BHARAT FORGE

August 6, 2016

The General Manager,
Corporate Relationship Dept., **(BSE SCRIP CODE – 500493)**
Bombay Stock Exchange Ltd.,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai 400 001.

The Secretary,
National Stock Exchange of India Ltd.,
'Exchange Plaza',
Bandra-Kurla Complex,
Bandra (East),
Mumbai 400 051.

Symbol	BHARATFORG
	EQ

Dear Sirs,

Subject: Submission of Annual Report under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 34 (1), we enclose herewith a soft copy of the Annual Report for the year Financial Year 2015-16, including Business Responsibility Report and necessary documents and disclosures as stated under Regulation 34 (2) and Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which Report has been duly approved and adopted by the Members in the 55th Annual General Meeting of the Company held on August 5, 2016.

Kindly acknowledge and take the same on record.

Thanking you,

Yours Faithfully,
For Bharat Forge Limited

Tejaswini Chaudhari
Dy. Company Secretary
ACS No. 18907

Encl: As above

KALYANI
GROUP COMPANY

BHARAT FORGE LIMITED, MUNDHWA, PUNE 411 036, MAHARASHTRA, INDIA.
PHONE : +91 20 6704 2777 FAX : +91 20 2682 0699 (Export), 2682 2387 (Sales/Mktg) 2682 2163 (Materials)
Website : www.bharatforge.com
CIN No. L25209PN1961PLC012046

BHARAT FORGE | KALYANI

55th Annual Report
2015-16

Towards
INDUSTRY **4.0**

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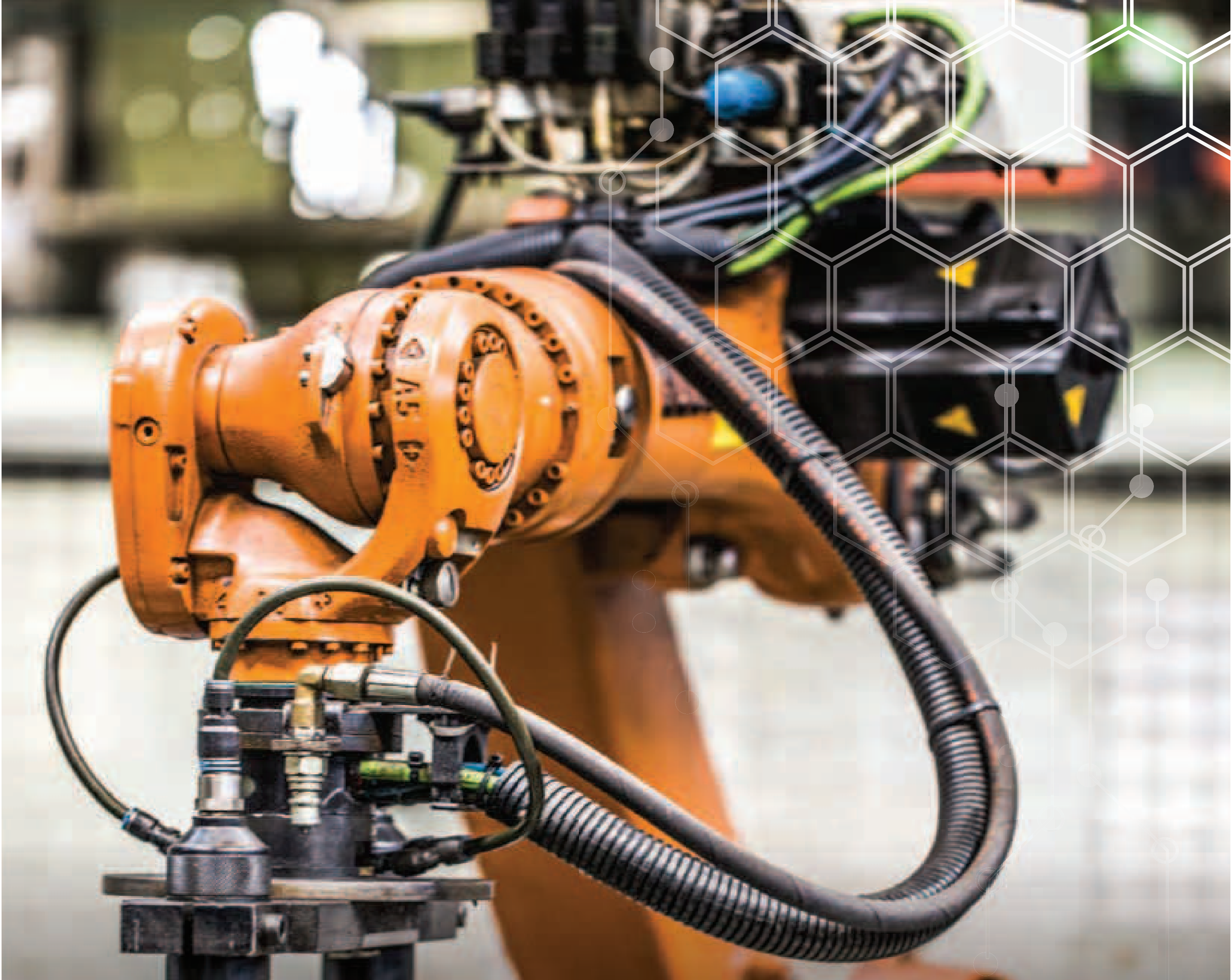
For more information log on to
www.bharatforge.com



INDUSTRY 4.0

The Fourth Industrial Revolution (Industry 4.0) is going to drive the next wave of transformation in manufacturing operations and productivity. The Industry has advanced from mechanical production facilities, through electrically charged assembly line production to electronics based controls. By linking components of the cyber and physical world, industry is propelling towards making manufacturing systems flexible and integrated, with an increased focus on collaboration.

Social machines, thinking factories, global facilities, smart products and virtual production advance productivity by making us agile and responsive to market needs. This intelligence also pre-empts and mitigates safety risks.

During the year, Bharat Forge started exploring the strategy towards Industry 4.0 and deploying various initiatives under its pillars. Innovation is at the heart of everything we do. We continue our endeavour of venturing through diversification and manufacturing of high quality products that drive change and sustainability. We continue to work with various customers to develop various innovative light weighting design concepts. Our expertise in sophisticated design and simulation techniques and 3D printing provides an advantage.

BHARAT FORGE AT A GLANCE

Bharat Forge is the world's largest forging company with global manufacturing footprint spread across India, Germany, Sweden and France. We are backed by 50 years of experience in manufacturing a wide range of high performance, critical & safety components. We are proud to cater to every major global OEM as our customer and their faith is reposed on our strong capabilities of metallurgical knowledge, design & engineering capability and manufacturing prowess.

Bharat Forge has transformed itself from just being a supplier of components to a preferred development partner through a concentrated focus on innovation, technology and value addition.

Developing our own technology, constantly improving our technical processes, adopting the latest manufacturing practices and continuously training our workforce to create a talent factory has been the cornerstone of our success.

We are backed by 50 years of experience in manufacturing a wide range of high performance, critical & safety components.

BUSINESS DIVISIONS

Automotive

- Passenger Vehicles
- Commercial Vehicles
- SUV

Industrial

- Power
- Oil & Gas
- Rail
- Marine
- Aerospace
- Metals & Mining
- Construction
- General Engineering

FY 2016 HIGHLIGHTS

87% growth in Passenger Vehicle export Business in FY 2016 in comparison to FY 2015.

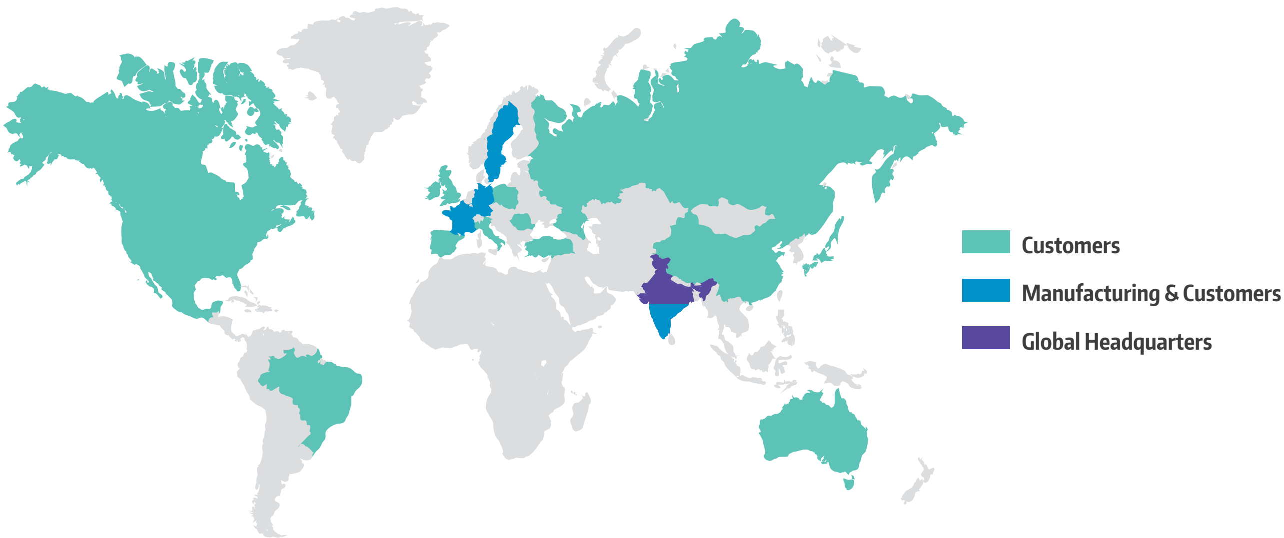
EBITDA margins maintained at 30%.

Net debt/equity at 0.19.

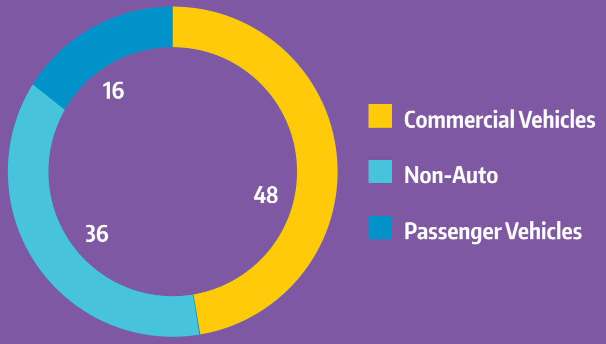
New customer addition in domestic PV market.

Gaining traction in Wind, Rail, and Aerospace sector with new customer wins.

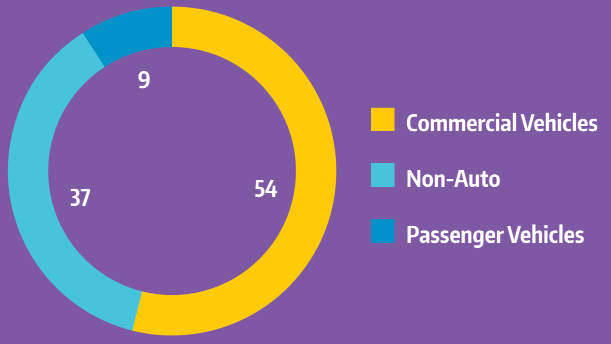
GLOBAL PRESENCE



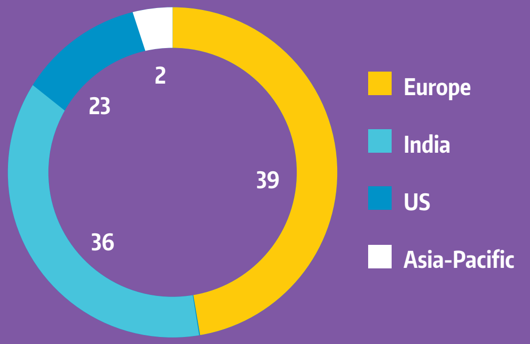
CONSOLIDATED REVENUE DISTRIBUTION FY 2016 (%)



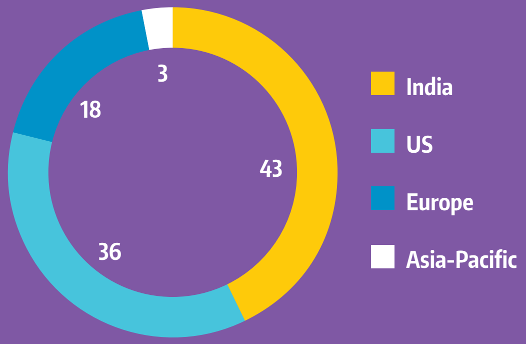
STANDALONE REVENUE DISTRIBUTION FY 2016 (%)



CONSOLIDATED GEOGRAPHIC REVENUE FY 2016 (%)



STANDALONE GEOGRAPHIC REVENUE FY 2016 (%)



BOARD OF DIRECTORS

ROW 1 (L-R) - BACK

Mr. S. E. Tandale
Executive Director

Mr. Kishore Saletore
Executive Director

Mr. Pratap G. Pawar
Director

Mr. Naresh Narad
Director

Mr. Vimal Bhandari
Director

Mr. P. H. Ravikumar
Director

Mr. P. C. Bhalerao
Director

ROW 2 (L-R) - FRONT

Mr. G. K. Agarwal
Deputy Managing Director

Mr. B. P. Kalyani
Executive Director

Dr. T. Mukherjee
Director

Mrs. Lalita D. Gupte
Director

Mr. B. N. Kalyani
Chairman & Managing Director

Mr. Amit B. Kalyani
Executive Director

Mr. S. M. Thakore
Director

CORPORATE INFORMATION

BANKERS

Bank of India
Bank of Baroda
Bank of Maharashtra
Canara Bank
State Bank of India
HDFC Bank Ltd.
ICICI Bank Ltd.
Axis Bank Ltd.
Citibank N.A.
Standard Chartered Bank
HSBC
Credit Agricole CIB

AUDITORS

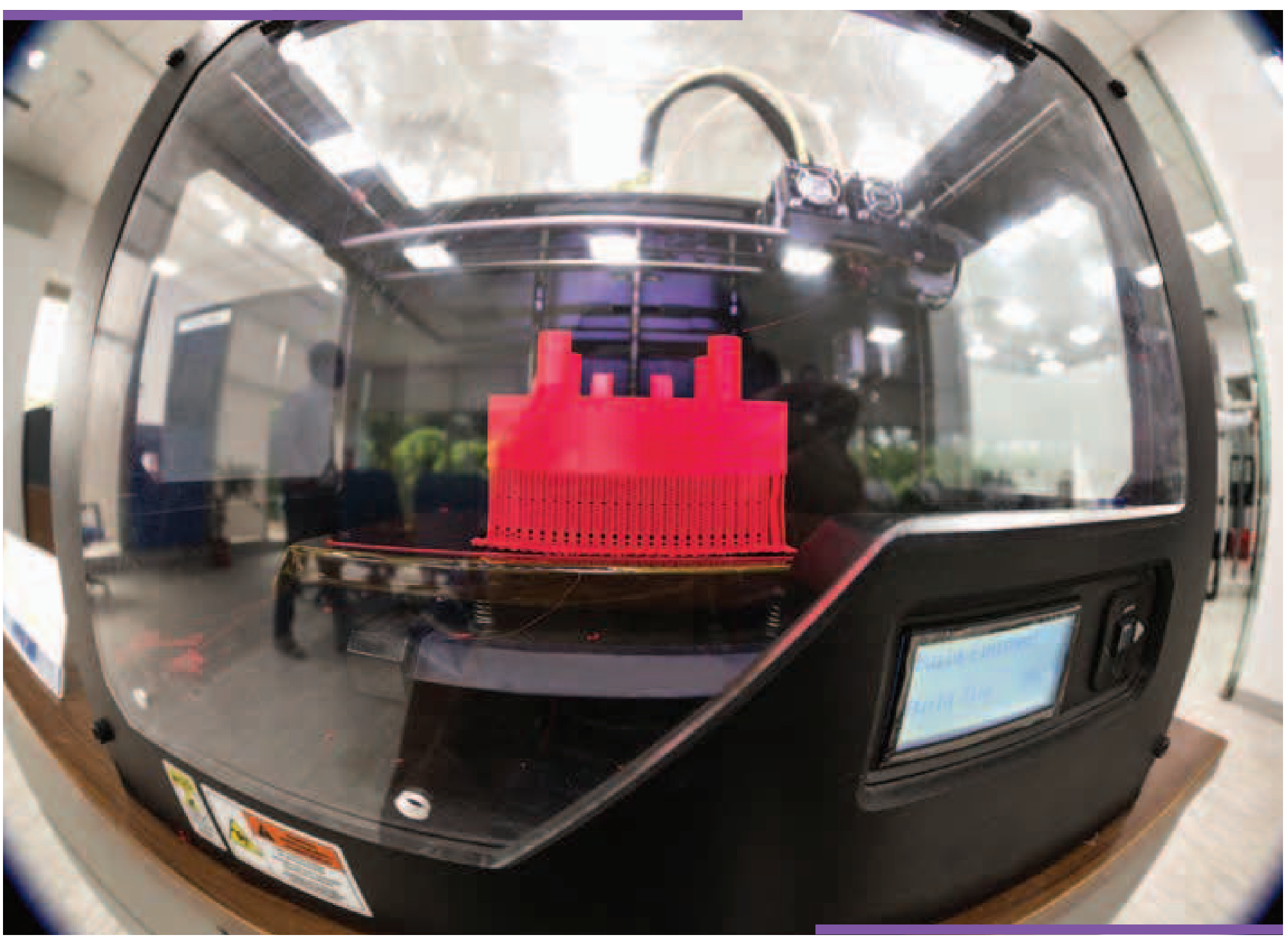
SRBC & Co LLP
Chartered Accountants

COMPANY SECRETARY

Mr. Anand Daga

REGISTERED OFFICE

CIN: L25209PN1961PLC012046
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India.
Phone: +91 20 6704 2777 / 2476
Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com
Web: www.bharatforge.com



3D Printing

CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

In my earlier communications to you, I had dwelt extensively on enhancing opportunities through transformation. This is even more relevant in uncertain times like these where the global economy continues to struggle with fragile growth environment and dynamic technological transformation.

The year gone by did not witness any significant surge in global activity. The macro picture is still evolving; industries and governments across the world are carefully calibrating strategies to avoid unpredictable headwinds and seek new growth avenues.

In advanced economies the recovery was modest during the year and largely uneven. The US economy was supported by relatively easy financial conditions with strengthening housing and labour markets. In the Euro area, robust private consumption was propped up by lower oil prices and quantitative easing. On the other hand, the rebalancing of the Chinese economy, low commodity prices and geopolitical tensions in West Asia continued to weigh on growth prospects of emerging market and developing economies.

India remains one of the most attractive economies of the world with a 7.6% growth.

Amid a challenging global scenario, India remains one of the most attractive economies of the world with a 7.6% growth. During the year, the Government has been successful on many fronts including sticking to fiscal deficit target and achieving significantly lower current account deficit supported by lower crude oil prices. There are other positives as well. Forex reserves are at an all-time high, investor confidence is robust and the Government's Make in India initiative has been hugely successful in encouraging domestic entrepreneurship and attracting FDI.

The global automotive sector, whose fortunes are closely linked with the performance of the global economy, witnessed mixed fortunes during the year. Passenger vehicles globally grew across most major geographies while the commercial vehicle sector was particularly weak in the Americas & China while robust volumes were recorded in Europe & India.

The Indian auto industry stood out with all segments barring tractors delivering positive growth volumes. The key drivers for the market included replacement demand, pick-up in infrastructure related activities, record low fuel prices, declining interest rates and healthy economic growth.

Financial Performance

Our financial performance was again impacted by the volatility in the macro environment. On a standalone basis, our total revenue declined by 5.3%, driven by continued weakness in the industrial sector across both, domestic and international markets and unexpected slowdown in the North American Class 8 truck market. Despite top-line challenges, EBITDA margins expanded by 110 bps driven by focus on cost control and supported by benign commodity prices. We continue to strengthen our balance sheet; and we will be a net cash positive company in the next two years. We have focused on creating an efficient cost structure, and will continue to rationalise costs in order to improve competitiveness. We continue to put more thrust on operational efficiency, accelerating new product development and new customer acquisition.

Business Highlights

FY 2016 was a challenging year because of headwinds in the form of a global slowdown which impacted three of our key exports verticals; North American Class 8 truck markets, Oil & Gas, Metal & Mining and allied commodity sector. These three verticals will continue to pose a challenge to growth in FY 2017.

We continue to strengthen our balance sheet; and we will be a net cash positive company in the next two years.

The passenger vehicle segment, one of our key focus areas, performed extremely well in FY 2016 and the export revenues from this segment registered a growth of 87%. We have also made progress in our Aerospace & Rail verticals with supply of products for existing contracts as well as winning new contracts.

Over the past few years, the external demand environment has been the biggest impediment to your Company's growth. Two years of strong growth (FY 2014/FY 2015) was followed by a sluggish demand environment due to volatility in the end-markets. FY 2016 performance was a resultant of the same.

87%
Growth in PV Export in FY 2016

Your Company's management is focusing on this particular aspect on how best to mitigate the impact of external factors on the Company's performance. Steps already taken over the past few years will go a long way in developing a more resilient business model.

