2019	2018
	$	$
Parent company	283,404,165	180,922,009

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019 $	2018 $
Parent company	178,774,449	91,904,772
Key management personnel	187,990	201,557
Other related parties	306,192	314,278
	179,268,631	92,420,607

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019 $	2018 $
Parent company	2,841,669	7,409,878
Other related parties	8,482,834	6,445,560
	11,324,503	13,855,438

No guarantees have been given or received.

26 Controlling party

The immediate and ultimate parent company is Bharat Forge Limited, a company incorporated in India.

27 Cash generated from operations

	2019 $	2018 $
Profit for the year after tax	4,516,660	1,739,454
Adjustments for:		
Taxation charged	1,068,719	542,120
Finance costs	514,436	572,342
Investment income	(738,849)	(614,329)
Depreciation and impairment of property, plant and equipment	299,135	296,211
Movements in working capital:		
Increase in inventories	(38,544,029)	(1,584,090)
Increase in trade and other receivables	(51,145,603)	(28,134,396)
Increase in trade and other payables	89,755,805	27,156,803
Cash generated from/(absorbed by) operations	5,726,274	(25,885)

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Mécanique Générale Langroise

Registered Office
rue du Stade
52200 Saints Geosmes
France

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

Statutory Auditors' report on the financial statements

For the year ended 31st December 2018

Opinion

In compliance with the engagement entrusted to us by your Annual annual general meeting, we have audited the accompanying financial statements of SAS Mécanique Générale Langroise for the year ended 31 December 2018.

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 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in *the* Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of article L.823-9 and R.823-7of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we inform you that the most important assessments made by us according to our professional judgment focused on the appropriateness of the accounting principles used and the reasonableness of the significant estimates and the presentation of financial statements taken as a whole.

These assessments were made in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Specific Verification

Verification of the Management Report and of the Other Documents Provided to shareholders

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

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 other documents provided to shareholders with respect to the financial position and the financial statements provided to sole shareholder.

We attest the fair presentation and the consistency with the financials statements of the information relating to payment terms, required under Article D.441-4 of the french commercial code(code de commerce)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of thefinancial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Dijon, on the Avril 12, 2019

French original signed by Isabelle Fanjas, Commissaire aux comptes

Guillaume Fabre, Commissaire aux comptes

Balance Sheet as at December 31st, 2018

ASSETS	Rs.		EUR		*As at 31/12/2017* EUR
A. Fixed Assets					
I. Other Intangible assets	156,688.90		1,964.00		2,342.00
II. Tangible assets					
1. Land	5,770,364.00		72,328.00		72,328.00
2. Buildings	112,788,644.73		1,413,737.00		1,621,271.00
3 Fixtures,fittings,plant machinery and equipment	25,537,578.49		320,098.00		386,332.00
4. Other Tangible Assets	2,986,822.36		37,438.00		27,824.00
5 Tangible Assets in progress	-		-		5,865.00
III. Other Fixed Assets	7,419.59		93.00		93.00
		147,247,518.07		1,845,658.00	2,116,055.00
B. Current assets					
I. Inventories					
Raw materials and consummables	27,251,024.30		341,575.00		243,669.00
Work in progress (service)	5,436,642.17		68,145.00		68,816.00
Semi-finished and Finished goods	1,164,555.96		14,597.00		14,597.00
II. Accounts receivable and other assets					
Advances and down-payments to suppliers	54,330.52		681.00		24.00
Trade Debtors	80,977,925.52		1,015,009.00		940,518.00
Other Debtors	7,612,894.65		95,423.00		152,059.00
Prepaid expenses	2,616,959.93		32,802.00		35,976.00
III. Cash on hands, bank balances		62,041,305.83	777,650.00		453,532.00
Total		187,155,638.90		**2,345,882.00**	**1,909,191.00**
Total Assets		334,403,156.97		4,191,540.00	4,025,246.00

EQUITY AND LIABILITIES	**Rs.**		**EUR**		***As at 31/12/2017*** **EUR**
A. Equity					
Share Capital (paid in: 600,000)	47,868,300.00		600,000.00		600,000.00
Legal reserves	4,786,830.00		60,000.00		60,000.00
Other Reserve	127,126,716.41		1,593,456.00		2,624,392.00
Net Income or loss of the tax year	**11,761,161.53**		**147,419.00**		**(1,030,935.00)**
Subsidies of Investment	12,295,850.44		154,121.00		173,627.00
Regulated Provisions	5,127,412.95		64,269.00		87,274.00
		208,966,271.33		2,619,265.00	2,514,358.00
Income from profit sharing secruity					
D. Loans & Debts					
Bank Borrowings	22,875,941.45		286,736.00		440,437.00
Other loans & financial liabilities	31,912,200.00		400,000.00		0.00
-Miscellaneous					
-Partners					
Trade Creditors	19,364,721.86		242,725.00		338,209.00
Tax Payables & Social Liabilities					
-Staff	8,845,822.50		110,877.00		225,122.00
-Payroll Taxes	16,404,546.19		205,621.00		231,537.00
-State, Profit Tax	-		-		-
-State, Turnover Tax	16,892,084.83		211,732.00		152,496.00
-Other Taxes	4,700,906.40		58,923.00		51,922.00
Fixed Assets creditors	628,271.44		7,875.00		24,531.00
Other Creditors	3,812,390.97		47,786.00		46,634.00
		125,436,885.64		1,572,275.00	1,510,888.00
Total		**334,403,156.97**		**4,191,540.00**	**4,025,246.00**

Income statement for the period from January 1 to December 31, 2018

	2018		Previous Year
	Rs.	**Eur**	**Eur**
Sales of manufactured goods	6,855,618	85,931	88,733
Sales of manufactured services	423,163,192	5,304,093	4,693,540
Stored production	(53,533)	(671)	(110,625)
Operating subsidies	-	-	-
Recaptures on depreciations and reserves, expense transfer	5,595,405	70,135	22,695
Other operating income	638	8	2
Total operating income	**435,561,320**	**5,459,496**	**4,694,345**
Operating expenses			
Purchase of raw materials and other supplies (including customs duties)	96,611,393	1,210,965	824,050
Variation in inventory (raw materials and supplies)	(6,994,197)	(87,668)	85,293
Other purchases and external expenses	138,774,350	1,739,452	1,662,014
Taxes and assimilated payments	16,015,058	200,739	191,038
Salaries and wages expenses	145,454,292	1,823,181	1,874,577
Social security expenses	57,083,028	715,501	737,577
Operating allowances on fixed assets : depreciation allowances	29,614,442	371,199	384,024
Operating allowances on current assets : reserve allowances	63,665	798	12,323
Other/Operating expenses	718	9	16
Total operating expenses	**476,622,749**	**5,974,176**	**5,770,912**
***Including**			
Equipment Leasing	**39,321,255**	**492,868**	**582,659**
Operating result	**(41,061,429)**	**(514,679)**	**(1,076,567)**
Other interest and assimilated income	-	-	1,437
Total financial income	**-**	**-**	**1,437**
Interests and assimilated expenses	1,379,006	17,285	10,765
Total financial expenses	**1,379,006**	**17,285**	**10,765**
Financial result	**(1,379,006)**	**(17,285)**	**(9,328)**
Income Before tax and Ordinary items	**(42,440,435)**	**(531,963)**	**(1,085,895)**
Extraordinary Income			
On operating activities	55,369,422	694,022	6,000
Extraordinary capital gains	1,635,899	20,505	20,817
Recaptures on reserves and expense transfers	2,119,289	26,564	38,052
Total extraordinary income	**59,124,610**	**741,091**	**64,869**
Extraordinary Expenses			
Extraordinary operating losses	-	-	-
On investing activities	4,639,236	58,150	5,594
Depreciation and reserve extraordinary allowances	283,939	3,559	5,382
Total extraordinary expense	**4,923,175**	**61,709**	**10,976**
Extraordinary result	**54,201,435**	**679,382**	**53,893**
Income tax	-	-	(1,067)
Total income	**494,685,930**	**6,200,587**	**4,760,651**
Total expenses	**482,924,930**	**6,053,170**	**5,791,586**
Net result	**11,761,000**	**147,417**	**(1,030,935)**

Accounting rules and methods

Annex to the balance sheet and the income statement for the year ended December 31, 2018 whose total assets prior distribution is 4 025 246 Euros and the income statement of the year, presented as a list and a result of (1 030 935) Euros.

The exercise has a duration of 12 months, covering the period from 01/01/2018 to 31/12/2018. Notes or

tables below are an integral part of the annual accounts.

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

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

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

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

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

Depreciation

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

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

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

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

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

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

. transport equipment 04 to 05 years,
. office equipment and computer 03 to 10 years.

Participation, other long-term securities, investment securities

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

Stocks

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

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

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

The cost of the sub-activity is excluded from the value of stocks. Interests are always excluded from the valuation of stocks.

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

Receivables

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

Competitiveness (CICE) employment tax credit

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

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

CICE accounting was conducted by option:

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

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

- reduction of personnel expenses,
- Increase in working capital amounting to € 70,405 corresponding to the CICE calculated over the period from 01/01/2018 to 31/12/2018.

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

Retirement commitments

The commitments of the company in terms of severance pay to the retirement of its employees amounted to € 177,638. These have not been the subject of recognition in the annual accounts.

The calculation is based on the following parameters:
- mortality table: TG05
- discount rate: 1.60% (rate iboxx to 31/12/2018)
- the staff turnover rate: 1%
- wage growth rate: 1%

Information required by article R.123 - 198-9 (the commercial code)
The total amount of the fees of the auditor contained in the income statement for the year totalled € 17,560 tax-free.

AverageManpower

Workers Categories	Salaried Staff	Staff at company's disposal
Executives	4	
Supervisors	6	
Employees	2	
Workers	30	
Total	**42**	

Financial commitments

Granted Commitment's

Nature of commitments granted	Amount
Notes receivable discounted	
Warranties, collaterals and guaranties	
Commitments under equipment leases	1,199,023
Commitments under real estate leases	
Other commitments	1,050,070
TOTAL	**2,249,093**

COMMENTS:

Detail of other commitments (including commitments with real security: 223,424€) :
Bank loans: 686,736 €
Mortgage promise: 118,979€
Pledge of goodwill: 223,424€
Other Société Générale : 20,913€

Leasing

	Lands	Buildings	Plant & Machinery & equipment	Other tangible assets	Total
Original Value :			3,220,671		3,220,671
Paper allowance : Up to date Period					
Total					
Paper Net Value					
Rents Up to date Period			 1,568,995 492,868		 1,568,995 492,868
Total			**2,061863**		**2,061863**
Futural rentals Within one year Between one and five years			 410,598 788,425		 410,598 788,425
Total			**1,199,023**		**1,199,023**
Residual Value Within one year Between one and five years After more than five years			 4,354 22,410		 4,354 22,410
Total			**26,764**		**26,764**
Charges booked during period :			**486,729**		**486,729**

Capital

Category of shares	Par Value		Number of shares			
	As at the beginning of the period	As at the end of the period	As at the beginning of the period	Issued during the period	Redeemed during the period	As at the end of the period
Capital Composite	75.00000	75.00	8000			8000

Change in Equity

Headings	Amount
Prior year closing equity before appropriation	3,284,392
Appropriation of earnings to net equity by the Ordinary Shareholders' Meeting	
Opening equity	**3,284,392**
Change in share capital	
Change ln other items	
Contributions received with retroactive effect to the beginning of the year	
Opening equity after retroactive contributions	**3,284,392**
Changes in share capital	
Changes in paid-in capital, reserves, retained earnings	(1,030,935)
Changes in tax-driven provisions and equipment grants	
Changes during the year	(1,030,935)
Closing balance sheet equity before Ordinary Shareholders' Meeting	2,253,457
Total change in equity during the year	(1,030,935)
Of which structural changes during the year	
Total change in equity during the year excluding structural transactions	(1,030,935)

Fixed Assets

Schedule A		Gross amount opening balance	Increase	
Intangible assets			Revaluations	Acquisitions
Set-up and research & development costs				
Other intangible assets		57,683		2,397
	TOTAL	57,683		2,397
Tangible assets				
Land		72,328		
Buildings		2,377,824		
Building fixtures and fittings		973,783		
Plant, machinery and equipment		2,055,140		75,839
Other fixtures and fittings		289,616		3,753
Vehicles		81,349		
Office equipment, computer hardware, furniture		71,558		71,290 5,765
Tangible assets in progress Payment on account		5,865		
	TOTAL	5,926,730		156,556
Financial assets				
Loans and other financial assets		93		
	TOTAL	93		
	GRAND TOTAL	5,984,507		158,953

Schedule B	Reductions		Gross amount	Revaluation
	Reclassification	Disposals	closing balance	Original value
Set-up and research & development costs Other intangible assets			60,080	
TOTAL			60,080	
Land			72,328	
Buildings			2,377,824	
Building fixtures and fittings			973,049	
Plant, machinery and equipment			2,130,979	
Other fixtures and fittings		534	292,835	
Vehicles		78,712	73,927	
Office equipment, computer hardware, furniture		4,316	72,917	
Tangible assets in progress Payment on account	5,865			
TOTAL	**5,865**	**83,562**	**5,993,860**	
Loans and other financial assets			93	
TOTAL			**93**	
GRAND TOTAL	**5,865**	**83,562**	**6,054,033**	

Depreciation

Schedule A				
SITUATION AND CHANGES WITHIN THE PERIOD				
DEPRECIABLE ASSETS	Opening balance	Additional allowances	Reductions disposal	Closing balance
Intangible assets				
Set-up, research & development costs				
Other intangible assets	55,341	2,775		58,116
TOTAL	**55,341**	**2,775**		**58,116**
Tangible assets				
Land				
Buildings	1,118,824	133,305		1,252,329
Buildings on other people's lands				
Building fixtures and fittings	610,779	74,209		684,807
Plant, machinery and equipment	668,809	142,073		1,810,882
Other fixtures and fittings	275,175	7,899	534	282,514
Vehicles	81 349	5,380	26,427	60,303
Office equipment, computer hardware, furniture Returnable containers and others	58,175	5,538	4,316	59,398
TOTAL	**3,813,111**	**368,424**	**31,276**	**4,150,259**
GRAND TOTAL	**3,868,452**	**371,199**	**31,276**	**4,208,375**

Schedule B	BREAKDOWN OF DEPRECIATION ALLOWANCES FOR THE PERIOD						
Depreciable assets	ALLOWANCES			REVERSALS			Mouvements nets amort. à fin dexercice
	Straight line Depreciation	Decreasing balance Depreciation	Exceptionnel Depreciation	Straight line Depreciation	Decreasing balance Depreciation	Exceptionnel Depreciation	
Intangible assets							
Set-up, R&D. costs Others int. assets							
TOTAL							
Tangible assets							
Land							
Buildings Buildings on other people's lands Buildings fixtures & fittings							
Plant, mach., & equipment		3,559			26,847		22,928
Other fixtures and fittings Vehicles Office equip. comput. hardw. Returnable contain. & others					77		77
TOTAL		**3,559**			**26,564**		**(23,005)**
GRAND TOTAL		**3,559**			**26,564**		**(23,005)**
Unventilated grand total	**3,559**	Unventilated grand total		26,564	Unventilated grand total		**(23,005)**

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

Provisions

Type of provisions	Opening balance	Additions Allowances	Reductions Reversals	Ending balance
Tax regulated				
Provisions for reconstitution of mines and oilfields Provisions for capital expenditures Price increase Provisions Tax depreciation allowances	87,274	3,559	26,564	64,269
Tax provisions for setting-ups abroad before 01/01/92 Tax provisions for setting-ups abroad after 01/01/92				
Provisions for set-up loans Other tax regulated provisions				
TOTAL	**87,274**	**3,559**	**26,564**	**64,269**
Contingencies and liabilities				
Provisions for litigation Provisions for warranties given to customers Provisions for losses on future market Provisions for penalties Provisions for exchange losses Provisions for pension and similar commitments Provisions for taxes Provisions for assets renewals Provisions for important repairs Provisions for social contributions and taxes due on vacation				
Other provisions for contingencies and liabilities				
TOTAL				

Type of provisions	Opening balance	Additions Allowances	Reductions Reversals	Ending balance
Provisions for loss in value				
On intangible assets On tangible assets On investments assessed on the equity method On securities On other investments On stocks and works in progress On trade debtors Other provisions for loss in value	36,976	798	11,036	26,737
TOTAL	**36,976**	**798**	**11,036**	**26,737**
GRAND TOTAL	**1,24,250**	**4,357**	**37,600**	**91,007**
Including operating allowances and reversals		798	11,036	
Including financial allowances and reversals				
Including exceptional allowances and reversals		3,559	26,564	
Investments assessed on the equity method : allowances for the period				

Receivables

Receivables (a)	Gross amount	liquidity of the asset	
		Within 1 year	After 1 year
Fixed Assets			
Amount receivable from subsidiaries			
Loans (1) (2)			
Other financial assets	93		93
Current Assets			
Doubtful and in dispute trade debtors			
Other trade debtors	1,015,009	1,015,009	
Receivables representing borrowed securities			
Employees			
Social contributions			
Corporation tax	70,525	70,525	
Value-added tax	21,495	21,495	
Other taxes			
Sundries			
Intercompany and current accounts (2)			
Other debtors	3,403	3,403	
Prepaid expenses	32,803	32,803	
TOTAL	**1,143,328**	**1,143,235**	**93**
(1) Including Joans granted within the period			
(1) Including redemptions received within the period			
(2) Loans and advances granted to partners			

Payables

Payables (b)	Gross amount	Within 1 years	1 to 5 years	After 5 years
Convertible debenture loans (1)				
Other debenture loans (1)				
Bank loans and overdraft (1)				
- Payable over 1 year				
- Payable over more than 1 year	286,736	154,832	131,904	
Other loans and financial liabilities (1)				
(2) Trade creditors	400,000	400,000		
Personnel	242,724	242,724		
Social contributions	110,877	110,877		
	205,621	205,621		
Corporation tax				
Value-added tax	211,732	211,732		
Guaranteed bonds				
Other taxes	58,923	58,923		
Fixed assets creditors	7,875	7,875		
Intercompany and current accounts (2)				
Other creditors	47,786	47,786		
Liabilities representing borrowed securities				
Deferred income				
TOTAL	**1,572,274**	**1,440,370**	**131,904**	
(1) Loans raised within the period	63,089			
(1) Loans redeemed within the period				
(2) Loans and liabilities raised from partners	226,176			

Sales breakdown

Sales breakdown	France	Export	Total
Finished goods			
Semi-finished goods			
Waste products	85,931		85,931
Works	1,779,464	156,974	1,936,438
Surveys			
Services	3,367,655		3,367,655
Goods			
TOTAL	**5,233,050**	**156,974**	**5,390,024**

Tax Corporation Breakdown

	Before tax	Corporation tax	After tax
+ Profit or loss before tax and extraordinary items	(531,963)		(531,963)
+ Extraordinary profit or loss	679,382		679,382
- Employee profit-sharing			
Profit or loss	147,419		147,419

Accrued Receivables

Accrued receivables included in Balance Sheet	2018/12/31	2017/12/31
Amounts receivable from subsidiaries Other long-term investments Loans Other financial assets Trade debtors Other debtors Securities Other receivables	3,403	39,419
TOTAL	**3,403**	**39,419**

Accrued receivables details

Accrued receivables included in Balance Sheet	2018/12/31	2017/12/31
Amounts receivable from subsidiaries		
Other long-term investments		
Loans		
Trade debtors		
Other debtors	3,403	**39,419**
40980000 FOURNISSEURS AVOIRS A RECEVOIR		**579**
4487000 ETAT PRODUITS A RECEVOIR		**10298**
4687000 PRODUITS A RECEVOIR		**28542**
Securities		
5088000 INTERETS COURUS S/ BONS ET VALEURS		
Other receivables		
TOTAL	**3,403**	**39,419**

Accrued Payables

Accrued payables included in Balance Sheet	2018/12/31	2017/12/31
Convertible debenture loans		
Other debenture loans		
Bank loans and overdrafts	9,433	47
Other loans and financial liabilities		
Trade creditors	58,218	62,717
Social contributions	219,285	379,704
Fixed assets creditors		
Other creditors	1,152	
TOTAL	**288,087**	**442,467**

Accrued payables details

Accrued payables included in Balance Sheet	2018/12/31	2017/12/31
Convertible debenture loans		
Other debenture loans		
Bank loans and overdrafts	**9,433**	**47**
16884000 INTERETS COURUS SUR EMPRUNTS ETS CREDIT	9,433	47
Other loans and financial liabilities		
Trade creditors	**58,218**	**62 717**
40810000 FOURNISSEURS N0N PARYENUES	58,218	62 717
Social contributions	**219,285**	**379 704**
42820000 DETIES PROVISIONNEES *Pl* CONGES A PAYER	110,877	115 121
42860000 PERSONNEL AUTRES CHARGES PA YER		110 000
43820000 CHARGES SOCIALES SUR CONGES A PAYER	49,485	49 640
43860000 CHARGES,\ PAYER SUR ORGA IS\ IES SOCULUX		53 020
44820000 CHARGES FISCALESSUR CONGES A PAYE R	2,362	2 452
44860000 ETJ\TCHARGESA PAYER	56,561	49 470
Fixed assets creditors		
Other creditors	1,152	
46860000 CHARGES J\ PAYER	1,152	
TOTAL	**288,087**	**442,467**

Prepaid Expenses	2018/12/31	2017/12/31
Operating expenses Financial expenses Extraordinary expenses	32,803	35,976
TOTAL	32,803	**35,976**

Expense Reclassifications

Type of expense reclassification	Amount
REMIBURSEMENT INSURANCE CLAIMS	2,306
AID FOR PERSONNEL EXPENSES	3,111
BENEFIT IN KIND	53,682
Total	**59,099**

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Bharat Forge America Inc.

Directors	***Registered Office***	***Auditors***
Mr. B. N. Kalyani	2150, Schmiede St,	KNAV P.A
Mr. A. B. Kalyani	Surgoinville	One Lakeside
Mr. S. E. Tandale	TN 37873	Commons, Suite 850
Mr. S. G. Joglekar	U.S.A	990 Hammond Drive NE,
		Atlanta, GA 30328

Auditor's Report

Board of Directors
Bharat Forge America, Inc.

We have audited the accompanying separate parent company financial statements of Bharat Forge America, Inc. (“the Company”) a Delaware corporation, which comprise the balance sheets as at December 31, 2018 and December 31, 2017 and the related statements of income, stockholder’s equity, and cash flows for the years then ended, and the related notes to the separate parent company financial statements.

Management's responsibility for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of these separate parent company 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 separate parent company financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company 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 separate parent company 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 separate parent company financial statements.

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

Basis for qualified opinion

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

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the separate parent company financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and December 31, 2017 and the result of its operations, stockholder's equity and the cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A

Atlanta, Georgia

April 14, 2019

Balance Sheet as on 31st December, 2018

(All amounts are stated in United States Dollars, unless otherwise stated)

			As at 31/12/2017
	Rs.	USD	USD
Assets			
Current Assets			
Cash and cash equivalents	4,546,131	65,138	96,241
Receivables,related parties(refer note J)	402,069,113	5,760,938	4,061,290
Prepaid expenses and other current assets	1,447,561	20,741	35,610
Total current assets	**408,062,805**	**5,846,817**	**4,193,141**
Investments	1,140,677,465	16,343,887	15,455,156
Total assets	**1,548,740,270**	**22,190,704**	**19,648,297**
Liabilities and Stockholder's Deficit			
Current Liabilities			
Trade accounts payable	1,869,385	26,785	65,988
Payable related parties(refer note J)	1,778,936	25,489	-
Other current liabilities	3,305,922	47,368	32,778
Short term borrowing	475,983,486	6,820,000	4,000,000
Total current liabilities	**482,937,729**	**6,919,642**	**4,098,766**
Long term borrowings	187,043,364	2,680,000	4,000,000
Total Liabilities	**669,981,093**	**9,599,642**	**8,098,766**
Stockholder's Equity			
Common stock ($ 0.01 par value, authorized 3000 shares, issued and outstanding 60 shares) (Refer Note L)	70	1	1
Additional Paid up capital	2,754,153,862	39,462,145	39,462,145
Accumulated deficit	(1,875,394,755)	(26,871,084)	(27,912,615)
Total Stockholder's equity	**878,759,177**	**12,591,062**	**11,549,531**
Total liabilities and stockholder's deficit	**1,548,740,270**	**22,190,704**	**19,648,297**

(The accompanying notes are an integral part of these separate parent company financial statements).

Statements of income (loss) for the period ended December 31, 2018

			Previous Year
	Rs.	**USD**	**USD**
Cost and Expenses	-	-	
Selling , General and administrative Expenses	3,782,046	54,190	50,258
Total cost and expense	**(3,782,046)**	**(54,190)**	**(50,258)**
Non-operating income(expenses)			
Equity in earnings(loss) of unconsolidated investee	62,026,581	888,731	2,018,183
Interest expenses	(20,780,727)	(297,751)	(167,022)
Other Expenses	35,229,269	504,773	(4,429)
Profit (loss) before Income tax	**72,693,077**	**1,041,563**	**1,796,474**
Current Tax Expenses	(2,233)	(32)	(800)
Net Income (Loss)	**72,690,844**	**1,041,531**	**1,795,674**

(The accompanying notes are an integral part of these separate parent company financial statements)

Statement of Stockholder's Equity

	Common Stock											
	Authorized			Issued & Outstanding			Additional Paid in Capital		Accumulated Deficit		Total Stockholder's equity	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance January 1 , 2017	3,000	2,094	30	60	70	1	2,754,153,862	39,462,145	(2,073,409,818)	(29,708,289)	680,744,114	9,753,857
Net Loss		-	-	-	-	-	-	-	125,324,219	1,795,674	125,324,219	1,795,674
Balance December 31 , 2017	3,000	2,094	30	60	70	1	2,754,153,862	39,462,145	(1,948,085,599)	(27,912,615)	806,068,333	11,549,531
Net Income		-	-	-	-	-	-	-	72,690,844	1,041,531	72,690,844	1,041,531
Balance December 31 , 2018	**3,000**	**2,094**	**30**	**60**	**70**	**1**	**2,754,153,862**	**39,462,145**	**(1,875,394,755)**	**(26,871,084)**	**878,759,177**	**12,591,062**

(The accompanying notes are an integral part of these separate parent company financial statements)

Statement of Cash Flow for the period ended December 31 , 2018

	Rs.	USD	Previous Year USD
Cash Flow from Operating Activities			
Net Loss	72,690,844	1,041,531	1,795,674
Adjustments to reconcile net loss to net cash fom Operating Activities :			
Equity in loss (earnings) of unconsolidated investees	(62,026,581)	(888,731)	(2,018,183)
Disposal of assets	-	-	4,429
Changes in operating assets and liabilities which provided (used) cash :			
Account Receivable	(118,622,343)	(1,699,648)	(2,367,111)
Prepaid expense and other assets	1,037,742	14,869	(16,363)
Accounts Payable	(957,062)	(13,713)	(102,268)
Other Current liabilities	1,018,270	14,590	(292,612)
Net cash (used in) provided by operating acitivties	**(106,859,130)**	**(1,531,102)**	**(2,996,434)**
Cash Flow from Financing Acitivities			
Proceeds from short term borrowings	104,688,450	1,500,000	3,000,000
Net cash used in financing activities	**104,688,450**	**1,500,000**	**3,000,000**
Net (Decrease) Increase in Cash and Cash Equivalents	**(2,170,680)**	**(31,103)**	**3,566**
Cash and Cash Equivalents - Beginning of Year	6,716,881	**96,241**	**92,675**
Cash and Cash Equivalents - End of Year	**4,546,201**	**65,138**	**96,241**
Supplemental Cash Flow Information - cash paid for			
Interest	20,077,639	287,677	6,000
Income taxes	55,834	800	-

NOTE A - NATURE OF OPERATIONS

Bharat Forge America, Inc. (“BFA” or the “Company”), incorporated on March 22, 2005 in the State of Delaware, is an international holding company and a wholly owned subsidiary of Bharat Forge Limited, a public company, listed on stock exchanges in India.

On November 30, 2016 the Company acquired 100 percent of the shares of Bharat Forge Tennessee Inc (formerly known as PMT Holdings, Inc.) and 82.10 percent of membership interest of Bharat Forge PMT Technologie LLC (formerly known as Walker Forge Tennessee, LLC).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These separate parent company financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The significant accounting policies are detailed below:

1. *Basis of presentation*

a. The Company reported its investments in Bharat Forge Tennessee, Inc. and Bharat Forge PMT Technologie, LLC applying the equity method of accounting which is a departure from accounting principles generally accepted in the United States of America. All amounts are stated in US Dollars, unless specified otherwise.

b. The separate parent company financial statements are for the year ended December 31, 2018 and December 31, 2017.

c. Certain reclassifications, regroupings and reworking have been made in the separate parent company financial statements of prior years to conform to the classifications used in the current year. This has no impact on the statement of income.

2. *Use of estimates*

The preparation of separate parent company 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 revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the separate parent company financial statements are prudent and reasonable. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revision in accounting estimates are recognized prospectively in the current and future periods.

3. *Cash and cash equivalents*

Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of $ 250,000.

4. *Accounts receivable and provision for doubtful debts*

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

5. *Investments*

The Company's investments in BFT and PMT are accounted for using equity method. Under the equity method, the investment is carried at cost, adjusted for Company's proportionate share of undistributed earnings or losses. The Company has determined to account for its investments in subsidiaries, over which it can exercise significant influence and has an interest in excess of 50 percent, using the equity method, which is a departure from US GAAP as the subsidiaries should be consolidated. Impairment losses due to decline in the value of investment that is other than temporary are recognized when incurred.

6. *Income taxes*

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

7. *Fair values measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

8. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTE C - CONCENTRATION RISK

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from expectations include but are not limited to government regulations and credit risk.

NOTE D - RECEIVABLES, RELATED PARTIES

Receivables, related parties include the following: (Refer Note J)

	As at	
	December 31, 2018	**December 31, 2017**
Bharat Forge Limited	345,242	310,626
Bharat Forge International Limited	-	7,931
Bharat Forge Tennessee, Inc.	412,869	215,184
Bharat Forge PMT Technologie, LLC	5,002,827	3,527,549
Total	**5,760,938**	**4,061,290**

NOTE E - INVESTMENTS

Investments include the following:

	As at	
	December 31, 2018	**December 31, 2017**
Investment in Bharat Forge Tennessee, Inc.	6,155,785	5,928,359
Investment in Bharat Forge PMT Technologie, LLC	10,188,102	9,526,797
Total	**16,343,887**	**15,455,156**

On November 30, 2016, the Company acquired 100 percent of shares of PMT Holdings Inc. and 82.10% of the membership interest of Walker Forge Tennessee, LLC, both of which are accounted for using the equity method.

Following is summary of financial position of PMT as at December 31, 2018 and December 31, 2017:

	As at	
	December 31, 2018	December 31, 2017
Assets:		
Current assets	13,880,260	13,916,772
Property, plant and equipment	14,173,959	13,647,245
Other assets	81,900	81,900
Total assets	28,136,119	27,645,917
Current liabilities	8,389,388	7,774,224
Members' equity	19,746,731	19,871,693

PMT has revenues of $ 49,598,568 and net profit of $ 805,487 for the year ended December 31, 2018 (for the year ended December 31, 2017: revenue $ 40,956,390 and profit of $ 1,841,392). The net profit is adjusted for depreciation based on fair value of fixed assets.

Following is summary of financial position of BFT as at December 31, 2018 and December 31, 2017:

	As at	
	December 31, 2018	December 31, 2017
Assets:		
Current assets	750,000	390,000
Land, building and equipment	3,688,254	3,849,949
Investment	3,881,915	3,737,733
Total assets	8,320,169	7,977,682
Current liabilities	456,176	230,896
Non-current liabilities	702,574	725,008
Stockholder's equity	7,161,418	7,021,778

BFT has income from rentals of $ 360,000 and net profit of $ 227,426 during the year ended December 31, 2018 (for the year ended December 31, 2017: income from rentals of $ 360,000 and net profit of $ 444,549). The net profit is adjusted for depreciation based on fair value of fixed assets.

NOTE F - OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at	
	December 31, 2018	December 31, 2017
Accrued interest	32,781	22,798
Provision for tax	832	1,600
Accrued expenses	11,413	8,537
Employee related liabilities	2,252	(157)
Total	**47,368**	**32,778**

NOTE G - SHORT TERM BORROWINGS

Short term borrowings include the following:

	As at	
	December 31, 2018	**December 31, 2017**
Line of credit	5,500,000	4,000,000
Current maturities of long- term borrowings	1,320,000	-
Total	**6,820,000**	**4,000,000**

Under a line of credit agreement with a bank, the Company has available borrowings of $ 8,000,000 through November 23, 2018. The agreement provides for monthly interest payment at an interest rate of 1.2% plus the applicable LIBOR at the time of advance (an effective rate of 4.30% at December 31, 2018 and 2.40% at December 31, 2017). At December 31, 2018 the outstanding balance was $ 5,500,000 (December 31, 2017: $ 4,000,000). The line of credit is unsecured.

For the current maturities of long-term borrowings- *Refer Note H*.

NOTE H - LONG TERM BORROWINGS

Long term borrowings include the following:

	As at	
	December 31, 2018	**December 31, 2017**
Line of credit	2,680,000	4,000,000
Total	**2,680,000**	**4,000,000**

Under a line of credit agreement with a bank, the Company has available borrowings of $ 4,000,000 through November 23, 2021. The agreement provides for a monthly interest payment at an interest rate of 1.35% plus the applicable LIBOR at the time of advance (an effective rate of 4.45% at December 31, 2018 and 2.46% at December 31, 2017).

The agreement stipulates that the outstanding balances must be repaid 33% in November 2019 ($ 1,320,000), 33% in November 2020 ($ 1,320,000) and the balance due in November 2021 ($ 1,360,000). At December 31, 2018, the outstanding balance was $ 4,000,000 (December 31, 2017: $ 4,000,000). The line of credit is guaranteed by Bharat Forge Limited.

The interest outstanding as on December 31, 2018 on the short-term and long-term loans was $ 32,781 and as on December 31, 2017 was $ 22,798.

NOTE I - INCOME TAXES

For the year ended December 31, 2018, the Company will file a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States.

The Company files combined state tax returns with its US subsidiaries in states where nexus is determined, and combined filing is required or permitted based on the state statutes.

The components of the provision for income tax are as follows:

	For the year ended	
	December 31, 2018	**December 31, 2017**
Current tax benefit (expense)		
State	32	(800)
Provision for income taxes	**32**	**(800)**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	As at	
	December 31, 2018	**December 31, 2017**
Non-current deferred tax assets:		
Start-up costs	6,706	11,440
Goodwill	55,538	59,866
Net operating losses	6,246,548	6,323,519
Total deferred tax assets	6,308,793	6,394,825
Non-current deferred tax liabilities:		
Investment in Bharat Forge PMT Technologie, LLC	(615,022)	(527,608)
Total deferred tax liabilities	(615,022)	(527,608)
Net deferred taxes	5,693,770	5,867,217
Less: deferred tax asset valuation allowance	(5,693,770)	(5,867,217)
Net deferred taxes	-	-

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Management believes that negative evidence outweighs the positive evidence and thus it is more likely than not that the benefit from deferred tax asset may not be realized in foreseeable future. In recognition of this risk, a valuation allowance of $ 5,693,770 and $ 5,867,217 has been created as at December 31, 2018 and December 31,2017.

As at December 31, 2018, the Company has federal net operating loss (NOL's) carryforwards of approximately $ 29,745,468. Out of total available NOL's of $ 29,745,468, NOL's aggregating to $ 28,720,579 will expire through tax years 2026 and 2037. As per Tax Cuts and Jobs Act, NOL's of $ 1,024,889 for tax year 2018 will be carried forward indefinitely for utilization.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at December 31, 2018 and December 31, 2017.

The tax years of 2015 through 2017 remain subject to examination by the taxing authorities.

NOTE J - RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Parent company

1. Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc. as of December 31, 2018 and 2017, respectively) (BFL)

B. Subsidiaries

1. Bharat Forge Tennessee, Inc. (owning 100% of common stock as of December 31, 2018 and 2017 respectively) (BFT)
2. Bharat Forge PMT Technologie, LLC (owning 82.10% of common stock as of December 31, 2017 and 2016, respectively) (PMT)

C. Other related parties where common control exists

1. Bharat Forge International Limited (BFIL)
2. CDP Bharat Forge GmbH (CDP)

PMT

Payable

As per the arrangement between Bharat Forge PMT Technologie LLC and Bharat Forge America Inc., the vendor payments and receipts were processed and recorded in the operational bank accounts of BFA as PMT did not have operational bank account at the time of acquisition in November 2016. The net payable on account of the transactions processed by BFA on behalf of PMT was $ 4,785,732 and as on December 31, 2017 was $ 3,527,549.

Service fee

BFA charged a service fee to PMT in lieu of above transaction and the payable on account of the service fee was $ 217,095 as on December 31, 2018 and $ Nil as on December 31, 2017.

The net receivable from PMT as on December 31, 2018 is $ 5,002,827 and as on December 31, 2017 is $ 3,527,549.

BFIL

The property taxes for property owned by BFIL in State of New York are paid by BFA on behalf of BFL. The receivable from BFIL as on December 31, 2018 was $ 49,993 and as on December 31, 2017 was $ 7,931.

An amount of $ 75,482 was deposited by a customer on behalf of BFIL to BFA account which stands payable to BFIL as on December 31, 2018.

The net payable to BFIL by BFA is $ 25,489 as on December 31, 2018.

BFT

The Company had a receivable outstanding from Bharat Forge Tennessee Inc. amounting to $ 412,869 as on December 31, 2018 and $ 215,184 as on December 31, 2017 for payroll expenses and other expenses paid on behalf of BFT.

BFL

The Company had a receivable outstanding from Bharat Forge Limited. amounting to $ 345,242 as on December 31, 2018 and $ 310,626 as on December 31, 2017 for payroll expenses and other expenses paid on behalf of BFL.

NOTE K - COMMON STOCK

Common stock issued

Common stock issued as at December 31, 2018 was 60 shares of $ 0.01 par each (December 31, 2017, 60 shares of $ 0.01 par each).

Voting

Each holder of common stock is entitled to one vote in respect of each share held in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE L - FAIR VALUE MEASUREMENTS

Financial assets and liabilities held by the Company measured at fair value on a recurring basis as of December 31, 2018 and 2017 include cash and cash equivalents, prepaid expenses, accounts receivable, accounts payable, and accrued expenses. The carrying value of these financial instruments approximates their fair values at December 31, 2018 and 2017 due to their short-term maturities. In addition, the Company's line of credit obligations approximate fair value based on current interest rates.

NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 14, 2019 which is the date the separate financial statements were issued. No material subsequent event has been noted.

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Bharat Forge Tennessee Inc.

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani	2150 Schmiede St,	KNAV P.A
Mr. S. E. Tandale	Surgoinsville	One Lakeside
Mr. S. G. Joglekar	TN 37873	Commons, Suite 850
Mr. Michael Weis	U.S.A.	990 Hammond Drive NE,
Mr.K.P.Dixit		Atlanta, GA 30328

Independent Auditor's Report

Board of Directors
Bharat Forge Tennessee, Inc.

We have audited the accompanying financial statements of Bharat Forge Tennessee, Inc. (“the Company”) which comprise the balance sheets as at December 31, 2018 and December 31, 2017, and the related statement of income, stockholder’s equity, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017 and the result of its operations, stockholder’s equity and the cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A

Atlanta, Georgia
April 14, 2019

Balance Sheet as on 31st December, 2018

(All amounts are stated in United States Dollars, unless otherwise stated)

			As at 31/12/2018
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Accounts receivable (refer note G)	52,344,225	750,000	390,000
Total current assets	**52,344,225**	**750,000**	**390,000**
Land, Building and Equipment - Net	257,411,730	3,688,254	3,849,949
Investment in Associate	270,927,706	3,881,914	3,737,733
Total assets	**580,683,661**	**8,320,168**	**7,977,682**
Liabilities and Stockholder's Equity			
Current Liabilities			
Trade accounts payable (refer note G)	28,815,077	412,869	215,184
Other accrued liabilities	3,022,495	43,307	15,712
Total current liabilities	**31,837,572**	**456,176**	**230,896**
Non Current - Deffered Tax Liability	49,034,255	702,574	725,008
Total liabilities	**80,871,827**	**1,158,750**	**955,904**
Stockholder's Equity			
Common stock ($ 0.01 par value, authorized, issued and outstanding 100 shares)	70	1	1
Additional paid - in -capital	326,425,357	4,677,097	4,677,097
Accumulated Deficit	173,386,407	2,484,320	2,344,680
Total stockholder's deficit	**499,811,834**	**7,161,418**	**7,021,778**
Total liabilities and stockholder's deficit	**580,683,661**	**8,320,168**	**7,977,682**

(The accompanying notes are an integral part of these financial statements)

Statements of income (loss) for the period ended December 31, 2018

(All amounts are stated in United States Dollars, unless otherwise stated)

			Previous Year
	Rs.	USD	USD
Lease Income	25,125,228	360,000	360,000
Less : Cost of revenues (Depreciation)	11,285,066	161,695	161,695
Gross Profit	**13,840,162**	**198,305**	**198,305**
Selling and Administrative Expenses	15,666,976	224,480	228,750
Operating Loss	**(1,826,814)**	**(26,175)**	**(30,445)**
Non operating Income (Expense)			
Equity in earnings of unconsolidated investees	10,062,793	144,182	343,106
Total nonoperating income (expense)	8,235,979	118,007	312,661
Profit before income taxes	**8,235,979**	**118,007**	**312,661**
Current tax (expenses)	(55,834)	(800)	(2,146)
Deferred tax benefit	1,565,651	22,433	68,835
Net Profit	**9,745,796**	**139,640**	**379,350**

(The accompanying notes are an integral part of these financial statements)

Bharat Forge Tennessee, Inc.

Statement of Stockholder's Equity

	Common Stock											
	Authorized			Issuesd & outstanding			Additioanl paid in capital		Accumulated Deficit		Total Stockholder's equity	
	Shares	Rs.	USD	Shares	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance as at January 1,2017	10,000	6,979	100	100	70	1	326,425,357	4,677,097	137,164,901	1,965,330	463,590,328	6,642,428
Net profit						-		-	26,475,710	379,350	26,475,710	379,350
Balance as at December 31, 2017	10,000	6,979	100	100	70	1	326,425,357	4,677,097	163,640,611	2,344,680	490,066,038	7,021,778
Balance as at January 1,2018	10,000	6,979	100	100	70	1	326,425,357	4,677,097	163,640,611	2,344,680	490,066,038	7,021,778
Net profit	-	-	-	-	-	-	-	-	9,745,796	139,640	9,745,796	139,640
Balance December 31 , 2018	**10,000**	**6,979**	**100**	**100**	**70**	**1**	**326,425,357**	**4,677,097**	**173,386,407**	**2,484,320**	**499,811,834**	**7,161,418**

Statement of Cash Flow for the period ended December 31 , 2018

(All amounts are stated in United States Dollars, unless otherwise stated)

			Previous Year
	Rs.	**USD**	**USD**
Cash Flow from Operating Activities			
Net Profit	9,745,796	139,640	379,350
Adjustments to reconcile net profit to net cash fom Operating Activities :			
Depreciation	11,285,066	161,695	161,695
Equity in loss (earnings) of unconsolidated investees	(10,062,793)	(144,182)	(343,106)
Deferred tax benefit	(1,565,651)	(22,433)	(68,835)
Provision for tax	-	-	2,146
Changes in net operating assets and liabilities			
Account Receivable	(25,125,228)	(360,000)	(360,000)
Account Payable	13,796,891	197,685	213,038
Other Current liabilities	1,925,919	27,595	15,712
Net cash provided by operating acitivties	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	-	-
Cash and Cash Equivalents - End of Year	-	-	-

The accompanying notes are an integral part of these financial statements)

NOTE A - NATURE OF OPERATIONS

Bharat Forge Tennessee, Inc. (“BFT” or the “Company”) leases land and a forging facility to Bharat Forge PMT Technologie, LLC, (“PMT’), in which the Company has a minority interest of 17.90%.

The Company is a wholly owned subsidiary of Bharat Forge America, Inc. (“BFA” or “the Parent”). Subsequent to its acquisition, by the Parent on November 30, 2016, the Company changed its name from PMT Holdings, Inc. to Bharat Forge Tennessee, Inc. The effects of the acquisition have not been pushed down to these financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States of America (“US GAAP”). The significant accounting policies are detailed below:

Basis of preparation

a. All amounts are stated in United States Dollars, except as otherwise specified.

b. The financial statements are for the years ended December 31, 2018 and December 31, 2017.

c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. This has no impact on the statements of income.

1. 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 revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment, for impairment, provision for doubtful debts and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any changes in accounting estimates are recognized prospectively in the current and future periods.

2. Revenue recognition

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

3. Accounts Receivables and Provision for doubtful debts

All accounts receivables are derived from lease agreements with Bharat Forge PMT Technologie, LLC. An allowance for doubtful debts has not been recorded at December 31, 2018 and December 31, 2017 as management considers all accounts receivable collectible.

4. Land, building and equipment and depreciation

Land, building and equipment are stated at cost less accumulated depreciation. Cost of items of land, building and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates land improvements, building and equipment over the estimated useful life using the straight-line method, including capital lease assets which are depreciated over the terms of their respective leases. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Land	-
Land improvements	30 years
Buildings	10-30 years
Machinery and equipment	10 years

5. Investment in non-consolidated affiliate

The investment is accounted for using the equity method. Under this method, the investment is carried at cost and adjusted for the Company's proportionate share of undistributed earnings or losses in the investee.

6. Income taxes

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

7. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

8. Change in accounting principle

Effective December 1, 2017, the Company has adopted FASB ASU 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). The guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the statements of financial position. The guidance however does not change the existing guidance that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction. The Company has applied the guidance retrospectively for all deferred tax assets and liabilities.

NOTE C - LAND, BUILDING AND EQUIPMENT, NET

Property, plant and equipment, net includes the following:

	As at	
	December 31, 2018	**December 31, 2017**
Land	282,889	282,889
Land improvements	341,046	341,046
Building	3,121,281	3,121,281
Machinery and equipment	950,354	950,354
	4,695,570	**4,695,570**
Less: Accumulated depreciation	(1,007,316)	(845,621)
Property, plant and equipment, net	**3,688,254**	**3,849,949**

Depreciation expense for the year ended December 31, 2018 was $ 161,695 and for the year ended December 31, 2017 was $ 161,695.

NOTE D - INVESTMENT IN NON-CONSOLIDATED AFFILIATE

Investment in non-consolidated affiliate include:

	As at	
	December 31, 2018	**December 31, 2017**
Investment in Bharat Forge PMT Technologie LLC	3,881,915	3,737,733
Total	**3,881,915**	**3,737,733**

Following is a summary of the financial position of PMT as at December 31, 2018 and December 31, 2017:

	As at	
	December 31, 2018	**December 31, 2017**
Current assets	13,880,260	13,916,772
Property, plant and equipment	14,173,959	13,647,245
Other assets	81,900	81,900
Total assets	**28,136,119**	**27,645,917**
Current liabilities	8,389,388	7,774,224
Member's equity	**19,746,731**	**19,871,693**

PMT has revenues of $ 49,598,568 and profit of $ 805,487 for the year ended December 31, 2018 (for the year ended December 31, 2017: revenue $ 40,956,390 and profit of $ 1,841,392). The profit is adjusted for depreciation based on fair value of fixed assets.

NOTE E- OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at	
	December 31, 2018	**December 31, 2017**
Provision for taxes	14,024	15,712
Payable to related party *(refer note g)*	29,283	-
Total	**43,307**	**15,712**

NOTE F - INCOME TAXES

The Company files a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States.

The Company files combined state tax returns in states where nexus is determined, and combined filing is required or permitted based on the state statutes.

The components of the provision for income taxes are as follows:

	Year ended	**Year ended**
	December 31, 2018	**December 31, 2017**
Current taxes		
Federal	-	-
State	800	2,146
Deferred taxes		
Federal	(13,326)	(241,105)
State	(9,107)	172,270
Total	(21,632)	(66,689)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's net deferred income taxes are as follows:

	As at	
	December 31, 2018	**December 31, 2017**
Non-current deferred tax assets:		
Federal & state net operating losses	35,076	29,304
Total deferred tax asset	**35,076**	**29,304**
Non-current deferred tax liability:		
Land improvements, building and equipment	(563,213)	(603,671)
Investment in Bharat Forge PMT Technologie, LLC	(174,437)	(150,640)
Total deferred tax liability	**(737,650)**	**(754,311)**
Net deferred liability	**(702,575)**	**(725,008)**

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change. Net deferred tax liabilities of $ 704,346 and $ 725,008 is recorded as at December 31, 2018 and 2017, respectively.

The Company has federal net operating loss carryforwards of approximately $131,791 as at December 31, 2018, as per Tax Cuts and Jobs Act it will be carried forward indefinitely for utilization.

Accounting for uncertain tax positions

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at December 31, 2018 and December 31, 2017.

The tax years of 2015 through 2017 remain subject to examination by the taxing authorities.

NOTE G - RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company
Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc. as of December 31, 2018 and 2017 respectively)

B. Parent company
Bharat Forge America (owning 100% of common stock as of December 31, 2018 and 2017 respectively)

C. Affiliates

Bharat Forge PMT Technologie, LLC (owning 17.91% of common stock as of December 31, 2018 and 2017 respectively)

The Company leased land and forging facility to Bharat Forge PMT Technologie, LLC (starting from December 1, 2016) which is commonly owned by Bharat Forge America, Inc., and in which the Company owns minority interest. The lease rental amounts to $ 30,000 monthly and requires PMT to pay for property taxes, insurance and other property related expenses. The lease revenue for the year ended December 31, 2018 and year ended December 31, 2017 was $ 360,000 and $ 360,000, respectively. The receivable from PMT for the year ended December 31, 2018 and December 31, 2017 amounted to $ 750,000 and $ 390,000, respectively.

The income tax of $ 29,283 was paid by Bharat Forge PMT Technologie, LLC on behalf of Bharat Forge Tennessee, Inc. The same amount was payable to Bharat Forge PMT Technologie, LLC as on December 31, 2018.

During the year 2018 the Company incurred expenses of $ 197,685 ($ 215,184 during year ended December 31, 2017). The Company does not hold a bank account and the expenses are paid by Bharat Forge America, Inc. As at the year ended December 31, 2018 and December 31, 2017 the Company has a payable to Bharat Forge America, Inc. amounting to $ 412,869 and $ 215,184 respectively.

NOTE H - COMMON STOCK

Common stock issued

Common stock issued as at December 31, 2018 was 100 shares of $ 0.01 par each (December 31, 2017, 100 shares of $ 0.01 par each).

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE I - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 14, 2019 which is the date the financial statements were issued.

Bharat Forge PMT Technologie LLC

Directors	***Registered Office***	***Auditors***
Mr. A. B. Kalyani	2150 Schmiede St,	KNAV P.A
Mr. Michael Weis	Surgoinsville,	One Lakeside
Mr. S. E. Tandale	TN 37873,	Commons, Suite 850
Mr. S. G. Joglekar	U.S.A.	990 Hammond Drive NE,
Mr. K. Srinivasan		Atlanta, GA 30328
Mr. K.P.Dixit		

To the members,
Bharat Forge PMT Technologie, LLC

We have audited the accompanying financial statements of Bharat Forge PMT Technologie, LLC (the "Company") which comprise the balance sheets as at December 31, 2018 and as at December 31, 2017 and the related statements of (loss) income, members' equity, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017 and the result of its operations, members' equity and the cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A

Atlanta, Georgia
April 14, 2019

Bharat Forge PMT Technologie, LLC

Balance Sheet as on 31st December, 2018

(All amounts are stated in United States Dollars, unless otherwise stated)

			As at 31/12/17
	Rs.	**USD**	**USD**
Assets			
Current Assets			
Cash and cash equivalents	53,174,404	761,895	1,098,683
Accounts receivable,net	410,964,910	5,888,399	7,350,009
Inventories,net	491,805,121	7,046,696	5,461,032
Prepaid expenses and other current assets	12,790,835	183,270	7,048
Total current assets	968,735,270	13,880,260	13,916,772
Property, plant and Equipment, Net	989,233,199	14,173,959	13,647,245
Other Assets	5,715,990	81,900	81,900
Total assets	**1,963,684,459**	**28,136,119**	**27,645,917**
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable	89,580,163	1,283,525	2,874,364
Accounts payable to related parties (Refer Note G)	459,287,632	6,580,778	4,365,976
Other current liabilities	36,646,890	525,085	533,884
Total current liabilities	**585,514,685**	**8,389,388**	**7,774,224**
Members' Equity			
Member's capital	6,801,260	97,450	97,450
Additional paid in capital	2,635,297,576	37,759,145	37,759,145
Accumulated Deficit	(1,263,929,062)	(18,109,864)	(17,984,902)
Total members' equity	**1,378,169,774**	**19,746,731**	**19,871,693**
Total liabilities and Member's equity	**1,963,684,459**	**28,136,119**	**27,645,917**

(The accompanying notes are an integral part of these financial statements)

Statement of Operations period from December 31, 2017 through December 31, 2018

(All amounts are stated in United States Dollars, unless otherwise stated)

			Previous Year
	Rs.	USD	USD
Operating Revenues	3,461,598,137	49,598,568	40,956,390
Less : Cost of revenues	(3,066,104,994)	(43,931,852)	36,039,557
Gross Profit	**395,493,143**	**5,666,716**	**4,916,833**
Cost and Expenses			
Selling,general and Administrative Expenses	250,616,891	3,590,896	2,482,594
Depreciation and Amortization	128,772,028	1,845,075	1,527,489
Total cost and expenses	**379,388,919**	**5,435,971**	**4,010,083**
Operating Profit(Loss)	16,104,224	230,745	906,750
Non-operating Income	(24,825,610)	(355,707)	7,557
Net Income(Loss)	**(8,721,386)**	**(124,962)**	**914,307**

(The accompanying notes are an integral part of these financial statements)

Bharat Forge PMT Technologie, LLC

Statement of Changes in Members' Equity
For the year ended December 31, 2018 and December 31, 2017

	Member's Contribution		Additional paid in capital		Accumulated deficit		Total Member's equity	
	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD
Balance January 01, 2017	6,801,260	97,450	2,635,297,576	37,759,145	(1,319,019,264)	(18,899,209)	1,323,079,571	18,957,386
Net Loss during the period	-	-	-	-	63,811,588	914,307	63,811,588	914,307
Member's equity as at December 31,2017	**6,801,260**	**97,450**	**2,635,297,576**	**37,759,145**	**(1,255,207,676)**	**(17,984,902)**	**1,386,891,159**	**19,871,693**
Member's equity as at January 01, 2018	6,801,260	97,450	2,635,297,576	37,759,145	(1,255,207,676)	(17,984,902)	1,386,891,159	19,871,693
Net income during the year	-	-	-	-	(8,721,386)	(124,962)	(8,721,386)	(124,962)
Member's equity as at December 31,2018	**6,801,260**	**97,450**	**2,635,297,576**	**37,759,145**	**(1,263,929,062)**	**(18,109,864)**	**1,378,169,773**	**19,746,731**

Statement of Cash Flow for the period from December 31,2017 to December 31, 2018

(All amounts are stated in United States Dollars, unless otherwise stated)

			Previous Year
	Rs.	USD	USD
Cash Flow from Operating Activities			
Net Income (Loss)	(8,721,386)	(124,962)	914,307
Adjustments to reconcile net loss to net income (loss) to net cash provided by operating activities :			
Depreciation and amortization	128,772,028	1,845,075	1,527,489
Changes in net operating assets and liabilities			
Account Receivable	102,009,124	1,461,610	(2,940,551)
Inventories	(110,667,138)	(1,585,664)	(1,669,730)
Other current assets	(12,298,938)	(176,222)	134,210
Accounts Payable	(111,028,313)	(1,590,839)	1,925,133
Payable, related party	154,576,126	2,214,802	3,071,647
Other current liabilities	(614,102)	(8,799)	(22,233)
Net cash provided by operating acitivties	**142,027,401**	**2,035,001**	**2,940,272**
Cash Flows from Investing Activities			
Purchase of property, plant, and equipment	(165,532,609)	(2,371,789)	(1,844,039)
Net cash provided in investing acitivties	**(165,532,609)**	**(2,371,789)**	**(1,844,039)**
Net Increase (decrease) in Cash and Cash Equivalents	(23,505,208)	**(336,788)**	**1,096,483**
Cash and Cash Equivalents at the Beginning of the year/period	76,679,614	1,098,683	2,200
Cash and Cash Equivalents at the end of the year/period	-		
	-		-
	53,174,406	**761,895**	**1,098,683**

(The accompanying notes are an integral part of these financial statements)

NOTE A - NATURE OF OPERATIONS

Bharat Forge PMT Technologie, LLC (formerly Walker Forge Tennessee, LLC or the "Company") is engaged in the manufacture and sale of steel forgings. The Company sells its products primarily to customers in the automotive, construction and recreational vehicle industries.

On November 30, 2016, the Company was acquired by Bharat Forge America, Inc. (82.10%) and Bharat Forge Tennessee, Inc. (17.90%). Subsequent to acquisition, the Company changed its name from Walker Forge Tennessee, LLC to Bharat Forge PMT Technologie, LLC.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The significant accounting policies are detailed below.

1. *Basis of presentation*

a. The effects of the acquisitions have not been pushed down to these financial statements. All amounts are stated in United States Dollars, except as otherwise specified.

b. The financial statements are presented for the year ended December 31, 2018 and December 31, 2017.

c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to confirm to the classifications used in the current year. This has no impact on the statement of income (loss).

2. *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 revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment and their impairment, and inventory valuation and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revisions in accounting estimates are recognized prospectively in the current and future periods.

3. *Cash and cash equivalents*

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $ 250,000 per depositor at each financial institution.

4. Revenue recognition

The Company recognizes revenues for manufactured products when shipped to customer pursuant to a purchase order or other contractual arrangement, the sales price is fixed or determinable, and collectability is reasonably assured. Sales that meet the definition of a consignment sale are recognized when the risks and rewards of ownership have passed to the buyer, generally when title has transferred.

5. Accounts receivable and provision for doubtful debts

Accounts receivable consist of uncollateralized customer obligations which generally require payment within 30 to 75 days from the invoice date. Accounts receivable are stated at net invoice amounts. The Company follows the specific identification method for recognizing provision for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the provision for doubtful accounts. All amounts deemed to be uncollectible are charged against the provision for doubtful debt in the period that determination is made and is included in marketing and selling expenses in the statements of (loss) income.

6. Shipping and handling costs

Shipping and handling costs incurred by the Company to transport products to customers are included in cost of revenues.

7. Inventories

Inventories are stated at the lower of cost and market value. Cost is determined using the weighted average method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads.

A write down of inventory to the lower of cost or net realizable value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances.

Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete and impaired inventory. Such write-downs, if any, are included in cost of revenues.

8. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

Major maintenance projects that extend the life of the related equipment are capitalized. Cost of maintenance and repairs are charged to expense when incurred.

The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method, including capital lease assets which are depreciated over the terms of their respective leases. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Building improvements	10 years
Machinery and equipment	4-15 years
Production tools and dies	4-8 years
Vehicles	9 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

9. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

10. Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

11. Income taxes

The Company is treated as a pass-through entity for federal income tax purposes. Generally, the income of an LLC is not subject to federal income tax at the entity level, but rather the members are required to include a pro-rata share of the entity’s taxable income or loss in their business or personal income tax returns, irrespective of whether dividends have been paid. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

12. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

13. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

14. Change in accounting principle

The Company changed the method of inventory valuation from First-in-first-out method to weighted average method from January 1, 2018. The effect of accounting change that is required to be adopted by retrospective application is considered to be immaterial to prior period financial statements, should be reflected in the results of operations for the period in which the change is made unless the cumulative effect is material to current operations or to trend of the reported results of operations. The effect of this change is not material to the current period financial statements and hence not applied retrospectively.

15. Recently issued accounting standards not yet adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2020. The Company is currently evaluating the impact of this standard on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting standards for revenue recognition. ASU No. 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. ASU No. 2014-09 will be effective for the Company beginning on January 1, 2019. The Company is currently evaluating the impact of this standard on its financial statements.

In November 2018, the FASB issued Accounting Standards Update 2018-18 ("ASU 2018-18"), Collaborative Arrangements (Topic 808). Clarifying the Interaction between Topic 808 and Topic 606. The amendments in ASU 2018-18 make targeted improvements to U.S. GAAP for collaborative arrangements by clarifying that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 when the collaborative arrangement participant is a customer in the context of a unit of account. In those situations, all the guidance in Topic 606 should be applied, including recognition, measurement, presentation, and disclosure requirements. In addition, unit-of-account guidance in Topic 808 was aligned with the guidance in Topic 606 (that is, a distinct good or service) when an entity is assessing whether the collaborative arrangement or a part of the arrangement is within the scope of Topic 606. ASU 2018-18 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

In August 2018, the FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and trade receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents and trade receivables involve risk including the credit risk of non-performance by counter parties.

In management's opinion, as of December 31, 2018 and 2017, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents and trade receivables.

Company's two customers having greater than 10% accounts receivable accounted for approximately 62% (previous year three customers for 75%) of total accounts receivable. Two customers accounted for approximately 50% of total sales during the year 2018 (previous year three customers for 67%).

The Company's top vendor having greater than 10% of the accounts payable accounted for 35.93% of accounts payable as of December 31, 2018 (previous year three vendors accounted for 61%).

NOTE D - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at	
	December 31, 2018	**December 31, 2017**
Cash in hand	446	1,591
Balance with banks	761,449	1,097,092
Total	**761,895**	**1,098,683**

NOTE E - INVENTORIES, NET

Major classes of inventory are as follows:

	As at	
	December 31, 2018	**December 31, 2017**
Raw material	2,053,743	2,216,097
Work in progress	3,494,687	1,444,818
Finished goods	1,658,266	2,072,657
Inventory reserve	(160,000)	(272,540)
Total	**7,046,696**	**5,461,032**

The Company changed the method of valuation of inventory from First-in-first-out to weighted average method from Jan 1, 2018. The effect of change in valuation on the opening inventory balances amounted to downward valuation of opening inventory by $ 149,010.

NOTE F - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment includes the following:

	As at	
	December 31, 2018	**December 31, 2017**
Building improvements	520,927	382,387
Machinery and equipment	37,357,767	35,809,765
Production tools and dies	1,014,339	698,183
Vehicles	92,327	40,911
Construction-in-progress	719,234	468,257
	39,704,593	**37,399,503**
Less: accumulated depreciation	(25,530,634)	(23,752,258)
Property, plant and equipment, net	**14,173,959**	**13,647,245**

Depreciation expense for the year ended December 31, 2018 was $ 1,845,075 (for the year ended December 31, 2017 $ 1,527,489).

NOTE G - PAYABLES, RELATED PARTY

Payables related party include:

	As at	
	December 31, 2018	**December 31, 2017**
Bharat Forge CDP GmbH (Germany)	65,694	448,427
Bharat Forge Global Holding GmbH (Germany)	60,620	-
Bharat Forge Aluminium Technik GmbH (Germany)	730,920	-
Bharat Forge Tennessee Inc	720,717	390,000
Bharat Forge America Inc	5,002,827	3,527,549
Total	**6,580,778**	**4,365,976**

(Refer Note L)

NOTE H - OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at	
	December 31, 2018	**December 31, 2017**
Accrued expenses	298,410	259,523
Employee related liabilities	226,675	274,361
Total	**525,085**	**533,884**

NOTE I - COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company is obligated under operating leases with unrelated parties primarily for equipment. The rental expense for the year ended December 31, 2017 is $ 101,874 (for the period ended December 31, 2017 $ 91,899).

As at December 31, 2018 future rental commitments for the non-cancelable leases are as follows:

Years ending December 31,	**Amount**
2019	123,872
2020	106,730
2021	41,154
Thereafter	-
Total minimum lease payments	**271,756**

NOTE J - INCOME TAXES

For the year ended December 31, 2018, the partnership will file a federal tax return as per applicable regulations in the United States. Generally, the income of the partnership is not subject to federal tax at the partnership level, but rather the partners are required to include a pro-rata share of the partnership's taxable income or loss in their income tax return. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the entity's net deferred income taxes are as follows:

	As at	
	December 31, 2018	**December 31, 2017**
Non-current deferred tax liabilities		
Property, plant and equipment	(569,120)	(429,744)
Total deferred tax liabilities	(569,120)	(429,744)
Non-current deferred tax assets:		
Inventory	-	260
Inventory Obsolescence	3,900	-
State tax credit carryforward	257,160	317,120
State net operating loss carryforward	1,981,694	1,488,373
Total deferred tax asset	2,242,754	1,805,753
Net deferred taxes	1,673,634	1,376,009
Less: Deferred tax asset valuation allowance	(1,673,634)	(1,376,009)
Net deferred taxes	-	-

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Management believes that negative evidence outweighs the positive evidence and thus it is more likely than not that the benefit from deferred tax asset may not be realized in foreseeable future. In recognition of this risk, a valuation allowance of $ 1,673,634 and $ 1,376,009 has been created as at December 31, 2018 and December 31, 2017 respectively.

The Company has net operating loss (NOL's) carryforwards in Tennessee state of approximately $ 30,487,602 as at December 31, 2018. Out of total available NOL's of $ 30,487,602, NOL's aggregating to $ 29,092,739 will expire through tax years 2026 and 2032. As per Tax Cuts and Jobs Act, NOL's of $ 1,394,863 for tax year 2018 will be carried forward indefinitely for utilization.

Accounting for uncertain tax position

The partnership recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at December 31, 2018, and December 31, 2017.

The tax years of 2015 through 2017 remain subject to examination by the taxing authorities.by the taxing authorities.

NOTE K - EMPLOYEE BENEFIT PLANS

The Company has an employees' savings plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the Internal Revenue Code.

The Company has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended December 31, 2018 was $ 167,862 (for the year ended December 31, 2017 it was $ 120,897).

NOTE L - RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company

1. Bharat Forge Limited (owning 100% of common stock of Bharat Forge America, Inc. as of December 31, 2018 and 2017, respectively) (BFL)

B. Parent company

1. Bharat Forge America, Inc. (owning approximately 82% of the membership interest) (BFA)
2. Bharat Forge Tennessee, Inc. (owning approximately 18% of the membership interest) (BFT)

C. Other related parties where common control exists

1. Bharat Forge CDP GmbH (CDP)
2. Bharat Forge Aluminum Technik GmbH (Germany) (BFAT)
3. Bharat Forge Global Holding GmbH (Germany) (GMBH)

The Company had transactions relating to accounts payables with following related parties:

BFA

Fund utilization:

As per the arrangement between Bharat Forge PMT Technologie LLC and Bharat Forge America Inc., the vendor payments and receipts were processed and recorded in the operational bank accounts of BFA as PMT did not have bank accounts at the time of its formation as a part of acquisition by Bharat Forge group in Nov 2016. The net payable on account of the transactions processed by BFA on behalf of PMT was $ 4,785,732 and as on December 31, 2017 was $ 3,527,549.

Service fee

BFA charged a service fee to PMT in lieu of above transaction and the payable on account of the service fee was $ 217,095 as on December 31, 2018 and Nil as on December 31, 2017.

Thus, the total payable outstanding as on December 31, 2018 was $ 5,002,827 and December 31, 2017 was $ 3,527,549.

CDP

The Company has payables outstanding to Bharat Forge CDP GmbH for expenses incurred on behalf of the Company, amounting to $ 65,694 as at December 31, 2018 and $ 448,427 as at December 31, 2017.

BFAT

The Company has payable outstanding to Bharat Forge Aluminum Technik GmbH (Germany) amounting to $ 730,920 as at December 31, 2018 and NIL as at December 31, 2017.

GmbH

The Company has payables outstanding to Bharat Forge Global Holding GmbH (Germany) amounting to $ 60,620 as at December 31, 2018 and NIL as at December 31, 2017.

BFT

The Company has taken a premise on lease from Bharat Forge Tennessee, Inc. ('BFT'). The lease agreement requires the Company to pay $ 30,000 per month plus taxes, insurance, and maintenance on the property. Rental expense during the year ended December 31, 2018 was $ 360,000, and for year ended December 31, 2017 was $ 360,000. Intercompany rent payable to BFT as at December 31, 2018 was $ 750,000 and $ 390,000 as at December 31, 2017.

The income tax of $ 29,283 was paid by the Company on behalf of BFT. The same amount was receivable from BFT on December 31, 2018.

Thus, the net payable to BFT as on December 31, 2018 was $ 720,717.

NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 14, 2019 which is the date the financial statements were issued. No material subsequent event has been noted.

ANALOGIC CONTROLS INDIA LIMITED

Directors	**Registered Office**	**Auditors**
Mr.Rajinder Singh Bhatia Mr.Kishore Mukund Saletore Mr.Vikram Manohar Munje	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet Hyderabad Telangana -500014	HRUSHIKESH S.KULKARNI Plot NO.55, NIWARA CO-OP SOC, SHRIDHARNAGAR,DHANKAWADI PUNE, MAHARASHTRA-411043

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2019

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, 2019**.

1. PERFORMANCE OF THE COMPANY

The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2019	As on March 31, 2018
Total Revenue	227,580,557	87,718,595
Total Expenses	152,757,972	108,120,115
Profit / (Loss) before tax	87,568,315	6,525,061
Current Tax	(18,129,823)	(2,881,241)
Profit / (Loss) for the year	69,438,492	3,643,820
Other Comprehensive Income	(408,996)	(783,979)
Total Comprehensive Income for the Year	69,029,496	4,427,799
Earnings per equity share Basic / Diluted	3.76	0.98

2. DIVIDEND

The Board does not recommend any dividend for the financial year ended March 31, 2019.

3. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

4. STATE OF COMPANY'S AFFAIRS

During the current year, the Company successfully absorbed new technology of Ground Penetrating Radar which is used for State-of-art, mine detectors. A whole new manufacturing-line with required Test jigs, Test lanes and equipment was also procured and established. The Company took humungous efforts which helped in culminating successfully and efficiently deliver a quality product.

The Company also got a repeat order from HAL, Hyderabad for a Radio Altimeter electronics, which is the latest generation and has very good business potential as it is being used in the latest Air Force Aircraft being flown and also for the LCA.

As part of the strategy to look at new business area beyond current Defense PSU/DRDO customers, and attract OEMs and Tier-1 Aerospace manufacturers, the Company changed a lot of existing procedures and processes, to adopt the latest International Aerospace standards i.e., AS-9100D. The Company also successfully completed the stage-1 and stage-2 audit for the Certification & as a result the Company now has a potential in Aerospace OEMs/Tier-1 manufacturing which will give a new opportunity for Company's growth and Business Potential.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

There are no adverse material changes or commitments occurring after March 31, 2019 which may affect the financial position of the Company or may require disclosure.

6. SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on March 31, 2019 stood at 184,896,700/- divided into 18,489,670 Equity Shares of Rs.10/- each.

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, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary or an associate company.

8. 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.

9. PUBLIC DEPOSITS

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

10. NUMBER OF MEETINGS OF THE BOARD

In 2018-19, the Board of Directors of the Company met 4 (four) times on May 10, 2018, August 27, 2018, December 14, 2018 and March 29, 2019. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

11. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the financial year under review –

a) Mr. Rudrakumar Jadeja resigned as Chief Executive Officer and Key Managerial Personnel of the Company with effect from May 14, 2018. In his place, Mr. K. Prabhakar was appointed as Chief Executive Officer and Key Managerial Personnel of the Company with effect from May 15, 2018;

b) Mr. Tanay Mishra was appointed as Company Secretary of the Company with effect from December 14, 2018; and

c) Mr. B. Ramesh Reddy was appointed as Chief Financial Officer of the Company with effect from December 14, 2018.

Further, in accordance with provisions of the Companies Act, 2013, Mr. Kishore Saletore is liable retire by rotation and being eligible, offered himself for re-appointment.

12. AUDITORS AND AUDITORS' REPORT

During the year, Mr. Prashant V Deo, Chartered Accountant, ceased to be a Statutory Auditor of the Company as on August 3, 2018 owing to his ineligibility under the provisions of Section 139 (2) of the Companies Act, 2013.

Further, Mr. Hrushikesh Kulkarni, Chartered Accountant, was appointed as the Statutory Auditor of the Company with effect from August 27, 2018, till the ensuing Annual General Meeting, to fill up the Casual Vacancy caused by such retirement.

The Board further proposes to appoint Mr. Hrushikesh Kulkarni, Chartered Accountant, (Membership No. 160187), as the Statutory Auditor of the Company for the period of 5 (five) consecutive years i.e. from the conclusion of the ensuing Annual General Meeting, till the conclusion of the consecutive fifth Annual General Meeting of the Company to be held in the Financial Year 2024-25. The Company has received a certificate from Mr. Hrushikesh Kulkarni, Chartered Accountant, (Membership No. 160187), to effect that their appointment, if made, at the ensuing Annual General Meeting of the Company, will be in accordance with the conditions laid down under the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014.

13. REPLY TO AUDITORS REMARKS / COMMENTS / OBSERVATIONS

As regards to the adverse remark stated in item No (vii) (a) of “Annexure A” of Auditor’s Report regarding few instances of delayed payments of statutory dues, your directors wish to state that such delay was due to paucity of funds and this delayed payment was paid in full to the Statutory Authorities.

As regards to the adverse remark stated in item No (vii) (b) of “Annexure A” of Auditor’s Report regarding non-payment of excise duty, your directors would like to state that such dues were pending due to the ongoing appeal. Recently, the Company has received a decision on the said appeal and wrote a letter to the tax authorities, requesting for payment of the dues in tranches. Tax authorities have agreed to the request. Accordingly, the said dues will be paid in tranches.

14. DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors’ Responsibility Statement, Directors confirm that:

a) in preparation of the annual financial statement for the year ended March 31, 2019, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as on March 31, 2019 and of the profit of the Company for the year under review;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis; and

e) they have devised a proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

15. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control which commensurate with its size and the nature of its operations.

Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

16. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

17. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is appended as **Annexure "A"** to this report.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the financial year under review there has been related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large, further form AOC-2 is annexed as **Annexure "B"** to this report.

19. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure "C"** to this report.

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

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 information as to names of the top ten employees in terms of remuneration drawn is appended as **Annexure "D"** to this report.

22. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

23. ACKNOWLEDGEMENT:

The Directors sincerely thank all the members, clients, bankers and the employees for extending valuable support and co-operation all through the year.

For and On behalf of the Board of Directors

Place: Pune
Date: May 18, 2019

Rajinder Singh Bhatia
Chairman
DIN: 05333963

ANNEXURE "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U28932TG1996PLC024629
ii)	Registration date	July 12, 1996
iii)	Name of the Company	Analogic Controls India Limited
iv)	Category/Sub category of the Company	Company Limited by Shares / Indian Non-Government Company
v)	Address of the Registered office and contact details	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad, Telangana – 500014, Tel. No. +91-9391145768 Fax No. +91-7569005719
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company*
1	Assembly, Integration & Testing DTMD	26515	91.24%

***** 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(87)(ii)

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

i) Category-wise Share Holding as of March 31, 2019

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	1,84,89,670	1,84,89,670	100.00	NIL	1,84,89,670	1,84,89,670	100.00	NIL
Sub-total (A) (1):-	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**
(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**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**1,84,89,670**	**100.00**	**NIL**

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Bharat Forge Limited with its nominees	1,84,89,670	100.00	NIL	1,84,89,670	100.00	NIL	NIL
	Total	**1,84,89,670**	**100.00**	**NIL**	**1,84,89,670**	**100.00**	**NIL**	**NIL**

iii) Change in Promoters' Shareholding:

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
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)	**NOT APPLICABLE**			
3	At the End of the year				

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors & KMP*:

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
	NIL	NIL	NIL	NIL	NIL

* Other Directors and KMPs do not hold shares in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	1,26,94,220/-	NIL	1,26,94,220/-
ii.)Interest due but not paid	NIL	40,07,437/-	NIL	40,07,437/-
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**1,67,01,657/-**	**NIL**	**1,67,01,657/-**
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.)(Reduction)	NIL	81,20,000/-	NIL	81,20,000/-
Net Change	NIL	**81,20,000/-**	**NIL**	**81,20,000/-**
Indebtedness at the end of the Financial year				
i.) Principal Amount	2,01,46,758/-	1,13,31,470/-	NIL	3,14,78,228/-
ii.)Interest due but not paid	NIL	8,66,403/-	NIL	8,66,403/-
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**2,01,46,758/-**	**1,21,97,873/-**	**NIL**	**3,23,44,631/-**

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	NIL	-
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission:	NIL	NIL
	- As a % of Profit	NIL	NIL
	- others, specify	NIL	NIL
5.	Others, please specify	NIL	NIL
Total A		NIL	NIL
Ceiling as per the Act		NIL	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

During the year under review –

Mr. K. Prabhakar is appointed as Chief Executive Officer and Key Managerial Personnel of the Company with effect from May 15, 2018 and Mr. Tanay Mishra is appointed as Company Secretary of the Company with effect from December 14, 2018.