Following are the key transformation areas of the business over the next few years. The overarching theme is increasing penetration with existing customers & sectors, foraying into new sectors and enhancing product portfolio. All of this will be achieved by leveraging our innovation, metallurgical & technology capabilities to develop products which will address problems faced by our customers related to performance, light weighting or emissions.

1. **Increase product portfolio in commercial vehicle segment:** We have developed a range of new products in the commercial vehicle segment and secured orders for the same from our existing customers both in the domestic and international markets which will aid in contributing to the top-line from FY 2018.

We have started journey in areas of connected enterprise, big data, mobility, augmented reality (human-machine interface) and additive manufacturing.

2. **Enhance presence in passenger vehicle segment:** The structural shift in PV segment globally is giving us tremendous opportunity to build out this vertical into a US$100+ million over the next 2-3 years. This will be driven by new product development, increase in market share and a simultaneous product portfolio expansion.
3. **Increase presence in transportation sector:** With the focus on railways being a key cornerstone of our new business diversification, we expect revenues per locomotive to grow substantially in the coming years.
4. **Grow aerospace business:** The progress made in the past 3 years in terms of winning new customers and developing products "first time right" using the asset light model is a statement to our technological capabilities. Over the next few years, the aerospace business will evolve into one of the fastest growing vertical largely driven by customer traction, product expansion and enhanced value addition.
5. **Make in India:** Your Company, with its full scope of products supplied into the global markets is excited about the prospects of the industrial sector in India. This increasing product portfolio coupled with the Government initiative puts us in a sweet spot to capture this opportunity. Key focus sectors for the Company will be supply of components & sub-systems into mining, transportation, aerospace and the defence sector. We are targeting import substitution across all verticals and have built upon our extensive knowledge to deliver solutions across these different verticals. Your Company has started making initial breakthrough with development orders with existing as well as new customers in India. Our Make in India strategy is well on its way.

Developing the above new businesses/products does not happen quickly, but your Company has the unique ability to do this on its own. We can develop new products, improve processes and enhance the product portfolio by using our asset light model which will eventually help in improving the return ratios.

We are benefiting from the focus on new technologies and innovation created through in-house R&D. This has resulted in higher productivity, increased cash flows and consequent debt reduction. We are confident that the de-risked business model would take the Company back on the growth track very soon.

Businesses that can survive the shifting dynamics of global economies and industries will be the ones that can create enduring stakeholder value. Since inception, Bharat Forge has seen and adapted to Big Change; and will continue to recalibrate strategies and product mix, not just to embrace change, but to lead change. There is a structural shift in the manufacturing space globally driven by focus on emission control, light weighting, asset light model, and so on...

We, at Bharat Forge, are aligning our innovation strategy and product mix in accordance with that shift. We are reinventing ourselves as a global engineering company with a deeper presence across varied sectors.

Industry 4.0

Industry 4.0 can be defined as the next phase in the digital transformation of the manufacturing sector where machines and IT systems along with other components in the value chain will be connected to create a fully integrated, automated and optimized manufacturing system. This will help increase manufacturing productivity, improve efficiency, shift economics and foster industrial growth – ultimately changing the competitive landscape of all the companies.

Industry 4.0 has a strong potential to change the way factories work and it presents tremendous opportunities for innovative manufacturers like us. The Company is preparing to take advantage of this opportunity and trying to create our own ecosystem of a digital organization. We have started this journey in areas of connected enterprise, big data, mobility, augmented reality (human-machine interface) and additive manufacturing. We aim to apply this initiative across the entire value chain and create a cohesive manufacturing ecosystem. We see substantial potential of Industry 4.0 in helping us improve efficiency and increase productivity, thereby reducing costs and increasing our competitiveness.

Industry 4.0 has a strong potential to change the way factories work and it presents tremendous opportunities for innovative manufacturers like us.

R&D and Innovation

Your Company continues to make progress in additive manufacturing by absorbing & adopting new technologies like 3D printing, electron beam welding, laser welding, metal injection moulding and nanotechnology.

The in-house R&D team remains committed to working on various projects, including developing technologies to reduce carbon footprint and manufacturing light-weight products and requiring lower energy consumption. New products are being developed not only for products in the automotive space, but in the industrial space as well.

Your Company will lead the innovation cycle in its diverse areas of operations whilst working closely with all the customers for new product development, to not only meet but also exceed customer expectations.

Talent and Teamwork

The collective capabilities of our people have taken us far; and we will continue to invest in developing our team to sharpen their capabilities and introduce industry-leading practices. We are now encouraging more people from our team to take up fundamental research and get Ph.D degrees. Our tie-ups with leading academic institutions such as BITS-Pilani, IIT Mumbai and Warwick University will also continue offering employees an opportunity to enhance their educational achievements, while working.

Unique Ability

The essence of Bharat Forge is the unique ability to create value from the intersection of horizontal capabilities with vertical expertise. Our horizontal capabilities comprise size (giving us efficiency of scale) and diversity (which reduces risk in a volatile world); while our vertical expertise includes deep domain knowledge, experience and insight. This uniqueness has brought us to where we are today; and will take us to the next harbour of opportunities. As we expand our presence across sectors, our vision is clear. We are strengthening India's economic backbone, enhancing national capabilities and ensuring a bigger global imprint–for the country and for ourselves.

Your Company had set certain targets to be achieved by FY 2018 which are on track. However, the global volatility has resulted in the doubling of top-line target to be pushed out from the initial milestone.

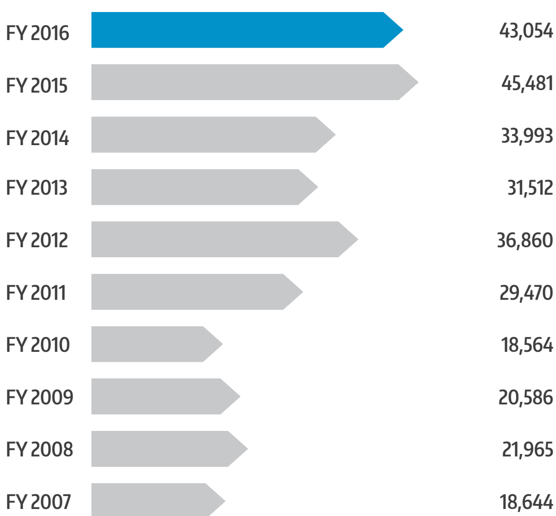
I would like to finish off this year's letter with a famous quote of Zig Ziglar "When obstacles arise, you change your direction to reach your goal. You do not change your decision to get there." This truly epitomizes the philosophy and culture of your Company.

I am grateful to our esteemed customers, shareholders, business partners, Government agencies, wider community of stakeholders, and above all our employees for their commitment to our vision.

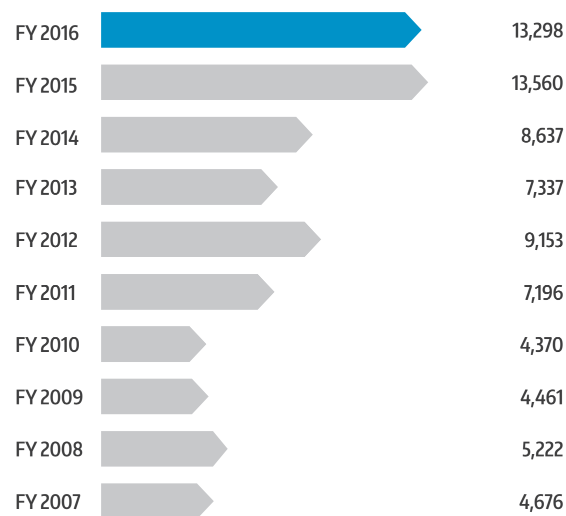
Baba N. Kalyani
Chairman & Managing Director

FINANCIAL HIGHLIGHTS

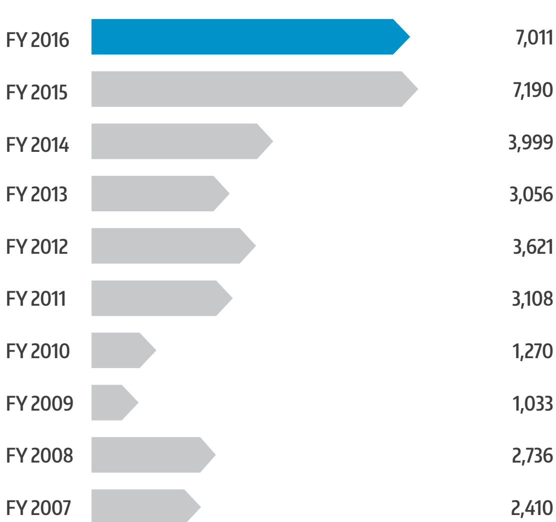
TOTAL REVENUE
(₹ in Million)



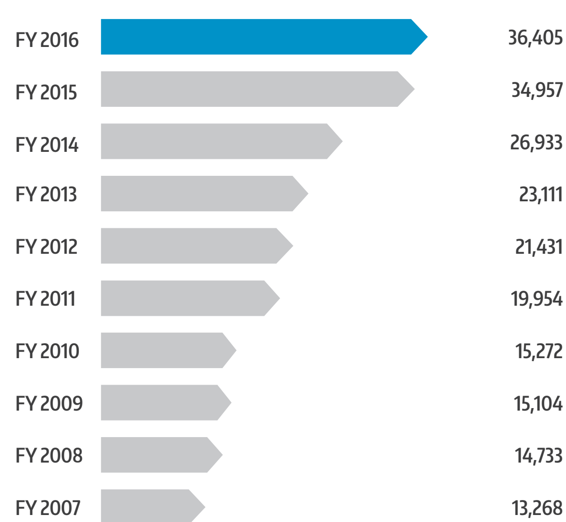
EBITDA
(₹ in Million)



PROFIT AFTER TAX
(₹ in Million)

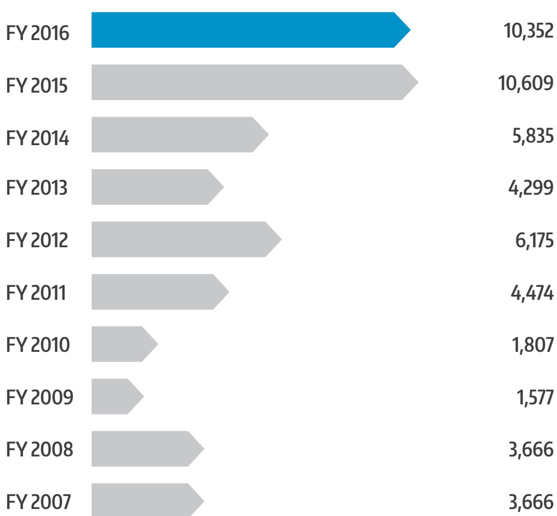


NET WORTH
(₹ in Million)



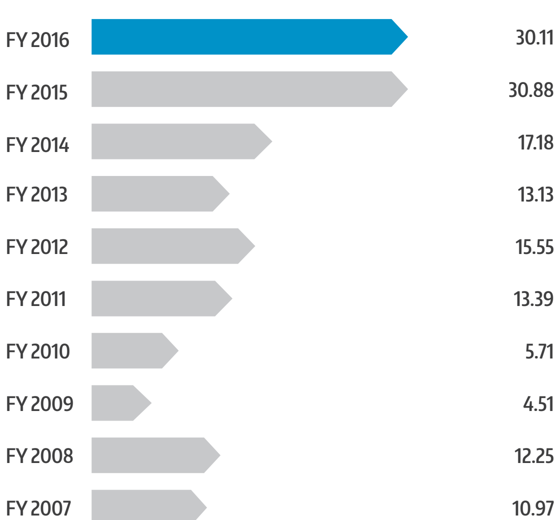
PROFIT BEFORE TAX

(₹ in Million)

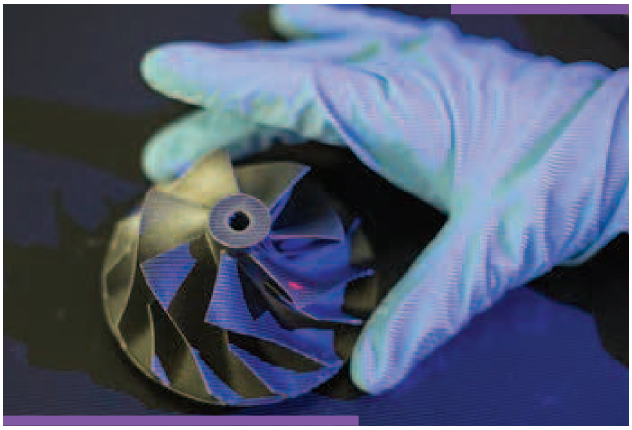


EPS

(₹)



MANAGEMENT DISCUSSION & ANALYSIS



3D Printed Impeller

1. ECONOMY OVERVIEW

1.1. Global Economy

The global economy grew at a sluggish pace in FY 2015-16 primarily impacted by developments in the commodities sector, especially the fall in oil prices, monetary policy decisions across countries, sharper-than-expected slowdown in the Chinese economy; and a volatile financial and political environment in emerging markets.

While growth in the developed countries remained modest as the countries struggled to escape the legacies of the financial crisis, weakness in the Chinese economy along with the commodity-price downswing and the US Federal Reserve's move to start raising interest rates, affected the emerging economies around the world.

The outlook for global growth remains muted as major macro-economic realignments are affecting prospects differentially across countries and regions. In the US growth is expected to be flat, as the strong domestic demand will be negated by weak external demand and soft oil prices. The economy of the countries in the EU region is recovering at a modest pace, but with a mounting refugee crisis and the UK's potential exit from the European Union, there is a mild risk related to the recovery. A moderate slowdown in China is expected, as excess capacity continues to unwind and the economy rebalances from investment to consumption.

The World Bank's baseline projection for global growth for CY 2016-17 is expected to be modest; 2.4% primarily on account of a slower-than-expected recovery in advanced economies. The recovery is projected to improve marginally in CY 2017-18 and strengthen beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize.

However, uncertainties continue to exist and risks of weaker growth scenarios need to be mitigated by broad-based structural and monetary policy reforms across developed and emerging countries. Stronger near-term fiscal policy support, with a focus on bolstering future productive capacity and financing demand-friendly structural reforms should provide a significant impetus to growth.

1.2. Indian Economy

India's GDP grew by 7.6% in FY 2015-16 primarily aided by policy initiatives of the Government of India, despite contraction of global exports and two consecutive years of inadequate rainfall. The Government is focusing on strengthening the economy with various reform measures; and is aiming to improve both social and physical infrastructure in order to set structural drivers for long-term sustainable economic growth. These all-encompassing initiatives, coupled with a low current account deficit, low inflation levels and adherence to a fiscal recovery path have supported economic recovery.

Industrial growth in FY 2015-16 faltered to 2.4% from 2.8% in the previous year, but the average growth rate over the last two years has been above 2.5%. The Government through a continued focus on various initiatives and increased spending is trying to revive the manufacturing industry. Besides, with inflation closer to historic lows and budget deficit under control, the interest rates are expected to decline further. These factors are expected to restart the private investment cycle and aid industrial growth in the coming year.

The GDP growth in FY 2016-17 is projected to be at 7.6% and improve marginally in FY 2017-18 to 7.7%. India is expected to remain as one of the fastest growing economies, ahead of China, for the next three years. Lower energy prices and higher real incomes continue to support private consumption. Additionally, enhanced infrastructure spending, pick-up in industrial activity, an improved investment climate and a rebound in rural economy on the back of an above average monsoon are expected to further strengthen growth.

2. GLOBAL AUTOMOBILE INDUSTRY

The global automotive industry is in the middle of a far-reaching and widespread transformation. It is facing stringent regulatory requirements, a taxing economic environment and shift from a product-centric past to a customer-centric future.

North America's auto industry witnessed strong growth with passenger vehicle volumes reaching pre-crisis levels. This sustained sales growth was driven by the favourable economic situation, low interest rates and benign gasoline prices, as well as enhanced consumer confidence.

7.6%

GDP growth in FY 2016-17

The European auto industry is also witnessing a positive trend in volumes both in the passenger car and heavy truck markets, driven largely by the economic recovery in the EU countries and low fuel prices.

The emerging economies are seeing some demand constraints. While China remained the world's largest automotive market, its annual sales growth has lost steam since 2012, largely driven by economic slowdown. There has been a considerable de-growth in the auto industry of other emerging countries like Brazil and Russia as well.

Although key auto markets are demonstrating different growth rates, aggregate global automotive market demand is expected to grow at a stable pace. It will be driven largely by a growth in the US and Western Europe, mitigating lower sales in Japan and slowing growth in China.

The Government is focusing on strengthening the economy with various reform measures; and is aiming to improve both social and physical infrastructure in order to set structural drivers for long-term sustainable economic growth.

7%

Growth in India's automobile production y-o-y

Automobile Production Trends (Heavy Commercial Vehicles)

Units	CY2009	CY2010	CY2011	CY2012	CY2013	CY2014	CY2015
US Trucks data	118,000	154,000	255,000	278,720	249,412	297,120	321,000
Europe Trucks data	162,504	178,969	243,086	220,289	238,697	225,140	266,552

Source: ACT Research, European Automobile Manufacturer's Association (ACEA)

3. INDIA'S AUTOMOBILE INDUSTRY

India's automobile industry was the lone star among emerging economies, as it experienced another good year. The country's total automobile production grew by 7% vis-à-vis the previous year. A slew of product launches at attractive prices, softening interest rates and benign fuel prices played a big role in driving consumer demand.

Indian Automobile Production Trends

Particulars	FY 2015-16	FY 2014-15	% Change
LCV	441,633	428,502	3.1
M&HCV	341,181	266,971	27.8
Commercial Vehicles	782,814	695,473	12.6
Passenger Cars	3,403,992	3,225,259	5.5
Total	**4,186,806**	**3,920,732**	**6.8**

Source: Society of Indian Automobile Manufacturers (SIAM)

After witnessing a sharp drop in sales in FY 2013-14, the M&HCV segment has registered strong volume growth of 21% and 28%, respectively in FY 2014-15 and FY 2015-16. This growth was driven by strong fleet replacement and renewal demand on the back of the improving profitability for operators on declining diesel prices, lower interest cost and firm freight rates. The demand from various SRTUs as well as some demand escalation from high tonnage trucks in the mining and construction sectors also remained robust. Stricter emission norms for old vehicles and mandatory adoption of safety devices on all new trucking platforms are leading to a strong impetus for fleet replacement.

Production Trends (Indian M&HCV market)

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Units	250,133	345,818	384,801	280,677	221,699	266,971	341,181

Source: Society of Indian Automobile Manufacturers (SIAM)

Domestic passenger vehicle sales in FY 2015-16 saw a year-on-year growth of 5.5%, primarily supported by a slew of new model launches at attractive price points. While there are some concerns in the passenger vehicle industry related to a levy of additional tax in the form of infrastructure cess, luxury cess and other actions focused on curbing pollution; the expected pick-up in the economy, favourable monsoon, reduced interest rates as well as benefits of the 7th Pay Commission and OROP are expected to support overall growth in the domestic PV sector.

Light commercial vehicles (LCVs) grew by 3.1% in FY 2015-16, compared to that of last year. The LCV demand is expected to pick up, amid improving consumption demand and expected ease of financing. A normal monsoon would aid agricultural freight demand and hence the demand for LCVs for last-mile connectivity.

4. COMPANY REVIEW

BFL's manufacturing facilities, equipped with high-end technology, are spread across India, Germany, France and Sweden. It has significant presence in automotive and industrial sectors with wide domain knowledge in design and engineering, complemented by full service capabilities. The Company manufactures an extensive array of critical and safety components for several sectors including automobiles (across Commercial & Passenger Vehicle), oil & gas, aerospace, locomotives, marine, energy (across renewable and non-renewable sources), construction, mining and general engineering.

4.1 Automotive

FY 2015-16 was an encouraging year for the domestic automotive market with strong demand in all segments, barring the tractor segment, which was impacted by poor monsoon in FY 2015-16. The Medium and Heavy Commercial Vehicle (MHCV) segment saw its second year of growth; volumes increased from 267K in FY 2014-15 to 341K in FY 2015-16. The growth was driven by pick-up in replacement demand, benign fuel prices & interest cost and revival in infrastructure investments. The Passenger Vehicle segment witnessed a 5.5% increase in demand, driven by new product launches.

To diversify the industrial business, the Company is focusing on increasing the share of business from the locomotive & aerospace sector and mining sector in India.

39%

Growth in revenues of transportation & Government agency business in FY 2015-16

BFL sales into the domestic MHCV market grew by 18%, lower than market growth due to lower raw material price pass-through to customers.

The passenger vehicle segment globally witnessed growth in all three major geographies namely, U.S., EU and China. It is expected to witness growth going into CY2016 also. The CV segment performance was positive in the European Union and North America propped up by replacement demand and buoyant economic growth respectively.

CV revenues into the export market grew by 8% in FY 2015-16, impacted in H2 FY 2015-16 by a slowdown in the North American Class 8 truck market. BFL passenger vehicle export revenues grew by 87% in FY 2015-16, driven by a strong ramp-up of orders.

Open Die Forging Process

Looking Ahead

The domestic demand for automobiles is likely to be determined by improving economic fundamentals; lowering interest rates and increased public sector spend on infrastructure led by improving consumer confidence. A proposal to implement scrappage policy across all vehicle class, stricter emission norms and increased profitability of fleet operators is expected to support the replacement demand in the future. A pick-up in demand from infrastructure and industrial sectors in view of Government's reforms, as well as the initiative to expand the network of roads and highways is expected to keep the commercial vehicle segment on a good growth trajectory.