The Company has not paid any remuneration to Mr. K. Prabhakar and Mr. Tanay Mishra.

Mr. B. Ramesh Reddy is appointed as Chief Financial Officer of the Company with effect from December 14, 2018, the details of his remuneration is given below -

Sr. No.	Particulars of Remuneration	Mr. B.R.R. Reddy, Chief Financial Officer	Total Amount (Rs.)
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	**143,226**	**143,226**
	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		**143,226**	**143,226**
Ceiling as per the Act			NA

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

For and On behalf of the Board of Directors

Place: Pune
Date: May 18, 2019

Rajinder Singh Bhatia
Chairman
DIN: 05333963

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

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019, which are not at arm's length basis.

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

(Amount in Rs.)

a.	Name(s) of the related party and nature of relationship	Kalyani Strategic Systems Limited		Bharat Forge Limited		
b.	Nature of contracts / arrangements / transactions	Sales Return	Rent Paid	Advance Received/Returned	Sale of Goods	Purchase of Raw Material
c.	Duration of the contracts / arrangements / transactions	One Time	Monthly Payment for 36 Months with effect from 30.03.2018	One Time	One time order dated 18.12.2019	One Time
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Return of advance for Manufacturing Items amounting to Rs. 24,20,950/-	Lease and License agreement for taking land and building on rent for monthly rent of Rs. 1,44,983/- plus taxes as may be applicable from time to time.	Processing of DTMD Order	As per PO terms. 28,01,93,266/-	As per PO terms. 32,51,275/-
e.	Date(s) of approval by the Board, if any	NA	NA	NA	NA	NA
f.	Amount paid/ received as advances, if any	NIL	NIL	25,000,000/-	NIL	NIL

For and On behalf of the Board of Directors

Place: Pune
Date: May 18, 2019

Rajinder Singh Bhatia
Chairman
DIN: 05333963

ANNEXURE "C"

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2019.

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2018-2019

i. Replacing CFLs by LEDs in a phased manner.
ii. Procedure made and implemented for saving electricity by switching off of appliances and lights during breaks, lunch etc.
iii. Re use of water after eco treatment and filtration for watering plants.

b. Steps taken by the Company for utilizing alternate sources of energy

Study made for use of solar pumps for operation of bore well pump etc.

c. Capital investment on energy conservation equipment

NIL

(B) Technology Absorption, Adaptation and Innovation

a. Efforts made towards technology absorption, adaptation and innovation

i. New Technology for Ground Penetrating Radar adopted successfully.
ii. Latest Aerospace Standards (AS 9100 D) Audit was successfully completed.

b. Benefits derived as a result of above efforts

i. New Orders received.
ii. New Processes learnt which will be useful for future same/similar requirements.
iii. Enhanced Business potential. Aerospace Customers will now be attracted to place orders.

(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.363,915/- (Foreign Exchange Fluctuation Gain)
ii)	Total Foreign Exchange Outgo	:	1. USD 9413.26 (Rs.658,127/-) 2. EURO 1218621.24 (Rs.100,466,446/-)

ANNEXURE "D"

A statement showing the names of the top ten employees in terms of remuneration drawn Statement under Section 197 (12) of the Companies Act, 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2017.

Sr. No.	Name of the employee	Remuneration (Rs.)	Nature of employment	Qualification	Total Experience (Years)	Date of commencement of employment	Age	Last employment	Percentage of equity shares held	Whether any such employee is relative of any Director and if so name of such Director
1	Mr. Battina Shankar Rao	5,00,341	Design & Development	Degree/B Tech	17	1-Sep-02	45	-	NIL	No
2	Ravi Chandra Achanta	4,68,975 (for 5 months, wef November 2018)	Business Development	Masters Degree	5	02-11-2018	36	-	NIL -	No
3	Patange Vijay Kumar	4,20,827	Technician	Diploma	21	02-09-98	44	-	NIL	No
4	Chittala Satyanarayana	4,04,184	Technician(Electrician)	Diploma	9	23-07-10	42	Sri Kanakadurga Castings Pvt Ltd		No
5	V. Sanjay Khamitkar	3,34,840	Engineer	Diploma	21	08-12-98	47	-	NIL -	No
6	K Narasimha Reddy	3,34,207	In charge-Stores	Degree	2	01-08-17	47	Azad Engineering Pvt Ltd		No
7	Sukanya Shah	3,23,273	Engineer	B.Tech	2	04-09-17	26	Medequip Pvt Ltd	NIL -	No
8	CH Lakshmi Andalu	2,91,403	Technician	Diploma	21	03-06-98	39	-		No
9	Chakrahari Srinivas Raju	2,78,355	HR	MBA	1	21-05-18	30	Metro Chem Api Pvt Ltd	NIL -	No
10	K Narender Babu	2,73,835	Technician	Diploma	3	01-06-16	40	ACIL	NIL -	No

For and On behalf of the Board of Directors

Place: Pune
Date: May 18, 2019

Rajinder Singh Bhatia
Chairman
DIN: 05333963

Auditor's Report

To the Members of Analogic Controls India Limited

Report on the Financial Statements

Opinion
I have audited the accompanying financial statements of **Analogic Controls India Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion
I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Statements and Auditor's Report Thereon
The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, but does not include the financial statements and my auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Board's Report including Annexures to Board's Report if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for Audit of the Financial Statements
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to

the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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, to the extent applicable.

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

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

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

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

   d) In my opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to my separate Report in "**Annexure B**".

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note No. 34 to the financial statements;

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

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

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187

Place : Pune
Date : May 18th, 2019

"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, 2019.

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)

(a) The inventory comprising stock of raw materials and work in progress was physically verified at reasonable intervals during the year by the management. As explained to me, no material discrepancies were noticed by the management on physical verification of stocks.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii)

(a) According to the records of the Company, the Company was 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, ***barring a few instances of delayed payments.*** 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, 2019 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 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).

(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 or provided any managerial remuneration during the financial year covered by this report.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187

Place : Pune
Date : May 18th, 2019

"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, 2019.

I have audited the internal financial controls over financial reporting of **Analogic Controls India Limited** ("the Company") as of 31st March, 2019 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2019, 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.

Hrushikesh Kulkarni
Chartered Accountant
Membership No. 160187

Place : Pune
Date : May 18th, 2019

Balance Sheet as at 31st March, 2019. in INR

		Note No.	As at 31st March, 2019	As at 31st March, 2018
I	**ASSETS**			
1	**Non-current Assets**			
	(a) Property, Plant and Equipment	3	10,483,870	8,591,245
	(b) Capital Work-in-Progress		-	1,529,257
	(c) Intangible assets	4	320,306	699,148
	(d) Financial Assets			
	(i) Other financial assets	5	344,550	239,550
	(e) Other non-current assets	6	1,302,597	584,847
	(f) Income tax assets (net)	7	1,938,649	3,276,259
			14,389,972	14,920,306
2	**Current Assets**			
	(a) Inventories	8	53,176,367	38,243,638
	(b) Financial Assets			
	(i) Trade receivables	9	56,884,021	86,833,952
	(ii) Cash and cash equivalents	10	2,134,112	2,451,422
	(iv) Other financial assets	11	179,323	19,457,499
	(c) Other Current Assets	12	5,442,922	3,997,348
			117,816,745	150,983,859
	TOTAL		132,206,717	165,904,165
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	13	184,896,700	184,896,700
	(b) Other Equity		(132,962,389)	(201,991,885)
			51,934,311	(17,095,185)
2	**Non-current Liabilities**			
	(a) Long term Provisions	14	1,156,719	862,033
	(b) Deferred tax liabilities (Net)	15	-	-
	(c) Other Non-Current Liabilities	16	1,090,760	-
			2,247,479	862,033
3	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Short term Borrowings	17	32,344,632	16,701,657
	(ii) Trade payables			
	Dues of micro enterprises and small enterprise	18	1,703,043	1,946,167
	Dues of creditors other than micro enterprises and small enterprises	18	10,997,622	29,550,066
	(iii) Other financial liabilities	19	3,040,306	627,679
	(b) Short term Provisions	20	2,841,578	8,772,954
	(c) Other Current Liabilities	21	26,661,757	122,467,574
	(d) Income tax liabilities (net)	22	435,989	2,071,220
			78,024,927	182,137,317
	TOTAL		132,206,717	165,904,165
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	**1-48**		

As per my attached report of even date,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

On behalf of the Board of Directors,

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : May 18th , 2019

Place : Pune
Date : May 18th , 2019

Statement of Profit and Loss for the year ended 31st March, 2019. **in INR**

	Profit and Loss	Note No	Year ended 31st March, 2019	Year ended 31st March, 2018
I	Revenue from Operations	23	227,580,557	87,718,595
II	Other Income	24	12,745,730	26,926,581
III	**Total Revenue**		240,326,287	114,645,176
IV	**Expenses**			
	Cost of Material Consumed	25	134,366,934	26,835,860
	Changes in inventories of work-in progress	26	(16,562,105)	3,493,416
	Employee Benefit Expenses	27	9,849,237	11,219,033
	Finance Costs	28	5,135,946	40,886,704
	Depreciation & Amortisation Expense	29	2,020,209	1,864,384
	Other Expenses	30	17,947,751	23,820,718
	Total Expenses		152,757,972	108,120,115
V	**Profit before tax**		87,568,315	6,525,061
VI	**Tax Expense**			
	Current tax		(18,129,823)	(2,881,241)
	Deferred tax		-	-
			(18,129,823)	(2,881,241)
VII	**Profit for the year**		69,438,492	3,643,820
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to profit/loss			
	Remeasurement of the net defined benefit liability/asset		(408,996)	783,979
	Total other comprehensive income, net of tax		(408,996)	783,979
IX	**Total Comprehensive Income for the Year**		69,029,496	4,427,799
X	**Earnings per share (of P 10/- each):**			
	Basic	40	3.76	0.98
	Diluted	40	3.76	0.98
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1-48		

As per my attached report of even date,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Place : Pune
Date : May 18th , 2019

On behalf of the Board of Directors,

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : May 18th , 2019

in INR

Equity share capital

	As at 31st March, 2019 Nos.	As at 31st March, 2019 Rs.	As at 31st March, 2018 Nos.	As at 31st March, 2018 Rs.
Equity shares of Rs. 10/- each issued, subscribed and fully paid up				
As at beginning of the year	18,489,670	184,896,700	2,758,670	27,586,700
Changes in equity share capital during the year	-	-	15,731,000	157,310,000
As at end of the year	**18,489,670**	**184,896,700**	**18,489,670**	**184,896,700**

Other Equity

	Reserves and Surplus			Equity Component ascertained on initial recognition of 0% Compulsorily Convertible Debentures	Other Comprehensive Income	Total Other Equity
	Securities Premium	Retained earnings	Total		Other Items	
Balance as at 1st April, 2017	**1,135,000**	**(271,015,041)**	**(269,880,041)**	**63,263,275**	**197,082**	**(206,419,684)**
Changes in other equity for the year ended 31st March, 2018						
Profit for the year	-	3,643,820	3,643,820	-	783,979	4,427,799
Balance as at 31st March, 2018	**1,135,000**	**(267,371,221)**	**(266,236,221)**	**63,263,275**	**981,061**	**(201,991,885)**
Changes in other equity for the year ended 31st March, 2019						
Profit for the year	-	69,438,492	69,438,492	-	(408,996)	69,029,496
Balance as at 31st March, 2019	**1,135,000**	**(197,932,729)**	**(196,797,729)**	**63,263,275**	**572,065**	**(132,962,389)**

Nature and purpose of reserves

(a) Securities premium : Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1-48

As per my attached report of even date,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

On behalf of the Board of Directors,

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : May 18th , 2019

Cash Flow Statement for the year ended 31st March, 2019. **in INR**

	Cash Flow Statement	Year ended 31st March, 2019	Year ended 31st March, 2018
A.	**Cash flow from operating activities :**		
	Profit for the year	69,438,492	3,643,820
	Adjusted for :		
	Tax expense	18,129,823	2,881,241
	Depreciation	2,020,209	1,864,384
	Interest Paid	5,135,946	40,886,704
	Interest Received	(54,692)	(52,511)
	Profit on Sale of Property, Plant and Equipment	-	(25,152,346)
	Other Comprehensive Income		
	Remeasurement of the net defined benefit liability/asset	(408,996)	783,979
		24,822,290	21,211,451
	Operating Profit before working capital changes :	94,260,782	24,855,271
	Changes in :		
	Trade and other receivables	47,634,783	(29,032,236)
	Inventories	(14,932,729)	(4,367,090)
	Liabilities and Provisions	(116,734,688)	125,395,502
		(84,032,634)	91,996,176
	Cash generation from operations :	10,228,148	116,851,447
	Direct Taxes paid	(18,427,444)	(1,853,862)
	Net Cash (used in)/from operating activities :	(8,199,296)	114,997,585
B.	**Cash flow from investing activities :**		
	Purchase of Property, Plant and Equipment	(2,004,735)	(1,548,241)
	Sale of Property, Plant and Equipment (Net of Advances)	-	1,961,920
	Investment in fixed deposits	(675,000)	-
	Interest received	54,692	52,511
	Net cash (used in)/from investing activities :	(2,625,043)	466,190
C.	**Cash flow from financing activities :**		
	Proceeds from / (Repayment of) short term borrowings	15,642,975	(101,819,166)
	Interest paid	(5,135,946)	(11,313,989)
	Net cash (used in)/from financing activities :	10,507,029	(113,133,155)
	Net changes in cash and cash equivalents (A+B+C) :	(317,310)	2,330,620
	Cash and Cash Equivalents, at the beginning :	2,451,422	120,802
	Add : Net changes in cash and cash equivalents, as above	(317,310)	2,330,620
	Cash and Cash Equivalents, at the close :	2,134,112	2,451,422
	Cash and Cash Equivalents :		
	Cash and Bank Balances:	2,134,112	2,451,422
		2,134,112	2,451,422

Significant Accounting Policies and Notes forming an integral part of the Financial Statements 1-48

As per my attached report of even date,

On behalf of the Board of Directors,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : May 18th , 2019

Place : Pune
Date : May 18th , 2019

Notes forming part of the Financial Statements for the year ended 31st March, 2019.

1. Corporate information:

“Analogic Controls India Limited is a public limited company incorporated on 12th July, 1996. The Company is engaged in the business of designing, developing and manufacturing of reliable electronic systems and sub-systems for mission critical applications. The Company offers products and services for mission critical technologies of national importance in Defence, Aerospace, Communications and Industrial Electronics.

The Company is a wholly owned subsidiary of Bharat Forge Limited.

Operating Cycle of the Company is considered to be of 12 months."

2. Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities wherever existed, which have been measured at fair value:

i The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities wherever existed, which have been measured at fair value:

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Changes in accounting policies:

"Ind AS 115 was issued on 28th March, 2018 and supersedes Ind AS 11 ""Construction Contracts"" and Ind AS 18 ""Revenue"" and it applies, with limited exceptions, to all revenue arising from contract with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contract with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contract with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly relate to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients."

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1st April, 2018. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 11 and Ind AS 18. The application of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the financial statements of the Company. The impact of the adoption of the standard on the other equity as at the beginning of the period is also insignificant.

2.3 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 Foreign currency transactions and translations:

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

"Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ending 31st March, 2016. exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively)."

b) Exchange differences

The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 are accumulated in the "Foreign

Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.5 Fair value measurement:

"The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:"

i In the principal market for the asset or liability, or

ii In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy."

2.6 Revenue from contracts with customers:

"Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 43."

a) Sale of Goods:

"Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration."

b) Sale of Services:

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to their porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.16.

e) Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments:

Profit / Loss on sale of investments is recognized when all the significant risk and rewards of ownership in investment is transferred.

2.7 Taxes:

"Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously."

Deferred tax is provided using the liability method on temporary differences between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on “Accounting for Credit Available in respect of Minimum Alternative Tax” under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

i When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.8 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

"Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset."

The Management's estimate of the useful lives of various fixed assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Buildings	
	(a) Leasehold improvements	Primary lease period
ii)	Computer and Data Processing Equipments	
	(a) Servers and networks	6 years
	(b) Other end user devices	3 years
iii)	Furniture and Fixtures	10 years
iv)	Office Equipments	5 years
v)	Plant and Machinery (including test jigs)	15 years
vi)	Vehicles	8 years

"An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate."

2.9 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de recognised.

The Management's estimate of the useful lives of various intangible assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Software	5 years

2.10 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 weighted average 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 weighted average method.

2.11 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowings taken on or after April 1, 2016.

2.12 Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

Company as a Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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

2.13 Impairment of Non-financial assets :

"The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators."

"The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus."

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

"Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities:

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements."

2.15 Retirement and other employee benefits:

a) Gratuity:

The Company operates a defined benefits plan for its employees. Payment for present liability of future payment of gratuity is being made to approve gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Actuarial valuation is carried out using the project unit credit method.

Re measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re measurements are not reclassified to profit or loss in subsequent periods.

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

i The date of the plan amendment or curtailment, and

ii The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii Net interest expense or income

b) Privilege leaves 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."

2.16 Financial instruments:

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

A Financial Asset:

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de recognition of the asset, cumulative gain or loss previously recognised in

OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de recognised (i.e. removed from the Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

h) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 17

iv Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 (Previous Year : Ind AS 11 and Ind AS 18)

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head ‘other expenses’ in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B Financial liabilities:

a) Initial recognition and measurement

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

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

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

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

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

Ii Loans and borrowings

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

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

iii Financial guarantee contracts

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

c) Derecognition

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C Embedded derivatives:

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents:

"Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

2.18 Dividend to equity holders:

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.19 Segment reporting:

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

2.20 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.21 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.

2.22 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."

2.23 Ind AS 116 Leases

"Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1st April, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1st April, 2019). Accordingly, the Company will not restate comparative information; instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1st April, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value."

Notes forming part of the Financial Statements for the year ended 31st March, 2019.

3 Property, Plant and Equipment : **in INR**

	Leasehold improvements	Computers and Printers	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total
GROSS BLOCK, AT COST :							
As at 1st April, 2017.	-	4,306,682	12,229,658	4,638,829	735,669	2,610,367	**24,521,205**
Additions	-	-	-	-	-	18,984	**18,984**
Disposals	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	**-**
As at 31st March, 2018.	**-**	**4,306,682**	**12,229,658**	**4,638,829**	**735,669**	**2,629,351**	**24,540,189**
Additions	1,253,359	-	1,516,862	-	-	763,771	**3,533,992**
Disposals	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	**-**
As at 31st March, 2019.	**1,253,359**	**4,306,682**	**13,746,520**	**4,638,829**	**735,669**	**3,393,122**	**28,074,181**
DEPRECIATION AND AMORTIZATION :							
Upto 1st April, 2017.	-	3,990,676	4,908,203	2,570,345	558,378	2,435,800	**14,463,402**
Disposals	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	**-**
For the year	-	124,206	801,214	418,537	101,756	39,829	**1,485,542**
Upto 31st March, 2018.	**-**	**4,114,882**	**5,709,417**	**2,988,882**	**660,134**	**2,475,629**	**15,948,944**
Disposals	-	-	-	-	-	-	**-**
Adjustments	-	-	-	-	-	-	**-**
For the year	172,898	72,861	831,933	413,781	38,751	111,143	**1,641,367**
Upto 31st March, 2019.	**172,898**	**4,187,743**	**6,541,350**	**3,402,663**	**698,885**	**2,586,772**	**17,590,311**
NET BLOCK :							
As at 31st March, 2018.	-	191,800	6,520,241	1,649,947	75,535	153,722	8,591,245
As at 31st March, 2019.	**1,080,461**	**118,939**	**7,205,170**	**1,236,166**	**36,784**	**806,350**	**10,483,870**

4 Intangible assets :

in INR

	Softwares Rs	Total Intangible Assets Rs
GROSS BLOCK, AT COST :		
As at 1st April, 2017.	1,893,937	**1,893,937**
Additions	-	**-**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2018.	**1,893,937**	**1,893,937**
Additions	-	**-**
Disposals	-	**-**
Adjustments	-	**-**
As at 31st March, 2019.	**1,893,937**	**1,893,937**
DEPRECIATION AND AMORTIZATION :		
As at 1st April, 2017.	815,947	**815,947**
Disposals	-	**-**
Adjustments	-	**-**
For the year	378,842	**378,842**
Upto 31st March, 2018.	**1,194,789**	**1,194,789**
Disposals	-	**-**
Adjustments	-	**-**
For the year	378,842	**378,842**
Upto 31st March, 2019.	**1,573,631**	**1,573,631**
NET BLOCK :		
As at 31st March, 2018.	699,148	699,148
As at 31st March, 2019.	**320,306**	**320,306**

in INR

		As at 31st March, 2019	As at 31st March, 2018
5	**Other financial assets (Non-current, Good):**		
	Security deposits[(a)]	**344,550**	239,550
	TOTAL :	**344,550**	239,550
	(a) Financial assets carried at amortized cost		
6	**Other non-current assets :**		
	(Good, unless stated otherwise)		
	Prepaid Expenses	**46,677**	3,927
	Balances in Fixed Deposits[(a)]	**675,000**	-
	Excise duty refund claims		
	Good	**580,920**	580,920
	Doubtful	**-**	587,500
	Less : Allowances for credit losses	**-**	(587,500)
		580,920	580,920
	TOTAL :	**1,302,597**	584,847
(a)	Fixed deposits are under lien with bank, as margin for non fund bases credit facilities.		
7	**Income tax assets (net) :**		
	Tax paid in advance (net)	**1,938,649**	3,276,259
	TOTAL :	**1,938,649**	3,276,259
8	**Inventories :**		
	(As taken, valued and certified by the Directors)		
	Raw materials, including stock in transit	**36,118,277**	37,747,653
	Work-in-progress	**17,058,090**	495,985
	TOTAL :	**53,176,367**	38,243,638
9	**Trade Receivables :**		
	Considered Good - Unsecured	**56,884,021**	86,833,952
	Credit Impaired	**8,764,552**	9,984,531
	Less : Allowances for credit losses	**(8,764,552)**	(9,984,531)
		-	-
	TOTAL :	**56,884,021**	86,833,952
	Above balances of trade receivables include balances with related parties (Refer note 33).		

10	**Cash and cash equivalents**	**As at 31st March, 2019**	**As at 31st March, 2018**
	Balances with banks		
	In current accounts	**1,114,431**	1,348,281
	Deposits with original maturity for more than 3 months but less than 12 months[(a)]	**939,600**	1,005,976
	Cash on hand	**80,081**	97,165
	TOTAL :	**2,134,112**	2,451,422
(a)	Fixed deposits are under lien with bank, as margin for non fund bases credit facilities.		

in INR

11 Other financial assets (Current, Good):	As at 31st March, 2019	As at 31st March, 2018
Security deposits[(a)]	**150,000**	150,445
Contract assets[(a)]	-	19,292,000
Other[(a)]	**29,323**	15,054
TOTAL :	**179,323**	19,457,499
(a) Financial assets carried at amortized cost		

IN INR

12 Other current assets :	As at 31st March, 2019	As at 31st March, 2018
(Good, unless stated otherwise)		
Advances to suppliers		
Good	**3,195,474**	2,131,476
Doubtful	-	67,674
Less : Allowances for credit losses	-	(67,674)
	3,195,474	2,131,476
Pre-paid expenses	**246,099**	118,068
Balances with government authorities		
GST input credit receivable	**1,844,342**	1,613,095
Others	**2,500**	5,000
Other advances recoverable in cash or in kind or for value to be received	**154,507**	129,709
TOTAL :	**5,442,922**	3,997,348

in INR

			As at 31st March, 2019	As at 31st March, 2018
13	**Share Capital :**			
	Authorised :			
	20,000,000	(20,000,000) Equity Shares of Rs. 10/-, each	**200,000,000**	200,000,000
	20,000,000	(20,000,000)	**200,000,000**	200,000,000
	Issued, Subscribed and Paid up :			
	18,489,670	(18,489,670) Equity Shares of Rs. 10/-, each, fully paid up	**184,896,700**	184,896,700
	18,489,670	(18,489,670)	**184,896,700**	184,896,700

(a) 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.

(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, 2019 and 31st March, 2018 is set out below.

in INR

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	**Amount in Rs**	**No. of Shares**	**Amount in Rs**
Balance at the beginning of the year	18,489,670	184,896,700	2,758,670	27,586,700
Add: Shares issued during the year#	-	-	15,731,000	157,310,000
Balance at the close of the year	18,489,670	184,896,700	18,489,670	184,896,700

\# Upon conversion of 1,573,100 0% Unsecured Compulsorily Convertible Debentures of Rs.100/- each

(d) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	**% age**	No. of Shares	% age
Bharat Forge Ltd.$	**18,489,670**	**100.00**	18,489,670	100.00

$ The Holding Company. (Including shares held through nominees)

in INR

	As at 31st March, 2019	As at 31st March, 2018
14 Long-Term Provisions :		
Provision for employee benefits :		
Gratuity	918,947	693,442
Compensated absences	237,772	168,591
TOTAL :	1,156,719	862,033
15 Deferred tax Liabilities (net)		
Deferred Tax Liabilities :		
Timing differences for		
Depreciation	1,130,200	1,281,200
Less : Deferred Tax Assets :		
Timing differences for		
Disallowances	1,130,200	1,281,200
TOTAL :	-	-
16 Other Non-Current Liabilities :		
Contract Liabilities	1,090,760	-
TOTAL :	1,090,760	-
17 Short-Term Borrowings :		
Secured		
Overdraft[(a)]	20,146,759	-
Unsecured		
LC Discounting Facility[(b)]	9,727,013	2,969,763
Demand loans from companies[(c)]	2,470,860	7,864,494
Demand loans from others/directors	-	5,867,400
TOTAL :	32,344,632	16,701,657

(a) Overdraft Facility from ICICI Bank :

Overdraft facility availed from ICICI Bank is secured by first and exclusive charge by way of hypothecation of stocks of raw materials, semi finished and finished goods, consumables, stores, spares and such other moveables including book debts, bills, outstanding monies and receivables, but excluding property, plants and equipments. Rate of Interest applicable is 3% over Base Rate, p.a.

(b) 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.

(c) Rates of interest for demand loans from companies, directors and others, wherever stipulated are in the range from 13% p.a. to 18% p.a.

in INR

	As at 31st March, 2019	As at 31st March, 2018
18 Trade Payables :		
Micro and Small Enterprises	1,703,043	1,946,167
Others	10,997,622	29,550,066
TOTAL :	12,700,665	31,496,233

in INR

	As at 31st March, 2019	As at 31st March, 2018
19 Other financial liabilities :		
Creditors for capital expenditure	373,145	536,759
Other amounts payable	2,667,161	90,920
TOTAL :	3,040,306	627,679
20 Short-Term Provisions :		
Provision for employee benefits :		
Gratuity	50,594	49,387
Compensated absences	45,322	37,004
Other provisions :		
Liquidated damages[(a)(b)]	2,745,662	8,686,563
TOTAL :	2,841,578	8,772,954

(a) In pursuance of Ind AS-37 'Provisions, contingent liabilities and contingent assets', the provisions required for liquidated damages have been incorporated in the books of account in the following manner: **in INR**

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	8,686,563	7,472,899
Arising during the year	683,407	2,995,535
Utilised during the year	(5,982,116)	(1,669,652)
Provision Written Back	(642,192)	(112,219)
Closing balance	2,745,662	8,686,563

(b) Provision for liquidated damages represents the expected claims not in the nature of variable consideration 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.

in INR

	As at 31st March, 2019	As at 31st March, 2018
21 Other Current Liabilities :		
Contract liabilities	26,376,419	115,763,810
Statutory liabilities	285,338	6,703,764
TOTAL :	26,661,757	122,467,574
22 Income tax liabilities (net) :		
Income Tax provisions (net)	435,989	2,071,220
TOTAL :	435,989	2,071,220

in INR

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
23 Revenue from operations :		
Sale of products[a]	(8,746,337)	58,530,845
Sale of services	236,326,894	29,187,750
TOTAL :	227,580,557	87,718,595
(a) Sale of products is net of rejections out of sales made in earlier years	12,751,690	-

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2019 by offerings and contract type.

	in INR
Revenue by offerings :	
Sale of products	(8,746,337)
Product assembly, integration and repairing services	235,623,541
Warranty services	703,353
TOTAL :	227,580,557
Revenue by geographical segments :	
Within India	227,580,557
TOTAL :	227,580,557
Revenue by contract type :	
Fixed price contracts	227,580,557
TOTAL :	227,580,557

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
24 Other income :		
Interest Income		
On Bank Deposits	40,692	37,457
On Income Tax Refund	81,056	101,472
Other	14,000	15,054
Credit balances written back	9,623,701	452,461
Provisions written back	2,622,366	1,057,623
Profit on Foreign Exchange Fluctuations (Net)	363,915	46,828
Profit on Sale of Property, Plant and Equipment (Refer Note 48)	-	25,152,346
Miscellaneous Income	-	63,340
TOTAL :	12,745,730	26,926,581
25 Cost of raw material and components consumed[a] :		
Inventory at the beginning of the year	37,747,653	29,887,151
Add: Purchases	132,737,558	34,696,362
	170,485,211	64,583,513
Less: Inventory at the end of the year (Refer note 8)	(36,118,277)	(37,747,653)
Cost of raw material and components consumed	134,366,934	26,835,860
(a) Refer note 37		
26 Changes in inventories of work in progress :		
Inventories at the beginning of the year		
Work-in-progress	495,985	3,989,401
	495,985	3,989,401
Inventories at the close of the year		
Work-in-progress	17,058,090	495,985
	17,058,090	495,985
TOTAL :	(16,562,105)	3,493,416

in INR

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
27 Employee benefit expenses :		
Salaries and Wages	8,255,741	9,847,732
Contributions to		
- Provident fund	413,387	438,831
- Other fund / scheme	148,431	200,031
- Gratuity	167,716	202,154
Staff welfare expenses	863,962	530,285
TOTAL :	9,849,237	11,219,033
28 Finance costs :		
Interest on Bank Borrowings	4,104,239	9,595,148
Other Interest*	1,031,707	31,291,556
TOTAL :	5,135,946	40,886,704

* Other Interest includes interest on other borrowings, Micro and Small Enterprises, unwinding of discount on financial liabilities, etc.

in INR

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
29 Depreciation :		
Depreciation on Property, Plant and Equipment	1,641,367	1,485,542
Depreciation on Intangible Assets	378,842	378,842
TOTAL :	2,020,209	1,864,384
30 Other expenses :		
Consumption of Stores and Spares	141,814	139,662
Labour and Processing Charges	20,350	319,473
Power and Fuel	1,537,382	1,066,068
Repairs and Maintenance - Buildings	794,858	404,672
Repairs and Maintenance - Plant and Machinery	552,718	104,960
Repairs and Maintenance - Others	422,055	460,053
Insurance	460,627	123,576
Rates and Taxes	951,541	251,763
Liquidated damages (Refer note 20)	683,407	2,995,535
Communication	128,128	135,969
Bank Charges and Commission	1,043,689	1,118,364
Printing and Stationery	213,628	120,403
Travelling and Conveyance	2,946,858	4,278,162
Professional Fees	642,729	350,391
Technical Consultancy	1,327,360	1,981,967
Security Services	432,000	430,080
Payment to Auditors (Refer note 39)	350,000	561,127
Rent (Refer note 35)	2,341,480	9,354
Freight, Packing and Forwarding	1,226,245	40,840
Miscellaneous Expenses#	1,616,265	2,043,459
Bad Debts	9,596	-
Allowances for credit losses	105,021	6,884,840
TOTAL :	17,947,751	23,820,718

Miscellaneous Expenses includes general office expenses, penalties and fines, etc.

31 Disclosure pursuant to Ind AS 19 on "Employee Benefits"

(a) Defined contribution plans :

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 438,831/- (Previous Year:₹ 545,057/-) for the provident fund contributions in the statement of profit and loss. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

(b) Gratuity plan :

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is unfunded as on the valuation date."

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a) Asset-Liability Mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c) Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

in INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Mortality table	IALM 2012-14 Ult	IALM 2006-08 Ult
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	7.43%	8.25%
Salary Growth Rate	4.00%	4.00%
Expected average remaining working lives (in years)	13.20	15.16
Withdrawal rate	3.00%	3.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

In INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Present value of obligation as at the beginning of the year	1,012,371	1,838,539
Interest expense	67,144	127,493
Current service cost	114,378	90,628
Benefits (paid)	(346,154)	(259,040)
Remeasurements on obligation [Actuarial (Gain) / Loss]	408,419	(785,249)
Present value of obligation as at the end of the year	1,256,157	1,012,371

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

in INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Fair value of plan assets at the beginning of the year	269,542	320,567
Interest Income	20,511	22,745
Contributions	343,294	186,539
Benefits paid	(346,154)	(259,040)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(577)	(1,269)
Fair value of plan assets at the end of the year	286,616	269,542
Actual return on plan assets	19,934	21,476

Net Interest (Income/Expense)

in INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Interest (Income) / Expense – Obligation	67,144	127,493
Interest (Income) / Expense – Plan assets	(20,511)	(22,745)
Net Interest (Income) / Expense for the period	46,633	104,748

Remeasurement for the period [Actuarial (Gain)/loss]

in INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Experience (Gain) / Loss on plan liabilities	(25,433)	(728,730)
Demographic (Gain) / Loss on plan liabilities	(4,241)	-
Financial (Gain) / Loss on plan liabilities	438,093	(56,519)
Experience (Gain) / Loss on plan assets	577	1,269
Financial (Gain) / Loss on plan assets	-	-

Amount recognised in Statement of Other comprehensive Income (OCI)

in INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Opening amount recognised in OCI outside profit and loss account	(1,101,269)	(317,289)
Remeasurement for the period-Obligation (Gain)/Loss	408,419	(785,249)
Remeasurement for the period-Plan assets (Gain)/Loss	577	1,269
Total Remeasurement cost/(credit) for the period recognised in OCI	408,996	(783,980)
Closing amount recognised in OCI outside profit and loss account	(692,273)	(1,101,269)

The amounts to be recognised in the Balance Sheet

in INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Present value of obligation as at the end of the period	(1,256,157)	(1,012,371)
Fair value of plan assets as at the end of the period	286,616	269,542
Net Asset / (liability) to be recognised in balance sheet	969,541	742,829

Expense recognised in the statement of profit and loss

in INR

	Year ended 31st March, 2019	**Year ended 31st March, 2018**
Current service cost	114,378	90,628
Net Interest (Income) / Expense	46,633	104,748
Net periodic benefit cost recognised in the statement of profit and loss	161,011	195,376

Reconciliation of Net Asset/(Liability) recognised:

in INR

	Year ended 31st March, 2019	Year ended 31st March, 2018
Net asset / (liability) recognised at the beginning of the period	(742,829)	(1,517,972)
Company contributions	343,294	186,539
Expense recognised at the end of period	(161,011)	(195,376)
Amount recognised outside profit & loss for the period	(408,996)	783,980
Net asset / (liability) recognised at the end of the period	(969,541)	(742,829)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Year ended 31st March, 2019	Year ended 31st March, 2018
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

Discount rate	Present value of obligation	
	Year ended 31st March, 2019 in INR	Year ended 31st March, 2018 in INR
Increase in discount rate by 100 basis points	1,135,023	918,189
Decrease in discount rate by 100 basis points	1,396,131	1,120,524

Impact of change in salary growth rate when base assumption is decreased/increased by 100 basis point

Salary growth rate	Present value of obligation	
	Year ended 31st March, 2019 in INR	Year ended 31st March, 2018 in INR
Increase in salary growth rate by 100 basis points	1,395,110	1,130,065
Decrease in salary growth rate by 100 basis points	1,133,570	908,912

Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

Withdrawal rate	Present value of obligation	
	Year ended 31st March, 2019 in INR	Year ended 31st March, 2018 in INR
Increase in withdrawal rate by 100 basis points	1,252,239	1,043,849
Decrease in withdrawal rate by 100 basis points	1,260,398	977,504

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected contributions to the defined benefit plan in future years to the extent certified by the actuary:

Year Ending	31st March, 2019 in INR	31st March, 2018 in INR
Within the next 12 months (next annual reporting period)	484,771	371,414

Amount for the current and previous three years are as follows:

	31st March, 2019 in INR	**31st March, 2018 in INR**	**31st March, 2017 in INR**
Present Value of Defined Benefit Obligation	1,256,157	1,012,371	1,838,539
Fair Value of Plan Asset	286,616	269,542	320,567
Funded Status [Surplus/ (Deficit)]	(969,541)	(742,829)	(1,517,972)
Experience gain / (loss) adjustments on plan liabilities	25,433	728,730	317,289
Experience gain / (loss) adjustments on plan assets	577	8,944	-

(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, 2019 in INR**	**As at 31st March, 2018 in INR**
1	Present Value of Obligation	(283,094)	(205,595)
2	Fair Value of Plan Assets	-	-
3	Net asset/(liability) recognized in the Balance Sheet	(283,094)	(205,595)

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 operating segment. As such, there are no separate reportable segments, as per the Ind AS – 108 on 'Operating Segments.'

33 Related Party Disclosure :

A. Related Parties and their relationships :

a) Holding Company : i) Bharat Forge Limited

b) Fellow Subsidiary : i) Kalyani Strategic Systems Limited

c) Key Managerial Personnel :

i) Mr. Rudrakumar Jadeja - Chief Executive Officer (Resigned w.e.f. 14th May, 2018)@

ii) Mr. Prabhakat Kanugo - Chief Executive Officer (Appointed w.e.f. 15th May, 2018)@

iii) Mr. Rajaramesh Bommareddy Reddy - Chief Financial Officer (Appointed w.e.f. 14th December, 2018)

iv) Mr. Tanay Mishra - Company Secretary (Appointed w.e.f. 14th December, 2018)@

@ On deputation from Bharat Forge Limited, the Holding Company

B. Transactions with Related Parties :

in INR

	Particulars	**Terms and Conditions (Refer foot note no.)**	Key Managerial Personnel	Holding Company	Fellow Subsidiary	Total
	Remuneration	(a)	156,471 -	- -	- -	156,471 -
	Issue of Shares	(b)	- -	- (157,310,000)	- -	- (157,310,000)
	Reimbursement of expenses	(c)	- -	52,123 -	- -	52,123 -
	Advance Received	(d)	- -	25,000,000 (115,000,000)	- -	25,000,000 (115,000,000)
	Sale of Service (Excluding Taxes)	(e)	- -	237,451,920 (14,549,750)	- -	237,451,920 (14,549,750)
	Purchase	(f)	- -	2,756,117 (10,561,304)	- -	2,756,117 (10,561,304)
	Rent Paid	(g)	- -	- -	1,739,796 (9,354)	1,739,796 (9,354)
	Sale of Property, plant and equipment	(h)	- -	- -	- (52,770,000)	- (52,770,000)
	Sales return	(i)	- -	- -	2,420,950 -	2,420,950 -

(Figures in bracket indicate previous year)

(a) Remuneration paid to the Key Managerial Personnel as per terms of appointment

(b) Shares were issued to the Holding Company upon conversion of 1,573,100 0% Unsecured Compulsorily Convertible Debentures of r 100/- each, as per the terms of issue.

(c) Reimbursement of expenses

(d) The Company has received advance against purchase order from the Holding Company in the ordinary course of business.

(e) Sale to related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(f) Purchase from related parties are in the ordinary course of business and the same have been made at arm's length price and are subject to normal credit terms.

(g) Rent paid to related party is in the ordinary course of business and the same has been paid at arm's length price.

(h) Please refer to note no. 48

(i) Sales rejections by the related party in the ordinary course of business.

C. Balance with Related Parties:

in INR

	Key Managerial Personnel	Holding Company	Fellow Subsidiary	Total
Amounts payables	-	-	2,667,161	2,667,161
	-	(10,561,304)	(24,254)	(10,585,558)
Amounts Receivable	-	52,418,345	-	52,418,345
	-	11,692,515		11,692,515
Advance received	-	24,532,836	-	24,532,836
	-	(109,523,810)	-	(109,523,810)

(Figures in bracket indicate previous year)

34 Contingent Liabilities not provided for in respect of : **in INR**

	As at 31st March, 2019	As at 31st March, 2018
a) Central Excise Duty and Penalty[(i)]	1,348,264	1,348,264
b) Claims against the Company not acknowledged as debts[(ii)]	-	4,079,400
TOTAL :	1,348,264	5,427,664

(i) These matters are under dispute. The Company has contested the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the demand raised.

(ii) The Company has disputed certain amounts claimed by its suppliers/customers which the Company believes to be not payable as per the underlying contracts. The Company has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

35 Leases

The Company has entered into arrangements in the nature of cancellable operating leases for premises. The lease terms range from 9 months to 36 months. The particulars as per the Ind AS 17 with regard to the above are as under : **in INR**

	As at 31st March, 2019	As at 31st March, 2018
a) Payments recognised in the statement of profit and loss	2,341,480	9,354
b) There are no transactions in the nature of sub-lease.	-	-

36 Value of imports calculated on CIF basis : **in INR**

	As at 31st March, 2019	As at 31st March, 2018
a) Raw materials and Components	110,129,922	10,965,273
TOTAL :	110,129,922	10,965,273

37 Consumption of raw materials **in INR**

	Year ended 31st March, 2019		Year ended 31st March, 2018	
Imported	113,947,600	84.80%	2,168,524	8.08%
Indigenous	20,419,334	15.20%	24,667,336	91.92%
TOTAL :	134,366,934	100%	26,835,860	100%

38 Unhedged foreign currency exposure : **in INR**

	As at 31st March, 2019. Foreign Currency		As at 31st March, 2019.	As at 31st March, 2018. Foreign Currency		As at 31st March, 2018.
Assets :						
Advances to Trade Creditors	USD	-	-	USD	4,939	321,238
	EUR	8,230	639,485	EUR	8,230	67,674
	GBP	-	-	GBP	67	6,224
			639,485			395,136

39 Payments to Auditors (inclusive of GST, wherever applicable) : **in INR**

	As at 31st March, 2019	As at 31st March, 2018
a) As auditor	350,000	295,000
b) For tax audit	-	59,000
c) Reimbursement of expenses	-	207,127
TOTAL :	350,000	561,127

40 Earning per Share (Face Value of a 10 Each) : **in INR**

	Year ended 31st March, 2019	Year ended 31st March, 2018
Profit for the year after taxation	69,438,492	3,643,820
Weighted Average Number of Equity Shares, outstanding during the period	18,489,670	3,706,840
Basic Earning per Share in rupees	3.76	0.98
Diluted Earning per Share in rupees	3.76	0.98

41 Income and deferred taxes :

a) The major components of income tax expense for the years ended 31st March, 2019 and 31st March, 2018 are **in INR**

	Year ended 31st March, 2019	Year ended 31st March, 2018
Current income tax		
Current income tax charge	18,091,000	1,450,000
Taxes for earlier years	38,823	1,431,241
TOTAL :	18,129,823	2,881,241

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2019 and 31st March 2018: **in INR**

	Year ended 31st March, 2019	Year ended 31st March, 2018
Accounting profit before tax	87,568,315	6,525,061
At India's enacted tax rate of 26.00% (31st March 2018: 25.75%)	22,767,762	1,680,203
Tax effect due to non-taxable income for Indian tax purposes	(131,522)	(257,807)
Tax effect of non-deductible expenses	290,905	11,178,905
Tax effect of business loss set off in respect of which deferred tax asset was not recognised on prudent basis.	(20,959,211)	(11,105,358)
Tax allowances	(106,339)	(50,343)
MAT credit not recognised on prudent basis	18,058,979	-
Deferred tax asset (Net) not recognised on prudent basis.	(1,743,200)	1,789,216
Difference due to change in applicable statutory tax rate	(47,511)	-
Tax effect due to special tax rate on long term capital gain	-	(353,575)
At the effective income tax rate of 20.70% (31st March, 2018: 44.16%)	18,129,823	2,881,241
Income tax expense reported in the statement of profit and loss	18,129,823	2,881,241

c) Reconciliation of deferred tax liabilities (net)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Opening balance	-	-
Tax income/(expense) during the period	-	-
Closing balance	-	-

d) The Company has not recognized deferred tax asset in respect of timing differences on account of business loss aggregating to R 32,138,532 (Previous Year: r 29,053,000) under the Income Tax Act, 1961 on the considerations of prudence.

42 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 : **in INR**

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	616,147	1,239,308
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	380,037	151,172
(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	2,407,389	1,176,607
(iv) The amount of interest due and payable for the year	380,037	151,172
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1,086,896	706,859
(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	9,874	19,097
Dues to Micro and Small Enterprises have been identified by the Company from available information and relied upon by the Auditors.		

43 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Actual amounts available for offset depend upon ascertainment by tax authorities in assessments of the Company. The Company will be able to offset tax losses and allowances only to the extent of availability of adequate taxable income within the time permissible as per the taxing legislations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Revenue recognition

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

44 Fair values :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

		Carrying value		Fair value	
		Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
I)	**Financial assets**				
	Others non current financial assets				
	Security Deposits	**494,550**	389,995	**494,550**	389,995
	Others current financial assets				
	Interest receivable	**29,323**	15,054	**29,323**	15,054
	Contract Assets	**-**	19,292,000	**-**	19,292,000
		523,873	19,697,049	**523,873**	19,697,049
II)	**Financial liabilities**				
	Short term borrowings				
	Overdraft	**20,146,759**	-	**20,146,759**	-
	LC Discounting Facility	**9,727,013**	2,969,763	**9,727,013**	2,969,763
	Demand loans from companies	**2,470,860**	7,864,494	**2,470,860**	7,864,494
	Demand loans from directors	**-**	5,867,400	**-**	5,867,400
	Other financial liabilities				
	Creditors for capital expenditure	**373,145**	536,759	**373,145**	536,759
	Contract Liabilities	**27,467,179**	115,763,810	**27,467,179**	115,763,810
	Other amounts payable	**2,667,161**	90,920	**2,667,161**	90,920
		62,852,117	133,093,146	**62,852,117**	133,093,146

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

45 Fair value hierarchy : **in INR**

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed					
Security Deposits	3/31/2019	-	-	494,550	494,550
Interest receivable	3/31/2019	-	-	29,323	29,323
Contract Assets	3/31/2019	-	-	-	-
Liabilities for which fair value has been disclosed					
LC Discounting Facility	3/31/2019	-	-	9,727,013	9,727,013
Demand loans	3/31/2019	-	-	2,470,860	2,470,860
Creditors for capital expenditure	3/31/2019	-	-	373,145	373,145
Contract Liabilities	3/31/2019	-	-	27,467,179	27,467,179
Other amounts payable	3/31/2019	-	-	2,667,161	2,667,161
Assets for which fair value has been disclosed					
Security Deposits	3/31/2018	-	-	389,995	389,995
Interest receivable	3/31/2018	-	-	15,054	15,054
Contract Assets	3/31/2018	-	-	19,292,000	19,292,000
Liabilities for which fair value has been disclosed					
LC Discounting Facility	3/31/2018	-	-	2,969,763	2,969,763
Demand loans	3/31/2018	-	-	13,731,894	13,731,894
Creditors for capital expenditure	3/31/2018	-	-	536,759	536,759
Contract Liabilities	3/31/2018	-	-	115,763,810	115,763,810
Other amounts payable	3/31/2018	-	-	90,920	90,920

46.Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise short term borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2019 and 31st March, 2018.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2019 and 31st March, 2018 including the effect of hedge accounting (if any)

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the Company’s operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

iii) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

in INR

	Change in USD Rate	Effect on profit before tax	Effect on equity pre-tax
31st March, 2019	5.00%	-	-
	-5.00%	-	-
31st March, 2018	5.00%	16,062	16,062
	-5.00%	(16,062)	(16,062)
	Change in EUR Rate	**Effect on profit before tax**	**Effect on equity pre-tax**
31st March, 2019	5.00%	31,974	31,974
	-5.00%	(31,974)	(31,974)
31st March, 2018	5.00%	3,384	3,384
	-5.00%	(3,384)	(3,384)
	Change in GBP Rate	**Effect on profit before tax**	**Effect on equity pre-tax**
31st March, 2019	5.00%	-	-
	-5.00%	-	-
31st March, 2018	5.00%	311	311
	-5.00%	(311)	(311)

B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

C) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2019						
LC Discounting Facility	-	9,727,013	-	-	-	9,727,013
Demand loans from companies	2,470,860	-	-	-	-	2,470,860
Demand loans from directors	-	-	-	-	-	-
Creditors for capital expenditure	373,145	-	-	-	-	373,145
Contract Liabilities	24,582,278	448,535	1,345,606	1,090,760	-	27,467,179
Other amounts payable	2,667,161	-	-	-	-	2,667,161
	30,093,444	**10,175,548**	**1,345,606**	**1,090,760**	**-**	**42,705,358**

	On Demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
Year ended 31st March, 2018						
LC Discounting Facility	-	2,969,763	-	-	-	2,969,763
Demand loans from companies	7,864,494	-	-	-	-	7,864,494
Demand loans from directors	5,867,400	-	-	-	-	5,867,400
Creditors for capital expenditure	536,759	-	-	-	-	536,759
Contract Liabilities	115,763,810	-	-	-	-	115,763,810
Other amounts payable	90,920	-	-	-	-	90,920
	130,123,383	**2,969,763**	**-**	**-**	**-**	**133,093,146**

47 Disclosure pursuant to Ind AS 115 on "Revenue from contracts with customers"

a) Trade receivables and Contract balances :

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on completion of the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March, 2019, R 19,292,000/- of unbilled revenue pertaining to fixed price development contracts as of 1st April, 2018 has been reclassified to Trade receivables upon billing to customers on completion of contracts.

b) Changes in Contract Assets are as under :

		in INR
	Balance at the beginning of the year	**19,292,000**
	Revenue recognised during the year	**1,508,000**
	Invoices raised during the year	**(20,800,000)**
	Balance at the end of the year	**-**
c)	**Changes in Contract Liabilities are as under :**	
	Balance at the beginning of the year	**115,763,810**
	Revenue recognised from unearned revenue/advance from customers at the beginning of the year	**(95,611,429)**
	Increased due to invoicing during the year excluding the amounts recognised as revenue during the year	**7,314,798**
	Balance at the end of the year	**27,467,179**

d) Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, and adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2019, other than those meeting the exclusion criteria mentioned above, is $ 2,884,901/-. Out of this, the Company expects to recognize revenue of R 1,794,141/- within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments:

in INR

	Year ended 31st March, 2019
Revenue recognised as per Statement of Profit & loss	
Sale of products[a]	**(8,746,337)**
Sale of services	**236,326,894**
	227,580,557
Add : Adjustments	
Deferment of Sales	**2,884,901**
	230,465,458

(a) Sale of products is net of rejections out of sales made in earlier years of R 12,751,690.

48. Sale of Land and Building:

The Company sold its land and building situated at Hyderabad, Telangana State to Kalyani Strategic Systems Limited for total consideration of rs.52,770,000/- by executing a sale deed on 29th March, 2018 at a profit of Rs. 25,152,346/-.

As per my attached report of even date,

Hrushikesh Kulkarni
Chartered Accountant
M.No 160187

Place : Pune
Date : May 18th , 2019

On behalf of the Board of Directors,

Rajinder Bhatia
Director
DIN : 05333963

Vikram Munje
Director
DIN : 02772991

B Raja Ramesh Reddy
Chief Financial Officer

Tanay Mishra
Company Secretary

Place : Pune
Date : May 18th , 2019

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BF Elbit Advanced Systems Private Limited

Directors	Registered Office	Auditors
Mr.B.N.Kalyani	Pune Cantonment,	P.V.Deo
Mr.A.B.Kalyani	Mundhwa,	Chartered Accountant
Mr.Rajinder Singh Bhatia	Pune 411036	604 Jeevan Heights,
Mr.Shai Israel Cohen		Thorat Colony,Erandwana,
Mr.Yehuda Vered		Pune - 411004

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2019

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, 2019.

1. PERFORMANCE OF THE COMPANY

The Company has not yet started any commercial activities.

(Amount in Rupees)

Particulars	As on March 31, 2019	As on March 31, 2018
Total Revenue	64,744,800	542,574
Depreciation/Amortization	1,396	70,378
Other expenses	1,441,592	4,455,750
Total expenses	73,618,452	14,129,072
Profit / (Loss) before Tax	(8,873,652)	(13,586,498)
Current Tax	NIL	NIL
Profit / (Loss) after Tax	(8,873,652)	(13,586,498)
Earnings per equity share Basic / Diluted	(4.48)	(35.80)

2. DIVIDEND

Since the Company does not have any distributable profit, the Board has not recommended any dividend for the financial year ended March 31, 2019.

3. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

4. STATE OF COMPANY'S AFFAIRS

The Company is yet to start manufacturing activity. During the year, the Company has undertaken trading business.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

There are no adverse material changes or commitments occurring after March 31, 2019 which affect the financial position of the Company or may require disclosure.

6. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, joint venture and associate company.

7. PUBLIC DEPOSITS

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

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

The Company has not made any Investment, given guarantee and securities during the year under review.

9. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control which commensurate with its size and the nature of its operations.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

10. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

In financial year 2018-19, the Board of the Company met five (5) times on May 15, 2018, May 30, 2018, September 20, 2018, January 7, 2019 and March 23, 2019. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

11. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013, Mr. Shai Cohen and Mr. Yehuda Vered retire by rotation and being eligible, offers themselves for reappointment.

During the year under review, there has been no change in directorship of the Company.

12. SHARE CAPITAL

As on March 31, 2019, Paid up Share Capital of the Company is 19,80,408 Equity Shares of face value of Rs.10/- each amounting to Rs.1,98,04,080/-.

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, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

13. DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors’ Responsibility Statement, Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at March 31, 2019 and of the Loss of the Company for the year under review;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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. AUDITORS

The Company appointed Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No. 041609), as the Statutory Auditor of the Company, in its Annual General Meeting held on August 23, 2014 for a term of five years i.e. till the conclusion of ensuing AGM. The Company intends to re-appoint Mr. Prashant V. Deo as the Statutory Auditor for a further term of five consecutive years from the conclusion of the ensuing AGM till the conclusion of the 12th Annual General Meeting of the Company to be held in the Financial Year 2024-25.

The Company has received letter from M/s. Prashant V. Deo, Chartered Accountant, Pune, to the effect that their re-appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and the conditions prescribed read with the Rule 4 of Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment.

16. AUDITORS' REPORT

As regards adverse remark stated in item No (vii) (a) of "Annexure A" of Auditor's Report, your directors wish to state that irregularity in fees payable under MVAT Act is due to paucity of funds and the Company has taken necessary steps to ensure timely payment in future.

17. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No.MGT-9 as required under Section 92 of the Companies Act, 2013 for the financial year ending March 31, 2019 is appended as **Annexure "A"** and forms part of this report.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 entered by the Company during the financial year ended 31st March, 2019 is appended as **Annexure "B"** in prescribed Form AOC-2 and forms part of this report.

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

There is nothing to be reported with regards to conservation of energy, technology absorption and the Company has not entered into any transactions involving foreign exchange earnings and outgo.

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

There are no employees in the Company.

22. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

23. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and cooperation all through the year.

For and On behalf of the Board of Directors

	B. N. Kalyani	**Rajinder Singh Bhatia**
Place : Pune	**Director**	**Director**
Date : May 18, 2019	**DIN : 00089380**	**DIN : 05333963**

Annexure "A"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019

[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*
1	Other retail sale not in stores, stalls or markets	47990	100.00%

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	Section 2(87)(ii)

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

i) Category-wise Share Holding as of March 31, 2019

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	10,10,000	10,10,000	51	10,10,000	NIL	10,10,000	51	NIL
Sub-total (A) (1):-	**NIL**	**10,10,000**	**10,10,000**	**51**	**10,10,000**	NIL	**10,10,000**	**51**	**NIL**
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	9,70,408	9,70,408	49	NIL	9,70,408	9,70,408	49	NIL
Sub-total (A) (2):-	NIL	9,70,408	9,70,408	49	NIL	9,70,408	9,70,408	49	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**19,80,408**	**19,80,408**	**100**	**10,10,000**	**9,70,408**	**19,80,408**	**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**	**19,80,408**	**19,80,408**	**100**	**10,10,000**	**9,70,408**	**19,80,408**	**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	10,10,000	51	NIL	10,10,000	51	NIL	NIL
2	Elbit Systems Land and C4I Limited	9,70,408	49	NIL	9,70,408	49	NIL	NIL
	Total	**19,80,408**	**100**	**NIL**	**19,80,408**	**100**	**NIL**	**NIL**

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	19,80,408	100	19,80,408	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):	Nil	Nil	Nil	Nil
3	At the End of the year	19,80,408	100	19,80,408	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		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors & KMPs :

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
	NIL	NIL	NIL	NIL	NIL

IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposit Rs.	Unsecured Loans Rs.	Unsecured Loans Rs.	Total Indebtedness Rs.
Indebtedness at the beginning of the financial year				
i.) Principal Amount	NIL	78,620,501/-	7,990,432/-	86,610,933/-
ii.) Interest due but not paid	NIL	2,0,613,318/-	3,118,542/-	23,731,860/-
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**99,233,819/-**	**11,108,974/-**	**110,342,793/-**
Change in Indebtedness during the Financial year				
i.) Addition	NIL	NIL	NIL	NIL
ii.) Reduction	NIL	66,59,582/-	NIL	66,59,582/-
Net Change	**NIL**	**66,59,582/-**	**NIL**	**66,59,582/-**
Indebtedness at the end of the Financial year				
i.) Principal Amount	NIL	93,092,637/-	11,108,974/-	104,201,611/-
ii.) Interest due but not paid	NIL	9,190,908/-	1,009,568/-	10,200,476/-
iii.) Interest accrue but not due	NIL	NIL	NIL	NIL
Total(i+ii+iii)	**NIL**	**102,283,545/-**	**12,118,542/-**	**114,402,087/-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NIL	NIL	NIL
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission:	NIL	NIL	NIL
	- As a % of Profit	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
Total A		NIL	NIL	NIL
Ceiling as per the Act				N.A.

B. Remuneration to other Directors

The Company does not pay remuneration to any other Directors.

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company does not have 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

For and On behalf of the Board of Directors

B. N. Kalyani
Director
DIN : 00089380

Rajinder Singh Bhatia
Director
DIN : 05333963

Place : Pune
Date : May 18, 2019

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

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019, which are not at arm's length basis.

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			Kalyani Strategic Systems Limited
b	Nature of contracts/ arrangements/ transactions	Interest on Inter Corporate Deposit	Lease of Property	Purchase of Material	Interest on Inter Corporate Deposit
c	Duration of the contracts / arrangements/transactions	Payable on demand	Three Years can be extended Mutually	One Time	Payable on demand Rs.11,21,744/-
d	Salient terms of the contracts or arrangements or transactions including the value, if any	At an interest of 10% p. a. Rs.1,02,12,120/- During the year company repaid Rs.6,659,582/-	As per sub-let agreement Rs.4,80,000/- per annum	As per Purchase Order Rs.76,277,384/-	At an interest of 9.70% p. a.
e	Date(s) of approval by the Board, if any	March 29,2016	March 12,2014	-	September 9,2015
f	Amount paid as advances, if any	NIL	NIL	NIL	NIL

For and On behalf of the Board of Directors

B. N. Kalyani
Director
DIN : 00089380

Rajinder Singh Bhatia
Director
DIN : 05333963

Place : Pune
Date : May 18, 2019

Independent Auditor's Report

To the Members of BF Elbit Advanced Systems Private Limited

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of **BF Elbit Advanced Systems Private Limited** ("the Company") which comprises the Balance Sheet as at 31^{st} March, 2019, the Statement of Profit and Loss, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, but does not include the financial statements and my auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Board's Report including Annexures to Board's Report if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for Audit of the Financial Statements

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

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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, to the extent applicable.

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

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

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

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

   d) In my opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements 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 : May 18th, 2019

“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, 2019.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i)

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

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) The Company does not own any immovable properties.

(ii) The inventory comprising stock of raw materials was physically verified at reasonable intervals during the year by the management. As explained to me, no material discrepancies were noticed by the management on physical verification of stocks.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has neither given any loan to any person or other body corporate nor given any guarantee or provided security in connection with a loan to any other body corporate or person. Similarly the Company has also not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii)

(a) According to the records of the Company, the Company was 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, 2019 for a period of more than six months from the date those became payable ***save and except the following liabilities which were outstanding for a period of more than six months from the date those became payable.***

- ***Fees payable under MVAT Act : Rs 21,000/-***

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 18th, 2019

"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, 2019.

I have audited the internal financial controls over financial reporting of **BF Elbit Advanced Systems Private Limited** ("the Company") as of 31st March, 2019 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, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 18th, 2019

Balance sheet as at 31st March, 2019

		Notes	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
I.	**ASSETS**			
1	**Non-current assets**			
a)	Property, Plant and Equipment	3	**18,050**	19,446
b)	Other non-current assets	4	**17,671,500**	18,212,348
			17,689,550	18,231,794
2	**Current assets**			
a)	Inventories	5	**15,435,784**	-
b)	Financial Assets			
i)	Trade Receivables	6	**62,683,488**	-
ii)	Cash and cash equivalents	7	**19,866,556**	14,442,506
iii)	Other financial assets	8	**46,509**	25,000
c)	Other current assets	9	**4,205,584**	2,003,242
			86,802,137	16,470,748
	TOTAL :		**119,927,471**	34,702,542
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
a)	Equity share capital	10	**19,804,080**	19,804,080
b)	Other equity	11	**(104,636,983)**	(95,763,331)
			(84,832,903)	(75,959,251)
2	**Current liabilities**			
a)	Financial Liabilities			
i)	Borrowings	12 (i)	**114,402,087**	103,546,411
ii)	Trade Payables	12 (ii)	**89,797,312**	6,896,382
b)	Other current liabilities	13	**560,975**	219,000
			204,760,374	110,661,793
	TOTAL :		**119,927,471**	34,702,542
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 32		

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 18th,2019

On behalf of the Board of Directors,

B.N. Kalyani
Director
DIN: 00089380
Place: Pune
Date: May 18th,2019

Rajinder Singh Bhatia
Director
DIN: 05333963

Statement of profit and loss for the year ended 31st March, 2019

		Notes	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
I.	**Income**			
a)	Revenue from operations (net)	14	**64,744,800**	-
b)	Other Income	15	-	542,574
	Total Revenue		**64,744,800**	542,574
II.	**Expenses**			
a)	Purchases of Stock-in-trade	16	**76,277,384**	-
b)	Changes in inventories of Stock-in-trade	17	**(15,435,784)**	-
c)	Finance Costs	18	**11,333,864**	9,602,944
d)	Depreciation and amortization expenses	19	**1,396**	70,378
e)	Other expenses	20	**1,441,592**	4,455,750
	Total expenses		**73,618,452**	14,129,072
III.	**Loss before tax**		**(8,873,652)**	(13,586,498)
IV.	**Tax expenses**		-	-
V.	**Loss for the year**		**(8,873,652)**	(13,586,498)
VI.	**Other Comprehensive Income**		-	-
VII.	**Total Comprehensive Income for the period (V+VI)**		**(8,873,652)**	(13,586,498)
VIII.	**Earnings per equity share for continuing operations [nominal value of share A10/-]**			
a)	Basic (In A)	24	**(4.48)**	(35.80)
b)	Diluted (In A)	24	**(4.48)**	(35.80)
	Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 32		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo	**B.N. Kalyani**	**Rajinder Singh Bhatia**
Chartered Accountant	**Director**	**Director**
	DIN: 00089380	**DIN: 05333963**
Place: Pune	**Place: Pune**	
Date: May 18th,2019	**Date: May 18th,2019**	

Statement of changes in equity for the year ended 31st March, 2019

a Equity share capital

		Balance at the beginning of the year ₹	Changes in Equity share Capital during ₹	Balance at the end of the year ₹
i)	For the Year ended 31st March 2019	19,804,080	-	19,804,080
ii)	For the Year ended 31st March 2018	196,080	19,608,000	19,804,080

b Other equity

	Retained Earnings ₹
Balance at the beginning of the Year	(82,176,833)
Add :	
Total Comprehensive Income for the Year	(13,586,498)
Balance at the end of the Year 31st March, 2018.	(95,763,331)
Add :	
Total Comprehensive Income for the year	(8,873,652)
Balance at the end of the year 31st March, 2019.	**(104,636,983)**

c Total equity (a+b)	**(84,832,903)**

Significant Accounting Policies and Notes forming an integral part of the Financial Statements	1 to 32

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 18th,2019

B.N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place: Pune
Date: May 18th,2019

Cash Flow Statement for the year ended 31st March, 2019

			Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
(A)	**Cash flow from operating activities**			
	Loss before tax		(8,873,652)	(13,586,498)
	Add :			
	Depreciation		1,396	70,378
	Interest Paid		11,333,864	9,602,944
	Unrealised Foreign Exchange loss		540,848	-
	Operating loss before working capital changes		3,002,456	(3,913,176)
	Movements in working capital :			
	(Increase) / decrease in other non-current assets		-	(290,098)
	(Increase) / decrease in other current assets		(2,202,342)	18,238,281
	(Increase) / decrease in other financial assets		(21,509)	-
	(Increase) / decrease in Inventories		(15,435,784)	-
	(Increase) / decrease in Trade receivables		(62,683,488)	-
	Increase / (decrease) in Trade Payables		82,900,930	6,677,712
	Increase / (decrease) in other Current liabilities		341,975	(1,491,882)
			2,899,782	23,134,013
	Cash generated from operations		5,902,238	19,220,837
	Direct taxes paid (net of refunds)		-	-
	Net cash flows from operating activities	(A)	5,902,238	19,220,837
(B)	**Cash flows from investing activities**			
	Purchase of Property, plant and equipment		-	(22,890)
	Capital Advance		-	(18,212,348)
	Net cash flows used in investing activities	(B)	-	(18,235,238)
(C)	**Cash flows from financing activities**			
	Proceeds from issue of equity shares		-	19,608,000
	Proceeds from short term borrowings		10,855,676	3,429,303
	Interest Paid		(11,333,864)	(9,602,944)
	Net cash flows from/(used in) financing activities	(C)	(478,188)	13,434,359
(D)	**Net increase in cash and cash equivalents (A+B+C)**		5,424,050	14,419,958
(E)	**Cash and cash equivalents at the beginning of the year**		14,442,506	22,548
(F)	**Cash and cash equivalents at the end of the year**		19,866,556	14,442,506
	Components of cash and cash equivalents as at		As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
	Balances with Banks in Current accounts		19,866,556	14,442,506
		TOTAL :	19,866,556	14,442,506
Significant Accounting Policies and Notes forming an integral part of the Financial Statements		1 to 32		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

B.N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place: Pune
Date: May 18th,2019

Place: Pune
Date: May 18th,2019

Notes forming part of the Financial Statements for the year ended 31st March, 2019

1. Corporate information:

BF Elbit Advanced Systems Private Limited was incorporated on 2nd August, 2012, as a private limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited and thus deemed to be a public company within the meaning of Sec. 2(71) of the Companies Act, 2013. The Company is a 51:49 Joint Venture between Bharat Forge Limited and Elbit Systems Land and C4I Limited of Israel. Bharat Forge Limited is the Holding Company.

The Company is engaged in the business of developing weapon systems with primary focus on artillery and mortar systems of all calibres. During the financial year covered by these statements, the Company was engaged exclusively in carrying out trial runs of its products.

2. Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013 (to the extent notified).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities wherever existed, which have been measured at fair value:

I. Derivative financial instruments,
II. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest Rupee.

2.2 Changes in accounting policies:

Ind AS 115 was issued on 28th March, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contract with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contract with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contract with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly relate to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1st April, 2018. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 11 and Ind AS 18. The application of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the financial statements of the Company. The impact of the adoption of the standard on the other equity as at the begnining of the period is also insignificant.

2.3 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

I. Expected to be realised or intended to be sold or consumed in the normal operating cycle,
II. Held primarily for the purpose of trading,
III. Expected to be realised within twelve months after the reporting period, or
IV. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

I. It is expected to be settled in normal operating cycle,
II. It is held primarily for the purpose of trading,
III. It is due to be settled within twelve months after the reporting period, or
IV. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 Foreign currency transactions and translations:

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

b) Exchange differences

The Company has availed the option available under Ind AS 101 para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

I. Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

II. Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the year ended 31st March, 2016 are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortized over the remaining life of the concerned monetary item.

III. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 9th 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.

2.5 Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

I. In the principal market for the asset or liability, or
II. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

I. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

II. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

2.6 Revenue recognition :

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 27.

a) Sale of Goods :

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration.

b) Sale of Services :

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to there porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.14.

e) Contract liabilities :

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income :

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) 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.

2.7 Taxes:

"Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously."

Deferred tax is provided using the liability method on temporary differences between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset can be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes/Goods and service tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

i When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.8 Property, plant and equipment:

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalized at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalized. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

"Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset."

The Management's estimate of the useful lives of various fixed assets, which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

	Type of Asset	Estimated useful life
i)	Building - Temporary structure	3 Years
ii)	Office equipment	5 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its used or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

2.9 Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

2.10 **Leases :**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependant on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

Company as a Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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

2.11 Inventories :

Inventories are stated at the lower of cost and net realisable value.

2.12 Impairment of Non-financial assets :

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.
Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.13 **Provisions, Contingent Liabilities:**

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements."

2.14 **Financial instruments:**

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

A **Financial Asset:**

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i The objective of the business model is achieved both by collecting contractual cash

flows and selling the financial assets, and

ii The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has

assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

h) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 17

iv Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:i. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B **Financial liabilities :**

a) Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables.

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

ii Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

iii Financial guarantee contracts

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

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C **Embedded derivatives :**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index,

or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D **Reclassification of financial assets :**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E **Offsetting of financial instruments :**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.15 **Cash and cash equivalents :**

"Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

2.16 **Dividend to equity holders :**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.17 **Segment reporting :**

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

2.18 **Earnings per share:**

Basic earnings per share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the Company as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.19 **Cash flow statement :**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.20 **Use of estimates**

"The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods."

2.21 Ind AS 116 Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1st April, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1st April, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1st April, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

3. Property, Plant and equipment :

	Building - Temporary structure ₹	Office Equipment's ₹	Total ₹
Gross Block, at Cost :	667,813	179,840	847,653
Additions	-	-	-
Disposals	-	-	-
Adjustments	-	-	-
As at 31st March, 2018.	**667,813**	**179,840**	**847,653**
Additions	-	-	-
Disposals	-	-	-
Adjustments	-	-	-
As at 31st March, 2019.	**667,813**	**179,840**	**847,653**
Depreciation and Amortization :	638,577	119,252	757,829
Disposals	-	-	-
Adjustments	-	-	-
For the year	29,236	41,142	70,378
Upto 31st March, 2018.	**667,813**	**160,394**	**828,207**
Disposals	-	-	-
Adjustments	-	-	-
For the period	-	1,396	**1,396**
Upto 31st March, 2019.	**667,813**	**161,790**	**829,603**
Net Block :			
As at 31st March, 2018.	-	19,446	19,446
As at 31st March, 2019.	**-**	**18,050**	**18,050**

4. Other non-current assets

(Unsecured, Good)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Capital Advance to a Related Party	**17,671,500**	18,212,348
TOTAL :	**17,671,500**	18,212,348

5. Inventories

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Stock in trade	**15,435,784**	-
TOTAL :	**15,435,784**	-

6. Trade Receivables

(Unsecured, Good)

		As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
-	Outstanding for more than six months from the date those became due for payment, Good	-	-
-	Other Trade Receivables	**62,683,488**	-
	TOTAL :	**62,683,488**	-

7. Cash and cash equivalents

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Balances with banks		
In Current accounts	**19,866,556**	14,442,506
TOTAL :	**19,866,556**	14,442,506

8. Other Financial Assets
(Unsecured, Good)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Deposits	**45,000**	25,000
Advances recoverable in cash or in kind for value to be received		
From others	**1,509**	-
TOTAL :	**46,509**	25,000

9. Other current assets
(Unsecured, Good)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Balances with government authorities	**4,205,584**	2,003,242
TOTAL :	**4,205,584**	2,003,242

10. Equity share capital

			As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Authorised				
15,000,000	(15,000,000)	Equity shares of A 10/- each	**150,000,000**	150,000,000
Issued				
1,980,408	(1,980,408)	Equity shares of A 10/- each	**19,804,080**	19,804,080
Subscribed and fully paid-up				
1,980,408	(1,980,408)	Equity shares of A 10/- each	**19,804,080**	19,804,080
Total issued, subscribed and fully paid-up share capital :			**19,804,080**	19,804,080

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

Equity shares	As at 31st March, 2019		As at 31st March, 2018	
	Nos.	₹	Nos.	₹
At the beginning of the year	**1,980,408**	**19,804,080**	19,608	196,080
Shares Issued during the year		-	1,960,800	19,608,000
Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	**1,980,408**	**19,804,080**	1,980,408	19,804,080

(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 A 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at 31st March, 2019 Nos.	% of Holding	As at 31st March, 2018 Nos.	% of Holding
Equity shares of A 10 each fully paid				
Bharat Forge Limited, the Holding Company#	**1,010,000**	**51.00**	1,010,000	51.00
Elbit Systems Land and C4I Limited	**970,408**	**49.00**	970,408	49.00

including the shares held through nominees

11. Other equity

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Retained earnings		
As per last account	**(95,763,331)**	(82,176,833)
Add : Total comprehensive income for the year	**(8,873,652)**	(13,586,498)
Less : Appropriations	**-**	-
Closing balance	**(104,636,983)**	(95,763,331)

		As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
12.	**Financial Liabilities (Unsecured, Good)**		
i)	**Borrowings :**		
	Unsecured		
	Demand loans from companies(a)(b)	**114,402,087**	103,546,411
	SUBTOTAL (i):	**114,402,087**	103,546,411
(a)	*Includes Loan from Bharat Forge Ltd, the Holding Company which carries interest @ 10% p.a.*	**102,283,545**	92,437,437
(b)	*Includes Loan from other related party which carries interest @ 9.70% p.a.*	**12,118,542**	11,108,974
ii)	**Trade Payables :**		
	Total outstanding dues of micro enterprises and small enterprises	**-**	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**89,797,312**	6,896,382
	SUBTOTAL (ii):	**89,797,312**	6,896,382
	TOTAL :	**204,199,399**	110,442,793

13. Other current liabilities

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Statutory liabilities	**560,975**	219,000
TOTAL :	**560,975**	219,000

14. Revenue from Operations (net):

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Sale of products	**64,744,800**	-
TOTAL	**64,744,800**	-

Disaggregate revenue information :
The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2019 by offerings and contract type.

Revenue by offerings :

Sale of products	**64,744,800**
TOTAL :	**64,744,800**

Revenue by geographical segments :

Within India	**64,744,800**
TOTAL :	**64,744,800**

Revenue by contract type :

Fixed price contracts	**64,744,800**
TOTAL :	**64,744,800**

15. Other Income:

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Unrealised foreign exchange gain	-	540,848
Sundry balance written back	-	1,726
TOTAL	**-**	**542,574**

16 Purchases of Stock-in-trade :

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Purchases of Stock-in-trade	**76,277,384**	-
TOTAL	**76,277,384**	**-**

17 Changes in inventories of Stock-in-trade :

(Increase)/Decrease in Inventories :

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Inventories at the beginning of the year		
Stock-in-trade	**-**	-
Inventories at the close of the year		
Stock-in-trade	**15,435,784**	-
TOTAL	**(15,435,784)**	

18 Finance costs :

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Interest on borrowings	**11,333,864**	9,602,944
TOTAL	**11,333,864**	9,602,944

19 Depreciation and amortization expenses

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Depreciation on property, plant and equipment	**1,396**	70,378
TOTAL	**1,396**	70,378

20 Other expenses

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Consumables	**-**	1,812,744
Rent (Refer Note 22)	**480,000**	**480,000**
Legal and professional fees	**76,408**	49,275
Payment to Auditors (Refer details below)	**90,000**	90,000
Foreign Exchange Loss	**540,848**	-
Rates & Taxes	**75,130**	489,322
Transportation	**-**	839,613
Travelling & Conveyance	**-**	434,298
Miscellaneous expenses[#]	**179,206**	260,488
TOTAL	**1,441,592**	**4,455,740**

Miscellaneous Expenses include general office expenses, printing and stationery, amounts written off etc.