In the export market, the growth trajectory is expected to continue in the EU market across both commercial and passenger vehicles, whereas the CV market in North America is expected to decline to realign production with a lower level of demand expected in CY2016.

The passenger vehicle export business will continue to witness robust growth in FY 2016-17, driven by the ramp-up of orders and development of new products for that segment.

4.2 Industrial Business

In FY 2015-16, the sluggish infrastructure activity, slowdown in global economy and its resultant impact on commodity prices adversely affected the Company's industrial business. Revenues from the industrial segment declined by 23% from ₹ 19,460 Million in FY 2014-15 to ₹ 14,930 Million. The bulk of the damage was witnessed in the export market where revenues declined by 35% from ₹ 13,220 Million to ₹ 8,660 Million, the majority of decline visible in Oil & Gas and allied commodity space.

Despite the increase in crude oil prices from its lows of US$ 30 per barrel, weak global industrial demand coupled with continuing massive capex cuts by Oil & Gas OEMs are expected to result in further decline in off-take from the commodity and allied sectors.

The domestic industrial business was sluggish last year affected by the lack of investments in infrastructure and capex related sectors. However, the Government's reforms in road, mining sector and working on creating a more congenial environment is starting to bear some fruits. The transportation & government agency business in FY 2015-16 grew by 39% compared to FY 2014-15.

Looking Ahead

To diversify the industrial business, the Company is focusing on increasing the share of business from the locomotive and aerospace sector and mining sector in India. These sectors saw enhanced activity levels, following the removal of mining ban. BFL is also focusing on the renewable sector, which is witnessing global resurgence, following the Paris Climate Conference. The Conference called upon global leaders to help promote renewable energy to combat climate change.

Domestic Sales Break-up

	FY 2015-16	FY 2014-15
Commercial Vehicles	49%	43%
Passenger Vehicles	11%	14%
Industrial	40%	43%

Export Sales Break-up

	FY 2015-16	FY 2014-15
Commercial Vehicles	57%	47%
Passenger Vehicles	8%	4%
Industrial	35%	49%

5. SUBSIDIARIES

International Operations

BFL's global subsidiaries have helped the Company enhance its foray into new geographies, increased proximity to a diverse customer cross-section and strengthened the ability to cater to customers through a dual-shore based model. It will reduce the customer's dependence on suppliers for different components, and facilitate exchange of best practices and technology.

(₹ Million)

Particulars	CY2015	CY2014
Total Revenue	33,287	34,408
EBITDA	1,058	1,108
EBITDA %	**3.2%**	**3.2%**
PBT after exceptional item	(198)	81
Profit After Tax	(314)	(44)

The Company's total income and EBITDA was marginally lower vis-à-vis the previous year, while EBITDA margins remained flat at 3.2%. Our loss for the year stood at ₹ 314 Million, compared to the previous year, when it recorded a loss of ₹ 44 Million. This happened due to an increase in interest and depreciation cost on account of a new aluminium forging facility at BF-AT; and one-time expense incurred on press break-down.

With full revenues of the new aluminium forging order coming in CY2016 – coupled with cost reduction and productivity measures implemented at the subsidiaries – we expect to see a sharp performance improvement in CY2016.

To diversify the industrial business, the Company is focusing on increasing the share of business from the locomotive and aerospace sector and mining sector in India.

₹ 76, 465 mn

FY 2015-16 Consolidated Revenues

6. FINANCIAL REVIEW

6.1. Standalone

(₹ Million)

Particulars	FY 2015-16	FY 2014-15	% Change
Shipment Tonnage	209,697	211,668	-0.9%
Domestic Sales	17,516.8	16,899.9	3.7%
Export Sales	24,601.7	27,206.7	-9.6%
Other Operating Income	935.6	1,373.9	
Total Revenue	43,054.1	45,480.5	-5.3%
Raw Material	15,269.2	17,399.0	-12.2%
Manufacturing Expenses	7,025.9	7,716.5	-8.9%
Manpower Cost	3,721.6	3,319.3	12.1%
Other Expenditure	3,739.0	3,486.0	7.3%
Total Expenditure	29,755.7	31,920.8	-6.8%
EBITDA	13,298.4	13,559.7	-1.9%
EBITDA %	**30.9%**	**29.8%**	
Depreciation	2,613.8	2,505.1	4.3%
Interest	863.2	1,118.4	-22.8%
Other Income	998.7	933.2	7.0%
PBT	10,820.1	10,869.4	-0.5%
Exchange Gain/(Loss)	(468.2)	(259.9)	
PBT	10,351.9	10,609.5	-2.4%
Exceptional Item	(42.2)	(36.3)	
PBT	10,309.7	10,573.2	-2.5%
Taxation	3,299.1	3,383.4	
PAT	7,010.6	7,189.8	-2.5%

Total Income

FY 2015-16 witnessed a marginal decline of 5% in total revenues from ₹ 45,481 Million in FY 2014-15 to ₹ 43,054 Million in FY 2015-16. Domestic sales grew by 4%, primarily on account of a buoyant M&HCV market, aided by revenues from the industrial sector, which showed marginal growth. This happened, despite a tough demand environment, amid slowdown of infrastructure activities.

However, there was a noticeable drop in exports (10%) largely due to a decline in the industrial sector; the demand environment in the commodity related sectors (Oil & Gas and Construction & Mining) was challenging due to low commodity prices.

Expenditure

The Company's raw material cost as a percentage of total income declined from 38% in FY 2014-15 to 35% in FY 2015-16 on account of benign input costs.

Manufacturing cost, during the year, accounted for 16% of total income vis-à-vis 17% of last year; it declined due to consistent focus on gaining operational efficiencies.

Costs towards salaries were at 8.6%. Other expenditure increased to 8.7% from 7.7% on a y-o-y basis due to increased spends on R&D initiatives and increase in expenses towards new business development.

EBITDA percentage showed an improvement of 110 bps, rising from 29.8% to 30.9%, despite a fragile environment.

Our depreciation cost remained as expected and our focus on reducing debt has helped in reducing interest costs from 2.5% to 2%.

(₹ Million)

Particulars	FY 2015-16	FY 2014-15
Debt	18,406	17,974
Equity	36,405	34,957
Cash	11,462	10,130
D/E	0.51	0.51
D/E (Net)	**0.19**	**0.22**
ROCE	20.2%	22.7%
RONW	19.4%	20.7%

Our D/E (net of cash) has significantly reduced, it stands now at 0.19. The debt repayment is progressing smoothly as per the Company's plan and we aim to be net debt free by FY 2017-18, if not earlier.

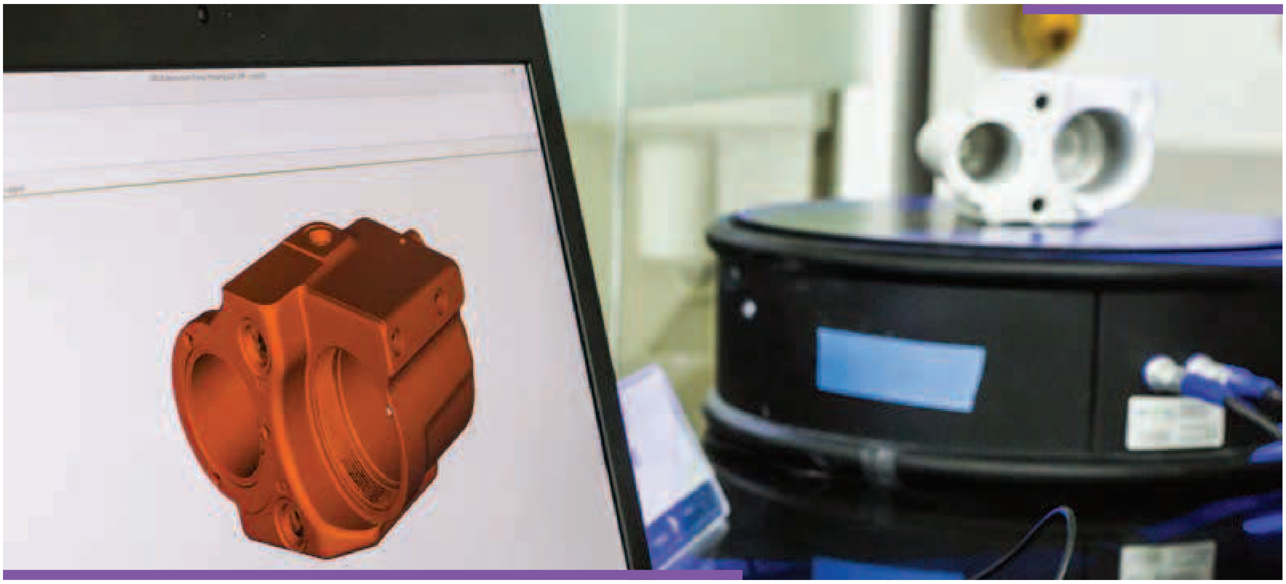
6.2. Consolidated

(₹ Million)

Particulars	FY 2015-16	FY 2014-15	% Change
Within India	26,467.6	22,777.0	16.2%
Outside India	49,033.2	52,044.0	-5.8%
Other Operating Income	964.5	1,401.0	-31.2%
Total Revenue	76,465.3	76,222.0	0.3%
Raw Material	26,017.4	28,825.7	-9.7%
Manufacturing Expenses	12,237.9	12,706.0	-3.7%
Manpower Cost	9,455.8	9,044.8	4.5%
Other Expenditure	6,503.2	5,920.5	9.8%
Project Cost	7,505.9	4,974.6	
Total Expenditure	61,720.2	61,471.6	0.4%
EBITDA	14,745.1	14,750.4	0.0%
EBITDA %	19.3%	19.4%	
Depreciation	4,187.2	3,623.3	15.6%
Interest	1,402.6	1,355.8	3.5%
Other Income	1,335.5	1,335.6	0.0%
PBT	10,490.8	11,106.9	-5.5%
Exchange Gain/(Loss)	(532.4)	(312.0)	
Exceptional Item	(54.7)	427.6	
PBT	9,903.7	11,222.5	-11.8%
Taxation	3,408.4	3,586.9	
PAT	6,495.3	7,635.6	-14.9%
Minority Interest	(29.6)	(29.8)	
Net Profit	6,524.9	7,665.4	-14.9%
Loss from Disc ops	(25.0)	(40.0)	
Net Profit	6,499.9	7,625.4	-14.8%

The Company's consolidated revenues grew marginally from ₹ 76,222 Million in FY 2014-15 to ₹ 76,465 Million in FY 2015-16. The marginal de-growth in the standalone and overseas subsidiaries were primarily offset by 50% jump in revenues from the Alstom JV. It began commercial production at Sanand, Gujarat during the year.

The Company's EBITDA of ₹14, 745 Million in FY 2015-16 remained at almost the same level as compared to ₹ 14,750 Million of FY 2014-15. EBITDA margins were also flat at 19.3% as the increase in project related costs were negated by the benign input prices.



3D Printing

(₹ Million)

Particulars	FY 2015-16	FY 2014-15
Debt	29,596	25,464
Equity	35,758	34,441
Cash	11,975	11,386
D/E	0.83	0.74
D/E (Net)	0.49	0.41

7. STRATEGIC REVIEW

Focus on new product development - The Company is planning to extend its expertise to develop new products and expand its footprint in the global aerospace and defence value chain. Also, the Company under the "Make in India" initiative has identified a few sectors where it can contribute in a meaningful way by developing a new product portfolio. Mining, power, railways, marine, defence and aerospace are the key focus sectors. Keeping an eye on the future, the Company is also developing a line of new products for the automotive sector with applications in both the commercial and passenger vehicles segments. A technology and innovation focused approach, strong domain knowledge, a global customer base and a constantly enhancing R&D capability will be the cornerstone of this strategy.

Leveraging R&D capabilities - The Company's research and development capabilities focus on developing a highly differentiated portfolio of technology-driven products. A high innovation driven approach to all products under development will help the Company for timely delivery of its envisaged future product portfolio. All products manufactured today and those under development are the fruits of our steadfast focus on ingenious R&D. The Company has continued its endeavour to adopt and learn new technologies for its product range; and stay ahead of the curve in view of a globally competitive market. The Company is adding muscle to its R&D facility at KCTI, which will help in the research of new exotic materials and new additive manufacturing processes.

Focus on quality excellence and customer satisfaction - One of the Company's principal objectives is to maintain and also continuously improve the quality standards for its products and services. To that end, the Company has established a comprehensive purchasing and quality control ecosystem that is designed to consistently deliver quality products and superior service to our customers.

Investment in technologies - BFL is looking forward to enhance its technological capabilities further. The aim is to create new products and processes that complement the manufacturing excellence programs that have been the Company's mainstay. This approach has helped the Company optimize the different manufacturing processes and gain significant operational efficiencies.

Focus on key sectors

- The Government of India is focused on investing in railway infrastructure by making investor-friendly policies. It has moved quickly to enable foreign direct investment (FDI) in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects. The awarding of contracts to companies like GE & Alstom for building locomotives is one such example.

- The commercial aerospace subsector is expected to continue its decade-long trend of above-average growth rates, driven by growth in passenger travel demand and an accelerated equipment replacement cycle. With many distinguished OEMs like Boeing and Airbus supporting the 'Make in India' initiative and committing to source more components from India, the opportunity landscape is widening.

- India's high Defence sector spending, along with the Government's make in India' initiative is expected to encourage domestic forays into the sector. The Government has been encouraging the procurement of indigenously manufactured or developed technology and weapons systems, under its Make in India initiative. It has also revised the Defence Procurement Procedure (DPP) to support domestic manufacturers.

8. INNOVATION AND INTELLECTUAL PROPERTY RIGHTS (IPR)

Innovation is at the heart of everything BFL does. At BFL, we have a strong in-house R&D team committed to work on various projects, which help in developing new products and technologies. Innovation is a continuous on-going process in the Company, which has helped us explore new ideas and deliver solutions for transformation consistently. Innovative application of best-in-class technologies has helped the Company develop critical and high value-added products for the automotive and non-automotive sector.

Patents

A total of 12 patent applications were filed in FY 2015-16, bringing the number of patents filed till date to 22. BFL has been already granted two patents, while the remaining has been submitted and awaiting examination. In the coming year as well, BFL has a healthy pipeline of patents on which work is being carried out.

Design improvements

BFL is involved with its clients throughout the product development process - right from the initial stages of product design and development to the time of product delivery. The Value Analysis and Value Engineering (VAVE) proposals submitted by BFL on various product improvements have been readily accepted by our domestic and international customers.

Light weighting programs

This has been BFL's key initiative, to help our customers in reducing weight of the product, without compromising on functional performance. This helps in reducing fuel consumption and improving emission levels. BFL continues to work with various customers to develop innovative light weighting design concepts.

New technology development

BFL is focusing on introducing new process related to our core competence and development of new high strength material for light weighting application. The Company strongly believes that the next round of growth will be propelled by such initiatives and opportunities, supported by innovation.

Knowledge exchange

Various employee exchange programs are organised by the Company's subsidiaries in order to facilitate pan-organisational knowledge transfer and best practices exchange. The experiences regarding various challenges faced during the year and the manner in which they were overcome, are shared. This helps resolve operational challenges in a timely and efficient manner.

9. KALYANI CENTRE FOR TECHNOLOGY & INNOVATION: CONTRIBUTING TO GROWTH

- KCTI's research contributions in international journals and conferences have demonstrated the capability of Bharat Forge in developing new components and solving problems, related with processes and products. In the span of a short period of time, the Company has acquired an international status in R&D contributions.

- KCTI's role in developing new technologies and filing new patents has reinforced Bharat Forge's status as an innovation-driven company. Prestigious awards from CII, IIE and international bodies have recognised Bharat Forge as one of the world's most innovative companies. This has enhanced customer stickiness and their confidence in our capabilities.

- KCTI's learning curve on Additive Manufacturing (3D printing) of metals is one of the fastest in India.

- Development of several critical components by KCTI and its capability to test critical metallurgical parameters of materials is helping the Company to develop technologically advanced products related to Defence & Aerospace. NABL accreditation and expected NADCAP approval are the essential requirements to supply materials in these segments, which is being met by KCTI.

- Several R&D projects in the area of high strength steels and alloys of exotic metals have helped BFL build a portfolio of components with application over different sectors.

- KCTI team is also helping Bharat Forge in developing new components for a number of sectors for the Make in India program.

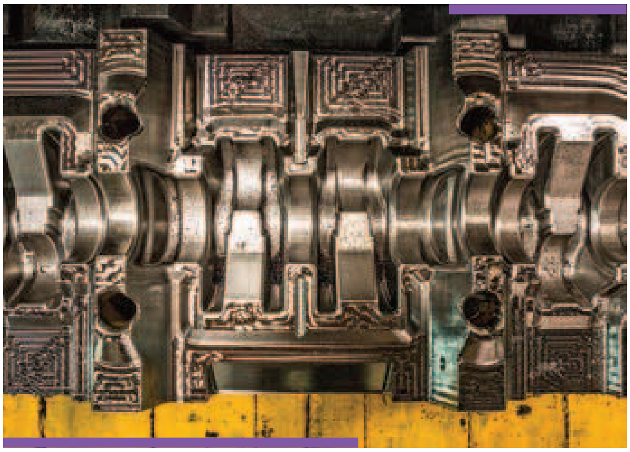
- Successful development of simplified and cost-effective processes of heat treatment and conducting R&D in the area of die life improvement are some of the other initiatives of KCTI that has helped the Company in saving costs on the operational front.

10. INFORMATION TECHNOLOGY

FY 2015-16 highlights

Starting a Journey of Industry 4.0

The Company started exploring the strategy towards 4th industrial revolution – Industry 4.0. Industry 4.0 means the technical integration of cyber-physical systems (CPS)



Crankshast Die

in production and logistics and the use of the Internet in industrial processes – for instance, by locating, tracking, coordinating, and controlling physical objects via the internet.

The Company's Leadership team from India, Germany and Sweden went through focused workshop on Industry 4.0 at Fraunhofer IAO, Germany. Fraunhofer IAO is laying the foundation for building Germany's 4th industrial revolution. This team also visited various companies of Germany, which have showcased live examples of Industry 4.0 deployment.

The Company has decided to work on 5 building blocks for this initiative:

- Digitisation of information flow from top floor to shop floor
- Digitisation of information flow from shop floor to top floor
- Automating the Real Time KPIs Monitoring Visualization Layer
- Digitisation of Material Flow
- Digitisation of Services

Various initiatives have been undertaken under these five building blocks.

Information Security & Assurance

The Company transitioned from ISO/IEC 27001:2005 to ISO/IEC 27001:2013. ISO/IEC 27001:2013 specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system (ISMS) for the Company. This transition will help it enhance market assurance and consistent governance.

InfoSec Technology Deployment

- Tool to Manage Segregations of Duties (SoD). SoDs are a primary internal control intended to prevent or decrease the risk of errors or irregularities, identify problems, and ensure corrective actions are taken. This is achieved by ensuring no single individual has control over all phases of a business transaction
- Security information and event management (SIEM) solution: It brings event, threat, and risk data together to provide strong security intelligence, rapid incident response, seamless log management, and compliance reporting — delivering the context required for adaptive security risk management
- The Company deployed the state-of-the-art Backup & Recovery Solution, spanning aspects of complex Business Continuity Management

- Awards
    - Recognised by Computer Association of India as 'Top 50 CIOs as part of India's Best CIOs'
    - Recognised by Centre of Recognition & Excellence (CORE), as 'Manufacturing Icon' at the second CIO Power List

- Targets for next year
    - Establishing core platform for Smart Manufacturing under Industry 4.0 Program
    - Exploring Product Life Cycle Management (PLM) for Aerospace Business Vertical
    - Implementing Integrated Customer Relationship (CRM) Solution
    - Implementing Company-wide Data Leakage Prevention (DLP) Solution
    - Implementing Information Rights Management (IRM) Solution
    - Redesigning campus-wide network to support converged communications of Data, IoT, Video and Voice
    - Deploying various initiatives under Industry 4.0 Program Pillars
    - Integrating Industry 4.0 with Bharat Forge Excellence System to make it a part of the Company's DNA
    - Upgrading SAP to ensure compatibility to implement GST related functional needs

11. HUMAN RESOURCE MANAGEMENT

Training Programs

To enhance engineering knowledge in employees, BFL set a three-month, fulltime Engineering Development Program at Chakan, during the year. The program is based on the objectives of training operative manpower, the basics of modern engineering terms, engineering drawing reading and new 2D and 3D CAD techniques. Till date, three batches comprising 37 employees have undertaken the training. After a successful completion of the program, employees are transferred to new projects.

Talent Managers Initiative

To enrich connectivity and employee engagement across the Company, 'Talent Managers' initiative was strengthened during the year. Consequently, the department of talent managers

Health check-up camp

are equipped to support talent acquisition and development activities in a holistic manner. The initiative, which has now reached maturity, has been streamlined across departments and aids in talent and competency mapping activities. To strengthen this initiative, all talent mangers have undergone Psychometric Testing on defined parameters. After the testing, a special training programme was organised for them. The competencies, which were identified for these trainings were initiative, people understanding, stress tolerance, planning and prioritisation. Monthly meetings are organised, involving talent managers to understand the important HR strategies across the Company.