Payment to auditors

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
As auditor:		
- Audit fee	80,000	80,000
- Income Tax matters	10,000	10,000
- Out of pocket expenses reimbursed	-	-
TOTAL	**90,000**	90,000

21. Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of defence and aerospace that will include activities of conceptualisation, 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 programmes and to act as off-set partner and / or to undertake offset activities for original equipment manufacturers in defence,aerospace and other sectors; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

22. Related Party disclosures

(i) **Names of the related parties and related party relationship**

Holding Company	Bharat Forge Limited
Enterprises having significant influence in the Company:	Elbit Systems Land and C4I Limited, Israel
Fellow Subsidiary Companies :	Kalyani Strategic Systems Limited

(ii) **Related parties with whom transactions have taken place during the year**

Sr. No.	Nature of transaction	Note	Bharat Forge Limited ₹	Elbit Systems Land and C4I Limited ₹	Kalyani Strategic Systems Limited ₹	Total ₹
1	Share capital issued	(a)	**-**	**-**	-	**-**
			(10,000,000)	(9,608,000)	-	(19,608,000)
2	Reimbursement of expenses paid	(b)	-	-	-	-
			(904,832)	-	-	(904,832)
3	Rent paid	(c)	**480,000**	-	-	480,000
			(480,000)	-	-	(480,000)
4	Interest Paid	(d) & (e)	**10,212,120**	-	**1,121,744**	11,333,864
			(8,611,619)	-	(991,325)	(9,602,944)
5	Repayment of Inter Corporate Loan	(d) & (e)	**6,659,582**	-	-	**6,659,582**
			-	-	-	-
6	Purchase of material	(f)	**76,277,384**	-	-	**76,277,384**
			-	-	-	-

(a) Equity shares have been allotted by the Company at par to the related parties in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(b) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(c) The Company has entered into an arrangement with the Holding Company, in the nature of cancellable operating lease for land for locating its manufacturing facilities. The lease is for a period of three years. The term of leases can be extended mutually by the parties.

(d) The loan borrowed from the Holding Company is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest at the rate of 10 % p.a.

(e) The loan borrowed from other related party is unsecured and repayable on demand and the same is compliant with the provisions of section 180 of the Companies Act, 2013. The loan carried interest at the rate of 9.70% p.a.

(iii) Balances outstanding

Sr. No.	Nature of transaction		Bharat Forge Limited	Elbit Systems Land and C4I Limited	Kalyani Strategic Systems Limited	Total
			₹	₹	₹	₹
1	Demand Loans(including interest payable on these loans)		**102,283,545**	-	**12,118,542**	**114,402,087**
			(92,437,437)	-	(11,108,974)	(103,546,411)
2	Capital advance given		**-**	**17,671,500**	**-**	17,671,500
			-	(18,212,348)	-	(18,212,348)
3	Trade Payable		**89,607,312**	-	-	89,607,312
			-	-	-	-

(Figures in bracket indicate previous year)

23 Leases

The Company has entered into an arrangement in the nature of cancellable operating lease for land for locating its manufacturing facilities. The lease is for a period of three years. The term of leases can be extended mutually by the parties. The particulars as per the Ind AS 17 with regard to the above are as under :

Sr.No.	Particulars	**Year ended 31st March, 2019 ₹**	Year ended 31st March, 2018 ₹
a)	Payments recognised in the statement of profit and loss	**480,000**	480,000
b)	There are no transactions in the nature of sub-lease.		

24 Earnings per share (EPS)

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Numerator for basic and diluted EPS		
Loss for the year attributable to shareholders as at 31st March	**(8,873,652)**	(13,586,498)
Weighted average number of equity shares in calculating basic EPS	**1,980,408**	379,536
EPS - Basic (in Rs.)	**(4.48)**	(35.80)
EPS - Diluted - (in Rs.)	**(4.48)**	(35.80)

25 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 31st March, 2019		As at 31st March, 2018	
		USD	**₹**	USD	₹
a)	Capital Advance	**280,000**	**17,671,500**	280,000	18,212,348

26	**Commitments**	**As at 31st March, 2019 ₹**	As at 31st March, 2018 ₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for.	**9,683,982**	9,106,174

27 Significant accounting judgements, estimates and assumptions :

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company has Rs 448,362/- (31st March, 2018: Rs.. 434,003/-) of tax losses carried forward. These losses expire in 8 years and may not be used to offset taxable income. The Company neither has any material taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by Rs. 259,719/- (31st March, 2018 Rs. 256,862/-). Further details on taxes are disclosed in Note No. 31

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 28 and 29 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Revenue recognition

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

28 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹	**Year ended 31st March, 2019 ₹**	Year ended 31st March, 2018 ₹
Financial assets				
Other current financial assets				
Deposits	**45,000**	25,000	**45,000**	25,000
Advances recoverable in cash or in kind for value to be received	**1,509**	-	**1,509**	-
Total	**46,509**	25,000	**46,509**	25,000
	Year ended 31st March, 2019	Year ended 31st March, 2018	**Year ended 31st March, 2019**	Year ended 31st March, 2018
Other current financial liabilities				
Borrowings (including Interest accrued and due)	**114,402,087**	103,546,411	**114,402,087**	103,546,411
Total	**114,402,087**	103,546,411	**114,402,087**	103,546,411

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

29 Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1) ₹	Significant observable inputs (Level 2) ₹	Significant unobservable inputs (Level 3) ₹	Total ₹
Assets for which fair value has been disclosed					
Deposits	31.03.2019	-	-	45,000	45,000
Advances recoverable in cash or in kind for value to be received	31.03.2019	-	-	1,509	1,509
Liabilities for which fair value has been disclosed					
Fixed rate borrowing(including Interest accrued and due)	31.03.2019	-	-	114,402,087	114,402,087
Assets for which fair value has been disclosed					
Deposits	31.03.2018	-	-	25,000	25,000
Advances recoverable in cash or in kind for value to be received	31.03.2018	-	-	-	-
Liabilities for which fair value has been disclosed					
Fixed rate borrowing(including Interest accrued and due)	31.03.2018	-	-	103,546,411	103,546,411

30. Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise borrowing, trade and other payables and Interest on borrowing. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Deposits, cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2019 and 31st March, 2018

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2019 and 31st March, 2018 including the effect of hedge accounting(if any).

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company does not hedges its exposure to fluctuations on the translation into INR of its foreign operations.

ii) Foreign Currency Sensitivity

The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The Company's financial liabilities based on contractual undiscounted payments is payable on demand.

31. The Company has incurred losses of Rs. 8,873,652/- (31st March, 2018 : Rs 13,586,498) during the year. As at 31st March, 2019, the Company's accumulated losses are Rs. 104,636,983/- (31st March, 2018 : Rs 95,763,331) which have completely eroded the net worth of the Company. The Company also has net current liabilities of Rs. 117,958,237/- as at 31st March, 2019 (31st March, 2018 : Rs 94,191,045). The management is confident of streamlining the operations so as to start generating profits upon commencement of commercial operations. The Company is also evaluating possibilities of having appropriate working capital facilities from banks and financial institutions for funding the requirements. Further, the majority shareholders have confirmed their commitment and have provided unconditional support to the Company to ensure that the Company continues to operate and is able to meet all liabilities in future when they fall due for payment. Accordingly these financial statements have been prepared on going concern basis, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

32. Income Tax :

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2019 and 31st March 2018:

	As at 31st March 2019 Rs.	As at 31st March 2018 Rs.
Accounting loss before tax	**(8,873,652)**	(13,586,498)
At India's enacted tax rate of 26.00% (31st March, 2018: 25.75%)	**-**	-
Income tax expense reported in the statement of profit and loss	**-**	-

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 18th,2019

On behalf of the Board of Directors,

B.N. Kalyani
Director
DIN: 00089380

Rajinder Singh Bhatia
Director
DIN: 05333963

Place: Pune
Date: May 18th,2019

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BF Infrastructure Limited

Directors	Registered Office	Auditors
Mr. Sandeep Kapoor Mr. Kishore Mukund Saletore Mrs. Deepti R. Puranik Mr. M.V. Krishna	Pune Cantonment, Mundhwa, Pune 411 036	RMA & Associates LLP Chartered Accountants Plot No. 75, LGF, Patparganj Industrial Area, Delhi- 110092

BOARD'S REPORT

To,
The Members,

Your Directors have pleasure in presenting the Board's Report on the business and operations of the Company and audited accounts for the Financial Year ended March 31, 2019.

1. FINANCIAL HIGHTLIGHTS

The financial results are summarized here under:

(Amount in Rupees)

Particulars	As on March 31, 2019	As on March 31, 2018
Revenue from operations (Gross)	-	-
Revenue from operations (Net)	**-**	**-**
Other income	6,892,041	4,688,482
Total Revenue	**6,892,041**	**4,688,482**
Project Expenses	-	-
Employee benefits expenses	5,884,122	6,574,026
Depreciation and amortization expenses	-	42,323
Finance costs	561,312	8,720,139
Other Expenses	7,557,456	19,480,961
Total expenses	**14,002,891**	**34,817,449**
Profit before exceptional items & tax	(7,110,850)	(30,128,967)
Exceptional items	-	(1,017,689,620)
Profit before tax from continuing operations	**(7,110,850)**	**(1,047,818,587)**
Current tax	-	-
Deferred tax	274,610	160,028
Profit/Loss for the period	(7,385,460)	(1,047,978,615)
Other Comprehensive income	261,875	16,810
Total comprehensive income for the period	**(7,123,585)**	**(1,047,961,805)**
Earnings per Equity Share		
a) Basic	(0.06)	(8.38)
b) Diluted	(0.06)	(8.38)

2. DIVIDEND

No dividend is recommended for the year ended March 31, 2019.

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 had been awarded Block CB-ONN-2010/11 and Block CB-ONN-2010/08 in Cambay Basin of a 131 Sq. KM. and 42 Sq. KM. respectively. The exploration as well as testing of these blocks has been completed and site restoration activities are under process.

- **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). The project has been completed and closed with the takeover by DFFCIL which took place last year in May 2018 and the Defect Notification period has been completed in May 2019.

- **Railway Electrification Project:**

  Your Company (BFIL) has entered into a Joint Venture Agreement with JV Partner Cimechel Electrical Co. for business of design, supply, erection, testing & commissioning of 25 kV, 50 Hz, Single Phase, AC Electrification works includingg OHE, TSS & SCADA" as composite Electrical tender in Andal(Excl.) –Sitarampur (Excl.) via Jamuria - Ikhra section, Gr.168 of Asansol Division of Eastern Railway under RE Project Bhubneswar, Total 57 RKM / 94.1 TKMs (Project). CRS Inspection and authorization obtained in March, 2017. Provisional Acceptance Certificate (PAC) was issued on May 30 2017.
  The project has been completed along with financial settlement. The Project has been taken over by Railways and commercial operations have started.

4. SHARE CAPITAL

The Authorised Share Capital as at March 31, 2019 stood at Rs. 1,480,000,000/- divided into 126,000,000 Equity Shares of Rs. 10/- each and 22,000,000 6% Non- Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each.

The paid-up Share Capital as at March 31, 2019 stood at Rs. 1,467,973,900/- divided into 1,249,833,400 Equity Shares of Rs. 10/- each and 21,814,050 6% Non- Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each.

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, 2019, 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, 2019 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 another Associate company named Hospet Bellary Highways Private Limited. The Company has one unincorporated Joint Venture named BFIL-CEC JV with JV Partner Cimechel Electrical Co. The Company did not have any subsidiary company for the period under review.

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

The Company's Auditors, M/s. RMA & Associates LLP, Chartered Accountants, who were appointed with shareholders approval at the Annual General Meeting held on September 3, 2014 for a period of five years, will complete their present term on conclusion of this ensuing AGM of the Company.

The Board, on the recommendation of the Audit Committee, recommended for the approval of the Members, the appointment of Mr. Prashant V. Deo, Chartered Accountant, (Membership no. 041609) as the Statutory Auditor of the Company for a period of five years from the conclusion of the ensuing AGM till the conclusion of the AGM to be held in the year 2024. Appropriate resolution seeking the shareholders approval to the appointment and remuneration of Mr. Prashant V. Deo as the Statutory Auditor is appearing in the Notice convening the AGM of the Company.

In this regard, the Company has received a certificate from the Mr. Prashant V. Deo to the effect that if his appointment is done by the shareholders, it will 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 (DIN: 01705850), Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year under review and till the date of this report, following changes in Key Managerial Personnel took place:

Mr. Vineet resigned from the post of Chief Financial Officer w.e.f 7th September, 2018. Mr. Mohit Kapoor was appointed as the Chief Financial officer and designated as the Key Managerial Personnel of the Company w.e.f. February 15, 2019.

There were no other changes in Directors or Key Managerial Personnel.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTOR(S)

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

11. NUMBER OF MEETINGS OF THE BOARD

In 2018-19, the Board of the Company met 6 (six) times on May 8, 2018; July 7, 2018; September 15, 2018; November 27, 2018; December 17, 2018; February 15, 2019,. 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, 2019, 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, 2019 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 details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in notes to the Financial Statements.

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 details of the employees of the Company in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith as **Annexure "E"** to this report.

22. SECRETARIAL AUDIT

Your Company had appointed Mr. Shivam Tyagi of M/s Shivam Tyagi & Associates, Company Secretaries to carry out Secretarial Audit for the year 2018-19. The detailed report on the same is appended as an **Annexure-F** to this Report. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company.

23. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

24. APPRECIATION

The Board of Directors takes this opportunity to thank all its valued stakeholders, financial institutions, banks, Government and other authorities for their continued support to the Company.

For and on behalf of the Board Of Directors

Place: Pune
Date: May 27, 2019

Sandeep Kapoor
Chairman
DIN: 01235153

Form AOC-1

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

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

Part "A": Subsidiaries

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

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

Notes:

1. Name of the subsidiaries which are yet to commence operations - Nil
2. Name of the subsidiaries which have been liquidated or sold during the year - Nil

Part "B": Associates and Joint Ventures

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

Name of associates/~~Joint Ventures~~	Ferrovia Transrail Solutions Private Limited	Hospet Bellary Highways Private Limited
1. Latest audited Balance Sheet Date	March 31, 2019	March 31, 2019
2. Shares of Associate/Joint Ventures held by the company on the year end:		
No.	4,900 equity shares	3,500 equity shares
Amount of Investment in Associates/Joint Venture	Rs.49,000/-	Rs.35,000/-
Extent of Holding%	49%	35%
3. Description of how there is significant influence	There is significant influence due to percentage (%) of Share Capital holding.	There is significant influence due to percentage (%) of Share Capital holding.

4. Reason why the associate/joint venture is not consolidated	Consolidated	Not included in consolidation based on materiality.
5. Net worth attributable to shareholding as per latest audited Balance Sheet (in Rs.)	(9,838,304)/-	NA
6. Profit/Loss for the year	Rs. (10,016,761)/-	NA
i. Considered in Consolidation	Rs. (4,908,213)/-	NA
ii. Not Considered in Consolidation	Rs. (5,108,548)/-	NA

Notes:

1. Name of the Associates or Joint Ventures which are yet to commence operations- Nil
2. Name of the Associates or Joint Ventures which have been liquidated or sold during the year- Nil

For and on behalf of the Board of Directors

Place: Pune
Date: May 27, 2019

K. M. Saletore
Director

Sandeep Kapoor
Director

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Mohit Kapoor
Chief Financial Officer

Annexure "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Ltd. Mundhwa, Pune Cantonment, Pune-411036	L25209PN1961PLC012046	Holding	100%	Sec 2 (46)
2	Ferrovia Transrail Solutions Private Limited, 14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi – 110001	U45300DL2012PTC239645	Associate	49%	Sec 2(6)
3	Hospet Bellary Highways Private Limited CS 8-10, 6th Floor, Tower A The Corenthum, A-41, Sector 62, Noida Gautam Buddha Nagar UP 201301 India	U45400UP2012PTC048390	Associate	35%	Sec 2(6)
4	BFIL-CEC JV	NA	Associate	74%	Sec 2(6)

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

i) Category-wise Share Holding as of March 31, 2019

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	124,983,340	124,983,340	100	NIL	124,983,340	124,983,340	100	NA
Sub-total (A) (1):-	NIL	124,983,340	124,983,340	100	NIL	124,983,340	124,983,340	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	124,983,340	124,983,340	100	NIL	124,983,340	124,983,340	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**	**124,983,340**	**124,983,340**	**100**	**NIL**	**124,983,340**	**124,983,340**	**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	124,983,340	100	NIL	124,983,340	100	NIL	NA

ii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	124,983,340	100	124,983,340	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)	NIL	NIL	NIL	NIL
3	At the End of the year	124,983,340	100	124,983,340	100

iii) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Not applicable, since entire share capital is held by Bharat Forge Limited with its nominees who is the promoter of the Company.

iv) Shareholding of Directors and Key Managerial Personnel:

None of the Directors holds any shares in their individual capacity in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in Rupees)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at April 1, 2018				
i) Principal Amount	378,655,398	NIL	NIL	378,655,398
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	378,655,398	NIL	NIL	378,655,398
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• (Reduction)	378,655,398	-	-	378,655,398
Net Change	378,655,398	NIL	NIL	378,655,398
Indebtedness as at March 31, 2019				
i) Principal Amount	-	NIL	NIL	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	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 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	1,824,292	1,824,292
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	15,000	15,000
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission:		
	- As a % of Profit		
	- others, specify	-	-
5.	Others, please specify	-	-
Total A		**1,839,292**	**1,839,292**
Ceiling as per the Act			**60,00,000/-***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013.*

B. Remuneration to other Director

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
1.	Independent Directors · Fee for attending board / committee meetings		NIL
	· Commission		NIL
	· Others, please specify		NIL
Total (1)			NIL
2.	Other Non-Executive Directors · Fee for attending board / committee meetings		NIL
	Commission:		NIL
	- others, specify		NIL
Total (2)			NIL
Total (B)=(1+2)			**NIL**
Total Managerial Remuneration			**1,839,292**
Overall Ceiling as per the Act			**60,00,000***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013 including any amendment thereto.*

C. Remuneration to other Director

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
		NOT APPLICABLE	
1.	Independent Directors · Fee for attending board / committee meetings		NIL
	· Commission		NIL
	· Others, please specify		NIL
Total (1)			NIL
2.	Other Non-Executive Directors · Fee for attending board / committee meetings		NIL
	Commission:		NIL
	- others, specify		NIL
Total (2)			NIL
Total (B)=(1+2)			**NIL**
Total Managerial Remuneration			**1,839,292**
Overall Ceiling as per the Act			**60,00,000***

**Amount mentioned in the "Ceiling as per Act" denotes the amount of total remuneration that can be paid as Managerial Remuneration, in compliance of the Provisions of Schedule V of the Companies Act, 2013 including any amendment thereto.*

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Ms. Sneha Modi, Company Secretary	**Mr. Vineet** CFO**	**Mr. Mohit Kapoor *****	
1.	Gross Salary				
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	555,556	170,654	237,990	848,591
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	15,000	6,542	7,500	29,167
	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		570,556	177,196	245,490	877,758

Mr. Vineet resigned from the post of CFO w.e.f September 7, 2018

Mr. Mohit Kapoor was appointed as CFO of the Company w.e.f February 15, 2019.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Annexure "B"

NOMINATION AND REMUNERATION POLICY OF BF INFRASTRUCTURE LIMITED

The Board of Directors of BF Infrastructure Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on March 31, 2015 with immediate effect, consisting of Three (3) Non-Executive Directors of which majority are Independent Directors.

1. OBJECTIVE

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

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

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

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

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

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

1.6. To devise a policy on Board diversity.

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

2. DEFINITIONS

2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2.2. **Board** means Board of Directors of the Company.
2.3. **Directors** mean Directors of the Company.
2.4. **Key Managerial Personnel (KMP) means:**

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

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

3. ROLE OF COMMITTEE

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

The Committee shall:

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

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

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

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

3.2.1. Appointment Criteria and qualification:

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

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

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

3.2.2. Term / Tenure:

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

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

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

3.2.4. **Removal**

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

3.2.5. **Retirement**

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

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

3.3.1 General**:**

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

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

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

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

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

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

a) Fixed pay**:**

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

3.3.3 **Remuneration to Non- Executive / Independent Director:**

a) Remuneration / Commission:

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

b) Sitting Fees**:**

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

c) Commission**:**

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

4. MEMBERSHIP

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

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

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

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

5. CHAIRPERSON

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

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

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

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

6. FREQUENCY OF MEETINGS

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

7. COMMITTEE MEMBERS' INTERESTS

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

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

8. SECRETARY

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

9. VOTING

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

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

10. NOMINATION DUTIES

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

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

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

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

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

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

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

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

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

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

10.10 Recommend any necessary changes to the Board; and

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

11. REMUNERATION DUTIES

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

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

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

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

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

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

12. MINUTES OF COMMITTEE MEETING

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

Annexure "C"

Form No. AOC-2

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

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

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

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

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

a	Name(s) of the related party and nature of relationship	BFIL – CEC JV (Associate)	Ferrovia Transrail Solutions Pvt. Ltd. (Associate)
b	Nature of contracts/ arrangements/ transactions	Rendering of Services	Rendering of Services
c	Duration of the contracts / arrangements/transactions	On-going basis	On-going basis
d	Salient terms of the contracts or arrangements or transactions including the value, if any	On cost to cost basis	On cost to cost basis
e	Date(s) of approval by the Board, if any	NA	NA
f	Amount paid as advances, if any	Rs. 201,166/-	Rs. 3,204,000/-

For and on behalf of the Board Of Directors

Place: Pune
Date: May 27, 2019

Sandeep Kapoor
Chairman
DIN: 01235153

Annexure "D"

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2019 .

(A) Conservation of Energy

a. Steps taken or impact on conservation of energy during 2018-19

The project is under implementation; however, the employees were adequately trained to conserve energy.

b. Steps taken by the Company for utilizing alternate sources of energy
NIL

c. Capital investment on energy conservation equipment
NIL

(B) Technology Absorption, Adaptation and Innovation

(1) Efforts made towards technology absorption, adaptation and innovation
The project was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

(2) Benefits derived as a result of above efforts
The project was under implementation; the benefits shall be ascertained only after the commercial operation of the project.

(C) Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(Amount in Rupees)

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

For and on behalf of the Board Of Directors

Place: Pune
Date: May27, 2019

Sandeep Kapoor
Chairman
DIN: 01235153

Annexure "E"

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2019.

Sr. No	Particulars	Details			
1	Name of Employee	Mr. Rohit Gogia	Ms. Sneha Modi	Mr. Mohit Kapoor	Mrs. Meha Chaudhary
2	Designation of Employee	Manager	Company Secretary	CFO	Executive HR
3	Remuneration Received	Rs. 1,839,292/-	Rs. 570,556/-	Rs. 177,196/-	Rs. 299,404/-
4	Nature of employment, whether contractual or otherwise	Permanent employee	Permanent employee	Permanent employee	Permanent employee
5	Qualification & Experience of Employee	Chartered Accountant 18 years	CS, B.com 5 years	MBA (Finance) 20 years	MBA HR 6 years
6	Date of commencement of employment	05.01.2013	24.06.2016	15.02.2019	21.07.2014
7	Age of such Employee	44 years	29 years	29 years	31 Years
8	The last employment held by such employee before joining the Company	Globus Pharmachem	Shilpi Cable Technologies Limited, New Delhi	Elets Technomedia Pvt. Ltd	M/s Capital Power Infrastructure Ltd., Noida
9	The percentage of equity share held by such employee, if any	-	-	-	-
10	Whether such employee is a relative of any Director or manager of the Company and if so, name of such director or manager	None	None	None	None

Annexure-"F"

Form No. MR-3
SECRETARIAL AUDIT REPORT
[FOR THE FINANCIAL YEAR ENDED 31^{ST} MARCH, 2019]
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
BF Infrastructure Limited
Mundhwa, Pune Cantonment
Pune- 411036, Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BF Infrastructure Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31^{st} March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31^{st} March, 2019 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; [**Not Applicable as the Equity shares of the Company are in physical form]**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **[Not applicable as the Company has not received any Foreign Direct Investment or made any Foreign Direct Investment]**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') :- [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

   (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Shared Based Employees Benefits) Regulations, 2014 notified on 28th October, 2014;
(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
(f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) No law is specifically applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015 [**Not Applicable as the Securities of the Company are not listed on any Stock Exchange]**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in some cases where Board meetings were held at a short notice to transact urgent business and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and

For Shivam Tyagi & Associates
Company Secretaries

Shivam Tyagi
Proprietor
ACS No.: 50636
CP No.: 18738

Place: New Delhi
Date: May 26, 2019

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Standalone IND AS Financial Statements

Opinion

We have audited the Standalone IND AS Financial Statements of BF Infrastructure Limited (the "company") , which comprises of IND AS Balance Sheet as at 31st March 2019 , and the statement of Profit and Loss including statement of Other Comprehensive Income , and statement of cash flows and Statement of changes in Equity for the year then ended, and notes to the IND AS Financial Statements summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IND AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the statement of Profit and Loss including statement of Other Comprehensive Income , and statement of cash flows and Statement of changes in Equity for the year then ended, and notes to the IND AS Financial Statements summary of significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibility for The Audit of IND AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the IND AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Standalone IND AS Financial Statements

The company's Board of Directors is Standalone IND AS Financial Statements for the matters stated in section of 134(5) of the companies act , 2013 with respect to the preparation of these standalone IND AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the IND AS Financial Statements, management is responsible for assessing the company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for Audit of IND AS Financial Statements

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

Report on Other Legal and Regulatory Requirements

1. As required by the companies (auditor's report) rules,2016("the order")issued by the central Government of India in terms of the sub section (11) of the section 143 of the act , we give in the **Annexure A ,** a statement on the matters specified in paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:

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

a. 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.
b. The Balance Sheet, and the statement of Profit and Loss including statement of Other Comprehensive Income, and statement of cash flows and Statement of changes in Equity for the year then ended, and notes to the IND AS Financial Statements summary of significant accounting policies and other explanatory information dealt with in this report are in agreement with the books of accounts.
c. In our opinion, the aforesaid standalone IND AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
d. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
e. 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.**
f. With respect to the other matters to be included in 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 IND AS Financial Statements – Refer to note 28 to the IND AS Financial Statements.

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

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

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N/N500062

CA Rahul Vashishth
Partner
M.No.097881

Place of Signature: Delhi
Date: May 14th, 2019

"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 IND AS Financial Statements of the Company for the year ended 31st March,2019:

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 book's records and the physical fixed assets have been noticed.

c. No immovable property is held in the name of the company; hence this clause is not applicable.

2. There is no Inventory in the company, hence clause 2(a) and 2(b) is not applicable.

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

4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

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

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

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, CSS and any other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues on the last day of the financial year concerned (31.03.2019) for a period of more than six months from the date they became payable.

b. According to the information and explanation given to us, there are sales tax dues outstanding on account of dispute.

Name of statue	Subject matter of dispute	Amount in INR	Period to which the amount relates	Forum with which dispute is pending
Sales Tax	Demand of Sales Tax	163,684,799	2013-14 to 2015-16	Appellate Tribunal, Sasaram (Bihar)

7. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan from banks/financial institutions; hence this clause is not applicable on it.

8. In our opinion and according to the information and explanations given to us, the company has not availed any term loan from banks/financial institutions; hence this clause is not applicable on it.

9. Based on the audit procedures performed and information and explanations given to us by the management, the company has not raised moneys raised by way of initial public offer or further public offer (including debt instruments) a term loan. Hence the provisions of clause 3(ix) of the Order are not applicable to the company.

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

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

12. The Company is not a Nidhi Company. Hence this clause is not applicable on it.

13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the IND AS 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 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.

16. 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.

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

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N/N500062

CA Rahul Vashishth
Partner
M.No.097881

Place of Signature: Delhi
Date: May 14th, 2019

"**ANNEXURE B**" to the Independent Auditor's Report of even date on the Standalone IND AS 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, 2019 in conjunction with our audit of the Standalone IND AS 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 judgment, including the assessment of the risks of material misstatement of the IND AS 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 IND AS 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 IND AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the IND AS 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, 2019.

For RMA & Associates LLP
Chartered Accountants
FRN: 000978N/N500062

CA Rahul Vashishth
Partner
M.No.097881

Place of Signature: Delhi
Date: May 14th, 2019

Balance Sheet as at 31st March , 2019 **IN INR**

Balance Sheet	Notes	As at 31st March 2019	As at 31st March 2018
ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	4	160,058	160,058
(b) Other intangible assets	5	68,258	68,258
(c) Intangible Assets under Development	5	-	-
(d) Investment in Associates and Joint Ventures	6	84,000	84,000
(e) Financial assets			
(f) Income Tax Assets	7	10,157,379	9,541,566
(i) Other non-current assets	8	24,219,569	23,693,515
(j) Deferred Tax Assets	9	682,614	957,225
II Current assets			
(a) Financial assets			
(ii) Loans	10	209,198,440	249,797,009
(v) Cash and cash equivalents	11	64,746,601	401,500,326
(vii) Other Financial Assets	12	4,416,064	5,482,011
Total Assets		**313,732,982**	**691,283,967**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	13	1,249,833,400	1,249,833,400
(b) Other equity	14	(1,809,605,118)	(1,802,481,533)
Equity attributable to equity holders of the parent			
LIABILITIES			
I Non-current liabilities			
(a) Preference Share capital	13	218,140,500	218,140,500
(b) Provisions	15	367,847	415,055
(c) Other non-current liabilities	16	107,436	241,937
II Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	-	378,655,398
(ii) Trade payables	18	47,295,002	217,793,161
(iii) Other current financial liabilities	19	607,293,000	428,200,000
(b) Provisions	15	300,916	486,050
Total Equity and Liabilities		**313,732,982**	**691,283,967**

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:- 01235153

Rahul Vashishth
Partner
Membership No 097881

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: May 14th, 2019

Mohit Kapoor
Chief Finance Officer

Profit and Loss Account for the Year Ended March 31, 2019 **IN INR**

Profit and Loss	Note	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Continuing Operations			
Income			
Other income	20	6,892,041	4,688,482
Total Income (i)		**6,892,041**	**4,688,482**
Expenses			
Employee benefits expense	21	5,884,122	6,574,026
Depreciation and amortisation	22	-	42,323
Finance costs	23	561,312	8,720,139
Other expenses	24	7,557,456	19,480,961
Total expenses (ii)		**14,002,891**	**34,817,449**
Profit before share of profit/(loss) of associates, joint ventures, exceptional items and tax from continuing operations(i - ii)		**(7,110,850)**	**(30,128,967)**
Profit before exceptional items and tax from continuing operations		**(7,110,850)**	**(30,128,967)**
Exceptional Items-(Loss)/Gain	25	-	(1,017,689,620)
Profit before tax from continuing operations		**(7,110,850)**	**(1,047,818,587)**
Tax expenses			
Deferred tax		274,610	160,028
Total tax expense		274,610	160,028
Profit for the year from continuing operations		**(7,385,460)**	**(1,047,978,615)**
Discontinued Operations			
Share of Profit /(Loss) of joint ventures			-
Profit for the year		**(7,385,460)**	**(1,047,978,615)**
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Re-measurement gain/(losses) on defined benefit plans	26	261,875	16,810
Share of other comprehensive income in associates and joint ventures			
		261,875	**16,810**
Other comprehensive income for the year, net of tax		**261,875**	**16,810**
Total Profit/(Loss) for the Period		**(7,123,585)**	**(1,047,961,805)**
Earnings per equity share			
[Nominal Value of share Rs. 10 (March 31 , 2018 Rs. 10)			
Basic		(0.06)	(8.38)
Diluted		(0.06)	(8.38)

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:- 01235153

Rahul Vashishth
Partner
Membership No 097881

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: May 14th, 2019

Mohit Kapoor
Chief Finance Officer

Cash Flow Statement for the year Ended 31st March, 2019

IN INR

Sr. No.	Particulars	For the Year Ended March 31, 2019		For the Year Ended March 31, 2018	
A	**Cash Flow from Operations**				
	Profit before Taxation		**(7,110,850)**		**(1,047,818,587)**
	Adjustments for:				
	Depreciation	-		42,323	
	Finance Charges	561,312		8,720,139	
	Interest Income	3,198,632		(244,090)	
	Items that will not be reclassified to Profit and loss	261,875	**4,021,819**	16,810	**8,535,182**
	Operating Profit before Working Capital Changes		**(3,089,030)**		**(1,039,283,405)**
	(Increase)/Decrease in Current Assets				
	Trade Receivables			-	
	Other Financial Assets	1,065,947		(305,547)	
	Income Tax Assets	(615,813)		10,004,918	
	Other Non-current Assets	(526,053)		13,521,247	
	Short-term Loans and Advances	40,598,569	**40,522,649**	161,123,109	**184,343,727**
	Increase/(Decrease) in Current Liabilities				
	Trade Payables	(170,498,159)		124,896,375	
	Other Current Liabilities	179,093,000		309,005,720	
	Other Long Term Liabilities	(134,501)		(587,109)	
	Long Term Provision	(47,208)		12,288	
	Short Term Provision	(185,134)	**8,227,998**	177,661	**433,504,935**
	Cash Inflow/(Outflow) from Operations		**45,661,617**		**(421,434,744)**
	Direct Taxes Paid				
	Income Tax Paid		-		-
	Income Tax for Earlier years Written Back		-		-
	Net Cash Inflow/ (Outflow) from Operation (A)		**45,661,617**		**(421,434,744)**
B	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets				-
	Increase/(Decrease) in Intangible Assets Under Development		-		534,468,011
	Increase in Investment		-		-
	Interest Income		(3,198,632)		244,090
	Net Cash Inflow/ (Outflow) from Investing Activities (B)		**(3,198,632)**		**534,712,101**
C	**Cash Flow from Financing Activities**				
	Increase in Share Capital		-		294,556,400
	Finance Charges		(561,312)		(8,720,139)
	Net Cash Inflow/(Outflow) from Financing Activities (C)		**(561,312)**		**285,836,261**
	Net Change in Cash or Cash Equivalents during the Year		41,901,673		399,113,619
	Cash and Cash Equivalents at the beginning of the year		22,844,928		(376,268,691)
	Cash and Cash Equivalents at the end of the year		**64,746,601**		**22,844,928**

For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:- 01235153

Rahul Vashishth
Partner
Membership No 097881

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: May 14th, 2019

Mohit Kapoor
Chief Finance Officer

Notes to Financial statements for the year ended March 31, 2019

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 Significant accounting policies

2.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balance

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

Further, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

c. Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions

Financial instruments (including those carried at amortised cost)

d. Revenue recognition

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

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

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

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

Sale of goods

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

Interest income

The Company recognizes the Interest income on accrual basis, Interest income is included in other income in the statement of profit and loss.

Dividends

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

e. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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.

f. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured property, plant and equipment are capitalised at cost, including non- cenvatable excise duty, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

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

Type of assets	Estimated useful life
Office Equipment	5 years
Furniture & Fixture	10 years
Computer	3 years
Software	3 years
Website	3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

i. Inventories

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

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

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realizable value.

Dies are valued at cost or net realisable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

j. OIL Acquisition, Exploration and Development Costs

Company is following Full Cost Method (FCM) for valuing oil Acquisition, Exploration and Development cost.

Under FCM all the costs pertaining to acquisition, exploration and development is treated as project work in progress or Intangible asset under development.

k. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l. 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.

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.

m. Financial instruments

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

Initial recognition and measurement

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

o. Cash and cash equivalents

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

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

p. 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.

Statement of changes in equity for the year ended March 31, 2019	For the Year Ended March 31, 2019		For the Year Ended March 31, 2018	
3. Changes in Equity - other equity	**Retained Earnings**	**Total**	**Retained Earnings**	**Total**
Balance at the beginning	(1,802,481,533)	(1,802,481,533)	(754,519,728)	(754,519,728)
Profit for the year	(7,385,460)	(7,385,460)	(1,047,978,615)	(1,047,978,615)
Other Comprehensive Income	261,875	261,875	16,810	16,810
Adjustments				
Acquisition of additional shares				
Transfer from retained earning				
Transfer to retained earning				
Transfer to General Reserve				
Transaction with owners in their capacity as owners				
- equity dividend				
- tax on equity dividend				
- interim equity dividend				
- tax on interim equity dividend				
Balance at the end of period	**(1,809,605,118)**	**(1,809,605,118)**	**(1,802,481,533)**	**(1,802,481,533)**

	For the Year Ended March 31, 2019			For the Year Ended March 31, 2018		
4. Property, plant and equipment	**Office equipments**	**Furniture and fixtures**	**Grand Total**	**Office equipments**	**Furniture and fixtures**	**Grand Total**
Cost						
Opening	1,713,490	529,377	2,242,867	1,713,490	529,377	2,242,867
Other adjustments	-	-	-	-	-	-
Closing	**1,713,490**	**529,377**	**2,242,867**	**1,713,490**	**529,377**	**2,242,867**
Depreciation/ Amortisation						
Opening	1,635,361	447,448	2,082,809	1,626,950	413,536	2,040,486
Charge for the year	-	-	-	8,411.00	33,912.00	42,323.00
- Other adjustments	-	-	-	-	-	-
Closing	**1,635,361**	**447,448**	**2,082,809**	**1,635,361**	**447,448**	**2,082,809**
Net Block	**78,129**	**81,929**	**160,058**	**78,129**	**81,929**	**160,058**

5. Intangible Assets	For the Year Ended March 31, 2019		For the Year Ended March 31, 2018	
	Software	Total	Software	Total
Cost				
Opening	2,700,936	2,700,936	2,700,936	2,700,936
Foreign Currency Translation Reserve				
Other adjustments				
Closing	**2,700,936**	**2,700,936**	**2,700,936**	**2,700,936**
Depreciation/ Amortisation				
Opening	2,632,678	2,632,678	2,632,678	2,632,678
Foreign Currency Translation Reserve				
Charge for the year				
Closing	**2,632,678**	**2,632,678**	**2,632,678**	**2,632,678**
Net Block	**68,258**	**68,258**	**68,258**	**68,258**

6. Investment in associates and joint ventures	As at March 31, 2019	As at March 31, 2018
At Cost		
In unquoted equity instruments		
Investments in Associates	84,000	84,000
Total	84,000	84,000

7. Income Tax Assets	As at March 31, 2019	As at March 31, 2018
At Cost		
Income Tax Receivable	10,157,379	9,541,566
Total	**10,157,379**	**9,541,566**

8. Other assets	As at March 31, 2019	As at March 31, 2018
Non Current		
Balances with Customs, Excise and Other Govt authorities	24,219,569	23,693,515
Total	**24,219,569**	**23,693,515**

9. Deferred Tax	As at March 31, 2019	As at March 31, 2018
Reflected in the balance sheet as follows		
Deferred tax assets	682,614	957,225
Deferred tax liabilities (net)	**682,614**	**957,225**

10. Loans	As at March 31, 2019	As at March 31, 2018
Non Current (Unsecured, considered good)		
Loans to related parties		
Other Loans		
Current (Unsecured, considered good)		
Loans to related parties		
Loans to subsidiaries	14,192,042	24,711,992
Other Loans		
Loans to employees	15,000	-
Other loans	194,991,398	225,085,017
Total	**209,198,440**	**249,797,009**

11. Cash and Bank Balances	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Balances with banks		
In Cash Credit and Current accounts	5,704,423	401,135,495
Less Cheque in Hand	-	400,000,000
Net Balance in Cash Credit and Current accounts	5,704,423	1,135,495
Fixed Deposit Axis Bank	59,030,062	-
Cheque in Hand	-	400,000,000
Cash on hand	12,115	364,831
Total	**64,746,601**	**401,500,326**

12. Other financial assets	As at March 31, 2019	As at March 31, 2018
Non-current		
Current		
Interest accrued on fixed deposits	1,372,861	-
Security Deposits	1,036,536	3,892,861
Other Receivables	2,006,667	1,589,150
Total	**4,416,064**	**5,482,011**

13. Share Capital As at	As at March 31, 2019	As at March 31, 2018
Authorized Shares (No.) 126,000,000 shares of par value of Rs.10/- each (Previous year 126,000,000 shares of par value of Rs.10/- each)	1,260,000,000	1,260,000,000
6% 2,20,00,000 Non Cumulative Compulsorily Convertible Preference shares of par value of Rs.10/- each (Previous Year - 6% 2,20,00,000 Non Cumulative Compulsorily Convertible Preference shares of par value of Rs.10/- each)	220,000,000	220,000,000
Total	**1,480,000,000**	**1,480,000,000**
Issued , Subscribed and Fully Paid up (No.) 12,49,83,340 shares of par value of Rs.10/- each fully paid up (Previous year 12,49,83,340 shares of par value of Rs.10/- each fully paid-up)	1,249,833,400	1,249,833,400
6% 2,18,14,050 Non Cumulative Compulsorily Convertible Preference shares of par value of Rs.10/- each fully paid up (Previous Year - 6% 2,18,14,050 Non Cumulative Compulsorily Convertible 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	**1,467,973,900**	**1,467,973,900**

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

Equity Shares	As at March 31, 2019		As at March 31, 2018	
	No.	No.	No.	No.
At the begining of the year	124,983,340	1,249,833,400	95,527,700	955,277,000
Issued During the year	-	-	29,455,640	294,556,400
Outstanding at the year end	124,983,340	1,249,833,400	124,983,340	1,249,833,400

Preference Shares	As at March 31, 2019		As at March 31, 2018	
	No.	No.	No.	No.
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, 2019		As at March 31, 2018	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	1,249,833,394	100%	1,249,833,394	100%
Total	**1,249,833,394**	**100%**	**1,249,833,394**	**100%**

Details of Preference Shares held by holding company

Particulars	As at March 31, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	1,249,833,394	100%	1,249,833,394	100%
Total	**1,249,833,394**	**100%**	**1,249,833,394**	**100%**

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No.	% Holding	No.	% Holding
Bharat Forge Limited	21,814,050	100%	21,814,050	100%
Total	**21,814,050**	**100%**	**21,814,050**	**100%**

14. Other equity	**As at March 31, 2019**	**As at March 31, 2018**
Special Capital Incentive		
Warrants Subscription Money		
Capital redemption reserve		
Securities premium account		
Debenture redemption reserve		
Opening Balance		
Retained Earnings		
Opening Balance	(1,802,481,533)	(754,519,728)
Add :		
Net Profit for the year	(7,385,460)	(1,047,978,615)
Items of Other Comprehensive Income :		
(1) Re-measurement of defined benefit obligations	261,875	16,810
	(7,123,585)	**(1,047,961,805)**
Closing Balance	**(1,809,605,118)**	**(1,802,481,533)**
Non Controlling Interest		
Total Other equity	**(1,809,605,118)**	**(1,802,481,533)**

15. Provisions	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Non Current		
Provision for gratuity	367,847	415,055
Provision for jubilee scheme		
Provision for early retirement		
Total	**367,847**	**415,055**
Current		
Provision for leave benefits	300,916	486,050
Total	**300,916**	**486,050**

16. Other Liabilities	As at March 31, 2019	As at March 31, 2018
Non-current		
Others	107,436	241,937
Total	**107,436**	**241,937**

17. Borrowings	As at March 31, 2019	As at March 31, 2018
Rupee loans		
Cash credit (secured)	-	378,655,398
Total current borrowings	**-**	**378,655,398**

18. Trade and Other payables	As at March 31, 2019	As at March 31, 2018
Trade payables	47,295,002	217,793,161
Total	**47,295,002**	**217,793,161**

19. Other financial liabilities	As at March 31, 2019	As at March 31, 2018
Other current financial liabilities at amortised cost		
Current Maturity of finance lease obligations		
Investor Education and Protection Fund		
Others	607,293,000	428,200,000
Total	**607,293,000**	**428,200,000**

20. Other income	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
Interest income on		
- Fixed deposits and others	3,198,632	244,090
Miscellaneous income	3,693,409	4,444,392
Total	**6,892,041**	**4,688,482**

21. Employee benefits expense	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
Salaries, wages and bonus (including managing and whole time director's remuneration)	5,305,327	6,018,191
Contributions to provident and other funds / scheme	280,356	290,571
Gratuity expense	119,697	88,649
Staff welfare expenses	178,742	176,615
Total	**5,884,122**	**6,574,026**

22. Depreciation and amortisation	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
Depreciation of tangible assets (Refer note 4)	-	42,323
Amortisation of intangible assets (Refer note 5)	-	
Total	**-**	**42,323**

23. Finance costs	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
Interest on bank facilities	-	8,422,370
Others	561,312	297,769
Total	**561,312**	**8,720,139**

24. Other expenses	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
Repairs and maintenance		
Rates and taxes	-	-
Insurance	15,277	48,488
Legal and professional fees	1,256,099	743,206
Payment to Auditors	125,000	235,000
Miscellaneous expenses	6,161,080	18,454,267
Total	**7,557,456**	**19,480,961**

25. Exceptional Items-(loss)/Gain	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
Provision for Diminution in Value of Investment of OIL Activity (refer Note 25 (a)	-	822,062,640
Provision for Diminution in Value of Investment in Joint Venture with Ferrovia Transrail Solutions Pvt.Ltd **(FTSPL)** (refer Note 25 (b)	-	132,413,980
Provision for Diminution in Value of Investment in Associate BFIL-CEC JV (refer Note 25 (C)	-	63,213,000
Total	**-**	**1,017,689,620**

Note:-

25 (a) :- As minimum work programme as well as Testing of Explored wells has been completed during the current Financial year and based on testing results of the wells and it Techno economic visibility, company has decided not to proceed beyond MWP stage, the company has written off total expenditure pertaining to MWP during the current Financial year.

25 (b) :- Considering the significant decline in Business activities and losses incurred by FTSPL, the company has provided an amount of Rs. 13.24 Crores towards diminution in carrying cost of its investments in current year.

25 (c) :- Considering the significant decline in Business activities and losses incurred by BFIL-CEC JV, the company has provided an amount of Rs. 6.32 Crores towards diminution in carrying cost of its investments in current year.

26. Other Comprehensive Income	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
Foreign exchange revaluation differences		
Currency forward contracts		
Reclassified to statement of profit and loss		
Gain /(Loss) on FVTOCI assets	261,875	16,810
Re-measurement gains (losses) on defined benefit plans	**261,875**	**16,810**

Note No. 27 to the Financial Statements

Related Party Disclosure:
Name of related parties and related parties relationship

Holding Company	Bharat Forge Limited
Joint Ventures of Company	Ferovia Transrail Solution P. Ltd.
	Hospet Bellary Highway Private Limited
Fellow Subsidiary	BF-NTPC Energy Systems Ltd.
	BFIL-CEC JV (Associate)
Key Managerial Persons	Mr. Kishore Mukund Saletore (Director)
	Mr. Sandeep Kapoor (Director)
	Mr. Rohit Gogia (Manager)
	Ms. Sneha Modi (Company Secretary)
	Mr. Mohit Kapoor (Chief Financial Officer Appointed w.e.f 15 Feb, 2019)
	Mr.Vinit (Chief Financial Officer till 07 Sep, 2018)

Nature of Transaction			For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Services Rendred				
	Associates			
	1. Ferrovia Transrail Solutions Pvt.Ltd		3,204,000	3,204,000
		Total	**3,204,000**	**3,204,000**
	Subsidiary			
	1. BFIL-CEC JV		201,166	1,305,055
		Total	**201,166**	**1,305,055**
Reimburshment of Expenses				
	Associates			
	1. Ferrovia Transrail Solutions Pvt.Ltd		2,295,070	41,052,821
		Total	**2,295,070**	**41,052,821**
	Holding Company			
	1. Bharat Forge Limited		179,093,000	603,800,000
		Total	**179,093,000**	**603,800,000**

Nature of Transaction			For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
	Subsidiary			
	1. BFIL-CEC JV		233,353	-
	2. BF-NTPC Energy Systems Limited		350,000	600,120
		Total	**583,353**	**600,120**
Investments				
	Associates			
	1. Ferrovia Transrail Solutions Pvt.Ltd		49,000	49,000
	2. Hospet Bellary Highways Private Limited		35,000	35,000
		Total	**84,000**	**84,000**
Advance Given				
	Associates			
	1. Ferrovia Transrail Solutions Pvt.Ltd		191,763,281	221,862,800
		Total	**191,763,281**	**221,862,800**

	Subsidiary		
	1. BFIL-CEC JV	13,958,689	23,406,937
	2. BF-NTPC Energy Systems Limited	-	-
	Total	**13,958,689**	**23,406,937**
Compenstaion to KMP			
	1. Rohit Gogia	1,990,906	1,745,892
	2. Sneha modi	582,942	559,856
	3. Vineet Vashisht	188,234	367,902
	4. Mohit Kapoor	62,572	-
	Total	**2,824,654**	**2,673,650**

Balance Outstanding as at Year ended		**For the Year Ended March 31, 2019**	**For the Year Ended March 31, 2018**
Towards Services Rendered			
Associates			
1. Ferrovia Transrail Solutions Pvt.Ltd		3,204,000	3,204,000
	Total	**3,204,000**	**3,204,000**
Subsidiary			
1. BFIL-CEC JV		201,166	1,305,055
	Total	**201,166**	**1,305,055**
Loan Outstanding			
Associates			
1. Ferrovia Transrail Solutions Pvt.Ltd		191,763,281	221,862,800
	Total	**191,763,281**	**221,862,800**
Subsidiary			
1. BFIL-CEC JV		13,958,689	23,406,937
2. BF-NTPC Energy Systems Limited			
	Total	**13,958,689**	**23,406,937**

Holding Company			
1. Bharat Forge Limited		607,293,000	428,200,000
	Total	**607,293,000**	**428,200,000**

28) Contingent Liabilities	**For the Year Ended March 31, 2019**	**For the Year Ended March 31, 2018**
Bank Guarantees		
Bank Guarantees Extended for Project/Oil Business	159,654,205	208,473,362
Claims against the company not acknowledged as Debts- to the extent ascertained*#	-	-
Sales Tax Demand-Matters under dispute #	163,684,799	554,450
Claims under Legal Cases - Arbitration Matters # #	770,000,000	-
Total	**1,093,339,004**	**209,027,812**

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.

The amount of claim is the Arbitral award passed by the Arbitrator against the company on 10th May, 2019 in the matter of arbitration proceedings concerning termination of Share Purchase Agreement dated 18th December, 2010 by the Company, directing the company to pay Rs. 77 crores to the Claimant. In the opinion of the Company, the said award is biased and perverse. The Company is in the process of filing an appeal against the said Award before the Delhi High Court.

29. Details of Dues to Micro and Small enterprises as defined under MSMED Act, 2006

	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
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.

30. 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 policy.

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.

Assumptions :	As of 31 -03-2019	As of 31 -03-2018
Mortality table	**IALM(2012-14) ult**	**IALM(2006-08) ult**
Discount Rate	7.80%	8.10%
Rate of Increase in Compensation levels	6.00%	6.00%
Expected rate of Return on Plan assets	8.10%	7.71%
Expected average remaining working lives of employees (in years)	16.50*	17.32%
Withdrawal Rate		
Age upto 30 years	1.00%	1.00%
Age 31 - 40 years	1.00%	1.00%
Age 41- 50 Years	1.00%	1.00%
Age above 50 years	1.00%	1.00%

Table Showing Change in Present Value of Obligation :

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Projected Benefit Obligatons (PBO) at the beginning of the year	415,055	407,307
Interest Cost	22,456	31,403
Service Cost	119,697	88,649
Benefits paid	275,635	-
Actuarial (gain) loss on obligations	86,274	(112,304)
PBO at the end of the year	**367,847**	**415,055**

Break Up of Service Cost

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Past Service Cost	-	-
Current Service Cost	119,697	88,649
Curtailment Cost / (Credit) on plan amendments	-	-
Settlement Cost / (Credit) on plan amendments	-	-

TABLE SHOWING CHANGES IN FAIR VALUE OF PLAN ASSETS

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Fair value of plan assets at the beginning of the period	1,589,150	1,471,339
Acquisition adjustments	-	-
Transfer In / (Out)	-	-
Interest Income	117,782	113,444
Contributions	5,531	100
Mortality Charges and Taxes	-	-
Benefits paid	(275,635)	-
Amount paid on settlement	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	348,149	4,267
Fair value of plan assets at the end of the period	1,784,977	1,589,150
Actual return on plan assets	**465,931**	**117,711**

NET INTEREST (INCOME)/EXPENSE

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Interest (Income) / Expense – Obligation	22,456	31,403
Interest (Income) / Expense – Plan assets	(117,782)	(113,444)
Net interest (Income) / Expense for the year	(95,326)	(82,041)

REMEASUREMENTS FOR THE YEAR (ACTUARIAL (GAIN) / LOSS)

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	75,706	(95,073)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	10,568	(17,231)
Experience (Gain) / Loss on plan assets	(342,478)	(8,534)
Financial (Gain) / Loss on plan assets	(5,671)	4,267

AMOUNTS RECOGNISED IN STATEMENT OF OTHER COMPREHENSIVE INCOME (OCI)		
For the Period	**For the Year Ended March 31, 2019**	**For the Year Ended March 31, 2018**
Opening amount recognised in OCI outside profit and loss	(43,110)	73,461
Remeasurement for the year -obligation (Gain) / Loss	86,274	(112,304)
Remeasurement for the year -plan asset (Gain) / Loss	(348,149)	(4,267)
Total Remeasurements Cost / (Credit) for the year recognised in OCI	(261,875)	(116,571)
Closing amount recognised in OCI outside profit and loss account	(304,985)	(43,110)

THE AMOUNTS TO BE RECOGNISED IN THE BALANCE SHEET		
For the Period	**For the Year Ended March 31, 2019**	**For the Year Ended March 31, 2018**
Present value of obligation at the end of period	367,847	415,055
Fair value of the plan assets at the end of period	1,784,977	1,589,150
Surplus / (Deficit)	1,417,130	1,174,095
Current liability	-	-
Non-current liability	367,847	415,055
Amount not recognised due to asset ceiling		-
Net asset / (liability) recognised in balance sheet	1,417,130	1,174,095

EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS		
For the Period	**For the Year Ended March 31, 2019**	**For the Year Ended March 31, 2018**
Service Cost	119,697	88,649
Acquisition (Gain) / Loss	-	-
Past service cost	-	-
Net interest (Income)/ Expense	(95,326)	(82,041)
Curtailment (Gain) / Loss	-	-
Settlement (Gain) / Loss	-	-
Transfer In / (Out)	-	-
Net periodic benefit cost recognised in the statement of profit & loss at the end of period	24,371	6,608

RECONCILIATION OF NET ASSET / (LIABILITY) RECOGNISED		
For the Period	**For the Year Ended March 31, 2019**	**For the Year Ended March 31, 2018**
Net asset / (liability) recognised at the beginning of the period	1,174,095	1,064,032
Company contributions	5,531	100
Benefits directly paid by Company	-	-
Amount recognised outside profit & loss for the year	261,875	116,571
Expense recognised at the end of period	(24,371)	(6,608)
Mortality Charges and Taxes	-	-
Impact of Transfer (In) / Out	-	-
Net asset / (liability) recognised at the end of the period	1,417,130	1,174,095

MAJOR CATEGORIES OF PLAN ASSETS (AS A % OF TOTAL PLAN ASSETS)		
For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Funds managed by insurer	100%	100%

SENSITIVITY ANALYSIS

(A) Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018	
Discount Rate		Discount Rate	
6.80%	406,157	7.10%	461,062
8.80%	334,027	9.10%	374,548

(B) Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Salary increment rate		
5.00%	336,353	376,985
7.00%	402,664	457,252

(C) Impact of change in withdrawal rate when base assumption is decreased/increased by 100 basis point

For the Period	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
Withdrawal rate		
0.00%	336,353	408,802
2.00%	371,777	420,793

31. EPS Calculation	For The Year Ending March 31, 2019	For The Year Ending March 31, 2018
A. Numerator for Basic and Diluted EPS		
i. Net profit after tax attributable to shareholders from continuing operations	(7,385,460)	(1,047,961,805)
B. Denominator: Number of Outstanding Shares	124,983,340	124,983,340
No of shares outstanding throughout the year	(0.06)	(8.38)
EPS		

32. Significant accounting estimates and assumptions

The preparation of the financial statements of the Company requires management to make estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The key estimates and assumptions used in the preparation of financial statements are as follows:

The Company has elected to use carrying amount of all its property, plant and equipment as deemed cost as measured in previous GAAP and use that as deemed cost on the date of transition. In respect of assets elected to as per the Ind AS 16. However, the management performed an impairment evaluation of the property, plant and equipement and observed the relisable value / value in use of the property, plant and equipement are more than the carrying value.

The accompanying notes are an integral part of these financial statements.

As per our attached report of even date
For RMA & Associates LLP
Chartered Accountants
Firm Registration Number: 000978N/N500062

On behalf of the Board of Directors

Kishore Saletore
Director
DIN:-01705850

Sandeep Kapoor
Director
DIN:- 01235153

Rahul Vashishth
Partner
Membership No 097881

Sneha Modi
Company Secretary

Rohit Gogia
Manager

Place: Delhi
Date: May 14th, 2019

Mohit Kapoor
Chief Finance Officer

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Kalyani Strategic Systems Limited

Directors	**Registered Office**	**Auditors**
Mr.Kishore Mukund Saletore	Pune Cantonment,	P.V.Deo
Mr.Rajinder Singh Bhatia	Mundhwa,	Chartered Accountant
Mr.Vikram Manohar Munje	Pune 411036	604,Jeevan Heights,
Mr.Varaprasad Tiruvayepati		Thorat Colony,Erandwana,
Mr.Mogalpalli Venkata Krishna		Pune - 411004

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2019

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, 2019.

1. PERFORMANCE OF THE COMPANY

The financial results are summarized here under:

(Amount in Rupees)

Particulars	Standalone		Consolidated	
	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
Revenue from operations	3,991,035	5,220,767	1,028,423,408	11,970,211
Other Income	3,053,261	1,619,972	19,624,730	4,961,008
Total Revenue	**7,044,296**	**6,840,739**	**1,048,048,138**	**16,931,219**
Total expenses	**4,875,247**	**8,396,679**	**1,037,334,154**	**61,522,084**
Profit/(Loss) before Taxes	2,169,049	(1,555,940)	10,688,131	(45,051,665)
Current Tax	285,000	471,142	285,000	471,142
MAT credit utilized	527,000	-	527,000	-
Deferred Tax	(146,781)	13,142	(146,781)	13,142
Profit/(Loss) after Taxes	1,503,830	(2,040,224)	10,022,912	(45,535,949)
Earnings per equity share Basic/ Diluted	0.04	(0.08)	0.16	(0.81)

2. DIVIDEND

To conserve the resources for future business, the Board do not recommend any dividend for the financial year ended March 31, 2019.

3. RESERVES

During the year under review, no amount is proposed to be transfer to the General Reserves.

4. STATE OF COMPANY'S AFFAIRS

The Company is yet to start manufacturing activity. During the year, the Company has undertaken trading business.

5. **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT**

There are no adverse material changes or commitments occurring after March 31, 2019 which affect the financial position of the Company or may require disclosure.

6. **SHARE CAPITAL**

The paid-up Equity Share Capital as at March 31, 2019 stood at Rs.361,136,840/-.

However the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. **MEETINGS OF THE BOARD OF DIRECTORS**

In 2018-19, the Board of Directors of the Company met four times during the year i.e. on May 12, 2018, August 27, 2018, December 14, 2018 and March 29, 2019. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

Also a separate meeting of Independent Directors was convened and held on March 29, 2019 as prescribed under Schedule IV of Companies Act, 2013.

8. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Vikram Manohar Munje, Director (DIN: 02772991) of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year, Mr. Arun Kumar Sahni (DIN: 07871111) ceased to be a Director of the Company w.e.f. August 1, 2018.

9. **DECLARATION BY AN INDEPENDENT DIRECTOR**

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

10. **NOMINATION AND REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The Nomination and Remuneration Policy is attached herewith as **Annexure- “A”**

11. **AUDITORS**

Pursuant to the provisions of the Companies (Amendment) Act, 2017, the Board of Directors of Company had proposed and the members at the AGM held on August 1, 2018 approved the partial modification of previous resolution dated August 1, 2015, for the appointment of Statutory Auditors, for the remaining period not subject to ratification by the shareholders at every AGM.

12. AUDITORS' REPORT

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

13. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations.

Your Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a) in the preparation of the annual financial statements for the year ended March 31, 2019, 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, 2019 and of the profit of the Company for the year under review;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis;

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

15. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

A statement containing the salient features of the financials of the Financial Statement of Company's subsidiary and joint venture in the prescribed format AOC-1 is annexed herewith as **Annexure "B"** to this report, in a separate section forming part of the Financial Statement.

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

The Company has not given any loan, guarantee and investments covered under Section 186 of the Companies Act, 2013.

17. PUBLIC DEPOSITS

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

18. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

19. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as **Annexure "C"** to this report.

20. PARTICULARS OF CONTRACTS OR ARRRANGEMENT WITH RELATED PARTIES

All transactions or arrangement entered into by the Company with Related Parties have been done at arm's length and are in ordinary course of business.

Pursuant to section 134 of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 the particulars of such transactions are provided in form AOC-2 which is annexed herewith as **"Annexure D"** to this report. Related Part disclosure as per AS-18 has been provided in Note-28 to the financial statement.

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

There is nothing to be reported with regards to conservation of energy, technology absorption and the Company has not entered into any transactions involving foreign exchange earnings and outgo.

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

There are no employees whose particulars are needed to be disclosed in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

23. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

There were no complaints filed in terms of provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

24. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

25. 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

	Rajinder Singh Bhatia	**Vikram Manohar Munje**
Place: Pune	**Director**	**Director**
Date: May 18, 2019	**DIN : 05333963**	**DIN : 02772991**

Annexure - "A"

Nomination and Remuneration Policy of
Kalyani Strategic Systems Limited

The Board of Directors of Kalyani Strategic Systems Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on November 4, 2017 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. 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. Managing Director

2.4.2. Executive Directors;

2.4.3. Chief Executive Officer

2.4.4. Chief Financial Officer; and

2.4.5. Company Secretary;

2.5. **Senior Management** means personnel of the Company who are members of its core management team being functional head one level below the Board.

3. ROLE OF COMMITTEE

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

The Committee shall:

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

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

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

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

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

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

3.2.1. Appointment criteria and qualifications

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

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

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

3.2.2. Term / Tenure

a) **Managing Director/Whole-time Director:**
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier

than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for further period of five years, 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 Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

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

3.3.1. General:

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

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

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

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

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 and approved by the Board of Directors 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 Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

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

5.3 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;

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

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

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

10.9 Recommend any necessary changes to the Board; and

10.10 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-B

Form AOC-1

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

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

Part "A": Subsidiaries

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

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Kalyani Rafael Advanced Systems Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2018 to March 31, 2019
3.	Reporting currency	INR in Lakh
4.	Share capital	3,980.29
5.	Reserves & surplus	NIL
6.	Total assets	7,092.48
7.	Total Liabilities	3,558.22
8.	Investments	1,514.65
9.	Turnover	10,410.03
10.	Profit before taxation	85.45
11.	Provision for taxation	NIL
12.	Profit after taxation	85.45
13.	Proposed Dividend	NIL
14.	% of shareholding	50%

Part "B": Associates and Joint Ventures

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

Latest audited Balance Sheet Date	31 March, 2019
Shares of Associate/Joint Ventures held by the Company on the year end	
(i) No. of Shares	10,000 Equity Shares
(ii) Amount of investment in Associate/Joint Venture	Rs. 1,00,000/-
(iii) Extend of Holdings@	50%
Description of how there is significant influence	There is a significant influence due to percentage of holding of Share Capital
Reason why the associate/joint venture is not consolidated	NA
Net worth attributable to shareholding as per latest audited Balance Sheet	26,694/-
Profit/Loss for the year	
(i) Considered in Consolidation	25,853/-
(ii) Not Considered in Consolidation	NIL

Annexure - "C"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019

[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.	Other retail sale not in stores, stalls or markets	47990	100%

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	U29270PN2015PTC156252	Subsidiary*	50	Sec 2(46)
3	BF Premier Energy Systems Private Limited Mundhwa, Pune Cantonment, Pune-411036	U24292PN2015PTC154278	Joint Venture	50	Sec 2(6)

*Having common control

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

i) Category-wise Share Holding as of March 31, 2019

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	18,417,973	18,417,973	51	18,417,973	NIL	18,417,973	51	NIL
Sub-total (A) (1):-	NIL	18,417,973	18,417,973	51	18,417,973	NIL	18,417,973	51	NIL
(2) Foreign									
a)NRI Individual	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**18,417,973**	**18,417,973**	**51**	**18,417,973**	**NIL**	**18,417,973**	**51**	**NIL**
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions	NIL	17,695,711	17,695,711	49	5	17,695,706	17,695,711	49	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	17,695,711	17,695,711	49	5	17,695,706	17,695,711	49	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**NIL**	**36,113,684**	**36,113,684**	**100**	**18,417,978**	**17,695,706**	**36,113,684**	**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			
		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	18,417,973	51	NIL	18,417,973	51	NIL	NIL

iii) Change in Promoters' Shareholding:

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Bharat Forge Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2018	18,417,973	51	18,417,973	51
	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	Nil
	At the End of the year	31/03/2019	18,417,973	51	18,417,973	51

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Kalyani Global Engineering Private Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2018	3,972,506	11	3,972,506	11
	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	Nil
	At the End of the year	31/03/2019	3,972,506	11	3,972,506	11

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	**Sundaram Trading and Investment Private Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2018	6,861,600	19	6,861,600	19
	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	Nil
	At the End of the year	31/03/2019	6,861,600	19	6,861,600	19

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	**Saarloha Advanced Materials Private Limited** **(Previously known as Kalyani Carpenter Special Steels Private Limited)**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2018	6,861,600	19	6,861,600	19
	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	Nil
	At the End of the year	31/03/2019	6,861,600	19	6,861,600	19

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.		**Shareholding at the beginning of the year (01-04-2018)**		**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

Sl. No.		**Shareholding at the beginning of the year (01-04-2018)**		**Cumulative Shareholding during the year (31-03-2019)**	
	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

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager		Total Amount
1.	Gross Salary	**Mr. T V Prasad**	**Mr. Arun Sahni**	
	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 – **Sitting Fees**	10,000	NIL	10,000
	Total	**10,000**	**NIL**	**10,000**
Ceiling as per the Act		NA		

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

The Company does not pay remuneration to any Key Managerial Personnel

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors
Kalyani Strategic Systems Limited

Rajinder Singh Bhatia
Director
DIN : 05333963

Vikram Manohar Munje
Director
DIN : 02772991

Place: Pune
Date: May 18, 2019

Annexure -"D"

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

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019, which are not at arm's length basis.

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	**Mr. Yogendra Thakar**	**Bharat Forge Limited**	**BF Elbit Advanced Systems Private Limited**	**Analogic Controls India Limited**	
b.	Nature of contracts / arrangements / transactions	Re-imbursement of Expenses	Purchase of components	Interoperate Loan	Rent	Purchase Return
c.	Duration of the contracts / arrangements / transactions	One Time Transaction	One Time Transaction	Payable on demand	36 months form March 30, 2018 till March 29, 2021	One Time Transaction
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Re-imbursement of Expenses Rs. 29,769/-	Purchase of components Rs. 44,98,160/-	Rate of interest 9.70% p.a.	Monthly rent of Rs. 1,44,983/- to be paid till 10th of every month.	Purchase Return Rs. 28,56,721/-
e.	Date(s) of approval by the Board, if any	NA	NA	August 25, 2015	March 29, 2018 (Audit Committee approval date)	NA
f.	Amount paid/ received as advances, if any	NIL	NIL	NIL	NIL	NIL

Independent Auditor's Report

To the Members of Kalyani Strategic Systems Limited

Opinion
I have audited the accompanying standalone financial statements of **Kalyani Strategic Systems Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone financial statements, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion
I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon
The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and my auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to me after the date of this auditor's report.

My opinion on the standalone financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the standalone financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Board's Report including Annexures to Board's Report if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and take such actions as are required under the provisions of the Companies Act, 2013.

Responsibility of Management and Those Charged with Governance for the Financial Statements
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that

are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for Audit of the Standalone Financial Statements

My objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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, to the extent applicable.

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

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

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

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

   d) In my opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of written representations received from the directors as on 31st March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the internal financial controls with reference to financial statements 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 : May 18th , 2019

"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, 2019.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the course of audit and to the best of my knowledge and belief, I state that:

(i)

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

(b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.

(c) According to the information and explanations given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory comprising stock in trade was physically verified at reasonable intervals during the year by the management. As explained to us, no material discrepancies were noticed by the management on physical verification of stocks.

(iii)

(a) The Company has granted unsecured loan to one company covered in the register maintained under section 189 of the Companies Act, 2013.

(b) The terms and conditions of the grant of the said loan were not found prima facie prejudicial to the Company's interest.

(c) The said loan is repayable on demand and hence no schedule of repayment of principal or payment of interest has been stipulated. Principal repayments or interest payments had not fallen due during the period covered by this report.

(iv) In my opinion and according to the information and explanations given to me, the Company has not granted any loans in contravention of sections 185 and 186 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has not given any guarantee or provided security in connection with a loan to any other body corporate or person.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.

(vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.

(vii) (a) According to the records of the Company, the Company was found to be 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, 2019 for a year of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 18th , 2019

"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, 2019.

I have audited the internal financial controls over financial reporting of **Kalyani Strategic Systems Limited** ("the Company") as of 31st March, 2019 in conjunction with my audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In my opinion, the Company has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place : Pune
Date : May 18th , 2019

Standalone Balance Sheet as at 31st March, 2019

	Notes	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
I. ASSETS			
1. Non-current assets			
a) Property, Plant and Equipment	3	**130,311,045**	56,379,633
b) Capital Work In Progress		**-**	75,741,700
c) Financial Assets			
Investments	4	**200,014,710**	200,014,710
d) Other non-current assets	5	**2,332**	787,456
e) Deferred Tax Assets (net)	6	**133,639**	-
		330,461,726	332,923,499
2. Current assets			
a) Inventories	7	**3,812,000**	-
b) Financial Assets			
i) Trade Receivable	8	**-**	61,038
ii) Cash and cash equivalents	9	**5,723,739**	9,477,811
iii) Bank balances other than (ii) above	9	**3,145,748**	-
iv) Loans	10	**12,118,542**	11,108,974
v) Other current financial assets	11	**188,998**	28,998
c) Other current assets	12	**3,546,387**	34,520
		28,535,414	20,711,341
TOTAL :		**358,997,140**	353,634,840
II. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	13	**361,136,840**	361,136,840
b) Other equity	14	**(7,822,432)**	(9,326,262)
		353,314,408	351,810,578
2. Non-Current liabilities			
a) Deferred Tax Liabilities (net)	6	**-**	13,142
		-	13,142
2. Current liabilities			
a) Financial Liabilities			
i) Trade Payables	15		
Total outstanding dues of micro enterprises and small enterprises		**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		**5,155,447**	1,176,289
b) Other Current Liabilities	17	**28,012**	184,383
c) Current Tax Liabilities	18	**499,273**	450,448
		5,682,732	1,811,120
TOTAL :		**358,997,140**	353,634,840
Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 36		

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 18th, 2019

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: May 18th, 2019

Standalone Statement of Profit and Loss for the year ended 31st March, 2019

		Notes	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
I.	**Revenue from operations**	19	**3,991,035**	5,220,767
II.	**Other Income**	20	**3,053,261**	1,619,972
	Total revenue		**7,044,296**	6,840,739
III.	**Expenses**			
	Purchases of Stock in trade	21	**5,256,478**	-
	Changes in inventories of Stock in trade	22	**(3,812,000)**	5,054,126
	Finance Cost	23	**50,000**	22,000
	Depreciation and amortization expense	24	**1,810,288**	14,148
	Other expenses	25	**1,570,481**	3,306,405
IV.	**Total expenses**		**4,875,247**	8,396,679
V.	**Profit/ (Loss) before tax (III - IV)**		**2,169,049**	(1,555,940)
VI.	**Tax expenses**			
	Current tax		**285,000**	471,142
	MAT Credit Utilised		**527,000**	-
	Deferred tax		**(146,781)**	13,142
			665,219	484,284
VII.	**Profit/ (Loss) for the year (V - VI)**		**1,503,830**	(2,040,224)
VIII.	**Other Comprehensive Income**		**-**	-
IX.	**Total Comprehensive Income for the period (VII+VIII)**		**1,503,830**	(2,040,224)
X.	**Earnings per equity share [nominal value of share x 10/-]**			
a)	Basic (In x)	28	**0.04**	(0.08)
b)	Diluted (In x)	28	**0.04**	(0.08)
	Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 36		

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 18th, 2019

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: May 18th, 2019

Standalone Statement of changes in equity for the year ended 31st March, 2019

a Equity share capital

	Balance at the beginning of the year ₹	Changes in Equity share Capital during the year ₹	Balance at the end of the year ₹
i) For the Year ended 31st March, 2019	361,136,840	-	361,136,840
ii) For the Year ended 31st March, 2018	195,900,000	165,236,840	361,136,840

b Other equity

	Retained Earnings ₹
Balance at the beginning of the Year	(7,286,038)
Add :	
Total Comprehensive Income for the Year	(2,040,224)
Balance at the end of the period 31st March, 2018	(9,326,262)
Add :	
Total Comprehensive Income for the year	1,503,830
Balance at the end of the Year 31st March, 2019	**(7,822,432)**
c Total equity (a+b)	**353,314,408**

Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements 1 to 37

As per my attached report of even date,	**On behalf of the Board of Directors,**	
P. V. Deo **Chartered Accountant**	**Rajinder Singh Bhatia** **Director** **DIN: 05333963**	**Vikram Munje** **Director** **DIN: 02772991**
	Yogendra Thakar **Chief Financial Officer**	**Ms. Jenny Chhabada** **Company Secretary**
Place: Pune **Date: May 18th, 2019**	**Place: Pune** **Date: May 18th, 2019**	

Standalone Cash Flow Statement for the year ended 31st March, 2019

			Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
(A)	**Cash flow from operating activities**			
	Profit/(loss) before tax		**2,169,049**	(1,555,940)
	Add :			
	Depreciation		**1,810,288**	14,148
	Interst on Income Tax		**50,000**	22,000
	Income tax expenses		**30**	17,942
			4,029,367	(1,501,850)
	Less : Income considered separately			
	Interest received on intercorporate loans		**(1,121,744)**	(991,325)
	Interest received from bank		**(191,721)**	(183,522)
	Operating profit/(loss) before working capital changes		**2,715,902**	(2,676,697)
	Movements in working capital :			
	Increase / (decrease) in Trade Payables		**3,979,158**	(320,137)
	Increase / (decrease) in Other Current Liabilities		**(156,371)**	(561,328)
	Increase / (decrease) in Other Current Financial Liabilities		-	(2,041,180)
	(Increase) / decrease in other non-current assets		**787,456**	50,462,294
	(Increase) / decrease in Trade Receivable		**61,038**	(61,038)
	(Increase) / decrease in other financial assets		**(160,000)**	(11,941)
	(Increase) / decrease in other current assets		**(3,511,867)**	(19,620)
	(Increase) / decrease in Inventories		**(3,812,000)**	5,054,126
			(2,812,586)	52,501,176
	Cash generated from operations		**(96,684)**	49,824,479
	Direct taxes paid (net of refunds)		**(815,537)**	(279,504)
	Net cash from/(used in) operating activities	**(A)**	**(912,221)**	49,544,975
(B)	**Cash flows from investing activities**			
	Purchase of Property, Plant and Equipment		-	(131,393,300)
	Investments in Equity Shares		-	(95,414,710)
	Investments In/(liquidation of) fixed deposits		**(3,145,748)**	2,808,031
	Interest received on Inter corporate loans		**1,121,744**	991,325
	Interest received from bank		**191,721**	183,522
	Net cash used in investing activities	**(B)**	**(1,832,283)**	(222,825,132)
(C)	**Cash flows from financing activities**			
	Proceeds from issue of Equity Shares		-	165,236,840
	Inter corporate loans given		**(1,009,568)**	(889,126)
	Net cash from/(used in) financing activities	**(C)**	**(1,009,568)**	164,347,714
(D)	**Net increase / (Decrease) in cash and cash equivalents (A+B+C)**		**(3,754,072)**	(8,932,443)
(E)	**Cash and cash equivalents at the beginning of the year**		**9,477,811**	18,410,254
(F)	**Cash and cash equivalents at the end of the year**		**5,723,739**	9,477,811

Components of cash and cash equivalents		As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Cash in Hand		-	-
Balances with banks			
In Current accounts		**5,723,739**	6,504,611
In fixed deposits		-	2,973,200
	TOTAL :	**5,723,739**	9,477,811
Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 37		

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place: Pune
Date: May 18th, 2019

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: May 18th, 2019

1. Corporate information :

'Kalyani Strategic Systems Limited was incorporated on December 20, 2010, as a public limited company under the erstwhile Companies Act, 1956. The Company is a subsidiary of Bharat Forge Limited, which holds 51% of the issued and subscribed equity share capital of the Company. The Company's CIN is U31902PN2010PLC138025.

The Company has been formed with the object to engage in the business of scientific, technical and other research and development in the field of developing/ deploying advance defence, aerospace and other strategic areas.

The Company has identified 12 months as its operating cycle.