Industrial Relations

Industrial relations were cordial across locations. Periodic meetings were held to involve unionised employees in business-related activities. In these meetings, important issues related to business challenges were briefed to union members. They were also regularly updated on future business challenges; and were made aware of the need to uplift skills and competencies.

Policy for female employees

There is a stringent policy in place, to address issues pertaining to female employees at BFL. Various quarterly meetings are held for women employees to provide a safe environment for them. These meetings help redress their concerns regarding safety and dignity at workplace.

Program on Strategic Human Resource Management (SHRM)

The senior management team needs to understand challenges for Human Resource Management and their individual role in it. Keeping this view in mind, a programme on Strategic Human Resource Management (SHRM) was organized at Baramati for employees belonging to managerial and above levels. The programme's coverage includes classroom sessions, case studies, management games, group discussions and live happenings of BFL, where managers are required to develop their team members to strengthen the global talent pool. During FY 2016-17, the Company is aiming to cover employees from managers and above level at other locations too.

VETNET Programme in collaboration with Indo German Chamber of Commerce (German Chambers worldwide network (AHK) for cooperative, work-based Vocational Education and Training)

To exchange operational technical knowledge, we started the 'Industry Mechanic' training course for ITI qualified employees during the year. It was organised with the help of Indo German Chamber of Commerce and Don Bosco Industrial Training Institute. This is a 'dual training' comprising classroom as well as on-the-job training.

The Company had a total of 4,766 permanent employees as on March 31, 2016.

12. CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) has always been fundamental to Bharat Forge. It is an integration of social environmental objectives and business objectives, with sustainability being the soul of CSR.

Social responsibility has been ingrained in the Bharat Forge culture since our earliest days as a company. Our CSR journey started way back in 1970, when the community centres were established for the social-economic development of women and family members of our workers. Bharat Forge has been contributing and working towards the objective of giving back to society, much before it was mandated by the introduction of Section 135 in the Companies Act 2013. Today, CSR activities at Bharat Forge have acquired wider and bigger dimensions and we are trying to align ourselves with the national agenda.

During the year, Bharat Forge spent more than the prescribed amount on CSR projects.

Objective

Bharat Forge is proud of being a socially-responsible corporate. We would like to further scale-up our CSR activities through the initiatives aimed at improving the lives of economically-deprived children, women and senior citizens. We propose to empower them to effectively participate in unfolding social and economic opportunities. This will enable them to become an integral part of the mainstream growth and development.

We would strive to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from our CSR initiatives. Such initiatives would be focused around communities that reside in the proximity of our Company's various manufacturing locations.

Vision

At Bharat Forge, we believe in giving back to the society in some measure what we have gained from it. We are therefore committed to address issues relating to child welfare, women empowerment and safety and security of senior citizens, among others, through our various initiatives which will lead to protection of environment, health & hygiene and skill education on sustainable basis for society as a whole.

Community development

Under Community Development Project, we have started self-help groups (SHGs) for empowering women and reaching out to the needs of senior citizens.

Community development programmes are classified under the following heads -

- Health Activities
  - Health Awareness
  - Health Check-up Camps
  - Health Clubs
- Medical Check-up Camps for senior citizens
- IGP (Income Generation Programme)
- Skill Development Training
- Environmental Initiatives
- Other Recreational Activities
- Self Help Groups

Swachh Bharat Abhiyan

Under Swachh Bharat Project, we have started to work in nearby communities. We have launched a Waste Management Project; under this project, we have installed 60 composter planters in the community. Besides, women have been trained to manage their household kitchen waste through vermiculture.

We have adopted Pune Municipal Corporation (PMC) and Zilla Parishad (ZP) schools in our vicinity; and as per guidelines of the Hon'ble Prime Minister the project of Sanitation of Schools [SOS] has been taken up on priority. Our responsibility does not end just by building toilets. Sustainability is equally important and we ensure this through initiatives like maintenance of toilets, behavioural training to students and creation of sanitation committees in schools for long-term benefits. BFL also conducts tree plantation drives in various localities and adopted schools.

Before

After

Water conservation in Kalewadi under Jalyukta Shivar Abhiyan

Education

The Kalyani School, supported by BFL is growing from strength to strength. The school's vision is to provide a harmonious and stimulating environment, which inspires all students to strive for excellence; and emerge as responsible citizens. The Kalyani School (spanning 9.5 acres) provides children with an environment, which is conducive for holistic development. It is a K-12 Co-ed, CBSE English Medium School. Academics and co-curricular activities are well balanced to ensure that every aspect of the child's growth and development is catered to. Facilities for both indoor and outdoor games have been provided, keeping in mind diverse interests and aptitudes of children.

We have launched a project called 'Life Lab' in our adopted School Rajrshi Shahu Maharaj to introduce experiential learning related to science curriculum of the school.Life-lab envisions creating a world where children enjoy learning and view the world rationally, and with a proper scientific perspective.

Under the flagship of a well-known NGO 'Pratham', we have reached out to 25 communities and 20,000 children of Pune for non-formal education. 'Jnana Prabodhini' has become our partner in the project Pradnya Vikas to fast-track children's holistic development from these communities. Khelghar initiative is started in association with Paalakneeti Parivar Pune. It aims to develop children from deprived section of society helping them in personal grooming and developing creativity skills, imparting awareness regarding various social, education, health, etc.

Skill Development Initiative

We have set up an ITI at Khed in 2007 by signing an MoU with the Government of Maharashtra. It was probably the first PPP model in the skill development area. Today, it is considered as one of the best ITIs in India. Besides, we have also adopted ITIs at Bhor and Malegaon. Through these efforts, we are helping enhance skills and supporting the Skill India initiative.

Conservation of water

We have contributed to Jalyukta Shivar Abhiyan - Drought Free Maharashtra: 2019, initiated by the Government of Maharashtra. We have adopted three villages in three different blocks of Pune district, namely Kanhersar in Khed, Kalewadi & Navali in Purandhar and Pansarewadi in Baramati. This initiative has restored the water-storage capacity and benefited over 6,000 people.

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Sports

We are helping prominent sports (tennis, chess, and boxing) players and women engineers by sponsoring their training and education.

Our employees from different departments have taken up CSR projects in various areas; and are actively participating in social transformation. We evolve a holistic, participatory, collaborative and sustainable approach in programme implementation. We also reach out to our employees, business stakeholders, society, NGOs and local governance; and include them in this journey towards social change. This change is a gradual process and has to be dealt with patience, thoughtfulness and consistency.

FY 2015-16 - Highlights

- Implementation of SOS (Sanitation of schools) at 9 corporation schools
- Setting up of a new state-of-the-art communications lab at ITI Khed
- Completion of Jalyukta Shivar Abhiyaan at Kanhersar, Kalewadi and Pansarewadi
- Winner of Greentech Award 2015

13. OUTLOOK

Increasing thrust on infrastructure spending and road development augurs well for the automotive industry, especially M&HCV and the construction equipment industry as well as their suppliers. The Government's 'Make in India' initiative increased outlay towards defence equipment is positive for suppliers present in heavy forgings and allied industries. The National Skills Mission programme (planned to be launched) can potentially provide the industry access to a more skilled workforce. The lack of skilled workforce is expected to hamper industry growth in the long-term, if left unaddressed.

Moreover, robust fiscal management, lower borrowing costs by keeping inflation expectations down, higher revenues from coal and telecom auctions and collection of higher taxes will enable the Government to spend more on value-creating assets; and pass on price benefits to consumers. Such a scenario is expected to enhance consumer spending significantly.

14. RISK MANAGEMENT

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

Macroeconomic Uncertainty - Given the global nature of the Company's business, its operations are directly dependent on general economic conditions; not only in India but across key markets worldwide. Recently, global economic growth has remained volatile and uneven with several key markets facing economic challenges.

Risk Mitigation - The Company assesses and evaluates the macroeconomic performance in its key markets regularly; and takes suitable remedial actions.

Geopolitical and other risks - Political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages and their prices, epidemics and labour strikes present business risks.

Risk Management - To counter these risks, the Company continues to expand its geographic presence across all major economies in the world.

Raw Material Prices - Prices and availability of various raw materials such as steel, non-ferrous, exotic metals and petroleum products are dependent on various environmental factors. Even as the Company continues to pursue cost control measures, any unforeseen or sudden spike in cost of these items could impact the profitability of the Company.

Risk Mitigation - BFL has raw material pass-through clauses in all contracts, to protect itself from commodity volatility. A number of other measures have been taken to reduce energy consumption through modification of processes.

Currency Risk - With significant exports and foreign currency liabilities, Bharat Forge is always exposed to global currency fluctuations.

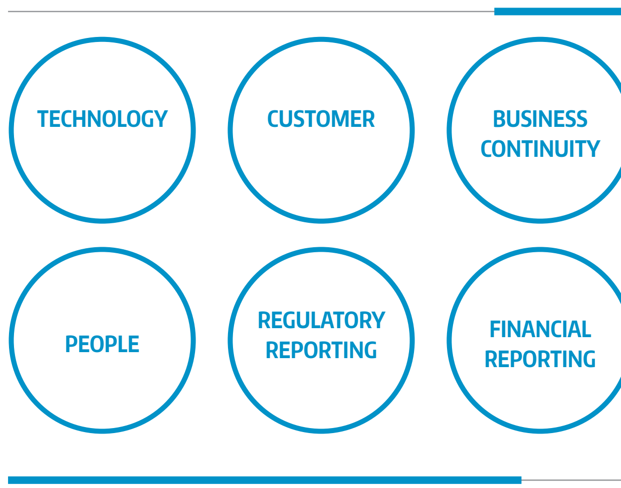
Risk Mitigation - BFL has followed a consistent policy of taking simple forwards on a one year rolling basis to protect its export realisation. At any given point of time, BFL's exports are higher than its foreign currency borrowings thereby giving it a natural hedge.

Company Policy

The Company, during the year, further refined its Risk Management Policy to align it with the current business environment. A comprehensive framework has been developed to identify, monitor and mitigate various risk elements in accordance with the risk management process.

Strategic and operating risks were identified and further grouped across in six broad categories: Technology, Customer, Business Continuity, People, Regulatory and Financial Reporting. The Company has laid down a mitigation plan to address the identified risks.

Strategic and Operating Risks



Independent assessment of various risks and mitigation plans are put in place.

The Finance & Risk Management Committee and the Audit Committee ensure the ongoing review and compliance to the risk management framework. The Board is kept appraised of the same.

Internal Financial Controls

The Company has developed a robust Internal Financial Controls framework by revisiting and refining process notes, flowcharts and control matrices across finance and other operating functions.

A controls assurance program covering IT General Controls (ITCG) was implemented during the year. System covered under ITCG includes a proactively implemented SAP Segregation of Duties (SOD) management tool. The internal financial controls were also reviewed by an independent auditor and found to be adequate and operating effectively for ensuring accuracy and completeness of the accounting records. No reportable material weaknesses were observed.

15. INTERNAL SYSTEMS AND THEIR ADEQUACY

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

16. THREATS AND OPPORTUNITIES

Threats

- Due to increasing competition and the presence of global players, the ability to attract and retain managerial talent and the availability of skilled and unskilled manpower is becoming a key issue. Improving the quality of human resource is also an issue for the industry.

- With increasing globalisation of markets there is potential competition from forging capabilities in other developed and developing countries. Hence R&D costs have to be increased substantially to add value to existing products and create new differentiated products. As the world moves towards a green earth campaign, one of the first industries that come to one's mind, is the automobile industry. In such a scenario, companies need to focus more on innovation and develop new products that embrace the technology changes and customer preferences.

- The commodity sector is highly volatile and changes in the cycle are hardly predictable. It thus becomes imperative to improve product mix and diversify business over long gestation industrial sectors.

- Additive manufacturing techniques are no longer in their infancy and are finding increased application in the production of metallic parts. It is necessary to track changes of this unfolding technology and develop similar capabilities.

Opportunities

- The Indian Government's focus on improving the ease of business with its 'Make in India' initiative is expected to relax regulations and reduce complex procedures. Also, the expectation of increased infrastructure spending will open up a host of opportunities in the capex related Industrial sectors.

- Over the past few years, India's automobile market has benefited from an increased focus from various global OEMs, who view India as their global manufacturing hub. Government support and the availability of skilled human resources make India an attractive manufacturing destination. With many OEMs establishing their facilities in India, it is expected to unleash significant opportunities for the Indian component makers to supply to these players for their domestic and international demand.

- With the Government of India's emphasis on the substitution of imported goods to reduce import bills, sectors such as Mining, Railways, Aerospace and Defence are expected to rely on Indian companies and domestic expertise for procurement. This provides manufacturing companies an opportunity to grow in the non-automotive business.

- Different geographies follow separate business cycles; hence expanding the global footprint and establishing a global presence in some of the world's largest markets helps take advantage of the varying differential growth opportunities.

- The Government of India has permitted 100% foreign direct investment (FDI) in the automotive industry through the automatic route. This has encouraged global OEMs to invest in and develop innovative products, technologies and supply chains.

17. CAUTIONARY STATEMENT

Statements in this Management Discussion & Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the forging industry – global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs.

BOARD'S REPORT

For the year ended March 31, 2016

To,
The Members,

Your Directors have pleasure in presenting the 55th (Fifty-fifth) Annual Report on the business and operations of the Company and the audited financial statement for the Financial Year ended March 31, 2016.

1. PERFORMANCE OF THE COMPANY

a) Total Income (on stand-alone basis):

2015-16	2014-15	% Change
₹ 44,052.76 Million	₹ 46,413.69 Million	-5.09%

During the year under review, total income of the Company was ₹ 44,052.76 Million (previous year ₹ 46,413.69 Million), representing a decrease of 5.09%.

The Medium & Heavy Commercial Vehicle Segment recorded a growth of 28%, although volumes were still lower than the peak of FY 2011-12. Car segment also saw a modest growth of 5.5%. Tractor Industry, however, de-grew by 7.9% Year on Year and de-growth of 18% w.r.t. peak of FY 2013-14.

The total domestic revenue has grown by 3.65%.

b) Exports Revenue (on stand-alone basis):

2015-16	2014-15	% Change
₹ 24,601.73 Million	₹ 27,206.69 Million	-9.57%

During the year under review, exports turnover of the Company was ₹ 24,601.73 Million (previous year ₹ 27,206.69 Million), representing a decrease of 9.57%.

Your Company has been a major supplier of critical components for the global Oil & Gas Industry. Persistent downturn in the crude oil prices had severe impact on new exploration and drilling activity which in turn impacted our sales to this sector. Construction and Mining Industry and North American Truck market have also been subdued.

Although your Company has achieved impressive growth in supplies to Passenger Car Industry and has won new business for Aerospace sector, it has not been adequate to compensate de-growth in Oil & Gas and other Industrial Sectors.

c) Financials (on stand-alone basis):

In ₹ Million

	Current Year	Previous Year
1) Total Income	44,052.76	46,413.69
2) Exports Revenue	24,601.73	27,206.69
3) Net Profit		
Profit for the year before Taxation & Exceptional Item	10,351.93	10,609.51
Add/(Less): Exceptional Item	(42.20)	(36.32)
Provision for Taxation:		
Current tax	3,130.86	3,434.00
Deferred tax	168.25	(23.60)
Adjustment of tax relating to earlier year	-	(27.05)
Net Profit	7,010.62	7,189.84
Balance of Profit from previous year	18,599.01	13,439.31
Debenture Redemption Reserve written back	0.00	875.00
Profit available for appropriation	**25,609.63**	**21,504.15**
APPROPRIATIONS:		
Interim Dividend on Equity Shares	1,629.56	698.38
Tax on above dividend	331.74	139.64
Proposed Final Dividend on Equity Shares	116.40	1,047.57
Tax on above dividend	23.70	213.26
Debenture Redemption Reserve	-	87.29
Transfer to General Reserve	100.00	719.00
Surplus retained in Statement of Profit & Loss	**23,408.23**	**18,599.01**

2. 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.

3. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2015-16, 5 (Five) Board Meetings were held. The details of which are given in Corporate Governance Report.

BOARD'S REPORT

4. 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 accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed and there were no material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) 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.

5. 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 annexed herewith as **Annexure "B"** to this report.

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

Particulars of Loans, guarantees or investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statement provided in this Annual Report. These loans/guarantees are primarily granted for the furtherance of business of the borrowing companies.

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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 policy on Related Party Transactions as approved by the Board has been displayed on the Company's website at the link – http://bharatforge.com/images/PDFs/policies/BFL.RPT%20Policy.pdf

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 "C"** to this report. Related Party disclosures as per AS-18 have been provided in Note–33 to the financial statement.

8. STATE OF COMPANY'S AFFAIRS

Discussion on state of Company's affairs has been covered as part of the Management Discussion and Analysis (MDA). MDA for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

9. DIVIDEND & RESERVES

Your Company paid first Interim Dividend of ₹ 3.00 per Equity Share (150%) of the face value of ₹ 2/- each on February 25, 2016, aggregating to ₹ 840.56 Million (inclusive of tax on dividend of ₹ 142.17 Million) and second Interim Dividend of ₹ 4.00 per Equity Share (200%) of the face value of ₹ 2/- each on March 29, 2016, aggregating to ₹ 1120.74 Million (inclusive of tax on dividend of ₹ 189.56 Million) for the financial year ended on March 31, 2016.

Your Directors are pleased to recommend a Final Dividend of ₹ 0.50 per Equity Share (25%) of the face value of ₹ 2/- each, aggregating to ₹ 140.09 Million (inclusive of tax on dividend of ₹ 23.70 Million) for the financial year ended on March 31, 2016 for your consideration. Total Dividend paid for the year ended on March 31, 2016 was ₹ 7.50 per Equity Share (375%).

During the year under review, it is proposed to transfer ₹ 100.00 Million (previous year – ₹ 719.00 Million) to the General Reserves. An amount of ₹ 23,408.23 Million is proposed to be retained as surplus in the Statement of Profit & Loss.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspirations and the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

10. SHARE CAPITAL

The paid-up Equity Share Capital as on March 31, 2016 stood at ₹ 465.59 Million. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

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

There are no adverse material changes or commitments occurred after March 31, 2016 which may affect the financial position of the Company or may require disclosure.

12. 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.

13. RISK MANAGEMENT POLICY

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

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

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

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

14. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Company has been carrying out various Corporate Social Responsibility (CSR) initiatives. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. During the year, the Company has spent ₹ 124.98 Million on various CSR activities.

The CSR Committee of the Company comprises of Mr. P. G. Pawar (Chairman), Mr. B. N. Kalyani and Mr. Amit B. Kalyani.

The Annual Report on CSR activities that includes details about the CSR policy developed and implemented by the Company and CSR initiatives taken during the year is annexed herewith as **Annexure "E"** to this report.

15. AUDIT COMMITTEE

The Audit Committee comprises of Mr. P. G. Pawar (Chairman), Mr. S. M. Thakore, Mr. P. H. Ravikumar and Mr. P. C. Bhalerao. All the recommendations made by the Audit Committee were deliberated and accepted by the Board.

16. BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Regulation") mandates inclusion of the Business Responsibility Report (BRR) as a part of Annual Report for Top 100 Listed entities based on market capitalization. In compliance with the Regulation, we have provided the BRR as a part of Annual Report.

17. BOARD EVALUATION

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

18. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS

In terms of provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. P. C. Bhalerao and Mr. B. P. Kalyani, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Mr. B. P. Kalyani and Mr. S. E. Tandale have been re-appointed as Executive Directors for a period of 5 (Five) years w.e.f. May 23, 2016 subject to the approval of Members.

BOARD'S REPORT

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under of Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

19. DETAILS OF APPOINTMENT AND RESIGNATION OF KEY MANAGERIAL PERSONNEL

During the year under review, there have been no changes in any Key Managerial Personnel of the Company.

20. FAMILIARISATION PROGRAMME

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board Meetings, Board Committee Meetings and Independent Directors Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

The details of programmes for familarisation for Independent Directors are posted on the website of the Company and can be accessed at: http://bharatforge.com/images/Familiarisation_Programme-BFL.pdf

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

During the year under review, the Company divested its 50% stake in David Brown Bharat Forge Gear Systems India Limited which was formed in the year 2011 as a joint venture (JV). The stake was held through the Company's wholly-owned subsidiary viz. BF Infrastructure Ventures Limited and was sold to the other JV partner, David Brown Systems India (Holdings) Limited.

CDP Bharat Forge GmbH, Germany (CDP BF), a direct subsidiary of the Company in Germany has undertaken a corporate re-organisation along with its subsidiaries. The manufacturing operations of CDP Bharat Forge have been transferred to a new subsidiary Company in Germany viz. Bharat Forge CDP GmbH (BF CDP), CDP BF has been re-named as "Bharat Forge Global Holding GmbH" (BFGH) and this entity will continue to serve as the Holding Company for the Company's investments in Europe.

During the year under review, Bharat Forge Global Holding GmbH has incorporated a limited liability Company viz. Bharat Forge CDP Trading in Russia.

A statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is presented in a separate section forming part of the financial statement.

The Policy for determining 'Material' subsidiaries has been displayed on the Company's website at the link – http://bharatforge.com/images/PDFs/policies/Policy%20on%20Material%20Subsidiary-BFL.pdf

22. DEPOSITS

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

23. 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.