2. Significant accounting policies:

2.1 Basis of accounting and preparation of financial statements:

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended thereafter and the provisions of the Companies Act, 2013.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities wherever existed, which have been measured at fair value:

i The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities wherever existed, which have been measured at fair value:

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

2.2 Changes in accounting policies:

"Ind AS 115 was issued on 28th March, 2018 and supersedes Ind AS 11 ""Construction Contracts"" and Ind AS 18 ""Revenue"" and it applies, with limited exceptions, to all revenue arising from contract with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contract with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contract with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly relate to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients."

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1st April, 2018. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 11 and Ind AS 18. The application of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the financial statements of the Company. The impact of the adoption of the standard on the other equity as at the beginning of the period is also insignificant.

2.3 Current versus non-current bifurcation:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is treated as current when it is:

i Expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii Held primarily for the purpose of trading,

iii Expected to be realised within twelve months after the reporting period, or

iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

i It is expected to be settled in normal operating cycle,

ii It is held primarily for the purpose of trading,

iii It is due to be settled within twelve months after the reporting period, or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 Foreign currency transactions and translations:

The Company's financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements are measured using functional currency.

a) Transactions and balances

"Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date, continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ending 31st March, 2016. exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively)."

b) Exchange differences

The Company has availed the option available under Ind AS 101 Para D13 AA pertaining to long term foreign currency translation difference account (FCMITDA). Hence, the Company has continued the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 as per previous GAAP. Accordingly, the exchange differences are accounted for as under

i Exchange differences arising on long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

ii Exchange differences arising on other long-term foreign currency monetary items recognised in the financial statements for the period ended 31st March, 2016 are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortized over the remaining life of the concerned monetary item.

iii All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign currency monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

2.5 Fair value measurement:

"The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:"

i In the principal market for the asset or liability, or

ii In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

"External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy."

2.6 Revenue from contracts with customers:

"Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note no. 30."

a) Sale of Goods:

"Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The control of the goods manufactured in case of export sales is transferred usually on the date of issue of Bill of Lading while in case of domestic sales, the control is transferred usually on delivery of goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration."

b) Sale of Services:

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to their porting date is recognized as unbilled revenue. Revenue from fixed-price, fixed-time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion.

c) Contract assets :

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

d) Trade receivables :

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note no. 2.15.

e) Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f) Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

g) Profit / Loss on sale of investments:

Profit / Loss on sale of investments is recognized when all the significant risk and rewards of ownership in investment is transferred.

2.7 Government grants :

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

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

2.8 Taxes :

"Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates and generates taxable income. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluated the positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously."

Deferred tax is provided using the liability method on temporary differences between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset can be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

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

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

However, the Company restricts recognition of deferred tax assets to the extent that it has become probable that future taxable profit will be available against which such deferred tax assets can be realized.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on “Accounting for Credit Available in respect of Minimum Alternative Tax” under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

i When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.9 Property, plant and equipment :

Property, plant and equipment, capital work in progress and investment property are stated at cost of acquisition or construction net of accumulated depreciation and accumulated impairment losses, if any. Internally manufactured property, plant and equipment are capitalised at factory cost, including excise duty, wherever applicable. All the significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalised. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

"Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation. Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.

Assets under improvement to leased premises are fully depreciated over the lease period of the asset."

The Management's estimate of the useful lives of various fixed assets, which is in line with the provision of Schedule II to the Companies Act, 2013 is given below.

Type of Asset	Estimated useful life
i) Factory Building	30 Years
ii) Plant and Machinery	15 Years

Losses arising from the retirement of, and gains and losses arising from disposal of property plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

An item of property, plant and equipment or any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and the methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Intangible assets :

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is disposed.

2.11 Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in the arrangement.

Company as a Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the same is in line with inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.12 Inventories :

Inventories are stated at the lower of cost and net realisable value.

2.13 Impairment of Non-financial assets :

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.14 Provisions, Contingent Liabilities :

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.15 Financial instruments:

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

A Financial Asset:

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost

ii Debt instruments at fair value through other comprehensive income (FVTOCI)

iii Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv Equity instruments measured at fair value through other comprehensive income (FVTOCI)

c) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

d) Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and ii The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

e) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

f) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de recognised (i.e. removed from the Company's balance sheet) when:

i The rights to receive cash flows from the asset have expired, or

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

h) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

ii Financial assets that are debt instruments and are measured as at FVTOCI

iii Lease receivables under Ind AS 17

iv Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 (Previous Year : Ind AS 11 and Ind AS 18)

v Loan commitments which are not measured as at FVTPL

vi Financial guarantee contracts which are not measured as at FVTPL

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

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ii Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

i Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

ii Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B Financial liabilities:

a) Initial recognition and measurement

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

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

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

b) Subsequent measurement

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

i Financial liabilities at fair value through profit or loss

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

Ii Loans and borrowings

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

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

iii Financial guarantee contracts

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

c) Derecognition

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

C Embedded derivatives:

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

D Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

E Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Cash and cash equivalents:

"Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

2.17 Dividend to equity holders:

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.18 Segment reporting:

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

2.19 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.20 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.

2.21 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."

2.22 Ind AS 116 Leases

"Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1st April, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1st April, 2019). Accordingly, the Company will not restate comparative information; instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate as at 1st April, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

3. Property, Plant and Equipment :

	Freehold Land ₹	Leasehold Land ₹	Building ₹	Plant and Machinery ₹	Total ₹
Gross Block, at Cost :					
Opening Balance	-	-	-	93,150	**93,150**
Additions	27,332,200	-	28,972,650		**56,304,850**
Disposals	-	-	-	-	**-**
As at 31st March, 2018	27,332,200	-	28,972,650	93,150	**56,398,000**
Additions	-	75,741,700	-	**-**	**75,741,700**
Disposals	-		-	**-**	**-**
As at 31st March, 2019	**27,332,200**	**75,741,700**	**28,972,650**	**93,150**	**132,139,700**
Depreciation and Amortization :					
Opening Balance	-	-	-	4,219	**4,219**
Disposals	-	-	-	-	**-**
For the period	-	-	7,938	6,210	**14,148**
Upto 31st March, 2019	-	-	7,938	10,429	**18,367**
Disposals	-	-	-	**-**	**-**
For the period	-	838,324	965,755	6,209	**1,810,288**
As at 31st March, 2019	**-**	**838,324**	**973,693**	**16,638**	**1,828,655**
Net Block :					
As at 31st March, 2018	27,332,200	-	28,964,712	82,721	56,379,633
As at 31st March, 2019	**27,332,200**	**74,903,376**	**27,998,957**	**76,512**	**130,311,045**

Kalyani Strategic Systems Limited

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

4. Investments :

			As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Equity Instruments, Unquoted :				
(At Cost)				
Investments in Subsidiary :				
19,901,471	(19,901,471)	Equity shares having Face value of Rs. 10/- each, fully paid up, of Kalyani Rafael Advanced Systems Private Limited[(a)]	**199,014,710**	199,014,710
Investments in Joint Ventures :				
100,000	(100,000)	Equity shares having Face value of Rs.10/- each, fully paid up, of BF Premier Energy Systems Private Limited	**1,000,000**	1,000,000
		TOTAL :	**200,014,710**	200,014,710

(a) On 31st March, 2018 and on 31st March, 2019, Kalyani Strategic Systems Ltd., Kalyani Technoforge Ltd. (KTFL) and Rafael Advanced Defense Systems Limited held 50%, 1% and 49%, respectively of the equity share capital of KRAS. As per the Inter Se Agreement between the Company and KTFL, KTFL has agreed always to act in accordance with the directions or instructions of the Company, including in exercising its voting rights. KRAS is, therefore, considered to be a subsidiary in view of the control exercised by the Company.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

5. Other non-current assets
(Unsecured, Good)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Advance Income Tax (net of Provisions)	**2,332**	-
GST Input Tax Credit and refund claims	-	787,456
TOTAL :	**2,332**	787,456

6 Deferred Tax Asset/(Liability) (Net) :

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Deferred Tax Assets :		
Unabsorbed lossed and depreciation	-	-
Disallowances	**138,659**	227,483
	138,659	227,483
Deferred Tax Liability :		
Timing differences for		
Depreciation	**5,020**	240,625
	5,020	240,625
Deferred Tax Assets/(Liability) (Net)	**133,639**	(13,142)

7 Inventories
(As taken, valued and certified by the Directors)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Stock in trade	**3,812,000**	-
(Stock lying with third parties A 3,812,000/- (previous year : A NIL)		
TOTAL :	**3,812,000**	-

8 Trade Receivable :
(Unsecured)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Good	-	61,038
Credit Impaired	**2,856,721**	2,856,721
Less : Allowances for credit losses	**(2,856,721)**	(2,856,721)
TOTAL :	-	61,038

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

9 Cash and cash equivalents :

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Cash and Cash Equivalents :		
Cash in Hand	-	-
Balances with banks		
In Current accounts	**5,723,739**	6,504,611
In fixed deposits[a]	-	2,973,200
	5,723,739	9,477,811
Other bank balances :		
In fixed deposits[b][c]	**3,145,748**	-
	3,145,748	-
(a) With original maturity of less than 3 Months		
(b) Maturing after 3 Months but before 12 Months		
(c) Pledged with the Bank for issuing bank guarrenties		
TOTAL :	**8,869,487**	9,477,811

10 Loans :
(Unsecured, Good)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Loans to related parties:		
Inter-corporate loan to a fellow subsidiary[a]	**12,118,542**	11,108,974
TOTAL :	**12,118,542**	11,108,974

(a) Including interest due, thereon

11 Other current financial assets :
(Unsecured, Good)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Deposits	**188,998**	28,998
TOTAL :	**188,998**	28,998

12 Other Current Assets :
(Unsecured, Good)

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
GST Input Tax Credit and refund claims	**796,700**	-
Advance to vendors		
To a fellow subsidiary	**2,667,161**	14,900
To other vendors	**82,526**	-
Other advances		
To key managerial personnel	-	19,620
TOTAL :	**3,546,387**	34,520

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

13 Equity share capital

				As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Authorised					
50,000,000	(50,000,000)	Equity shares of Rs.10/- each		500,000,000	500,000,000
			TOTAL :	500,000,000	500,000,000
Issued					
36,113,684	(36,113,684)	Equity shares of Rs.10/- each		361,136,840	361,136,840
			TOTAL :	361,136,840	361,136,840
Subscribed and fully paid-up					
36,113,684	(36,113,684)	Equity shares of Rs. 10/- each		361,136,840	361,136,840
			TOTAL :	361,136,840	361,136,840

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

Equity shares	31st March, 2019		As at 31st March, 2018	
	Nos.	₹	Nos.	₹
At the beginning of the year	36,113,684	361,136,840	19,590,000	195,900,000
Shares Issued during the year	-	-	16,523,684	165,236,840
Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	36,113,684	361,136,840	36,113,684	361,136,840

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of x 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	31st March, 2019		As at 31st March, 2018	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of Rs.10 each fully paid				
Bharat Forge Limited, the Holding Company#	18,417,978	51.00	18,417,978	51.00
Sundaram Trading and Investment Private Limited	6,861,600	19.00	6,861,600	19.00
Saarloha Advanced Materials Private Limited (Previously known as Kalyani Carpenter Special Steels Private Limited)	6,861,600	19.00	6,861,600	19.00
Kalyani Global Engineering Private Limited	3,972,506	11.00	3,972,506	11.00

including the shares held through nominees

14 Other equity

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Retained earnings		
As per last account	(9,326,262)	(7,286,038)
Add : Total comprehensive income for the year	1,503,830	(2,040,224)
Less : Appropriations	-	-
Closing balance	(7,822,432)	(9,326,262)

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

15. Financial liabilities :

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Trade Payables :		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**5,155,447**	1,176,289
TOTAL :	**5,155,447**	1,176,289

17. Other Current Liabilities :

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Statutory liabilities	**28,012**	135,964
Other Payable	-	48,419
TOTAL :	**28,012**	184,383

18. Current Tax Liabilities :

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Provision for taxation(Net)	**499,273**	450,448
TOTAL :	**499,273**	450,448

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

19. Revenue from operations

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Sale of products	**1,570,085**	5,220,767
Other operating revenue	**2,420,950**	-
TOTAL :	**3,991,035**	5,220,767

Disaggregate revenue information :

The table below presents disaggregated revenues from contracts with customers for the year ended 31st March, 2019 by offerings and contract type.

Revenue by offerings :	
Sale of products	**1,570,085**
TOTAL :	**1,570,085**
Revenue by geographical Segment :	
Within India	**1,570,085**
TOTAL :	**1,570,085**
Revenue by contract type :	
Fixed price contracts	**1,570,085**
TOTAL :	**1,570,085**

20. Other Income

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Interest received		
On loan to a fellow subsidiary	**1,121,744**	991,325
Other Interest	**191,721**	183,522
Lease rent received	**1,739,796**	9,354
Refund of GST	-	435,771
TOTAL :	**3,053,261**	1,619,972

21. Purchases of Stock in trade

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Purchases of Stock in Trade	**5,256,478**	-
TOTAL :	**5,256,478**	-

22. Changes in inventories of Stock in trade :

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Inventories at the beginning		
Stock in trade	-	5,054,126
Inventories at the close		
Stock in trade	**3,812,000**	-
TOTAL :	**(3,812,000)**	5,054,126

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

23. Finance Cost

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Interest on Income Tax	**50,000**	22,000
TOTAL :	**50,000**	22,000

24. Depreciation and amortization expenses

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Depreciation on property, plant and equipment	**1,810,288**	14,148
TOTAL :	**1,810,288**	14,148

25. Other expenses

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Legal and professional fees	**224,082**	108,866
Payment to Auditors (Refer details below)	**200,000**	120,000
Bank Charges	**54,468**	10,974
Travelling and Conveyance Expenses	**1,062,382**	-
Share Issue Expenses	**-**	165,238
Provision for expected credit loss	**-**	2,856,721
Miscellaneous expenses#	**29,549**	44,606
TOTAL :	**1,570,481**	3,306,405

Miscellaneous Expenses include general office expenses, printing and stationery etc.

Payment to auditors

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
As auditor:		
- Audit fee	**170,000**	120,000
- Certification	**30,000**	-
TOTAL :	**200,000**	120,000

26. Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of defence and aerospace that will include activities of conceptualisation, 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 programmes and to act as off-set partner and / or to undertake offset activities for original equipment manufacturers in defence,aerospace and other sectors; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

27. Related Party disclosures

(i) **Names of the related parties and related party relationship**

Key Management Personal :
i) Somalinga Mahadevan Shivakumar - Chief Executive Officer[(a)(b)]
ii) Pramod Madhukar Puranik - Chief Executive Officer[(a)(c)]
iii) Shodhan Ligam - Chief Financial officer[(a)(d)]
iv) Yogendra Thakar - Chief Financial officer[(a)(e)]
v) Jenny Chhabada - Company Secretary[(a)(f)]

(a) On deputation from Bharat Forge Limited, the Holding Company
(b) Since resigned from 28th February, 2018.
(c) Appointed from 1st March, 2018.
(d) Since resigned from 6th July, 2017
(e) Appointed from 4th November, 2017.
(f) Appointed from 13th February, 2018.

Holding Company : i) Bharat Forge Limited

Subsidiary Company : i) Kalyani Rafael Advanced Systems Private Limited

Fellow Subsidiary Companies :
i) BF Elbit Advanced Systems Private Limited
ii) Analogic Controls India Limited
iii) BF Infrastructure Limited

Joint Venture : i) BF Premier Energy Systems Private Limited

(ii) **Related parties with whom transactions have taken place during the year**

Sr. No.	Nature of transaction	Terms and Conditions (Refer foot note no.)	Key Management Personal		Holding Company	Subsidiary Company	Fellow Subsidiary Companies		Joint Venture	Total
			Shodhan Ligam	Yogendra Thakar	Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	BF Premier Energy Systems Private Limited	
			₹	₹	₹	₹	₹	₹	₹	₹
1	Share Allotment	(a)	- (-)	- (-)	- (84,270,780)	- (-)	- (-)	- (-)	- (-)	- (84,270,780)
2	Investment made	(b)	- (-)	- (-)	- (-)	- (96,955,890)	- (-)	- (-)	- (500,000)	- (97,455,890)
3	Capital advance given	(c)	- (-)	- (-)	- (-)	- (-)	- (-)	- (2,261,920)	- (-)	- (2,261,920)
4	Purchases of property, plant and equipment	(c)	- (-)	- (-)	- (-)	- (-)	- (-)	- (56,245,850)	- (-)	- (56,245,850)
5	Rent Income received	(d)	- (-)	- (-)	- (-)	- (-)	- (-)	**1,739,796** (9,354)	- (-)	**1,739,796** (9,354)
6	Interest received on Intercorporate loan	(e)	- (-)	- (-)	- (-)	- (-)	**1,121,744** (991,325)	- (-)	- (-)	**1,121,744** (991,325)
7	Purchases	(f)	- (-)	- (-)	**4,498,160** (-)	- (-)	- (-)	- -	- (-)	**4,498,160** -
8	Expenses incurred by other party on behalf of the Company	(g)	- (639,894)	**29,769** (2,600)	- (3,797,649)	- (-)	- (-)	- (45,000)	- (-)	**29,769** (4,485,143)
9	Purchases return charged back	(h)	- (-)	- (-)	- (-)	- (-)	- (-)	**2,856,721** (-)	- (-)	**2,856,721** -

(a) Equity shares have been allotted by the Company to the related parties in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(b) The Company has subscribed to the issue of equity shares made at par by the related parties on rights basis in accordance with the provisions of section 23 read with section 62 of the Companies Act, 2013.

(c) The Company has purchased land and factory building from the related party in the ordinary course of business. The amount includes costs of transfer reimbursed to the party.

(d) The Company has entered into a leave and license agreement with the related party to grant licence to use and occupy the premises during the lease period. The lease is in the nature of operating lease

(e) The loan given to the related party is unsecured and repayable on demand and the same is compliant with the provisions of section 186 of the Companies Act, 2013. The loan carried interest at the rate of 9.70% p.a.

(f) Purchases from the related party made during the previous year were in the ordinary course of business and the same had been made at arm's length price and were subject to normal credit terms.

(g) Expenses incurred by related parties on behalf of the Company are reimbursable at cost on demand.

(h) Purchases from the related party made during the earlier year were in the ordinary course of business and the same had been rejected hence the same has been chaged back to the party

(iii) **Balances outstanding**

Sr. No.	Nature of transaction		Key Management Personal		Holding Company	Subsidiary Company	Fellow Subsidiary Company		Joint Venture	Total
			Shodhan Ligam	Yogendra Thakar	Bharat Forge Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Private Limited	Analogic Controls India Limited	BF Premier Energy Systems Private Limited	
			₹	₹	₹	₹	₹	₹	₹	₹
1	Intercorporate Loan receivable(including interest due thereon)		**-** (-)	**-** (-)	**-** (-)	**-** (-)	**12,118,542** (11,108,974)	**-** (-)	**-** (-)	**12,118,542** (11,108,974)
2	Trade Payable		**-** (-)	**-** (-)	**3,998,160** (-)	**-** (-)	**-** (-)	**-** (204,460)	**-** (-)	**3,998,160** (204,460)
3	Advance given		**-** (-)	**-** (19,620)	**-** (-)	**-** (-)	**-** (-)	**2,667,161** (14,900)	**-** (-)	**2,667,161** (34,520)
4	Trade receivable		**-** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (11,038)	**-** (-)	**-** (11,038)

(Figures in bracket indicate previous year)

28. Earnings per share (EPS)

	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
Numerator for basic and diluted EPS		
Profit for the year attributable to shareholders as at 31st March	**1,503,830**	(2,040,224)
Weighted average number of equity shares in calculating basic EPS	**36,113,684**	27,113,511
EPS - Basic (in x)	**0.04**	(0.08)
EPS - Diluted - (in x)	**0.04**	(0.08)

29. Interest in Joint Venture

a) Name of the investee : BF Premier Energy Systems Private Limited

b) Principal place of business : Mundhwa, Pune Cantonment, Pune - 411036, Maharashtra, India

c) Proportion of the ownership interest : 50% (Previous year 50%)

d) Description of the method used to account for the investments Cost

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

30. Significant accounting judgements, estimates and assumptions :

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 31 and 32 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Variable consideration

The Company estimates variable consideration to be included in the transaction price for the sale of goods with escalations.

The Company estimates the variable consideration with respect to above based on an analysis of accumulated historical experience. The Company adjust estimate of revenue at the earlier of when the most likely amount of consideration we expect to receive changes or when the consideration becomes fixed.

Revenue Recognition

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Kalyani Strategic Systems Limited

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2019

31 Fair values :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹	**As at 31st March, 2019 ₹**	As at 31st March, 2018 ₹
I) Financial assets				
Loans(including interest receivable on loan)	**12,118,542**	11,108,974	**12,118,542**	11,108,974
Other current financial assets				
Deposits	**188,998**	28,998	**188,998**	28,998
Total Financial Assets :	**12,307,540**	11,137,972	**12,307,540**	11,137,972
II) Financial Liabilities	**-**	-	**-**	-
Total Financial Liabilities :	**-**	-	**-**	-

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

32 Fair value hierarchy :

	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair value has been disclosed					
Deposits	**3/31/2019**	-	-	**188,998**	**188,998**
Loans(including interest receivable on loan)	**3/31/2019**	-	-	**12,118,542**	**12,118,542**
Assets for which fair value has been disclosed					
Deposits	3/31/2018	-	-	28,998	28,998
Loans	3/31/2018			11,108,974	11,108,974
Liabilities for which fair value has been disclosed	**3/31/2019**	-	-	-	-
Liabilities for which fair value has been disclosed	3/31/2018	-	-	-	-

33 Financial risk management disclosure :

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments in equity instruments, loans, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2019 and 31st March, 2018.
The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March, 2019, 31st March, 2018 including the effect of hedge accounting(if any)

i) Equity price risk

The Company's investment in equity instruments comprise mainly of investments in subsidiaries and Joint Ventures which are strategic long term investments. Reports on the equity portfolio are submitted to the Company’s management on a regular basis. The Company’s Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at carrying value was x 200,014,710/- (for previous year ended 31st March, 2018 - a 200,014,710/-)

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company’s Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty’s potential failure to make payments.

The Company’s maximum exposure to credit risk for the components of the balance sheet at 31st March, 2019 and 31st March, 2018 is the carrying amounts as illustrated in Note 8.

c) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The Company’s financial liabilities based on contractual undiscounted payments are payable on demand.

34 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.

35 Expenditure in Foreign Currency

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Tavelling Expenses	**276,898**	-

36 Contingent Liabilities not provided for

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Stamp duty exemption under Package Scheme of Incentive, 2013.[a]	**3,317,139**	3,317,139

(a) The Company has availed exemption from stamp duty amounting to A 3,317,139/-, in respect of agreement to lease executed during the previous financial year. The said exemption is availed in accordance with the Package Scheme of Incentive, 2013 of the Government of Maharashtra. As per the conditions attached, the Company is required to start the activities within a period of three years from the date of instrument, which is 17th January, 2018. The Company will be liable to pay the whole of the stamp duty and applicable penalty in the event the Company is unable to fulfill this condition. In the Opinion of Directors, the Company will be able to fulfill this condition comfortably and hence cash outflow on that account is highly unlikely.

(b) The Company is in the process of setting up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. The Company has applied to MIDC for extension of timeline for completion of construction up to 31st March, 2020. The Application made by the Company is under active consideration by MIDC. The Management is confident of getting the requisite permission from MIDC, soon. The Management does not expect any outgo of resources for obtaining the requisite permission.

37 Income Tax :

a) The major components of income tax expense for the years ended 31st March, 2019 and 31st March, 2018 are

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Current income tax		
Current income tax charge	**285,000**	549,000
MAT Credit Utilised	**527,000**	-
Taxes for earlier years	**-**	(77,858)
Deferred tax		
Relating to origination and reversal of temporary differences	**(146,781)**	13,142
	665,219	484,284

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2019 and 31st March 2018:

	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
Accounting profit/(loss) before tax	**2,169,049**	(1,555,940)
At India's enacted tax rate of 26% (31st March 2018: 25.75%)	**564,000**	-
Tax effect due to non-taxable income for Indian tax purposes	**(135,704)**	-
Tax effect of non-deductible expenses	**767,325**	411,800
Tax effect of business loss set off in respect of which deferred tax asset was not recognised on prudent basis.	**-**	(470,298)
Current tax for earlier years	**(527,000)**	-
Minimum Alternate tax payable (rate of 19.24% (31st March 2018: 19.06%)	**-**	549,000
Other	**(3,402)**	(6,218)
At effective income tax rate of 30.67% (31st March 2018: NA)	**665,219**	484,284
Income tax expense reported in the statement of profit and loss	**665,219**	484,284

c) Reconciliation of deferred tax liabilities/(Asset) (net)

Opening balance	**13,142**	-
Tax income/(expense) during the period recognised in profit or loss	**(146,781)**	13,142
Closing balance	**(133,639)**	13,142

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991

Yogendra Thakar
Chief Financial Officer

Ms. Jenny Chhabada
Company Secretary

Place: Pune
Date: May 18th, 2019

Place: Pune
Date: May 18th, 2019

Kalyani Rafael Advanced Systems Private Limited

Directors	Registered Office	Auditors
Mr.Rajinder Singh Bhatia Mr.Vikram Manohar Munje Mr.Moshe Elazar	Pune Cantonment, Mundhwa, Pune 411036	Deloitte Haskins & Sells LLP 706 B Wing,ICC Trade Tower, Senapati Bapat Road, Pune - 411016

BOARD'S REPORT
FOR THE YEAR ENDED MARCH 31, 2019

To,

The Members,

Your Directors have pleasure in presenting the 4th Board's Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended March 31, 2019.

1. PERFORMANCE OF THE COMPANY

The summary of financial results is as under:

(Rupees in Lakh)

Particulars	For Financial Year 2018-19	For Financial Year 2017-18
Total Revenue	10,410.03	100.90
Depreciation/Amortization	359.95	186.35
Other expenses	835.93	218.01
Total expenses	10,324.58	531.25
Profit/(Loss) before tax	85.45	(430.35)
Current Tax	NIL	NIL
PAT	85.45	(430.35)
Earnings per equity share Basic/Diluted	0.21	(1.48)

2. DIVIDEND

To conserve the resources for future growth, the Board of Directors do not recommend any dividend.

3. STATE OF COMPANY'S AFFAIRS

During the year under review, the employees and processes of your Company got certification from Rafael Advanced Defense Systems Limited, Israel, shareholder and Joint Venture partner of the Company, for undertaking weapon system Integration and Testing of New Generation Precision Guided Munition-II (NGPGM-II) project. Accordingly, your Company started its operations and successfully delivered NGPGM-II project.

Further during the year, your Company has been recommended for AS9100 certification.

AS9100 is an International Quality Management System Standard for the Aviation, Space and Defense (AS&D) industry. The standard will help the Company to get worldwide recognition for creating and maintaining a comprehensive quality system for providing safe and reliable products to the AS&D industry, as well as civil & military aviation requirements.

4. MATERIAL CHANGES AND COMMITMENTS

There are no adverse material changes or commitments occurring after March 31, 2019 which can affect the financial position of the Company or may require disclosure.

5. MEETINGS OF THE BOARD OF DIRECTORS

During the year 2018-19, the Board of the Company met 4 (four) times on May 10, 2018, July 11, 2018, November 1, 2018 and February 4, 2019. The maximum gap between any two Board Meetings was less than one Hundred and Twenty days.

6. DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, there is no change in Directors of the Company.

During the year, Mr. Rudra Kumar Jadeja was appointed as a Chief Executive Office of the Company.

7. SHARE CAPITAL

The Paid-up Equity Share Capital as at March 31, 2019 stood at Rs.398,029,430/- (Rupees Thirty Nine Crores Eighty Lakhs Twenty Nine Thousand Four Hundred Thirty only).

During the year under review, the Company has not issued any shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2019, 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, the Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable Accounting Standards have been followed and there were no material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company as at March 31, 2019 and the profit of the Company for the year under review;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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 the adequate systems of internal control commensurate with its size and the nature of its operations.

The Company is exposed to business risk, market risk and risk from changes in government policies. These risks are assessed and appropriate steps to mitigate these risks are taken from time-to-time.

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 3rd (Third) Annual General Meeting held on July 30, 2018, M/s. Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018), Chartered Accountants, Pune, was appointed as Statutory Auditors of the Company to hold office till the conclusion of the 8th (Eighth) Annual General Meeting to be held in the year 2023.

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 financial year under review the Company has entered into the transactions with Related Parties. Details of the same are annexed herewith as **Annexure "B"**.

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 MANAGERIALPERSONNEL) RULES, 2014

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 information as to names of the top ten employees in terms of remuneration drawn is annexed as **Annexure "D"** 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. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

22. ACKNOWLEDGEMENT

The Directors sincerely thanks all the members, clients, bankers and the employees for extending valuable support and cooperation all through the year.

For and on behalf of the Board of Directors

Rajinder Singh Bhatia	**Vikram Munje**
Director	**Director**
DIN : 05333963	**DIN : 02772991**
Place : Israel	**Place : Pune**
Date : May 12, 2019	**Date : May 16, 2019**

Annexure - "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019

[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.	Manufacture of other electrical equipment	27900	100%

* 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	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, 2019

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	39,802,943	39,802,943	100	NIL	39,802,943	39,802,943	100	NIL
Sub-total (A) (1):-	NIL	39,802,943	39,802,943	100	NIL	39,802,943	39,802,943	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**	**39,802,943**	**39,802,943**	**100**	**NIL**	**39,802,943**	**39,802,943**	**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**	**39,802,943**	**39,802,943**	**100**	**NIL**	**39,802,943**	**39,802,943**	**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			
		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)	19,901,471	50.00	0.00	19,901,471	50.00	0.00	0.00
2	Rafael Advanced Defense Systems Limited	19,503,442	49.00	0.00	19,503,442	49.00	0.00	0.00
	Total	**39,404,913**	**99.00**	**0.00**	**39,404,913**	**99.00**	**0.00**	0.00

iii) Change in Promoters' Shareholding:

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**Kalyani Strategic Systems Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2018	19,901,471	50.00	19,901,471	50.00
	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	NIL
	At the End of the year	31/03/2019	19,901,471	50.00	19,901,471	50.00

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	**Rafael Advanced Defense Systems Limited**	Date	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	01/04/2018	19,503,442	49.00	19,503,442	49.00
	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	NIL
	At the End of the year	31/03/2019	19,503,442	49.00	19,503,442	49.00

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year (01-04-2018)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.		Shareholding at the beginning of the year		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	Date wise increase/Decrease in shareholding during the year specifying reasons for increase/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

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	Date wise increase/Decrease in shareholding during the year specifying reasons for increase/decrease e.g. Allotment/transfer/bonus/sweat equity etc.	NIL	NIL	NIL	NIL
3	At the end of the year	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

Sr. No.	Particulars of Remuneration	Name of the Director		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

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

Sr. No.	Particulars of Remuneration(all fig in lakhs)	Mr. Rudra Kumar Jadeja Chief Executive Officer (Rupees in Lakh)	Total Amount (Rupees in Lakh)
1.	Gross Salary per annum		
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	60.00	60.00
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	4.50	4.50
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	0.00
2.	Stock Option	Nil	0.00
3.	Sweat Equity	Nil	0.00
4.	Commission:	Nil	0.00
	- As a % of Profit	NA	0.00
	- others, specify	NA	0.00
5.	Others, please specify	NA	0.00
	Total	**64.50**	**64.50**
Ceiling as per the Act			NA

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

For and on behalf of the Board of Directors

Rajinder Singh Bhatia
Director
DIN : 05333963

Place : Israel
Date : May 12, 2019

Vikram Munje
Director
DIN : 02772991

Place : Pune
Date : May 16, 2019

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**

   There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2019, which are not at arm's length basis.

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

(Rs. In Lakh)

a.	Name(s) of the related party and nature of relationship	**Rafael Advanced Defense Systems Limited**			**Bharat Forge Limited**
b.	Nature of contracts / arrangements / transactions	Sale of Goods	Expenses of PTP Cost	Purchase of Property and other assets	Reimbursement of Expenses Paid
c.	Duration of the contracts / arrangements / transactions	License Agreement **Duration –** 5 years from the last date of fulfillment of all the Activation Conditions of the License Agreement.	One time transaction	One time transaction	One time transaction
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Rs. 10,244.32	Rs. 492.69	Rs. 491.61	Rs. 72.83
e.	Date(s) of approval by the Board, if any	NA	NA	NA	NA
f.	Amount paid/ received as advances, if any	Rs. 2.50	NIL	NIL	NIL

For and on behalf of the Board of Directors

Rajinder Singh Bhatia **Director** **DIN : 05333963** **Place : Israel** **Date : May 12, 2019**	**Vikram Munje** **Director** **DIN : 02772991** **Place : Pune** **Date : May 16, 2019**

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, 2019.

(A) Conservation of Energy

i. Steps taken or impact on conservation of energy during 2018-19

The Company has adopted standard practices for employee awareness and sensor fitted to monitor the equipment health of capital goods.

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

As part of ToT, the Company got certified for Integration and Testing for New Generation Precision Guided Munition-II (NGPGM- II) class of weapon systems by Rafael Advanced Defense Systems Limited, Israel.

ii. Benefits derived as a result of above efforts

This helped the Company to train its employees in high-end integration and testing activities, which will help the Company to take new projects on similar lines.

(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. 19,28,87,061/-

ii) Total Foreign Exchange Outgo : Rs. 18,77,46,483/-

For and on behalf of the Board of Directors

Rajinder Singh Bhatia	**Vikram Munje**
Director	**Director**
DIN : 05333963	**DIN : 02772991**
Place : Israel	**Place : Pune**
Date : May 12, 2019	**Date : May 16, 2019**

Annexure -"D"

DETAILS OF REMUNERATION

A statement showing the names of the top ten employees in terms of remuneration drawn

Statement under Section 197 (12) of the Companies Act, 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2019.

Sr. No	Name of the employee	Remuneration received (Rs.) Per Annum	Nature of employment	Qualification	Experience (Years)	Date of commence-ment of employment	Age	Last employment	Percentage of equity shares held	Whether any such employee is relative of any Director and if so name of such Director
1.	Mr. Rudra Kumar Jadeja	60,00,000/-	Permanent	M. Tech & MBA	37	01-May-18	57 Yrs	Bharat Forge Limited	NIL	NA
2.	Ravindra Naidu	40,00,000/-	Permanent	B tech	33	01-May-18	57 Yrs	Bharat Forge Limited	NIL	NA
3.	K Ganeshan	18,85,680/-	Permanent	B. Tech	33	03-Apr-17	58 Yrs	Emergtech	NIL	NA
4.	KVV Pavan Kumar	14,50,236/-	Permanent	Diploma	24	01-Aug-17	45 Yrs	Vedang Radio Technology Pvt Ltd	NIL	NA
5.	A Subash	10,93,764/-	Permanent	BE	12	18-May-17	37 Yrs	Centum Electronics Ltd	NIL	NA
6.	AN Kotresh	7,62,144/-	Permanent	Diploma	12	16-Aug-17	39 Yrs	Embedded IT Solutions India Pvt Ltd	NIL	NA
7.	T Veeranaga Babu	6,83,148/-	Permanent	B. Tech	8	07-Jul-17	30 Yrs	Mr. Dhobee Laundry Equipments	NIL	NA
8.	Vikas Rastogi	6,51,912/-	Permanent	BE	8.5	10-May-17	34 Yrs	Punj lloyd Ltd	NIL	NA
9.	Ajaysinh Rana	5,69,580/-	Permanent	BE	6	03-Jul-17	28 Yrs	Texspin Bearings Ltd	NIL	NA
10.	AS Pawar	4,64,808/-	Permanent	Diploma	31	24-Jul-17	49 Yrs	Indian Army	NIL	NA

For and on behalf of the Board of Directors

Rajinder Singh Bhatia **Director** **DIN : 05333963**	**Vikram Munje** **Director** **DIN : 02772991**
Place : Israel **Date : May 12, 2019**	**Place : Pune** **Date : May 16, 2019**

INDEPENDENT AUDITOR'S REPORT

To The Members of KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the director's report, but does not include the financial statements and our auditor's report thereon. The director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other 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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

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

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

    h) 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, as amended 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 Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 38019)

Pune, 16th May, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **KALYANI RAFAEL ADVANCED SYSTEMS PRIVATE LIMITED** ("the Company") as of March 31, 2019 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. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained 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, to the best of our information and according to the explanations given to us, 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, 2019, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 38019)

Pune, 16th May, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3 (i)(c) of the Order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(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 Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3 (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year under section 73 to 76 or any other relevant provisions of the Act and hence reporting under clause (v) of the Order is not applicable to the Company.