24. INTERNAL FINANCIAL CONTROLS

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

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

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	Please refer **Annexure "F"**
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Please refer **Annexure "F"**
3	The percentage increase in the median remuneration of employees in the financial year	14.38%
4	The number of permanent employees on the rolls of Company	4,763

<table>
<tr><th>Sr. No.</th><th>Information Required</th><th>Input</th></tr>
<tr><td>5</td><td>The explanation on the relationship between average increase in remuneration and Company performance.</td><td>The increase or decrease in remuneration is not solely based on the Company's performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. All these factors are considered for revision of remuneration.</td></tr>
<tr><td>6</td><td>Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.</td><td>The increase or decrease in remuneration is not solely based on the Company's performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. All these factors are considered by Board/Nomination and Remuneration Committee.</td></tr>
<tr><td>7</td><td>Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.</td><td><table>
<tr><th></th><th>March 31, 2016</th><th>March 31, 2015</th></tr>
<tr><td>Market Capitalisation (In ₹ Million)</td><td>203,182.88</td><td>297,068.83</td></tr>
<tr><td>PE ratio</td><td>28.26</td><td>41.32</td></tr>
</table>
% increase in market quotation over last public offer price:

Public issue of equity shares was made in the year 1979 with issue price of ₹ 100.00 per share. The average closing price on BSE and NSE as on March 31, 2016 was ₹ 872.80. The market price per share was decreased by 31.60% as on March 31, 2016 as compared to share price as on March 31, 2015.</td></tr>
<tr><td>8</td><td>Average percentile increase/decrease already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.</td><td>Percentage decrease in salaries of managerial personnel at 50th Percentile is: 18%

Percentage increase in salaries of non-managerial personnel at 50th Percentile is: 14.81%

The increase or decrease in remuneration is not solely based on the Company's performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides the Company performance. There are no exceptional circumstances for increase in the managerial remuneration.</td></tr>
<tr><td>9</td><td>The key parameters for any variable component of remuneration availed by the Directors.</td><td>Commission is the variable component in the remuneration of the Directors. As per the Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of the performance evaluation of the Directors and contribution at the meeting of the Board of Directors and Committees as the case may be.</td></tr>
<tr><td>10</td><td>The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.</td><td>Not applicable</td></tr>
<tr><td>11</td><td>Affirmation that the remuneration is as per the Remuneration Policy of the Company.</td><td>The remuneration paid to the Directors is as per the Remuneration Policy of the Company.</td></tr>
</table>

BOARD'S REPORT

Sr. No.	Information Required	Input
12	Statement showing the name of every employee of the Company, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	Please refer **Annexure "G"**

26. VIGIL MECHANISM

The Company has in place Whistle Blower Policy, wherein the Employees/Directors/Stakeholders of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. This mechanism provides safeguards against victimization of Employees, who report under the said mechanism. During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at the link – http://bharatforge.com/images/PDFs/policies/BFL%20Whistle%20Blower%20Policy-Signed.pdf

27. AUDITORS

a. Statutory Auditors

At the 53rd (Fifty-third) Annual General Meeting held on September 4, 2014, M/s. S R B C & CO LLP, Chartered Accountants [Firm Registration No.: 324982E/E300003], were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 56th (Fifty-six) Annual General Meeting to be held in the year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. S R B C & CO LLP, Chartered Accountants [Firm Registration No.: 324982E/E300003], as Statutory Auditors of the Company, will be placed for ratification by the Shareholders in the ensuing Annual General Meeting. In this regard, the Company has received a certificate from the Auditors to the effect that if their appointment is ratified, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

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

b. Secretarial Audit

The Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the Financial Year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith as **Annexure "H"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

c. Cost Auditors

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, [Firm Registration No.: 00030] as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2016-17. As required under the Companies Act, 2013, a resolution seeking Member's approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the Annual General Meeting.

The Cost Audit report for the Financial Year 2014-15 was filed with the Ministry of Corporate Affairs on September 29, 2015.

28. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

29. REDEMPTION OF DEBENTURES

- The 33.33% installment of Company's 11.95% Secured Redeemable Non-Convertible Debentures of ₹ 2,500 Million of face value of ₹ 1,000,000/- each was due for redemption on January 5, 2016 and the same has been paid on due date. As a result, after the said redemption, the aggregate paid up value of the said Debentures stands reduced to ₹ 333,400/- each at the end of 7th year from the date of allotment.

- The 35% installment of Company's 10.75% Secured Redeemable Non-Convertible Debentures of ₹ 1,760 Million of face value of ₹ 1,000,000/- each was due for redemption on April 28, 2015 and the same has been paid on due date. As a result, after the said redemption, the aggregate paid up value of the said Debentures stands reduced to ₹ 300,000/- each at the end of 5th year from the date of allotment. Third and Final installment @ 30% was paid on April 28, 2016. As a result, the said Debentures stand fully redeemed in accordance with the terms of issue i.e. at the end of 6th year from the date of allotment.

30. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a Policy to prevent Sexual Harassment of Women at Workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

31. ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Central Government, the Government of Maharashtra, Financial Institutions and the Bankers. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers, workers and staff of the Company resulting in the successful performance of the Company during the year.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

The Directors express their special thanks to Mr. B. N. Kalyani, Chairman and Managing Director, for his untiring efforts for the progress of the Company.

For and on behalf of the Board of Directors

B. N. KALYANI

Pune: May 17, 2016 — Chairman and Managing Director

BOARD'S REPORT

ANNEXURE "A"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L25209PN1961PLC012046
ii)	Registration date	June 19, 1961
iii)	Name of the Company	Bharat Forge Limited
iv)	Category/Sub-category of the Company	Public Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India Tel. No. 020 6704 2777/2476 Fax No. 020 2682 2163
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	The Company is having in-house share transfer facility and therefore, the Company has not appointed Registrar and Transfer Agent.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company*
1	Steel Forgings	73269099	35.54%
2	Finished Machined Crankshafts	84831099	33.22%
3	Front Axles assembly and components	87081090	17.29%

* On the basis of Gross Turnover.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Global Holding GmbH (erstwhile CDP Bharat Forge GmbH)	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
2	Bharat Forge CDP GmbH	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
3	Bharat Forge Daun GmbH	Junius – Saxler – StarB 4 D 54550 Daun, Germany	N.A.	Subsidiary	100%	2(87)(ii)
4	BF New Technologies GmbH*	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
5	Bharat Forge Holding GmbH	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
6	Bharat Forge Aluminiumtechnik GmbH#	Berthelsodorfer StraBe 8 09618 Brand – Erbisdorf, Germany	N.A.	Subsidiary	100%	2(87)(ii)
7	Bharat Forge Aluminiumtechnik Verwaltungs GmbH*	Berthelsodorfer S traBe 8 09618 Brand – Erbisdorf, Germany	N.A.	Subsidiary	100%	2(87)(ii)
8	Mecanique Generale Langroise	Rue du Stade, 52200 Saints Geosmes, France	N.A.	Subsidiary	100%	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
9	Bharat Forge Beteiligungs GmbH*	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
10	Bharat Forge Kilsta AB	Box 428 691 27 Karlskoga, Sweden	N.A.	Subsidiary	100%	2(87)(ii)
11	Bharat Forge Hong Kong Limited	14th Floor, Hutchion House, 10, Harcourt Road, Central Hong Kong SAR, Hong Kong	N.A.	Subsidiary	100%	2(87)(ii)
12	Bharat Forge International Limited	Boston House Business Centre, 69-75 Boston Manor Road, Brentford TW8 9JJ, United Kingdom	N.A.	Subsidiary	100%	2(87)(ii)
13	Bharat Forge America Inc.	950 W Monroe St. Suite 600 Jackson, MI 49202, U.S.A.	N.A.	Subsidiary	100%	2(87)(ii)
14	BF Infrastructure Limited$	Mundhwa, Pune Cantonment, Pune - 411 036	U45203PN2010PLC136755	Subsidiary	100%	2(87)(ii)
15	BF Infrastructure Ventures Limited$	Mundhwa, Pune Cantonment, Pune - 411 036	U74900PN2010PLC137992	Subsidiary	100%	2(87)(ii)
16	Kalyani Strategic Systems Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U31902PN2010PLC138025	Subsidiary	51%	2(87)(ii)
17	Kalyani Rafael Advanced Systems Private Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U29270PN2015PTC156252	Subsidiary	100%	2(87)(ii)
18	Kalyani Polytechnic Private Limited@	Mundhwa, Pune Cantonment, Pune - 411 036	U80903PN2012NPL144161	Subsidiary	100%	2(87)(ii)
19	BF Elbit Advanced Systems Private Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U29270PN2012PTC144268	Subsidiary	74%	2(87)(ii)
20	Analogic Controls India Limited	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad - 500 014	U28932TG1996PLC024629	Subsidiary	60%	2(87)(ii)
21	BF-NTPC Energy Systems Limited	14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi - 110 001	U40106DL2008PLC179793	Subsidiary	51%	2(87)(ii)
22	ALSTOM Bharat Forge Power Private Limited	14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi - 110 001	U29111DL2010FTC197807	Associate/ Joint Venture	49%	2(6)

* During the year under review, BF New Technologies GmbH, Bharat Forge Aluminiumtechnik Verwaltungs GmbH and Bharat Forge Beteiligungs GmbH have been merged with Bharat Forge Global Holding GmbH.

Bharat Forge Aluminiumtechnik GmbH & Co. KG has been changed from Partnership firm to Limited Liability Company viz. Bharat Forge Aluminiumtechnik GmbH.

$ The scheme of amalgamation is pending for approval by Hon'ble Bombay High Court.

@ Kalyani Polytechnic Private Limited is a Company incorporated under Section 25 of the Companies Act, 1956.

BOARD'S REPORT

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding as on March 31, 2016

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
A. Promoters									
(1) Indian									
a) Individual/HUF	808,065	50	808,115	0.35	808,065	50	808,115	0.35	--
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	102,332,315	5,677,490	108,009,805	46.40	102,332,315	5,677,490	108,009,805	46.40	--
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1):	**103,140,380**	**5,677,540**	**108,817,920**	**46.74**	**103,140,380**	**5,677,540**	**108,817,920**	**46.74**	--
(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks/FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**103,140,380**	**5,677,540**	**108,817,920**	**46.74**	**103,140,380**	**5,677,540**	**108,817,920**	**46.74**	--
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	24,508,362	4,800	24,513,162	10.53	18,400,651	4,800	18,405,451	7.91	-2.62
b) Banks/FI	4,651,039	8,775	4,659,814	2.00	16,987,631	8,775	16,996,406	7.30	5.30
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt.(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital fund	--	--	--	--	--	--	--	--	--
f) Insurance Companies	3,452,599	--	3,452,599	1.48	3,251,244	--	3,251,244	1.40	-0.08
g) FIIs	37,662,932	1,845	37,664,777	16.18	25,120,037	1,845	25,121,882	10.79	-5.39
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)									
(i-i) Foreign bank	4,274	--	4,274	--	--	--	--	--	--
(i-ii) Foreign Portfolio Investor	3,446,935	--	34,46,935	1.48	11,962,474	--	11,962,474	5.14	3.66
Sub-total (B)(1):	**73,726,141**	**15,420**	**73,741,561**	**31.68**	**75,722,037**	**15,420**	**75,737,457**	**32.54**	**0.87**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	18,355,747	13,160	18,368,907	7.89	16,133,415	12,910	16,146,325	6.94	-0.95
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual Shareholders holding nominal share Capital up to ₹ 1 lakh	19,068,925	2,643,476	21,712,401	9.33	20,790,369	2,484,821	23,275,190	10.01	0.67
ii) Individual Shareholders holding nominal share Capital in excess of ₹ 1 lakh	8,911,623	109,300	9,020,923	3.88	384,551	109,300	3,954,851	1.70	-2.18
c) Others (specify)									
(c-i) Clearing Member	335,343	--	335,343	0.14	771,598	--	771,598	0.33	0.19
(c-ii) Trusts	34,905	--	34,905	0.01	489,606	--	489,606	0.21	0.20
(c-iii) Non Resident Indian	740,141	13,015	753,156	0.33	1,010,190	13,015	1,023,205	0.44	0.11
(c-iv) HUF	--	--	--	--	2,568,283		2,568,283	1.1	1.10
(c-v) Foreign Nationals	--	--	--	--	681		681	--	--
Sub-total (B)(2):	**47,446,684**	**2,778,951**	**50,225,635**	**21.58**	**45,609,693**	**2,620,046**	**48,229,739**	**20.72**	**-0.86**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**121,172,825**	**2,794,371**	**123,967,196**	**53.26**	**121,331,730**	**2,635,466**	**123,967,196**	**53.25**	--
C. Shares held by Custodian for GDRs & ADRs	9,200	--	9,200	--	9,200	--	9,200	--	--
Grand Total (A+B+C)	**224,322,405**	**8,471,911**	**232,794,316**	**100**	**224,481,310**	**8,313,006**	**232,794,316**	**100**	--

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2015) No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	Shareholding at the end of the year (As on March 31, 2016) No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Mr. B.N. Kalyani	39,025	0.02	--	39,025	0.02	--	--
2	Mr. Amit B. Kalyani	350,200	0.15	--	350,200	0.15	--	--
3	Mr. Gaurishankar N. Kalyani	345,220	0.15	--	345,220	0.15	--	--
4	Mrs. Sulochana N. Kalyani jointly with Mr. B. N. Kalyani	50	--	--	50	--	--	--
5	Ms. Sheetal G. Kalyani	11,490	--	--	11,490	--	--	--
6	Mrs. Rohini G. Kalyani	50,730	0.02	--	50,730	0.02	--	--
7	Kum. Viraj G. Kalyani	11,400	--	--	11,400	-	--	--
8	KSL Holding Pvt. Ltd.	23,142,870	9.94	--	23,142,870	9.94	--	--
9	Ajinkya Investment & Trading Company	9,818,925	4.22	--	9,818,925	4.22	--	--
10	Sundaram Trading and Investment Pvt. Ltd.	29,907,087	12.85	--	29,907,087	12.85	--	--
11	Kalyani Investment Company Limited	31,656,095	13.60	--	31,656,095	13.60	--	--
12	BF Investment Limited	7,807,338	3.35	--	7,807,338	3.35	--	--
13	Rajgad Trading Co. Pvt. Ltd.	662,760	0.28	--	662,760	0.28	--	--
14	Tanmarg Investment & Trading Pvt. Ltd.	388,000	0.17	--	388,000	0.17	--	--
15	Yusmarg Investment & Trading Pvt. Ltd.	822,000	0.35	--	822,000	0.35	--	--
16	Kalyani Consultants Pvt. Ltd.	328,500	0.14	--	328,500	0.14	--	--
17	Jannhavi Investment Pvt. Ltd.	2,217,570	0.95	--	2,217,570	0.95	--	--
18	Dronacharya Investment & Trading Pvt. Ltd.	70,715	0.03	--	70,715	0.03	--	--
19	Cornflower Investment & Finance Pvt. Ltd.	247,000	0.11	--	247,000	0.11	--	--
20	Dandakaranya Investment & Trading Pvt. Ltd.	512,500	0.22	--	512,500	0.22	--	--
21	Campanula Investment & Finance Pvt. Ltd.	344,445	0.15	--	344,445	0.15	--	--
22	Hastinapur Investment & Trading Pvt. Ltd.	84,000	0.04	--	84,000	0.04	--	--
	Total	**108,817,920**	**46.74**		**108,817,920**	**46.74**		

iii) Change in Promoters' Shareholding:

Sr. No.	Particulars	Shareholding at the beginning of the year: No. of shares	% of total shares of the Company	Cumulative Shareholding during the year: No. of shares	% of total shares of the Company
1	At the beginning of the year (As on April 1, 2015)	108,817,920	46.74	108,817,920	46.74
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	#	#	#	#
3	At the end of the year (As on March 31, 2016)	108,817,920	46.74	108,817,920	46.74

There is no change in the shareholding of the Promoters between April 1, 2015 and March 31, 2016.

BOARD'S REPORT

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Life Insurance Corporation of India**					
	As on 01.04.2015		4,862,620	2.09	4,862,620	2.09
Less	08.05.2015	Market Sale	-20,000	-0.01	4,842,620	2.08
Add	15.05.2015	Market Purchase	23,660	0.01	4,866,280	2.09
Add	29.05.2015	Market Purchase	723,503	0.31	5,589,783	2.40
Add	05.06.2015	Market Purchase	639,233	0.27	6,229,016	2.68
Add	12.06.2015	Market Purchase	505,677	0.22	6,734,693	2.89
Add	03.07.2015	Market Purchase	100,000	0.04	6,834,693	2.94
Add	10.07.2015	Market Purchase	175,000	0.08	7,009,693	3.01
Add	17.07.2015	Market Purchase	134,687	0.06	7,144,380	3.07
Add	24.07.2015	Market Purchase	145,239	0.06	7,289,619	3.13
Add	31.07.2015	Market Purchase	86,322	0.04	7,375,941	3.17
Add	02.10.2015	Market Purchase	172,551	0.07	7,548,492	3.24
Add	09.10.2015	Market Purchase	104,520	0.04	7,653,012	3.29
Add	16.10.2015	Market Purchase	288,866	0.12	7,941,878	3.41
Add	23.10.2015	Market Purchase	434,626	0.19	8,376,504	3.60
Add	30.10.2015	Market Purchase	254,066	0.11	8,630,570	3.71
Add	04.12.2015	Market Purchase	82,780	0.04	8,713,350	3.74
Add	11.12.2015	Market Purchase	636,993	0.27	9,350,343	4.02
Add	18.12.2015	Market Purchase	2,745,835	1.18	12,096,178	5.20
Add	25.12.2015	Market Purchase	546,015	0.23	12,642,193	5.43
Add	31.12.2015	Market Purchase	210,449	0.09	12,852,642	5.52
Add	15.01.2016	Market Purchase	221,596	0.10	13,074,238	5.62
Add	22.01.2016	Market Purchase	557,518	0.24	13,631,756	5.86
Add	29.01.2016	Market Purchase	278,227	0.12	13,909,983	5.98
Add	05.02.2016	Market Purchase	181,418	0.08	14,091,401	6.05
Add	12.02.2016	Market Purchase	975,817	0.42	15,067,218	6.47
Add	19.02.2016	Market Purchase	673,648	0.29	15,740,866	6.76
Add	26.02.2016	Market Purchase	275,689	0.12	16,016,555	6.88
Add	04.03.2016	Market Purchase	377,831	0.16	16,394,386	7.04
	As on 31.03.2016		16,394,386	7.04	16,394,386	7.04
2	**Reliance Capital Trustee Co Limited**					
	As on 01.04.2015		5,978,396	2.57	5,978,396	2.57
Less	10.04.2015	Market Sale	-150,000	-0.06	5,828,396	2.50
Less	15.05.2015	Market Sale	-50,000	-0.02	5,778,396	2.48
Less	29.05.2015	Market Sale	-230,000	-0.10	5,548,396	2.38
Add	12.06.2015	Market Purchase	127,000	0.05	5,675,396	2.44
Add	07.08.2015	Market Purchase	130,000	0.06	5,805,396	2.49
Less	14.08.2015	Market Sale	-40,000	-0.02	5,765,396	2.48
Add	21.08.2015	Market Purchase	13,900	0.01	5,779,296	2.48
Add	04.09.2015	Market Purchase	25,100	0.01	5,804,396	2.49
Add	11.09.2015	Market Purchase	60,900	0.03	5,865,296	2.52
Add	18.09.2015	Market Purchase	70,000	0.03	5,935,296	2.55
Add	25.09.2015	Market Purchase	150,000	0.06	6,085,296	2.61
Add	02.10.2015	Market Purchase	100,000	0.04	6,185,296	2.66
Add	09.10.2015	Market Purchase	250,064	0.11	6,435,360	2.76
Add	16.10.2015	Market Purchase	75,000	0.03	6,510,360	2.80
Add	06.11.2015	Market Purchase	300,000	0.13	6,810,360	2.93
Add	20.11.2015	Market Purchase	25,000	0.01	6,835,360	2.94
Add	11.12.2015	Market Purchase	100,000	0.04	6,935,360	2.98
Less	31.12.2015	Market Sale	-45,000	-0.02	6,890,360	2.96
Add	08.01.2016	Market Purchase	640,000	0.27	7,530,360	3.23
Add	15.01.2016	Market Purchase	29,000	0.01	7,559,360	3.25
Add	22.01.2016	Market Purchase	110,100	0.05	7,669,460	3.29

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Add	12.02.2016	Market Purchase	42,000	0.02	7,711,460	3.31
Add	19.02.2016	Market Purchase	25,000	0.01	7,736,460	3.32
Less	26.02.2016	Market Sale	-210,000	-0.09	7,526,460	3.23
Add	04.03.2016	Market Purchase	65,000	0.03	7,591,460	3.26
Less	31.03.2016	Market Sale	-218,000	-0.09	7,373,460	3.17
	As on 31.03.2016		7,373,460	3.17	7,373,460	3.17
3	**Amrit Petroleums Pvt. Limited**					
	As on 01.04.2015		--	--	--	--
Add	10.07.2015	Market Purchase	2,840,216	1.22	2,840,216	1.22
Less	31.03.2016	Market Sale	-100,000	-0.04	2,740,216	1.18
	As on 31.03.2016		2740216	1.18	2,740,216	1.18
4	**Franklin Templeton Investment Funds**					
	As on 01.04.2015		1,980,000	0.85	1,980,000	0.85
Add	10.04.2015	Market Purchase	100,000	0.04	2,080,000	0.89
Less	29.05.2015	Market Sale	-132,000	-0.06	1,948,000	0.84
Less	05.06.2015	Market Sale	-428,000	-0.18	1,520,000	0.65
Add	09.10.2015	Market Purchase	693,759	0.30	2,213,759	0.95
Add	16.10.2015	Market Purchase	371,241	0.16	2,585,000	1.11
Add	18.12.2015	Market Purchase	27,727	0.01	2,612,727	1.12
	As on 31.03.2016		2,612,727	1.12	2,612,727	1.12
5	**Government Pension Fund Global**					
	As on 01.04.2015		936,734	0.40	936,734	0.40
Less	17.04.2015	Market Sale	-6,095	--	930,639	0.40
Less	08.05.2015	Market Sale	-10,378	--	920,261	0.40
Less	22.05.2015	Market Sale	-12,854	-0.01	907,407	0.39
Less	29.05.2015	Market Sale	-125,041	-0.05	782,366	0.34
Less	05.06.2015	Market Sale	-84,059	-0.04	698,307	0.30
Add	14.08.2015	Market Purchase	135,000	0.06	833,307	0.36
Add	21.08.2015	Market Purchase	15,600	0.01	848,907	0.36
Less	11.09.2015	Market Sale	-140,000	-0.06	708,907	0.30
Less	18.09.2015	Market Sale	-200,000	-0.09	508,907	0.22
Less	16.10.2015	Market Sale	-218,622	-0.09	290,285	0.12
Add	06.11.2015	Market Purchase	354,981	0.15	645,266	0.28
Add	27.11.2015	Market Purchase	557,366	0.24	1,202,632	0.52
Add	04.12.2015	Market Purchase	230,000	0.10	1,432,632	0.62
Add	11.12.2015	Market Purchase	155,183	0.07	1,587,815	0.68
Add	18.12.2015	Market Purchase	342,433	0.15	1,930,248	0.83
Add	25.12.2015	Market Purchase	82,570	0.04	2,012,818	0.86
Add	08.01.2016	Market Purchase	184,629	0.08	2,197,447	0.94
Add	22.01.2016	Market Purchase	265,534	0.11	2,462,981	1.06
Add	05.02.2016	Market Purchase	57,770	0.02	2,520,751	1.08
Less	31.03.2016	Market Sale	-118,929	-0.05	2,401,822	1.03
	As on 31.03.2016		2,401,822	1.03	2,401,822	1.03
6	**Government of Singapore**					
	As on 01.04.2015		--	--	--	--
Add	01.05.2015	Market Purchase	5,322	0.07	5,322	--
Add	15.05.2015	Market Purchase	165,038	0.07	170,360	0.07
Add	22.05.2015	Market Purchase	238,321	0.10	408,681	0.18
Add	29.05.2015	Market Purchase	519,469	0.22	928,150	0.40
Add	05.06.2015	Market Purchase	416,510	0.18	1,344,660	0.58
Less	12.06.2015	Market Sale	-2,125	--	1,342,535	0.58
Add	03.07.2015	Market Purchase	38,701	0.02	1,381,236	0.59
Add	10.07.2015	Market Purchase	25,120	0.01	1,406,356	0.60
Add	31.07.2015	Market Purchase	15,215	0.01	1,421,571	0.61
Add	07.08.2015	Market Purchase	37,715	0.02	1,459,286	0.63
Less	21.08.2015	Market Sale	-4,756	--	1,454,530	0.62
Add	28.08.2015	Market Purchase	76,880	0.03	1,531,410	0.66
Add	04.09.2015	Market Purchase	112,424	0.05	1,643,834	0.71

BOARD'S REPORT

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Less	11.09.2015	Market Sale	-45,240	-0.02	1,598,594	0.69
Add	02.10.2015	Market Purchase	21,225	0.01	1,619,819	0.70
Add	09.10.2015	Market Purchase	72,196	0.03	1,692,015	0.73
Less	23.10.2015	Market Sale	-1,596	--	1,690,419	0.73
Less	30.10.2015	Market Sale	-23,115	-0.01	1,667,304	0.72
Less	06.11.2015	Market Sale	-3,537	--	1,663,767	0.71
Add	13.11.2015	Market Purchase	230,629	0.10	1,894,396	0.81
Less	20.11.2015	Market Sale	76,411	0.03	1,970,807	0.85
Less	04.12.2015	Market Sale	-18,257	-0.01	1,952,550	0.84
Less	11.12.2015	Market Sale	-6,983	--	1,945,567	0.84
Add	18.12.2015	Market Purchase	45,043	0.02	1,990,610	0.86
Add	31.12.2015	Market Purchase	26,859	0.01	2,017,469	0.87
Add	08.01.2016	Market Purchase	25,937	0.01	2,043,406	0.88
Less	15.01.2016	Market Sale	-1,540	--	2,041,866	0.88
Add	29.01.2016	Market Purchase	51,737	0.02	2,093,603	0.90
Add	05.02.2016	Market Purchase	109,906	0.05	2,203,509	0.95
Add	12.02.2016	Market Purchase	26,026	0.01	2,229,535	0.96
Add	04.03.2016	Market Purchase	8,773	--	2,238,308	0.96
Less	11.03.2016	Market Sale	-1,012	--	2,237,296	0.96
Add	31.03.2016	Market Purchase	103,358	0.04	2,340,654	1.01
	As on 31.03.2016		2,340,654	1.01	2,340,654	1.01
7	**The New India Assurance Co. Ltd.**					
	As on 01.04.2015		2,242,272	0.96	2,242,272	0.96
Less	01.05.2015	Market Sale	-2,500	--	2,239,772	0.96
Less	08.05.2015	Market Sale	-35,251	-0.02	2,204,521	0.95
Less	15.05.2015	Market Sale	-55,722	-0.02	2,148,799	0.92
Less	22.05.2015	Market Sale	-26,527	-0.01	2,122,272	0.91
Less	05.06.2015	Market Sale	-15,000	-0.01	2,107,272	0.91
Less	07.08.2015	Market Sale	-12,500	-0.01	2,094,772	0.90
Less	14.08.2015	Market Sale	-17,500	-0.01	2,077,272	0.89
Less	21.08.2015	Market Sale	-14,502	-0.01	2,062,770	0.89
Less	28.08.2015	Market Sale	-5,000	--	2,057,770	0.88
Add	30.10.2015	Market Purchase	21,130	0.01	2,078,900	0.89
Add	06.11.2015	Market Purchase	51,531	0.02	2,130,431	0.92
Add	13.11.2015	Market Purchase	25,487	0.01	2,155,918	0.93
Add	20.11.2015	Market Purchase	23,115	0.01	2,179,033	0.94
Add	04.12.2015	Market Purchase	9,771	--	2,188,804	0.94
Add	11.12.2015	Market Purchase	272	--	2,189,076	0.94
Add	18.12.2015	Market Purchase	9,056	--	2,198,132	0.94
Add	25.12.2015	Market Purchase	23,345	0.01	2,221,477	0.95
Add	31.12.2015	Market Purchase	16,939	0.01	2,238,416	0.96
Add	08.01.2016	Market Purchase	19,354	0.01	2,257,770	0.97
	As on 31.03.2016		2,257,770	0.97	2,257,770	0.97
8	**Gagandeep Credit Capital Pvt. Ltd.**					
	As on 01.04.2015		2,810,062	1.21	2,810,062	1.21
Less	31.07.2015	Market Sale	-200,000	-0.09	2,610,062	1.12
Less	21.08.2015	Market Sale	-300,000	-0.13	2,310,062	0.99
Less	28.08.2015	Market Sale	-100,000	-0.04	2,210,062	0.95
Less	27.11.2015	Market Sale	-68,080	-0.03	2,141,982	0.92
	As on 31.03.2016		2,141,982	0.92	2,141,982	0.92
9	**ICICI Prudential Value Discovery Fund**					
	As on 01.04.2015		1,767,480	0.76	1,767,480	0.76
	As on 31.03.2016		1,767,480	0.76	1,767,480	0.76
10	**Gagandeep Credit Capital Pvt. Ltd.**					
	As on 01.04.2015		1,571,500	0.68	1,571,500	0.68
	As on 31.03.2016		1,571,500	0.68	1,571,500	0.68

v) Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. B. N. Kalyani				
	As on 01.04.2015	39,025	0.02	39,025	0.02
	As on 31.03.2016	39,025	0.02	39,025	0.02
2	Mr. Amit B. Kalyani				
	As on 01.04.2015	350,200	0.15	350,200	0.15
	As on 31.03.2016	350,200	0.15	350,200	0.15
3	Mr. P. H. Ravikumar				
	As on 01.04.2015	2,717	--	2,717	--
Add	03.07.2015 (Market Purchase)	15	--	2,732	--
Add	27.11.2015 (Market Purchase)	106	--	2,838	--
Add	15.01.2016 (Market Purchase)	84	--	2,922	--
	As on 31.03.2016	2,922	--	2,922	--
4	Mr. S. M. Thakore				
	As on 01.04.2015	14,000	0.01	14,000	0.01
	As on 31.03.2016	14,000	0.01	14,000	0.01
5	Mr. G. K. Agarwal				
	As on 01.04.2015	2,455	--	2,455	--
	As on 31.03.2016	2,455	--	2,455	--
6	Mr. B. P. Kalyani				
	As on 01.04.2015	3,130	--	3,130	--
Add	15.10.2015 (Market Purchase)	133	--	3,263	--
Less	22.01.2016 (Market Sale)	133	--	3,130	--
	As on 31.03.2016	3,130	--	3,130	--

Mr. K. M. Saletore, Executive Director & CFO and Mr. Anand Daga, Vice President (Legal) & Company Secretary do not hold any shares of the Company at the beginning of the year as well as at the end of the year. They have neither acquired any shares nor sold any shares during the year under review.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In ₹ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at April 1, 2015				
i) Principal Amount	3,534.15	14,439.81	0.04	17,974.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	100.36	89.75	-	190.10
Total (i + ii + iii)	**3,634.50**	**14,529.56**	**0.04**	**18,164.10**
Change in Indebtedness during the financial year*				
Addition	23.45	2,190.71	-	2,214.16
(Reduction)	(1,768.59)	(62.51)	-	(1,831.10)
Net Change	**(1,745.14)**	**2,128.20**	**-**	**383.06**
Indebtedness as at March 31, 2016				
i) Principal Amount	1,841.06	16,565.00	0.04	18,406.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	48.30	92.76	-	141.06
Total (i + ii + iii)	**1,889.36**	**16,657.76**	**0.04**	**18,547.17**

*includes exchange difference and interest movement.

BOARD'S REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager						Total Amount
		Mr. B. N. Kalyani	Mr. G. K. Agarwal	Mr. Amit B. Kalyani	Mr. B. P. Kalyani	Mr. S. E. Tandale	Mr. K. M. Saletore	
		Chairman & Managing Director	Deputy Managing Director	Executive Director	Executive Director	Executive Director	Executive Director	
1	Gross Salary							
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	44.20	27.90	27.61	13.45	15.37	12.25	140.78
	b. Value of perquisites under Section 17(2) Income tax Act, 1961	24.51	3.36	3.04	1.69	1.42	0.95	34.97
	c. Profits in lieu of salary under Section 17(3) Income tax Act, 1961	--	--	--	--	--	--	--
2	Stock Option	--	--	--	--	--	--	--
3	Sweat Equity	--	--	--	--	--	--	--
4	Commission:	73.00	12.00	12.00	15.50	16.00	10.50	139.00
	- As a % of Net Profit	1.04%	0.17%	0.17%	0.22%	0.23%	0.15%	1.98%
	- others, specify	--	--	--	--	--	--	--
5	Others, please specify	--	--	--	--	--	--	--
	Total A	**141.71**	**43.26**	**42.65**	**30.64**	**32.79**	**23.70**	**314.75**
Ceiling as per the Act								**1,062.99**

B. Remuneration to other Director

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mr. S. M. Thakore	Mr. P. G. Pawar	Mrs. Lalita D. Gupte	Mr. P. H. Ravikumar	Mr. Naresh Narad	Dr. T. Mukherjee	Mr. Vimal Bhandari	Mr. P. C. Bhalerao*	
1	Independent Directors/ other Non-executive Directors									
	- Fee for attending board/ committee meetings	0.55	0.53	0.30	0.50	0.20	0.20	0.20	0.75	3.23
	- Commission	1.10	1.05	0.60	1.00	0.40	0.40	0.40	1.50	6.45
	- Others, please specify	-	-	-	-	-	-	-	-	-
Total B		**1.65**	**1.58**	**0.90**	**1.50**	**0.60**	**0.60**	**0.60**	**2.25**	**9.68**
Total Managerial Remuneration (A) + (B)										**324.43**
Overall ceiling as per the Act										**1,169.29**

* Non-Executive Director

C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. K. M. Saletore*	Mr. Anand Daga	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	-	3.94	3.94
	b) Value of perquisites under Section 17(2) of Income tax Act, 1961	-	0.18	0.18
	c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission:	-	-	-
	- As a % of Net Profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
Total		**-**	**4.12**	**4.12**

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

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

BOARD'S REPORT

ANNEXURE "B"

Nomination and Remuneration Policy

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

1. OBJECTIVE

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

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

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

3. ROLE OF COMMITTEE

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

The Committee shall:

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

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

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

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

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

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

3.2.1. Appointment criteria and qualifications:

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

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

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

3.2.2. Term/Tenure:

a) Managing Director/Whole-time Director:

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

b) Independent Director:

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

3.2.3. Evaluation:

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

3.2.4. Removal

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

3.2.5. Retirement

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

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

3.3.1. General:

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

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

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

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

BOARD'S REPORT

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 and 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 and 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 ₹ 100,000/- (Rupees One Lac Only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

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

4. MEMBERSHIP:

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

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

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

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

5. CHAIRPERSON:

5.1 Chairperson of the Committee shall be an Independent Director.

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

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

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

6. FREQUENCY OF MEETINGS:

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

7. COMMITTEE MEMBERS' INTERESTS:

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

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

8. SECRETARY:

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

9. VOTING:

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

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

10. NOMINATION DUTIES:

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

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

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

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

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

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

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

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

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

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

10.10 Recommend any necessary changes to the Board; and

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

11. REMUNERATION DUTIES:

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

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

11.2 to approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.

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

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

11.5 Professional indemnity and liability insurance for Directors and Senior Management.

12. MINUTES OF COMMITTEE MEETING:

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

BOARD'S REPORT

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 of the Companies Act, 2013	Nil

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

a.	Name(s) of the related party and nature of relationship	Kalyani Carpenter Special Steels Limited	Bharat Forge International Limited	Kalyani Steels Limited
b.	Nature of contracts/ arrangements/transactions	Purchase of Raw Material – Specialty Steel, Sale of Scrap, Job Work, leasing etc.	Sale of Goods, etc.	Purchase of Raw Material - Steel, Sale of Scrap etc.
c.	Duration of the contracts/ rrangements/transactions	On ongoing basis	On ongoing basis	On ongoing basis.
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	In tune with market parameters. Estimated annual value of ₹ 20,000 Million	In tune with market parameters. Estimated annual value of ₹ 30,000 Million	In tune with market parameters. Estimated annual value of ₹ 20,000 Million
e.	Date(s) of approval by the Board, if any	May 27, 2014	May 27, 2014	May 27, 2014
f.	Amount paid as advances, if any	Nil	Nil	Nil

For **Bharat Forge Limited**

B. N. KALYANI
Chairman and Managing Director

ANNEXURE "D"

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2016.

A. CONSERVATION OF ENERGY

I. Steps taken for Conservation of Energy:

i. Automatic burner on-off system.

ii. Automation in capacitor bank switch-over system to improve power factor while quenching.

iii. Replacement of metal halide and mercury vapor over-head lamps by LED lamps.

iv. Installation of HVLS fan in shop floor in place of conventional fans.

v. Introducing variable Frequency Drive.

vi. Heat exchanger replaced by shell & tube type heat exchanger.

vii. Introduction of new combustion systems.

viii. Introduction of new insulation material for furnace.

II. Steps taken for utilising alternate source of energy:

i. Order placed for installation of Solar Power System on factory roof.

ii. Continuous use of power generated through captive wind mills of 20 MW.

III. The Capital investment on energy conservation equipment:

Your Company made capital investments amounting to ₹ 16.00 Million during the financial year 2015-16 on energy conservation equipments, which resulted in saving of ₹ 10.00 Million annually.

B. TECHNOLOGY ABSORPTION

I. Efforts made towards technology absorption:

- Additive manufacturing for metals.
- Development of precision forging (Near net shape forging).
- Technology development for Aerospace forging.
- Technology development for cold and precision forging.
- Development of forging parts for hybrid vehicle.
- Development of aluminum forgings for passenger car application.
- Development of near net shape components for differential gear box.

Technical Papers:

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

1) "Comparison of low cycle fatigue behavior of AISI H13 treated using different surface hardening processes" MISE-2015, (23-25 November Brisbane, Australia).

2) "An investigation into the Mechanical and Fatigue properties of Micro alloyed steel: Role of deformation direction and depth" - ICFMM, Hong Kong, (17-18 December, 2015).

3) "Estimation of Creep Failure Life of Rotor Grade Steel by Using Time–Temperature Parametric Methods" - Transactions of the Indian Institute of Metals, March 2016, Volume 69, Issue 2, pp 591-595 DOI 10.1007/s12666-015-0755-x.

4) "A method to evaluate the suitability of steel from different steel sources in terms of tensile and fatigue properties"- ICFMM, Hong Kong (17-18 December, 2015).

5) "Determination of Adiabatic Temperature Rise during High Strain" - Conference on Thermo-mechanical processing of Steels & 5th Gleeble User Workshop India (GUWI-2015), August 6-7, 2015, pp 9-21.

6) "Identification of Favorable Hot Working Condition for Ti-6Al-4V Alloy" - Conference on Thermo-mechanical processing of Steels & 5th Gleeble User Workshop India (GUWI-2015), August 6-7, 2015, pp 78-91.

7) "Optimization of spheroidisation annealing for low carbon steel bars in cold forging" - Inter Conference on Advances in Metallurgy of Long and Forged Products conducted by AIST at CO, USA, pp 326-336, 2015. ISBN: 978-1-935117-52-0.

8) "Effect of Deformation and Heat treatment on Microstructure and Mechanical properties of Ti-6Al-4V alloy" - Proceedings of the 28th ASM Heat Treating Society Conference Copyright © 2015 ASM International October 20–22, 2015, Detroit, Michigan, USA.

BOARD'S REPORT

9) "Study on Flow Properties of Rotor Grade Steel" - Conference on Thermo-mechanical processing of Steels & 5th Gleeble User Workshop, India (GUWI-2015), August 6-7, 2015, pp 57-69.

10) "Softening Behavior of Ti6Al4V Alloy during Hot Deformation" - Materials Science Forum Vols. 828-829 (2015) pp 407-412 © (2015) Trans Tech Publications, Switzerland.

11) "Experimental characterization of laser cladding of CPM 9V on H13 tool steel for die repair applications" - Journal of Manufacturing Processes, Additive Manufacturing, Volume 20, Part 3, October 2015, Pages 492–499.

12) "Manufacturing of End Fittings of AISI403 steel" - NPCIL: Fabrication of Nuclear Power Plant Component (April 6–10, 2015 at AERB Auditorium, Niyamak Bhavan, Anushaktinagar, Mumbai).

13) "Effect of Deep Cryogenic Treatment (DCT) on AISI H13 Tool Steel" - 28th ASM Heat Treating Society Conference (October 20–22, 2015, Detroit, Michigan, USA).

14) "Effect of cryogenic cooling media on machinability of beta solution treated titanium alloy Ti6Al4V" - 22nd Inter Conference on Mechanical, Aeronautics and Production Engineering, London 2015 & Journal of Mechanical and Production Engineering.

15) "An Investigation of Die Deformation during Hot Forging Process" - SimPro 2016, Ranchi.

16) "Study of globularisation in ti-6al-4v alloy during non-isothermal multiple forging and annealing" - Proceedings of 22nd, The IIER Inter Conference, London, United Kingdom, April 20, 2015, ISBN: 978-93-82702-97-9.

17) "Plasma-Nitriding of AISI 2205 steel: Effects of Surface-Mechanical-Attrition Treatment and Chemical-Etching" - Surface Engineering, Vol. 32, Issue 1, Pages 61-68 (DOI:10.1080/02670844.2015.1112937).

18) "Surface Mechanical Attrition Treated AISI-304L Steel: Role of Process-Parameters" - Surface Engineering, Vol. 32, Issue 1, Pages 69-78 (DOI: 10.1179/1743294415Y.0000000056).

19) "Effect of High Pressure Coolant on Tool Wear Phenomenon during Machining of Titanium Alloy Ti6Al4V" - Applied Mechanics and Materials Vol. 826 (2016) pp 93-98 Submitted: 2015-10-28 (DOI: 10.4028/www.scientific.net/AMM.826.93).

20) "Effect of Coolant Pressure on Machinability of Titanium Alloy Ti6Al4V" - Applied Mechanics and Materials Vol. 826 (2016) pp 82-87 Submitted: 2015-10-27 © (2016) Trans Tech Publications, Switzerland (DOI: 10.4028/www.scientific.net/AMM.826.82).