(vi) Having regard to the nature of the Company's business, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Employee's State Insurance Act, 1948 are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax and Goods and Service Tax as on March 31, 2019 on account of any disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x) Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Act, do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) The Company is a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013 for transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act, are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 38019)

Pune, 16th May, 2019

Balance Sheet as at March 31, 2019

Particulars	Note No.	As at March 31, 2019	(Rs. In Lakhs) As at March 31, 2018
I. ASSETS			
1. Non-current assets			
a) Property Plant and Equipment	3	**1,677.04**	1,537.06
b) Intangible Assets	3	**54.02**	80.96
c) Financial Assets			
i) Other financial assets	4	**20.69**	18.25
d) Deferred tax assets (net)	33	**-**	-
e) Other non-current assets	5	**707.02**	125.81
		2,458.77	1,762.08
2. Current assets			
a) Inventory	6	**111.60**	-
b) Financial Assets			
i) Trade receivables	7	**1,927.67**	-
ii) Cash and cash equivalents	8	**908.28**	161.10
iii) Bank balances other than (ii) above	8	**1,514.65**	1,566.00
iv) Other financial assets	4A	**75.05**	7.45
c) Other current assets	5A	**96.46**	39.55
		4,633.71	1,774.10
TOTAL Assets (1 + 2)		**7,092.48**	3,536.18
II. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	9	**3,980.29**	3,980.29
b) Other Equity	10	**(446.03)**	(530.48)
		3,534.26	3,449.81
LIABILITIES			
2. Non-Current liabilities			
a) Financial Liabilities			
i) Other financial Liabilities	11	**-**	0.75
b) Provisions	12	**2.46**	0.57
		2.46	1.32
3. Current liabilities			
a) Financial Liabilities			
i) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	13	**644.38**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	13	**2,327.42**	18.49
ii) Other Financial Liabilities	13A	**504.13**	60.43
b) Other current liabilities	14	**67.24**	5.80
c) Provisions	15	**12.59**	0.33
		3,555.76	85.05
TOTAL Equity and Liabilities (1+2+3)		**7,092.48**	3,536.18

Significant Accounting Policies 2

See accompanying part of the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Hemant M. Joshi
Partner

Place: Pune
Date: 16th May 2019

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991
Place: Pune
Date: 16th May 2019

Rudra Kumar Jadeja
Chief Executive Officer

Place: Israel
Date: 12th May 2019

Rohan Nirgudkar
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in Lakhs except equity share and per equity share data)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I. Revenue from operations	16	**10,244.32**	67.49
II. Other income	17	**165.71**	33.41
III. Total Income (I + II)		**10,410.03**	100.90
IV. Expenses			
a) Cost of materials consumed	18	**6,289.91**	-
b) Purchases of Stock-in-trade	19	**2,625.80**	66.95
c) Changes in stock of finished and semi-finished goods	20	**(1.40)**	-
d) Employee benefits expenses	21	**209.41**	57.72
e) Finance Cost	22	**4.98**	2.22
f) Depreciation and Amortisation	3	**359.95**	186.35
g) Other expenses	23	**835.93**	218.01
(IV) Total Expenses		**10,324.58**	531.25
V. Profit / (Loss) before tax (III - IV)		**85.45**	(430.35)
VI. Tax Expenses			
- Current Tax		**-**	-
- Deferred Tax		**-**	-
Total Tax Expenses (VI)		**-**	-
VII. Profit / (Loss) for the year (V - VI)		**85.45**	(430.35)
VIII. Other Comprehensive Income / (loss)			
(a) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit (liabilities) / asset		**(1.00)**	(0.52)
(b) Income tax (expense)/credit relating to items that will not be reclassified to profit or loss		-	-
IX. Total Comprehensive Income /(loss) for the year (VII + VIII)		**84.45**	(430.87)
X. Earnings per equity share - Basic and diluted (face value per equity share Rs. 10/-)	29	**0.21**	(1.48)
Significant Accounting Policies	2		
See accompanying part of the Financial Statements			

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Hemant M. Joshi
Partner

Place: Pune
Date: 16th May 2019

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991
Place: Pune
Date: 16th May 2019

Rudra Kumar Jadeja
Chief Executive Officer

Place: Israel
Date: 12th May 2019

Rohan Nirgudkar
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2019

A Changes in Equity

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Balance at April 01, 2018 (April 01, 2017)	**3,980.29**	1,041.00
b) Changes in Equity Share Capital during the year	**-**	2,939.29
c) Balance at March 31, 2019 (March 31, 2018)	**3,980.29**	3,980.29

B Changes in other equity

(Rs. In Lakhs)

Particulars	Share Application money pending Allotment	Retained Earnings	Total
Balance at April 01, 2018	-	(530.48)	**(530.48)**
Profit for the year	-	85.45	**85.45**
Other comprehensive income /(loss) for the year, net of income tax	-	(1.00)	**(1.00)**
Balance as at March 31, 2019	**-**	**(446.03)**	**(446.03)**
Balance at April 01, 2017	1,000.17	(58.36)	**941.81**
Amount received during the period	1,939.12	-	**1,939.12**
Loss for the year	-	(430.35)	**(430.35)**
Share Issue Expenses	-	(41.25)	**(41.25)**
Other comprehensive income /(loss) for the year, net of income tax	-	(0.52)	**(0.52)**
Allotment made during the year	(2,939.29)	-	**(2,939.29)**
Balance as at March 31, 2018	-	**(530.48)**	**(530.48)**

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
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Hemant M. Joshi
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Chief Executive Officer

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Date: 12th May 2019

Rohan Nirgudkar
Company Secretary

Cash Flow Statement for the year ended March 31, 2019

(Rs. In Lakhs)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities			
Profit / (Loss) before tax		**85.45**	(430.35)
Adjustments for :			
Depreciation and amortisation		**359.95**	186.35
Finance Costs incurred		**4.98**	0.67
Stamp duty for increase in authorised share capital		**-**	13.94
Net Unrealised Exchange (Gain) / Loss		**(23.01)**	-
Interest Income		**(106.35)**	(31.46)
Operating profit / (loss) before working capital changes		**321.02**	(260.85)
Movements in working capital :			
(Increase) / decrease in other financial assets		**(2.22)**	319.53
(Increase) / decrease in other assets		**(626.95)**	(122.08)
(Increase) / decrease in trade receivables		**(1,973.58)**	-
(Increase) / decrease in Inventories		**(111.60)**	-
Increase / (decrease) in other financial liabilities		**(1.28)**	0.39
Increase / (decrease) in Provisions		**13.14**	0.88
Increase / (decrease) in trade payables		**2,913.13**	9.95
Increase / (decrease) in other current liabilities		**61.44**	4.98
Cash generated from operations		**593.10**	(47.20)
Income taxes paid		**(11.17)**	(2.11)
Net cash generated by operating activities	**(A)**	**581.93**	(49.31)
Cash flows from investing activities			
Acquisition of Property, Plant and Equipment (including capital work in progress and capital advances)		**(28.76)**	(1,270.55)
Fixed deposit with banks not considered as cash and cash equivalents		**51.35**	(1,566.00)
Interest Income		**38.53**	24.23
Net cash flows (used in)/ generated by investing activities	**(B)**	**61.12**	(2,812.32)
Cash flows from financing activities			
Proceeds from issue of equity shares (net of share issue expenses)		**-**	2,898.04
Stamp duty for increase in authorised share capital		**-**	(13.94)
Finance Cost		**(4.98)**	(0.67)
Net cash (used in) / generated from financing activities	**(C)**	**(4.98)**	2,883.43
Net increase in cash and cash equivalents (A+B+C)		**638.07**	21.80
Cash and cash equivalents at the beginning of the year		**161.10**	139.30
Exchange fluctuation on foreign currency bank balances		109.11	-
Cash and cash equivalents at the end of the year (Refer Note 8)		**908.28**	161.10

Note: Figures in brackets represent outflows.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Hemant M. Joshi
Partner

Place: Pune
Date: 16th May 2019

On behalf of the Board of Directors,

Rajinder Singh Bhatia
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DIN: 05333963

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Director
DIN: 02772991
Place: Pune
Date: 16th May 2019

Rudra Kumar Jadeja
Chief Executive Officer

Rohan Nirgudkar
Company Secretary

Place: Israel
Date: 12th May 2019

Notes forming part of the financial statements

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 has been formed as a joint venture between Kalyani Group and Rafael Advanced Defense Systems Limited, Israel, 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. During the financial year, the Company operations mainly entailed in setting up its manufacturing facilities at Raviryala, Ranga Reddy District, in the state of Telangana, which has been commissioned on August 3, 2017. The Company has commenced its commercial operations thereafter.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.01 Statement of Compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company adopted IND AS from April 1, 2016. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.02 Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policy 2.19. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of IND AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax liabilities and provisions and contingent liabilities.

Useful lives of property, plant and equipment

The company reviews the useful life of property , plant and equipment at the end of the reporting period .This reassessment may results in change in depreciation expenses in future period.

Valuation of deferred tax assets

The Company reviews recognition of deferred tax at the end of each reporting period. The policy for the same has been explained under Note 2.08 and 33.

Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to unwinding of discount over passage of time is recognized as finance cost. Provisions are reviewed at the each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Company has obtained independent fair valuation for financial instruments wherever necessary to determine the appropriate valuation techniques and inputs for fair value measurements. In some cases the fair value of financial instruments is done internally by the management of the Company using market-observable inputs.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The qualified external valuer's establish the appropriate valuation techniques and inputs to the model. The external valuer's report the management of the Company findings every reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 31.

2.04 Revenue Recognition / Cost 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:

The Company is in the business of defence and aerospace. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services, because it typically controls the goods or services before transferring them to the customer.

Sale of Products/Goods: Revenue from sale of Products/Goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the Products/Goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of Products/Goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

b) Interest Income

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.

2.05 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.**Finance Lease**Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

2.06 Foreign Currency

The functional currency of the Company is Indian rupee.

Initial Recognition

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction.

Conversion

Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

2.07 Employee benefits

a) Short-term Employee Benefits -
The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognised during the year when the employees render the service.

b) Post Employment Benefits –

(1) Defined Contribution Plan:

Payments to defined contribution retirement benefit schemes viz. Company's Provident Fund Scheme is recognised as an expense when the employees have rendered the service entitling them to the contribution.

(2) Defined Benefit Plan:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

• net interest expense or income; and

• remeasurement.

(i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Company has taken a cash accumulation policy with LIC of India for future payment of gratuity to the eligible employees.

(ii) **Compensated Absences**: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Such benefits are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

2.08 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income/statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

2.9 Property, Plant and Equipment

Property plant & equipment are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of fixed assets are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation on tangible property plant & equipment has been provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of plant and machinery, in whose case the life of the assets has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

i) Plant & Machinery - 10 Years

ii) Tools & Equipments - 10 Years

Lease improvement costs are amortised over the period of the lease.

Fixed assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition. Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition / till the date of sale/discard.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.10 Intangible Assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on written down value method over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.11 Impairment

i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired.

IND AS 109 requires expected credit losses to be measured through a loss allowance. Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than six months.

For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.
If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

2.12 Inventories

Inventories of raw materials and components, work-in-progress, stock-in-trade, stores & spares and tools & instruments are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is ascertained on a weighted average basis. The cost of work-in-progress and finished goods is determined on absorption cost basis.

2.13 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are 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.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Company recognises equity instrument at proceeds received net of direct issue costs.

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.14 Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with IND AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.15 Critical Accounting Judgments and key sources of estimation, uncertainty

The preparation of financial statements and related notes in accordance with IND AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and revenues and expenses.

Actual results could differ from those estimates due to those uncertainties on which assumptions are based. Estimates and assumptions are reviewed annually in order to verify they still reflect the best available knowledge of the Company's operations and of other factors deriving from actual circumstances. Changes, if any, are immediately accounted for in the income statement. The present economic context, whose effects are spread into some businesses in which the company operates, determined the need to make assumptions related to future development with a high degree of uncertainty. For this reason, it is not possible to exclude that, in the next or in subsequent financial years, actual results may differ from estimated results. These differences, at present unforeseeable and unpredictable, may require adjustments to book values. Estimates are used in many areas, including accounting for non-current assets, deferred tax assets, bad debt provisions on accounts receivable, inventory obsolescence, employee benefits, contingent liabilities and provisions for risks and contingencies.

2.16 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in IND AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.17 Current/Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle

- It is held primarily for the purpose of trading

- It is expected to be realized within 12 months after the date of reporting period, or

- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle

- It is held primarily for the purpose of trading

- It is due to be settled within 12 months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period Current liabilities include the current portion of long term financial liabilities.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

2.18 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from other equity, net of any tax effects.

2.19 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- in the principle market for the asset or liability

- in the absence of principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities

- Level 2 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) **Financial Assets**

   The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose

2) **Non-Derivative financial liabilities**

   Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

2.20 Dividend

Dividend on share is recorded as liability on the date of approval by the shareholders.

2.21 Segment Reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of defence and aerospace that will include activities of conceptualisation, 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 programmes and to act as off-set partner and / or to undertake offset activities for original equipment manufacturers in defence, aerospace and other sectors; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

2.22 Recent accounting pronouncements

Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

• Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

• Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

• An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The management is currently assessing the effect of adoption as on transition date.

2.23 - Revenue from Contract with Customers

a. Disaggregation of revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers :

Particulars	March 31, 2019	April 01, 2018
Sale of products		
-Sale of goods	10,244.32	67.49
Total revenue	**10,244.32**	**67.49**
Geographical Markets		
a. Within India	-	-
b. Outside India	10,244.32	67.49
Total revenue from contracts with customers	**10,244.32**	**67.49**
Timing of revenue recognition		
Goods transferred at a point in time	10,244.32	67.49
Services transferred over time	-	-
Total revenue from contracts with customers	**10,244.32**	**67.49**

Sale of goods includes F.O.B. value of export of 10,244.32 Lakhs (April 1, 2018 : 67.49 Lakhs).

b. Contract balances:

Additional disclosure under Trade Receivables Note

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. No provision for ECL on trade receivables.

c. Reconciliation for revenue as per Statement of profit & loss and the contracted price arising on account of various adjustments shall be disclosed

Revenue Reconciliation	March 31, 2019	April 01, 2018
Revenue recognised as per Statement of Profit & loss	10,244.32	67.49
Adjustments	-	-
Contract Price	**10,244.32**	**67.49**

d. Transaction price allocated to the remaining performance obligations

Description of performance obligations:

Sale of goods:

The performance obligation is satisfied upon removal of goods from factory and payment is generally due within 30 to 45 from the date of Invoice. The Company enters into a agreement with customer for products which are to be manufactured. The control of the product manufactured is transferred on the date of removal of goods from factory.

e. Accounting policy:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements relating to revenue from contracts with customers are provided in Note no. f in below:

Revenue for sale of Goods

The Company is in the business of defence and aerospace. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services, because it typically controls the goods or services before transferring them to the customer.

Sale of Products/Goods: Revenue from sale of Products/Goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the Products/Goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of Products/Goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company does not considers the effect of variable consideration.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note No.31 and 32 (Financial instruments – initial recognition and subsequent measurement and Fair value).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

f. Judgments

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying contract with customers

Company enters into agreements with its customers which define the key terms of the contract with customers. However, the rates and quantity for the supplies are separately agreed through purchase orders .Management has exercised judgement to determine that contract with customer for the purpose of Ind AS 115 is agreement is ready along with customer POs for the purpose of identification of performance obligations and other associated terms.

Identifying performance obligation

Company enters into a contract with customer for sale of products which are to be produced using the Sub assemblies and various mechanical parts. The Company also determined that the promises to transfer the product within the context of the contract.

Determination of timing of satisfaction of performance obligation for sale of products

The Company concluded that revenue for sale of products is to be recognised at point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgment in determining the point when the control of the products are transferred based on the criteria's mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. Accordingly, the Company has exercised following judgments:

Finished goods

The goods manufactured are "make to print" or "Integration and Testing" as per specific customer designs for which the sub assembly, Harness, Mechanical Parts before commercial production commences. Further, the dispatch of goods is made on the basis of the specific production schedules obtained from the customer. The Company has made judgement in determining the point of time when the control is passed on to the customer considering the terms of contract with customers along with application of various commercial laws and industry practices.

i. **Change in Accounting Policies**

Ind AS 115 was issued on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contract with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contract with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contract with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly relate to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients.

The Company adopted Ind 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018. The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11, Ind AS 18 and related interpretations. The application of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the financial results of the company. Further, there are no significant adjustments made to the retained earnings as at April 01, 2018 under the modified retrospective approach.

3 Property, Plant and Equipment

(Rs. In Lakhs)

Description	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET CARRYING VALUE
	As at April 01, 2018	Additions during the year	Disposal/ adjustments during the year	As at March 31, 2019	As at April 01, 2018	For the year	Disposal	As at March 31, 2019	As at March 31, 2019
A) TANGIBLE ASSETS									
Leasehold Improvements	547.10	-	-	547.10	79.93	114.42	-	194.35	352.75
	(-)	(547.10)	(-)	(547.10)	(-)	(79.93)	(-)	(79.93)	(467.17)
Plant and machinery	916.99	-	-	916.99	61.42	65.15	-	126.57	790.42
	(-)	(916.99)	(-)	(916.99)	(-)	(61.42)	(-)	(61.42)	(855.57)
Tools & Instruments	-	470.17	-	470.17	-	59.98	-	59.98	410.19
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Computer equipments	184.37	1.09	-	185.46	35.90	85.39	-	121.29	64.17
	(-)	(184.37)	(-)	(184.37)	(-)	(35.90)	(-)	(35.90)	(148.47)
Furniture and fixtures	58.94	-	-	58.94	3.65	5.61	-	9.26	49.68
	(-)	(58.94)	(-)	(58.94)	(-)	(3.65)	(-)	(3.65)	(55.29)
Office equipments	11.89	1.73	-	13.62	1.33	2.46	-	3.79	9.83
	(-)	(11.89)	(-)	(11.89)	(-)	(1.33)	(-)	(1.33)	(10.56)
Sub total (A)	**1,719.29**	**472.99**	**-**	**2,192.28**	**182.23**	**333.01**	**-**	**515.24**	**1,677.04**
Previous Year	(-)	(1,719.29)	(-)	(1,719.29)	(-)	(182.23)	(-)	(182.23)	(1,537.06)
B) INTANGIBLE ASSETS (other than internally generated)									
Computer software	85.08	-	-	85.08	4.12	26.94	-	31.06	54.02
	(-)	(85.08)	(-)	(85.08)	(-)	(4.12)	(-)	(4.12)	(80.96)
Sub total (B)	**85.08**	**-**	**-**	**85.08**	**4.12**	**26.94**	**-**	**31.06**	**54.02**
Previous Year	(-)	(85.08)	(-)	(85.08)	(-)	(4.12)	(-)	(4.12)	(80.96)
Grand total (A+B)	**1,804.37**	**472.99**	**-**	**2,277.36**	**186.35**	**359.95**	**-**	**546.30**	**1,731.06**
Previous Year	(-)	(1,804.37)	(-)	(1,804.37)	(-)	(186.35)	(-)	(186.35)	(1,618.02)

Figures in brackets represents previous year .

4 Other Non-current financial assets (unsecured, considered good unless otherwise stated)

(Rs. In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
	Security Deposits	**20.69**	18.25
	TOTAL :	**20.69**	18.25

4A Other Current financial assets (unsecured, considered good unless otherwise stated)

(Rs. In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Loans and advances to employees	**-**	0.22
b)	Interest Accrued but not due	**75.05**	7.23
	TOTAL :	**75.05**	7.45

5. Other non-current assets (unsecured, considered good unless otherwise stated)

(Rs. In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Lease prepayments	-	0.18
b)	Tax paid in advance less provision (current tax)	13.88	2.70
	Balances with Government Authorities other than income tax		
c)	[Net of provision Rs 32.97 Lakhs (March 31, 2018 Rs. Nil Lakhs)]	693.14	122.93
	TOTAL :	**707.02**	125.81

5A Other current assets (unsecured, considered good unless otherwise stated)

(Rs. In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Advance for supplies	**85.06**	12.25
b)	Lease prepayments	**0.31**	1.13
c)	Prepaid expenses	**11.09**	26.17
	TOTAL :	**96.46**	39.55

6 Inventory

(Rs. In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Raw materials	110.20	-
(b)	Finished and semi-finished goods	1.40	-
	TOTAL :	**111.60**	-

7 Trade Receivables

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured:		
Considered good	**1,927.67**	-
TOTAL :	**1,927.67**	-

Note:

1 Trade receivables are dues in respect of goods sold or services rendered in the normal course of business.

2 The normal credit period allowed by the Company ranges from 30 to 45 days.

8 Cash and Cash Equivalents

(Rs. In Lakhs)

-	Particulars	As at March 31, 2019	As at March 31, 2018
A)	**Current Cash and Bank Balance**		
a)	Unrestricted Balance with Banks	**867.21**	101.10
b)	Balance with banks in deposit accounts	**41.00**	60.00
c)	Cash in hand	**0.07**	-
	Cash and Cash Equivalent	**908.28**	161.10
B)	**Other Bank balances**		
a)	Balance with banks in deposit accounts [(a)]	**1,514.65**	1,566.00
	Other Bank balances	**1,514.65**	1,566.00
	TOTAL : (A + B)	**2,422.93**	1,727.10
(a)	Under bank's lien as margin for bank guarantees issued.	**44.61**	56.00

Notes forming part of the financial statements

9 Equity share capital

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised Capital		
80,000,000 (80,000,000) Equity shares of Rs 10 each	**8,000.00**	8,000.00
TOTAL :	**8,000.00**	8,000.00
Issued Capital		
39,892,943 (39,892,943) Equity shares of Rs 10 each	**3,989.29**	3,989.29
TOTAL :	**3,989.29**	3,989.29
Subscribed and fully paid-up Capital		
39,802,943 (39,802,943) Equity shares of Rs 10 each	**3,980.29**	3,980.29
TOTAL :	**3,980.29**	3,980.29

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

	Particulars	As at March 31, 2019		As at March 31, 2018	
		Nos.	Rs. In Lakhs	Nos.	Rs. In Lakhs
	At the beginning of the year	**39,802,943**	**3,980.29**	10,410,000	1,041.00
Add:	Shares Issued during the year	-	-	29,392,943	2,939.29
Less:	Shares forfeited / bought back during the year	-	-	-	-
	No. of shares outstanding at the end of the year	**39,802,943**	**3,980.29**	39,802,943	3,980.29

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

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	Nos.	% of Holding	Nos.	% of Holding
Equity shares of Rs. 10 each fully paid				
Kalyani Strategic Systems Limited	**19,901,471**	**50.00%**	19,901,471	50.00%
Rafael Advanced Defense Systems Ltd.	**19,503,442**	**49.00%**	19,503,442	49.00%

(c) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining amounts after deducting all its liabilities in proportion to the number of equity shares held.

10 Other equity

(Rs. In Lakhs)

	Particulars		As at March 31, 2019	As at March 31, 2018
I	**Share Application money pending Allotment**			
	Balance at the beginning of the year		-	1,000.18
	Application money received during the year		-	1,939.11
	Allotment made during the year		-	(2,939.29)
	Balance at the end of the year	**Subtotal (I) :**	-	-
II	**Retained earnings**			
	Balance at the beginning of the year		**(530.48)**	(58.36)
	Profit / (Loss) for the year		**85.45**	(430.35)
	Share issue expenses		-	(41.25)
	Remeasurements of defined benefits plans, net of tax		**(1.00)**	(0.52)
	Balance at the end of the year	**Subtotal (II) :**	**(446.03)**	(530.48)
	Grand Total (I + II):		**(446.03)**	**(530.48)**

11 Other non-current financial Liabilities :

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Rent Equalization Liability	-	0.75
TOTAL :	-	0.75

12 Non-Current Provisions

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision For Employee Benefits		
Gratuity (Please refer note no - 32)	**2.46**	0.57
TOTAL :	**2.46**	0.57

13 Trade Payables :

(Rs. In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
I.	Total outstanding dues of micro enterprises and small enterprises (Refer Note 28)	**644.38**	-
	TOTAL :	**644.38**	-
II.	Total outstanding dues of creditors other than micro enterprises and small enterprises		
	i) Acceptances	-	-
	ii) Other than Acceptances	**2,313.50**	18.49
	iii) Trade Payable for salaries and wages	**13.92**	-
	TOTAL :	**2,327.42**	18.49
	TOTAL (I + II) :	**2,971.80**	

13A Other current Financial Liabilities

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Payable on purchase of Property, Plant and Equipment	**503.38**	59.15
Rent Equalization Liability	**0.75**	1.28
TOTAL :	**504.13**	60.43

14 Other current liabilities :

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory liabilities (other than income-tax)	**67.24**	5.80
TOTAL :	**67.24**	5.80

15 Current Provisions

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision For Employee Benefits		
Leave Encashment	**12.59**	0.33
		-
TOTAL :	**12.59**	0.33

16 Revenue From Operations

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Sale of Goods	**10,244.32**	67.49
TOTAL :	**10,244.32**	67.49

17 Other income

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Interest Income		
(i) Bank Deposits	**106.35**	31.46
(ii) Income Tax Refund	**-**	0.03
(iii) others	**-**	1.13
(b) Miscellaneous Income	**-**	0.67
(c) Net gain on foreign currency transactions	**59.36**	0.12
TOTAL :	**165.71**	33.41

18 Cost of materials consumed

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening Stock	**-**	-
Add: Purchases (Including consumables)	**6,400.11**	-
Less: Closing Stock	**110.20**	-
TOTAL :	**6,289.91**	-

19 Purchase of stock-in-trade

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Purchases of stock in trade	**2,625.80**	66.95
TOTAL :	**2,625.80**	66.95

20 Changes in stock of finished and semi-finished goods

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end of the year:		
Finished and semi-finished goods	**1.40**	-
Inventories at the beginning of the year:		
Finished and semi-finished goods	**-**	-
NET (INCREASE) / DECREASE :	**(1.40)**	-

21 Employee benefit expenses

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Salaries and wages	**202.54**	52.27
b) Contribution to Provident and other funds (Refer Note 32)	**3.54**	1.56
c) Staff welfare expenses	**3.33**	3.89
TOTAL :	**209.41**	57.72

22 Finance cost :

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Interest Expenses - Others	**0.19**	0.67
b) Other borrowing cost - Bank Charges	**4.79**	1.55
TOTAL :	**4.98**	2.22

23 Other expenses

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) Power and Fuel	**38.19**	23.66
b) Rent including lease rentals	**37.72**	25.39
c) Repairs & Maintenance - others	**6.29**	10.81
d) Rates, Insurance and Taxes	**14.68**	4.93
e) Allowances for other receivables	**32.97**	-
f) Communication Expenses	**5.80**	2.61
g) Traveling And Conveyance	**27.38**	10.80
h) Printing & Stationery	**2.45**	1.76
i) Legal and Professional Fees	**49.24**	32.31
j) Inauguration Expenses	**-**	19.08
k) Share Issue Expenses	**-**	13.94
l) Payment to Auditors towards Statutory Audit	**5.00**	5.00
m) Equipment Hire Charges	**42.05**	29.60
n) IT Maintenance charges	**7.18**	17.35
o) Manpower Outsourcing	**28.68**	10.86
p) Project transfer and Training Cost	**495.22**	-
q) Miscellaneous Expenses	**43.08**	9.91
TOTAL :	**835.93**	218.01

24 Segment Reporting :

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is engaged in the business of defence and aerospace that will include activities of conceptualisation, 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 programmes and to act as off-set partner and / or to undertake offset activities for original equipment manufacturers in defence, aerospace and other sectors; which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

25 Related Party disclosures

(i) Names of the related parties and related party relationship

Ultimate Holding Company :	Bharat Forge Limited
Holding Company :	Kalyani Strategic Systems Limited
Enterprise having significant influence over the Company:	Rafael Advanced Defense Systems Limited, Israel
Key Managerial Personnel	Rudra Kumar Jadeja - Chief Executive Officer

(ii) Related parties with whom transactions have taken place during the period

(Rs. In Lakhs)

Sr. No.	Nature of transaction	Rudra Kumar Jadeja - Chief Executive Officer	Kalyani Strategic Systems Limited	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Issue of Share Equity	-	-	-	-	-
		(-)	(969.56)	(1,950.34)	(-)	(2,919.90)
2	Share application money received	-	-	-	-	-
		(-)	(969.56)	(950.17)	(-)	(1,919.73)
3	Sale of goods	-	-	10,244.32	-	**10,244.32**
		(-)	(-)	(67.49)	(-)	(67.49)
5	Reimbursment of Expenses Paid	-	-	-	72.83	**72.83**
		(-)	(-)	(-)	(-)	(-)
6	Expenses of PTP Cost	-	-	492.69	-	**492.69**
		(-)	(-)	(-)	(-)	(-)
7	Purchase of property and other assets	-	-	491.61	-	**491.61**
		(-)	(-)	(-)	(-)	(-)
8	Salary Cost	55.88	-	-	-	**55.88**
		(-)	(-)	(-)	(-)	(-)

(iii) Balances outstanding **(Rs. In Lakhs)**

Sr. No.	Nature of Balances	Rudra Kumar Jadeja - Chief Executive Officer	Rafael Advanced Defense Systems Limited	Bharat Forge Limited	Total
1	Trade Receivable	-	1,927.67	-	**1,927.67**
		(-)	(-)	(-)	(-)
2	Trade Payables	-	443.42	77.15	**520.57**
		(-)	(-)	(-)	(-)
3	Payable of property and other assets	-	491.61	-	**491.61**
		(-)	(-)	(-)	(-)
4	Remuneration	3.31	-	-	**3.31**
		(-)	(-)	(-)	(-)

Figures in brackets represents previous year .

26 Contingent Liabilities & Commitments

(Rs. In Lakhs)

Sr. No	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Contingent Liabilities (To the extent not provided for)	-	-
b)	Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances)	368.85	-

27 Leases

The Company has entered into an arrangements in the nature of non cancellable operating leases for land and building for locating its manufacturing facilities. The lease agreement are for the period 63 months and 72 months with a lock-in period of three years. The Company has an option to get the leases extended by a further period of three years. The lease rent is subject to annual escalation of seven percent. The particulars as per the Ind AS 17 with regard to the above are as under :

(Rs. In Lakhs)

Sr. No	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Future non-cancellable minimum lease commitments		
	- Not later than one year	**13.47**	22.92
	- Later than one year but not Later than five years	**-**	8.44
	- Later than five years	-	-
b)	Expenses recognised in the statement of profit & loss	**37.72**	25.39
c)	Lease Rent capitalised	**-**	10.50

28 Dues to Micro and Small Enterprises

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act (MSME), 2006

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

(Rs. In Lakhs)

Sr. No	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Principal amount remaining unpaid to MSME suppliers as on March 31, 2019	**644.38**	-
(ii)	Interest due on unpaid principal amount to MSME suppliers as on March 31, 2019	**11.15**	-
(iii)	The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**-**	-
(iv)	The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**-**	-
(v)	The amount of interest accrued and remaining unpaid as on March 31, 2019	**11.15**	-

Interest payable as per section 16 of the Micro, Small and medium Enterprises Development, 2006, for the year is Rs 11.15 Lakhs (March 31, 2018: NIL). The same has not been accrued in the books of the Company.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

29 Earnings per share (EPS)

Particulars		As at March 31, 2019	As at March 31, 2018
Profit / (Loss) for the year attributable to equity shareholders	Rs. in Lakhs	**85.45**	(430.35)
Weighted average number of equity shares	Nos.	**39,802,943**	29,121,159
Earning per share - Basic and diluted	Rs.	**0.21**	(1.48)

Note 30 Financial Instruments and Risk Review

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Financial Risk Management Framework

Kalyani Rafael Advanced System Private Limited is exposed primarily to credit risk, liquidity risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade payables and borrowings. None of the financial instruments of the Company result in material concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 1,927.67 Lakhs and Rs. Nil Lakhs as of March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of balances with trade receivables.

Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Singapore Dollar, Great Britain Pound, Japanese Yen against the respective functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

1) **Foreign currency exposures hedged by derivatives - Rs. Nil (Previous Year - Rs. Nil)**

2) **Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise**

The below table represents the unhedged foreign currency in Indian Rupees

Particulars	**Currency in Lakhs**	**As at March 31, 2019**	**As at March 31, 2018**
Assets			
Trade receivables	INR	1,927.67	-
Liabilities			
Trade payables	INR	2,565.33	-
Payable on purchase of Property, Plant and Equipment	INR	491.61	-

The below table represents the unhedged foreign currency in respective currencies

Particulars	**Currency in lakhs**	**As at March 31, 2019**	**As at March 31, 2018**
Assets			
Trade receivables	USD	27.87	-
Liabilities			
Trade payables	USD	36.29	-
Payable on purchase of Property, Plant and Equipment	USD	7.33	-

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in USD exchange rates, with all other variables held constant, the impact on the Company's profit before tax due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

For the period ended	Currency	Change in rate	Effect on pre-tax equity
March 31, 2019	USD	+10%	(21.19)
	USD	-10%	21.19
March 31, 2018	USD	+10%	-
	USD	-10%	-

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

iii) Liquidity Risk

a) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

b) Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(Rs. In Lakhs)

Particulars	March 31, 2019		March 31, 2018	
	Less than 1 Year	1-3 Years	Less than 1 Year	1-3 Years
Financial liabilities				
Trade payables	2,971.80	-	18.49	-
Payable for Property, Plant & Equipment	503.38	-	59.15	-
Others	-	0.75	1.28	0.75

Note No. - 31 Fair Value Measurements

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Particulars	Carrying amount		Fair Value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
(a) Security Deposits	20.69	18.25	20.69	18.25
(b) Loans to employees	-	0.22	-	0.22
(c) Interest accrued on deposits	75.05	7.23	75.05	7.23
(d) Cash in hand	0.07	-	0.07	-
(e) Balance with banks in current account	867.21	101.10	867.21	101.10
(f) Balances with banks in deposit accounts	1,555.65	1,626.00	1,555.65	1,626.00
(g) Trade receivables	1,927.67	-	1,927.67	-
Financial assets measured at fair value through Statement of Profit & Loss	-	-	-	-
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
(a) Payables on purchase of property plant & equipment	503.38	59.15	503.38	59.15
(b) Trade Payable	2,971.80	18.49	2,971.80	18.49
(c) Others	0.75	2.03	0.75	2.03
Financial liabilities measured at fair value through Statement of Profit & Loss	-	-	-	-

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short - term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financials instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investment is

assets and liabilities (other than investment in mutual funds) is at am method.

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowing of the Company and in case of financial assets is the average market rate of similar credit rated instrument.

The Company maintain policies and procedure to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate fair value:

(a) Fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) Security deposit paid are evaluated by the Company based on parameters such as interest rate non performance risk of the customer. The fair value of the Company’s security deposit paid are determined by estimating the incremental borrowing rate of the borrower (primarily the landlords). Such rate has been determined using discount rate that reflects the average interest rate of borrowing taken by similar credit rate companies where the risk of non performance risk is more than significant.

(c) The fair value of the Company’s interest bearing borrowing received are determined using discount rate that reflects the entity's borrowing rate as at the end of the reporting period. The own non performance risk as at the reporting was assessed to be insignificant.

Note No. 32 - Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plan administered by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits. The Company has recognized Rs. 3.06 Lakhs for Provident Fund contributions (March 31, 2018 : Rs. 1.56 Lakhs) in the Statement of Profit and Loss. The provident fund payable by the Company are in accordance with rules framed by the Government from time to time.

(b) Defined Benefit Plans:

Gratuity

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The Plan is funded as on the valuation date.

Defined benefit plans – as per actuarial valuation on March 31, 2019 (Rs. In Lakhs)

Particulars	Funded Plan Gratuity	
	March 31, 2019	March 31, 2018
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Past service cost and (gains)/losses from settlements	-	-
Current Service Cost	0.43	0.02
Net interest expense	0.04	0.00
Components of defined benefit costs recognised in profit or loss	0.47	0.02
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	-	-
Actuarial gains and loss arising from changes in financial assumptions	0.04	(0.01)
Actuarial gains and loss arising from experience adjustments	0.91	0.53
Actuarial gains and loss arising from demographic adjustments	0.05	-
Components of defined benefit costs recognised in other comprehensive income	1.00	0.52
Total	**1.47**	**0.54**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	2.05	0.57
2. Fair value of plan assets as at 31st March	1.10	-
3. Surplus/(Deficit)	(0.95)	(0.57)
4. Current portion of the above	-	-
5. Non current portion of the above	0.95	0.57
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	0.57	0.02
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	-	-
3. Expenses Recognised in Profit and Loss Account	-	-
- Current Service Cost	0.43	0.02
- Past Service Cost	-	-
- Interest Expense (Income)	0.04	0.00
4. Recognised in Other Comprehensive Income	-	-
Remeasurement (gains) / losses		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	(0.05)	-
ii. Financial Assumptions	(0.04)	0.01
iii. Experience Adjustments	(0.91)	0.53
5. Benefit payments	-	-
6. Present value of defined benefit obligation at the end of the year	**2.05**	**0.57**

Particulars	Funded Plan Gratuity	
	March 31, 2019	March 31, 2018
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	-	-
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	-	-
3. Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	-	-
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return	-	-
5. Contributions by employer (including benefit payments recoverable)	1.10	-
6. Benefit payments	-	-
7. Fair value of plan assets at the end of the year	**1.10**	**-**
IV. The Major categories of plan assets (As % of Total Plan Assets)		
- Funds Managed By Insurer	0%	0%
V. Actuarial assumptions		
1. Discount rate	7.00%	7.60%
2. Expected rate of return on plan assets	7.60%	0.00%
3. Attrition rate	20.00%	12.00%

Gratuity liability of Rs. 2.46 Lakhs (Note 12) includes Rs. 1.51 Lakhs liability of two employees transferred from preious employer.

Maturity Profile of Defined Benefit Obligation:

Year Ending March 31	Expected Benefit Payment Rounded to the nearest lakhs (in Rs.)
2020	10.00
2021	40.00
2022	70.00
2023	-
2024	410.00
2025-2029	2,430.00

Sensitivity analysis for each significant actuarial assumption is required to be given, (illustration for medical inflation given below. Company needs to provide for others)

A. Effect of 1 % change in the assumed discount rate	**2% Increase**		**2% Decrease**	
	March 31, 2019 Rs. In Lakhs	**March 31, 2018 Rs. In Lakhs**	**March 31, 2019 Rs. In Lakhs**	**March 31, 2018 Rs. In Lakhs**
Defined Benefit Obligation	2.11	0.59	1.98	0.54

B. Effect of 1 % change in the assumed Salary Escalation Rate	**2% Increase**		**2% Decrease**	
	March 31, 2019 Rs. In Lakhs	**March 31, 2018 Rs. In Lakhs**	**March 31, 2019 Rs. In Lakhs**	**March 31, 2018 Rs. In Lakhs**
Defined Benefit Obligation	2.00	0.59	2.09	0.55

C. Effect of 1 % change in the assumed Withdrawal Rate	**2% Increase**		**2% Decrease**	
	March 31, 2019 Rs. In Lakhs	**March 31, 2018 Rs. In Lakhs**	**March 31, 2019 Rs. In Lakhs**	**March 31, 2018 Rs. In Lakhs**
Defined Benefit Obligation	2.04	0.57	2.05	0.57

VIII. Experience Adjustments:	**Year Ended**	
	March 31, 2019 Rs. In Lakhs	**March 31, 2018 Rs. In Lakhs**
	Gratuity	
1. Defined Benefit Obligation	2.05	0.57
2. Fair value of plan assets	1.10	-
3. Surplus/(Deficit)	(0.95)	(0.57)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	1.47	0.55
5. Experience adjustment on plan assets [Gain/(Loss)]	-	-

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

33 Deferred Tax Assets (net)

(Rs. In Lakhs)

Nature of Timing Difference	As at March 31, 2019	As at March 31, 2018
Deferred Tax Liability		
Provision for Depreciation	**50.40**	-
Deferred Tax Asset		
Carry forward tax losses	**50.40**	-
Deferred Tax Asset / Liability (Net)*	**-**	**-**

*The deferred tax asset on tax loss carried forward has been recognised to the extent of the deferred tax liability in the books.

34 Previous year figures have been regrouped/reclassified wherever necessary to correspond with current year classification and disclosure.

On behalf of the Board of Directors,

Rajinder Singh Bhatia
Director
DIN: 05333963

Vikram Munje
Director
DIN: 02772991
Place: Pune
Date: 16th May 2019

Rudra Kumar Jadeja
Chief Executive Officer

Rohan Nirgudkar
Company Secretary

Place: Israel
Date: 12th May 2019

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