21) "Effect of Axial and Torsional Vibrations on Tapping Performance" - Applied Mechanics and Materials Vol. 826 (2016) pp 88-92 Submitted: 2015-10-28 © (2016) Trans Tech Publications, Switzerland.

22) "A study of high cycle fatigue fracture behavior of three types of steels used in automotive industry" - 7th Inter Conference on Creep, Fatigue and Creep-Fatigue Interaction, 19-22 January 2016, IGCAR, Kalpakkam, India & Journal of Transactions of Indian Institute of Metals.

23) "Estimation of creep failure life of rotor grade steel by using time-temperature parametric methods" - 7th Inter Conference on Creep, Fatigue and Creep-Fatigue Interaction, 19-22 January 2016, IGCAR, Kalpakkam, India & Journal of Transactions of Indian Institute of Metals.

24) "Study of low cycle flexural fatigue performance of different hot forging tool steels" - 7th Inter Conferences on Creep, Fatigue and Creep-Fatigue Interaction, January 19-22, 2016, IGCAR, Kalpakkam, India.

25) "Effect of gas based coolant lubricants on machinability of titanium alloy Ti64" - 6th Inter Conference on Key Engineering Materials, ICKEM – Hong Kong from March 12-14, 2016.

26) "Experimental Analysis of Axial and Torsional Vibrations assisted Tapping of Titanium alloy" - Journal of Manufacturing Processes 22 (2016) 7–20 doi:10.1016/j. jmapro.2016.01.006.

27) "Parametric Analysis of Cylindrical Plunge Grinding on Micro-alloyed Steel using Taguchi Analysis" - 6th Inter Conference on Key Engineering Materials (ICKEM 2016), March 12-14, 2016.

28) "Comparative Study of Drilling Induced Delamination in CFRP with Different ply Orientation" - 6th Inter Conference on Key Engineering Materials, ICKEM, March 2016, Hong Kong, China.

29) "Hot salt stress corrosion cracking behavior of coated IMI 834 Ti-alloy" - Inter Conference proceeding, Paper No. 17180, 17th Asia Pacific Corrosion control Conference, IIT, Bombay.

30) "Electrochemical and tribo-corrosion study of Ti-6Al-4V alloy in artificial physiological solutions" - Inter Conference proceeding, Paper No. 17126, 17th Asia Pacific Corrosion control Conference, IIT, Bombay.

31) "Correlation between heat treatment microstructure and machinability for Ti6Al4V" - International Journal of Mechanical and Production Engineering, ISSN: 2320-2092.

IP Generation:

12 (Twelve) patents filed.

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

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

III. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

Details of Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
Technology development on precision gears	2013	In progress	Two parts taken for establishment. Initial sample submitted.
Additive manufacturing with metals	2014	In progress	Trials for part establishment is in progress.
Electron Beam welding	2015	In progress	Two parts under establishment.
Metal Injection molding	2015	In progress	Initial parts are under trial.

IV. Expenditure on Research and Development:

In ₹ Million

Sr. No.	Particulars	Amount
i)	Capital	51.77
ii)	Recurring	344.28
iii)	Total R&D expenditure	396.05
iv)	Total Income	44,052.76
v)	Total R&D expenditure as a percentage of total income	0.90%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

I. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

i. Company has made significant inroads into the Passenger Car segment by getting new business awards from global OEMs.

ii. Increased penetration in North American Truck market for current and new programs.

iii. In its efforts towards broadening product portfolio, Company has entered into new area – Fuel and Emission systems.

iv. Company is working diligently towards consolidation of its existing business and grow with new customers in Oil&Gas segment.

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

i. Total Foreign Exchange earning: ₹ 28,879.79 Million.

ii. Total Foreign Exchange outgo: ₹ 5,084.94 Million.

BOARD'S REPORT

ANNEXURE "E"

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

The Board of Directors at its meeting held on May 27, 2014 have adopted the Corporate Social Responsibility (CSR) policy of the Company. Eligible funds for CSR activities in each financial year will be expended in the areas of Education, Skill Development, Vocational Training, Sustainability, Environment, Health, Ecological Protection, Sports and Rural Development through one or more implementing agencies/trusts. These CSR activities will be carried out through various programmes or projects as specified in the CSR Policy. The CSR policy of the Company has been displayed on the Company's website at the link – http://bharatforge.com/images/PDFs/policies/BFL%20CSR%20Policy-Signed.pdf

Details of expenditure on CSR activities is as follows:

(In ₹ Million)

Average net profit of the Company for the financial years 2012–2013, 2013–2014 and 2014–2015	4,748.35
Prescribed CSR expenditure (2% of the average net profit computed above)	140.32
Total amount spent on CSR activities for the financial year 2015–2016	124.98
Amount unspent, if any	15.34

Explanation for unspent amount:

The Company is spending on the CSR activities based on the requirement of the projects undertaken by the Company. During the last financial year, a marginal amount of ₹ 15.34 million remained unspent due to phase wise implementation of some of the CSR projects undertaken by the Company. The unspent amount of the financial year 2015-16, shall be utilized by the Company in current financial year for CSR Projects.

Manners in which the amount spent the financial year is detailed below:

(In ₹ Million)

Sr. No.	CSR Projects/Activities identified	Sector in which the Project is covered	Projects or programs 1. Local area or others 2. Specify the state and district where projects was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	i. Kalyani School	Education	Pune, Maharashtra	100.00	100.00	100.00	Through implementing agency, but we are personally monitoring the project
	ii. Pratham Education Foundation	Education	Pune, Maharashtra	3.57	3.57	3.57	
	iii. Pradnya Vikas Program – Jnana Prabodhini	Education	Pune, Maharashtra	1.02	1.02	1.02	
	iv. Various Educational Initiatives-Vidyarthi Sahayak Samiti, Nanhi Kali & Katalyst Students	Education	Pune, Maharashtra	0.78	0.63	0.63	Through implementing agency, but we are personally monitoring the project
	v. School Adoption - Infrastructural Development & Mission Sanitation of School	Education	Pune, Maharashtra	5.14	5.09	5.09	Directly
2	ITI, Khed	Employment enhancing vocational skills	Pune, Maharashtra	9.69	7.11	7.11	Directly
3	Community development center	Community Development & Women Empowerment	Pune, Maharashtra	0.80	0.91	0.91	Directly
4	Health check-up camps	Healthcare	Pune, Maharashtra	0.20	0.20	0.20	Directly
5	Rain water harvesting	Environmental	Pune, Maharashtra	0.65	0.39	0.39	Directly
6	Jalyukta Shivar Abhiyan • Kanhersar, Khed	Drought Free	Pune and Baramati, Maharashtra	2.29	2.00	2.00	With Govt. officials with our involvement
7	Lakshya – Sports initiatives	Promotion of rural sports	Pune, Maharashtra	2.10	2.10	2.10	Through implementing agency, but we are monitoring on the project personally
8	Queen Mary's Technical Institute (QMTI) for Disabled Soldiers	Benefit for armed forces	Pune, Maharashtra	0.25	0.25	0.25	Directly
9	Other incidental expenditure (Overhead)	-	-	1.71	1.71	1.71	Directly

The Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

B. N. KALYANI	**P. G. PAWAR**
Chairman and Managing Director	Chairman, CSR Committee

BOARD'S REPORT

ANNEXURE "F"

ANNEXURE TO BOARD REPORT

Sr. No.	Name of the Director/Key Managerial Personnel	Designation	Ratio of remuneration of each Director to the median remuneration of the employees of the Company	% Increase/(decrease) in the Remuneration
1	Mr. B. N. Kalyani	Chairman and Managing Director	248.62	(20)
2	Mr. S. M. Thakore	Independent Director	2.89	(13)
3	Mr. P. G. Pawar	Independent Director	2.77	(35)
4	Mr. P. C. Bhalerao	Non-Executive Director	3.95	70
5	Mrs. Lalita D. Gupte	Independent Director	1.58	(20)
6	Mr. P. H. Ravikumar	Independent Director	2.63	(27)
7	Mr. Naresh Narad	Independent Director	1.05	(45)
8	Dr. T. Mukherjee	Independent Director	1.05	(45)
9	Mr. Vimal Bhandari	Independent Director	1.05	(44)
10	Mr. G. K. Agarwal	Deputy Managing Director	75.71	(18)
11	Mr. Amit B. Kalyani	Executive Director	74.83	(18)
12	Mr. B. P. Kalyani	Executive Director	53.64	(18)
13	Mr. S. E. Tandale	Executive Director	57.51	(18)
14	Mr. K. M. Saletore	Executive Director & CFO	41.59	(16)
15	Mr. Anand Daga	Company Secretary	Not Applicable	4

ANNEXURE "G"

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

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, 2016.

1. Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹ 6,000,000/- per annum

Sr. No.	Name of the employee	Remuneration received ₹	Nature of employment	Qualification	Experience in 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. B. N. Kalyani	188,712,561	Permanent Employee	B.E. (Mech.) (Hons), MS (M.I.T.)	44	01.04.1972	67	-	0.017%	Father of Mr. Amit B. Kalyani
2	Mr. Amit B. Kalyani	54,651,633	Permanent Employee	B.E. (M)	17	24.10.1999	40	Carpenter Technology	0.150%	Son of Mr. Babasaheb N. Kalyani
3	Mr. G. K. Agarwal	55,265,978	Permanent Employee	B.E. (Mech.), M.B.A.	43	01.11.1976	65	Guest Keen Williams Ltd. Howrah	0.001%	None
4	Mr. B. P. Kalyani	39,145,180	Permanent Employee	B.E. (P), MBA, MS	34	02.08.1982	53	-	0.001%	None
5	Mr. S. E. Tandale	41,781,494	Permanent Employee	B.E. (M)	25	01.08.1991	47	-	-	None
6	Mr. Kishore Saletore	30,204,307	Permanent Employee	B.Com., C.A., PGDM	28	18.11.2011	49	Tata Realty & Infrastructure Ltd.	-	None
7	Mr. Bhavin Kirit Shah *	8,211,470	Permanent Employee	B.Com., M.B.A.	23	04.01.2010	46	Mundra Port and Special Economic Zone Ltd. Mundra	-	None
8	Mr. D. R. Moorthy	15,833,258	Permanent Employee	B.Sc., LL.B.	40	29.04.1987	64	Buckau Wolf India Ltd., Pune	-	None
9	Mr. M. U. Takale	18,402,984	Permanent Employee	B.E. (Mech.), MBA, MS	34	02.11.1982	55	-	0.001%	None
10	Mr. M. V. Mavlankar *	9,714,073	Permanent Employee	B.Tech., MS	41	03.05.2004	64	Anand Technology Ltd., Bangalore	0.001%	None
11	Mr. S. B. Pustake	9,908,389	Permanent Employee	B.E. (Met.)	37	09.04.2009	58	S.E. Forge Ltd., Gujarat	-	None
12	Mr. Sandeep Kapoor	8,072,851	Permanent Employee	B.Com., C.A., M.B.A.	28	07.12.2011	54	Escorts Ltd., Faridabad	-	None
13	Mr. V. M. Munje	9,870,032	Permanent Employee	B.Com., LL.B., F.C.S., Dip in IPR (WIPO, Geneva)	22	25.07.2011	46	Tata Services Ltd., Mumbai	-	None
14	Mr. K. Chetan	8,462,796	Permanent Employee	B.Tech (Met), M.E.	30	31.03.2005	54	Delphi Automotive Systems Limited, Bangalore	-	None
15	Mr. R. S. Bhatia	12,327,013	Permanent Employee	B.E. (Civil), PGDBA (Symbiosis), MMS	42	03.05.2010	60	Larsen & Toubro Ltd., Powai, Mumbai	-	None
16	Mr. O. P. Maken *	7,241,470	Permanent Employee	B.Sc. (Mech. Engg.)	38	01.02.2012	64	NTPC Limited, New Delhi	-	None
17	Mr. D. R. Veerraghavan *	2,029,912	Permanent Employee	B. Tech. (Aeronautical Engg.)	34	15.04.2013	57	Navnit Motors Pvt. Ltd.	-	None

BOARD'S REPORT

Sr. No.	Name of the employee	Remuneration received ₹	Nature of employment	Qualification	Experience in 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
18	Mr. H. K. N. Swamy	7,072,098	Permanent Employee	B.E. (Mech. Engg.)	46	18.01.1995	68	HMT Ltd., Bangalore	-	None
19	Mr. Sanjeev Pargoankar*	8,443,472	Permanent Employee	B.E. (Mech. Engg.)	35	15.09.2005	55	Sharp India Ltd., Pune	-	None
20	Dr. Santosh V. Bhave	6,881,957	Permanent Employee	M.P.M., LL.B., L.L.M., Ph.d.	37	06.03.2006	62	Emcure Pharmaceuticals Ltd., Pune	-	None
21	Mr. Kultar Singh Makarh	7,845,680	Permanent Employee	B.E. (Mech. Engg.)	28	11.04.2005	49	Bajaj Auto Ltd., Aurangabad	-	None
22	Mr. S. V. Deshpande	7,182,067	Permanent Employee	B.Com, CWA, CFA	24	19.08.2013	45	Greaves Cotton Limited, Mumbai	-	None
23	Mr. S. N. Supe	6,033,895	Permanent Employee	BE. (Mech. Engg), PG Dip. Indl. Mgmt, P.G. Dip Operations Management.	34	12.07.2010	54	International Combustion (I) Ltd., Aurangabad	-	None

Notes:

1. Remuneration shown above includes Salary, Company's contribution towards Provident Fund and Superannuation Scheme, Allowance, Perquisites but excludes Gratuity unless paid/payable.
2. The nature of employment in case of Chairman and Managing Director, Deputy Managing Director and Executive Directors is contractual and terms of remuneration are governed under the Board and Members' resolution.
3. None of the above employee/Directors is related to any of the Directors, except Mr. Amit B. Kalyani, who is son of Mr. B. N. Kalyani, Chairman and Managing Director of the Company.
4. Experience includes number of years of service elsewhere, wherever applicable.

* Employed for part of the year and were in receipt of remuneration at the rate of not less ₹ 500,000/- per month.

ANNEXURE "H"

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune- 411036

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Forge Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2O15 (effective from 15th May, 2015);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(not applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(not applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

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

(vi) No law is specifically applicable to the Company.

We have also examined compliance with the applicable clauses and regulations of the following:

(i) Secretarial Standards issued by 'The Institute of Company Secretaries of India' effective from 1st July, 2015;

(ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) till 30th November, 2015; and the provision of sub regulation (4) of the Regulation 23 and Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable from 2nd September, 2015;

BOARD'S REPORT

(iii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period,

1. The Company has adopted new set of Articles of Association

2. The Company has redeemed:

   (i) Second installment of 35% 1,760 - 10.75% redeemable secured non convertible debentures of ₹ 10,00,000/- each at par on 28th April, 2015.

   (ii) Second installment of 33.33% 2,500 - 11.95% redeemable secured non-convertible debentures of ₹ 10,00,000/- each at par on 5th January, 2016.

For **SVD & Associates**
Company Secretaries

S. V. Deulkar
Partner
FCS No: 1321
C P No: 965

Place: Pune
Date: 17th May, 2016

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

BHARAT FORGE BELIEVES THAT IT IS IMPERATIVE AND NON-NEGOTIABLE FOR A WORLD–CLASS COMPANY TO ADOPT TRANSPARENT ACCOUNTING POLICIES, APPROPRIATE DICLOSURE NORMS, BEST IN CLASS BOARD PRACTICES AND CONSISTENT HIGH STANDARDS OF CORPORATE CONDUCT TOWARDS ITS STAKEHOLDERS.

Bharat Forge has consistently aimed at developing and internalising such policies and implementing best-in-class actions that make it a good model for Corporate Governance. SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on September 2, 2015. These Regulations came into effect from December 1, 2015. To that effect, Bharat Forge has adopted practices mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Corporate Governance and has established procedure and systems to be fully compliant with it. The procedure and systems are reviewed periodically to ensure continued relevance, effectiveness and responsiveness to the needs of the Shareholders.

The Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to the Corporate Governance, applicable for the year 2015-16.

BOARD OF DIRECTORS

Composition of Board

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on March 31, 2016, Bharat Forge comprises of 14 (Fourteen) Directors. The Board consists of 6 (Six) Executive Directors (including Chairman and Managing Director, who is a Promoter Director) and 8 (Eight) Non-Executive Directors, 7 (Seven) of whom are Independent Directors. The composition of Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the composition of the Board of Directors are given in **Table 1.**

Number of Board Meetings

In 2015-16, the Board of the Company met 5 (Five) times on May 20, 2015, August 3, 2015, October 29, 2015, February 9, 2016 and March 11, 2016. The maximum gap between two Board Meetings was 102 days and minimum time gap was of 30 days.

Directors' Attendance Record and Directorships

The name and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2015-16, the last Annual General Meeting held on August 3, 2015 and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Indian Public Limited Companies as on March 31, 2016, are given herein below:

Table 1: Composition of the Board of Directors etc. for the year 2015-16

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2016*		
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company
		Held	Attended				
Mr. B. N. Kalyani (Chairman and Managing Director)	Executive	5	4	Yes	11	3	1
Mr. S. M. Thakore	Independent	5	5	Yes	10	4	1
Mr. P. G. Pawar	Independent	5	3	Yes	14	2	3
Mr. P. C. Bhalerao	Non-Executive	5	5	Yes	1	1	1
Mrs. Lalita D. Gupte	Independent	5	5	Yes	6	6	1
Mr. P. H. Ravikumar	Independent	5	5	Yes	16	5	6
Mr. Naresh Narad	Independent	5	4	Yes	2	-	-
Dr. T. Mukherjee	Independent	5	4	Yes	8	3	-
Mr. Vimal Bhandari	Independent	5	3	Yes	10	3	2
Mr. G. K. Agarwal	Executive	5	5	Yes	2	-	-
Mr. Amit B. Kalyani	Executive	5	4	Yes	11	3	-
Mr. B. P. Kalyani	Executive	5	5	Yes	1	-	-
Mr. S. E. Tandale	Executive	5	5	Yes	1	-	-
Mr. K. M. Saletore	Executive	5	5	Yes	9	-	-

* Other Directorships do not include Foreign Companies. In accordance with Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Memberships/Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee in all Indian Public Limited Companies have been considered.

REPORT ON CORPORATE GOVERNANCE

Independent Directors

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

- are person of integrity and possesses relevant expertise and experience;
- (i) are not a promoter of the Company or its holding, subsidiary or associate company;

  (ii) are not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company or their promoters or directors, during the two immediately preceding financial years or during the current financial year;
- none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company or their promoters or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- who, neither himself/herself, nor any of his/her relatives:
  - ➢ holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - ➢ is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of:

    (a) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

    (b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% (Ten percent) or more of the gross turnover of such firm;
  - ➢ holds together with his relatives 2% (Two percent) or more of the total voting power of the Company; or
  - ➢ is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives 25% (Twenty-five percent) or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% (Two percent) or more of the total voting power of the Company;
  - ➢ is a material supplier, service provider or customer or a lessor or lessee of the Company;
- are not less than 21 (Twenty-one) years of age.

Familiarisation Programme for Independent Directors

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

Information Supplied to the Board

Among others, information supplied to the Board includes:

- Annual operating plans of businesses and budgets and any updates thereof;
- Capital budgets and any updates thereof;
- Quarterly results for the Company and business segments;
- Minutes of the meetings of the Audit Committee, other Committees of the Board and minutes of meetings of Subsidiary Companies;
- The information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary;

- Show cause, demand, prosecution notices and penalty notices, which are materially important;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Making of loans and investment of surplus funds;
- General notices of interests of Directors;
- Constitution/Reconstitution of Board Committees;
- Appointment, remuneration and resignation of Directors;
- Dividend declaration;
- Significant changes in accounting policies and internal controls;
- Details of any joint venture or collaboration agreements;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions, any significant development on human resources/ industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.;
- Sale of material nature of investments, subsidiaries, assets which are not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory nature or listing regulations and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and others;
- Declaration of Independent Directors at the time of appointment/annually;
- Takeover of a Company or acquisition of a controlling of a substantial stake in another Company;
- Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee;
- Annual financial results of the Company, Auditors' Report and the Report of the Board of Directors; and
- Compliance Certificates for all the laws as applicable to the Company.

The Board of Directors of Bharat Forge Limited is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with the specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

CEO/MD and CFO Certification

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said certificate is annexed and forms part of the Annual Report. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Code of Conduct

The Company has adopted a Code of Conduct (the Code) for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website at the link: http://content.dionglobal.in/bharatforge/PDF/code%20of%conduct.pdf. The Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained in this Annual Report.

COMMITTEES OF THE BOARD

As on March 31, 2016, the Company has Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Finance and Risk Management Committee. The Board Committees are set-up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by the members of the respective Board Committees.

REPORT ON CORPORATE GOVERNANCE

The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting. The Company Secretary acts as the Secretary of all the Committees.

1. AUDIT COMMITTEE

The composition of the Audit Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. S. M. Thakore, Independent Director
3. Mr. P. H. Ravikumar, Independent Director
4. Mr. P. C. Bhalerao, Non-Executive Director

All the members of the Audit Committee possess accounting, economic, legal and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Annual General Meeting held on Monday, August 3, 2015 was attended by the Chairman of the Committee, Mr. P. G. Pawar, to answer shareholders' queries.

The Audit Committee assists the Board in discharging of its responsibility to oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the Statutory Auditors, including the Cost Auditors and the performance of Internal Auditors of the Company.

Meetings:

The Audit Committee met 5 (Five) times during the year 2015-16 on May 20, 2015, August 3, 2015, August 28, 2015, October 29, 2015 and February 9, 2016.

Table 2: Attendance record of Audit Committee members for 2015-16

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

The Meetings of the Audit Committee are also attended by the Chairman and Managing Director, Executive Directors, Chief Financial Officer, Statutory Auditors, Internal Auditors and other Management Representatives as special invitees as and when required. The Company Secretary acts as the Secretary to the Audit Committee.

Powers of the Audit Committee:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee *inter alia* includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Approval of payment of remuneration to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the Annual Financial Statement and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - ➢ Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013.
  - ➢ Changes, if any, in accounting policies and practices and reasons for the same.
  - ➢ Major accounting entries involving estimates based on the exercise of judgment by management.
  - ➢ Significant adjustments made in the Financial Statement arising out of audit findings.
  - ➢ Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and other legal requirements relating to Financial Statement.
  - ➢ Disclosure of any related party transactions.
  - ➢ Qualifications in the draft Audit Report.

- Reviewing, with the management, the quarterly Financial Statement before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue, rights issue, preferential issue, etc. and making appropriate recommendations to the Board to take steps in the matter;
- Review of quarterly/annual statement of deviations including report of monitoring agency, if applicable, for public issue, rights issue, preferential issue, etc. before submitting the same to stock exchanges.
- Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with Internal Auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Mechanism;
- Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by the Audit Committee:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses, if any;
- The appointment, removal and terms of remuneration of the Internal Auditors is subject to review by the Audit Committee;
- The Financial Statement, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Details of material individual transactions with related parties, which are not in the normal course of business;
- Details of material individual transactions with related parties or others, which are not at arm's length basis, along with management's justification for the same;
- Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary; and
- Evaluation of internal financial controls and risk management systems.

REPORT ON CORPORATE GOVERNANCE

2. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. S. M. Thakore, Independent Director
3. Mr. Vimal Bhandari, Independent Director
4. Mr. P. C. Bhalerao, Non-Executive Director

Terms of Reference:

- To identify qualified persons to become Directors and Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- To extend or continue the term of appointment of the Independent Director based on the performance report of Independent Directors; and
- To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

Meetings:

The Nomination and Remuneration Committee met twice during the year 2015-16 on May 20, 2015 and February 9, 2016.

Table 3: Attendance record of Nomination and Remuneration Committee for 2015-16

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	2	1
Mr. S. M. Thakore	Independent	Member	2	2
Mr. Vimal Bhandari	Independent	Member	2	2
Mr. P. C. Bhalerao	Non-Executive	Member	2	2

3. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The composition of the Corporate Social Responsibility (CSR) Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. B. N. Kalyani, Chairman and Managing Director
3. Mr. Amit B. Kalyani, Executive Director

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The CSR policy of the Company is disclosed on the Company's website at the link: http://bharatforge.com/images/PDFs/policies/BFL%20CSR%20Policy-Signed.pdf

Terms of reference:

- To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the CSR Policy of the Company from time to time; and
- To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

Meetings:

The CSR Committee met twice during the year 2015-16 on May 20, 2015 and February 9, 2016.

Table 4: Attendance record of Corporate Social Responsibility (CSR) Committee for 2015-16

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	2	1
Mr. B. N. Kalyani	Executive	Member	2	2
Mr. Amit B. Kalyani	Executive	Member	2	2

4. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The composition of the Stakeholders Relationship Committee is as under:

1. Mr. P. C. Bhalerao, Non-Executive Director, Chairman
2. Mr. B. N. Kalyani, Chairman and Managing Director
3. Mrs. Lalita D. Gupte, Independent Director

Terms of Reference:

- To specifically look into the redressal of grievances of shareholders, debenture holders and other security holders;
- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
- To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

Meetings:

The Stakeholders Relationship Committee met twice during the year 2015-16 on May 20, 2015 and February 9, 2016.

Table 5: Attendance record of Stakeholders Relationship Committee for 2015-16

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. C. Bhalerao	Non-Executive	Chairman	2	2
Mr. B. N. Kalyani	Executive	Member	2	2
Mrs. Lalita D. Gupte	Independent	Member	2	2

Compliance Officer

Mr. Anand Daga, Company Secretary and Chief Compliance Officer, is the Compliance Officer for complying with requirements of Securities Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Table 6: Number and nature of complaints received and redressed during the year 2015-16

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2016
Non-receipt of shares lodged for transfer/ transmission	3	2	1
Non-receipt of Dividend	1	1	Nil
Non-receipt of sub-divided shares	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
Change of address	Nil	Nil	Nil

SEBI Complaints Redress System (SCORES)

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

Designated Exclusive E-mail-ID

The Company has also designated the e-mail-id: secretarial@bharatforge.com exclusively for investor servicing.

5. FINANCE AND RISK MANAGEMENT COMMITTEE

The composition of the Finance and Risk Management Committee is as under:

1. Mr. B. N. Kalyani, Chairman and Managing Director, Chairman
2. Mr. P. G. Pawar, Independent Director
3. Mr. Amit B. Kalyani, Executive Director
4. Mr. P. C. Bhalerao, Non-Executive Director

Terms of Reference:

- To monitor and review risk management plan of the Company from time to time;
- To formulate procedures and to inform Board members about the risk assessment and minimisation procedures of the Company;
- To borrow money from Bank/Financial Institution etc. upto limits specified by the Board;
- To invest funds of the Company into shares, debentures, securities or any other instruments in subsidiary, associate and other group companies upto limits specified by the Board;
- To grant loans, advance monies or give guarantee or provide security in respect of any loans to subsidiary, associate and other group companies upto limits specified by the Board;
- To approve capital expenditure for purchase of plant & machinery, instruments, etc. upto limits specified by the Board; and
- To open and close bank accounts of the Company and to authorise employees for operating bank accounts of the Company.

REPORT ON CORPORATE GOVERNANCE

Meetings:

The Finance and Risk Management Committee met 6 (Six) times during the year 2015-16 on May 15, 2015, May 20, 2015, August 3, 2015, August 28, 2015, October 19, 2015 and March 21, 2016.

Table 7: Attendance record of Finance and Risk Management Committee for 2015-16

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. B. N. Kalyani	Executive	Chairman	6	5
Mr. P. G. Pawar	Independent	Member	6	5
Mr. Amit B. Kalyani	Executive	Member	6	3
Mr. P. C. Bhalerao	Non-Executive	Member	6	6

FUNCTIONAL COMMITTEE

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

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2016 are given below in **Table 8:**

Table 8: Remuneration paid or payable to Directors for the year ended March 31, 2016 and relationships of the Directors with each other

(₹ in Million)

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	Total
Mr. B. N. Kalyani (Chairman and Managing Director)	Father of Mr. Amit B. Kalyani	NA	61.49	7.22	73.00	141.71
Mr. S. M. Thakore	None	0.55	NA	NA	1.10	1.65
Mr. P. G. Pawar	None	0.53	NA	NA	1.05	1.58
Mr. P. C. Bhalerao	None	0.75	NA	NA	1.50	2.25
Mrs. Lalita D. Gupte	None	0.30	NA	NA	0.60	0.90
Mr. P. H. Ravikumar	None	0.50	NA	NA	1.00	1.50
Mr. Naresh Narad	None	0.20	NA	NA	0.40	0.60
Dr. T. Mukherjee	None	0.20	NA	NA	0.40	0.60
Mr. Vimal Bhandari	None	0.20	NA	NA	0.40	0.60
Mr. G. K. Agarwal	None	NA	28.31	2.95	12.00	43.26
Mr. Amit B. Kalyani	Son of Mr. B.N. Kalyani	NA	27.71	2.94	12.00	42.65
Mr. B. P. Kalyani	None	NA	13.93	1.21	15.50	30.64
Mr. S. E. Tandale	None	NA	15.48	1.31	16.00	32.79
Mr. K. M. Saletore	None	NA	12.52	0.68	10.50	23.70

Notes:

* Determined on the basis of criteria of Section 2(77) of the Companies Act, 2013.

** Sitting fees include payment of fees for attending Board and Committee meetings.

*** Commission proposed and payable after approval of accounts by the shareholders in the ensuing Annual General Meeting (AGM).

Further, Company would make all travelling and other arrangements for Directors for their participation in the Board and other Committee meetings or reimburse such expenses, if any.

The remuneration payments in the Company are made with an aim of rewarding performance based on review of achievements. The remuneration levels are in consonance with the existing industry practices.

Payments to Non-Executive Directors are decided based on multiple criteria of seniority/experience, number of years on the Board, Board/Committee meetings attended, Director's position on the Company's Board Committees, other relevant factors and performance of the Company. There are no pecuniary relationships or transactions of the Non-Executive Directors vis-a-vis the Company.

Details of equity shares of the Company held by Directors as on March 31, 2016 are given below in **Table 9:**

Table 9: Details of equity shares of the Company held by Directors as on March 31, 2016

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

Other Directors do not hold any equity shares of the Company.

None of the Non-Executive Directors holds any Convertible Instruments as on March 31, 2016.

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 following information is furnished about the Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting:

MR. P. C. BHALERAO [DIN: 00037754]

Mr. P. C. Bhalerao (66) has a B.E., M.B.A. and D.T.M. He is a Non-Executive Director on the Board. Mr. Bhalerao has over 37 years of work experience. Mr. Bhalerao has been on our Board since April 1, 1998. On and from August 1, 2005, he was designated as a Non-Executive Director on the Board.

Mr. P. C. Bhalerao is not related to any other Director of the Company. He does not hold any Equity Shares of the Company as on March 31, 2016.

Other Directorship	Committee Membership
Name of the Company	Name of the Committee
Nil	Nil

MR. B. P. KALYANI [DIN: 00267202]

Mr. B. P. Kalyani (53) is B.E. (Prod. Engg.), M.S. (Mech. Engg.), M.B.A., is an Executive Director of the Company with effect from May 23, 2006. Mr. B. P. Kalyani has served with the Company for more than 34 years and was Senior Vice President (FMD). He is responsible for Close Die Forge Division (CDFD).

Mr. B.P. Kalyani is not related to any other Director of the Company. He holds 3,310 Equity Shares of the Company as on March 31, 2016.

Other Directorship	Committee Membership
Name of the Company	Name of the Committee
Nil	Nil

GENERAL BODY MEETINGS

Annual General Meeting

Date, time and venue for the last 3 (Three) Annual General Meetings are given in Table 10 below:

Table 10: Details of last three Annual General Meetings

Financial year	Date	Time	Venue	Special Resolutions Passed
2014-15	August 3, 2015	10:30 a.m.	Registered office of the Company	1. Adopion of new set of Article of Association of the Company.
2013-14	September 4, 2014	11:15 a.m.	Registered office of the Company	1. Authority to the Board to create Charge. 2. Authority to the Board to borrow money. 3. Related Party Transactions of the Company with Kalyani Carpenter Special Steels Limited. 4. Related Party Transactions of the Company with Kalyani Steels Limited. 5. Related Party Transactions of the Company with Bharat Forge International Limited.
2012-13	August 8, 2013	10:30 a.m.	Registered office of the Company	None

No Extraordinary General Meeting of the Members was held during the year 2015-16.

Postal Ballot

No resolution was passed through Postal Ballot during the year 2015-16.

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

Subsidiary Companies

Bharat Forge Limited has 9 (Nine) direct subsidiaries, out of which 2 (Two) are registered outside India and 7 (Seven) are in India, whose turnover does not exceed the materiality limit prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

REPORT ON CORPORATE GOVERNANCE

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

The details of these subsidiaries are reported elsewhere in this report.

DISCLOSURES

Related Party Transactions

All transactions entered into with related parties during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: http://bharatforge.com/images/PDFs/policies/BFL.RPT%20Policy.pdf None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the Members is drawn to the disclosure set out in notes to Financial Statement.

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

Management Discussion and Analysis

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

Disclosure by Management to the Board

Disclosures relating to financial and commercial transactions where senior management may have personal interest that might have been in potential conflict with the interest of the Company are provided to the Board.

Details of Non-Compliance

Bharat Forge Limited has complied with all the requirements of regulatory authorities. There has been no instance of non-compliance by the Company on any matter related to capital market during the last three years and hence, no penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market during the last 3 (Three) years.

Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and Directors to report concerns about unethical behavior. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177(9) of the Companies Act, 2013. The policy comprehensively provides an opportunity for an employee and Director to report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and/or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy is being communicated to the employees and also posted on Company's intranet. The details of establishment of Whistle Blower Policy/Vigil Mechanism have been disclosed on the Company's website at the link: http://bharatforge.com/images/PDFs/policies/BFL%20Whistle%20Blower%20Policy-Signed.pdf

Policy on Determining "Material" Subsidiaries

This Policy is framed in accordance with the requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory enactments/amendments thereof) and is intended to identify Material Subsidiaries and to establish a governance framework for such subsidiaries. The details of policy on determining "Material" subsidiaries have been disclosed on the Company's website at the link: http://bharatforge.com/images/PDFs/policies/Policy%20on%20Material%20Subsidiary-BFL.pdf

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

The Company has complied with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board

The Company has Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use of the Chairman.

Shareholder Rights

Half yearly financial results are forwarded to the stock exchanges and uploaded on the website of the Company like Quarterly results.

Audit Qualification

The Company is in the regime of unqualified financial statement.

MEANS OF COMMUNICATION

Bharat Forge puts forth vital information about the Company and its performance, including quarterly results, official news releases and communication to investors and analysts on Company's website: www.bharatforge.com regularly for the benefit of the public at large.

During the year, the quarterly, half-yearly and annual results of the Company's performance have been published in leading newspapers, such as Business Standard (all editions) and Loksatta (Pune).

News releases, official news and media releases are sent to the stock exchanges.

Website

The Company's website contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided on the Company's website: www.bharatforge.com and the same is updated from time to time.

Presentations to Institutional Investors/Analysts

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

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings, like the shareholding pattern, Corporate Governance Report, media releases etc. are also filed electronically on NEAPS.

SHAREHOLDERS

Annual Report

Annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Board's Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto. The Management Discussion and Analysis Report and Business Responsibility Report forms part of the Annual Report and is displayed on the Company's website: www.bharatforge.com.

Support Green Initiative of MCA

The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in the Corporate Governance by allowing paperless compliances by Companies vide General Circular 17/2011 dated April 21, 2011, in terms of which the Company has been forwarding such documents through electronic mode. Company requests Shareholders to provide their e-mail addresses to enable Company to forward the notices/documents through e-mail, to the maximum possible extent in order to support green initiative. Members are once again requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and members who hold shares in physical form with the Company at it's e-mail address at secretarial@bharatforge.com or at its registered office at Secretarial Department, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is: L25209PN1961PLC012046.

ANNUAL GENERAL MEETING

Day	:	Friday
Date	:	August 5, 2016
Time	:	10:30 a.m.
Venue	:	Registered Office of the Company, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

FINANCIAL YEAR

April 1, 2015 to March 31, 2016.

For the year ended March 31, 2016, results were announced on:

- August 03, 2015 : First quarter
- October 29, 2015 : Half yearly
- February 9, 2016 : Third quarter
- May 17, 2016 : Annual

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

Key financial reporting dates for the financial year 2016-17:

Quarter ending June 30, 2016	:	on or before August 5, 2016
Quarter ending September 30, 2016	:	on or before November 8, 2016
Quarter ending December 31, 2016	:	on or before February 14, 2017
Audited results for the Financial Year 2016-17	:	on or before May 30, 2017

BOOK CLOSURE

The books will be closed from Wednesday, July 27, 2016 to Friday, August 5, 2016 (both days inclusive) as annual closure for payment of final dividend.

REPORT ON CORPORATE GOVERNANCE

DIVIDEND

A. Interim Dividend (Equity Shares):

- The Board of Directors of the Company at its meeting held on February 9, 2016 had approved payment of an Interim Dividend at the rate of ₹ 3/- per Equity Share of ₹ 2/- each (150%) for the financial year ending on March 31, 2016. The said dividend has been paid on February 25, 2016.

- The Board of Directors of the Company at its meeting held on March 11, 2016 had approved payment of Second Interim Dividend at the rate of ₹ 4/- per Equity Share of ₹ 2/- each (200%) for the financial year ending on March 31, 2016. The said dividend has been paid on March 29, 2016.

B. Final Dividend (Equity Shares):

The Board has recommended a Final Dividend of ₹ 0.50 per Equity Share of ₹ 2/- each (25%) for the year ended March 31, 2016 and would be payable on or before August 20, 2016.

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

(i) who hold shares in physical form and whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company before the closing hours on Tuesday, July 26, 2016; and

(ii) whose names appear as beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the end of the day on Tuesday, July 26, 2016.

Dividend declared by the Company for the last 5 years:

Financial year	Dividend payment dates	Dividend per share*
2015-16	March 29, 2016 (Second Interim Dividend)	₹ 4.00
2015-16	February 25, 2016 (Interim Dividend)	₹ 3.00
2014-15	August 3, 2015 (Final Dividend)	₹ 4.50
2014-15	February 16, 2015 (Interim Dividend)	₹ 3.00
2013-14	September 25, 2014 (Final Dividend)	₹ 2.50
2013-14	February 28, 2014 (Interim Dividend)	₹ 2.00
2012-13	August 26, 2013 (Final Dividend)	₹ 2.40
2012-13	March 21, 2013 (Interim Dividend)	₹ 1.00
2011-12	August 14, 2012 (Final Dividend)	₹ 2.50
2011-12	March 22, 2012 (Interim Dividend)	₹ 1.50

*of paid-up value of ₹ 2/- each

Reminders to Investors

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

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

During the year under review, the Company has credited ₹ 23,09,310/- (Rupees Twenty-three lakh Nine thousand Three hundred and Ten only) on September 18, 2015 lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

LISTING

Equity

Equity Shares of Bharat Forge Limited are listed on the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

BSE Script Code – 500493

NSE Trading Symbol – BHARATFORG

Equity ISIN: INE465A01025

Debt Security

- The 33.33% installment of Company's 11.95% Secured Redeemable Non-Convertible Debentures of ₹ 2,500 Million of face value of ₹ 10,00,000/- each was due for redemption on January 5, 2016 and the same has been paid on due date. As a result, after the said redemption, the paid up value of the said Debentures stands reduced to ₹ 3,33,400/- each at the end of 7th year from the date of allotment.

- The 35% installment of Company's 10.75% Secured Redeemable Non-Convertible Debentures of ₹ 1,760 Million of face value of ₹ 10,00,000/- each was due for redemption on April 28, 2015 and the same has been paid on due date. As a result, after the said redemption, the paid up value of the said Debentures stands reduced to ₹ 3,00,000/- each at the end of 5th year from the date of allotment. Third and Final installment @ 30% was paid on April 28, 2016. As a result, the said Debentures stands fully redeemed as at the end of 6th year from the date of allotment.

All annual listing fees due during the year have been paid.

DEBENTURE TRUSTEES

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

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

STOCK DATA

Table 11 below gives the monthly high and low prices and volumes of Bharat Forge Limited (Bharat Forge) Equity Shares at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE) during the year 2015-16.

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

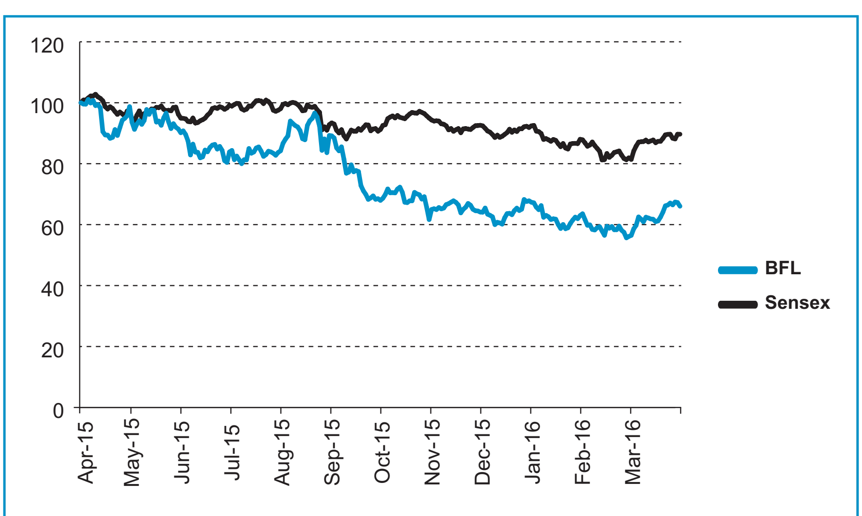
Month	BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
Apr-15	1,362.90	1,146.10	1,758,311	1,363.00	1,146.10	16,734,642
May-15	1,332.00	1,176.75	2,468,426	1,331.75	1,175.00	37,373,076
Jun-15	1,236.00	1,006.30	3,004,737	1,240.00	1,005.00	22,983,242
Jul-15	1,149.95	1,023.00	1,834,526	1,152.00	1,021.25	16,725,620
Aug-15	1,292.50	1,085.00	1,876,004	1,293.00	1,084.00	20,219,540
Sep-15	1,172.95	882.70	2,783,178	1,174.00	882.40	21,902,946
Oct-15	968.00	810.30	3,089,048	967.80	810.00	24,963,585
Nov-15	900.00	836.00	1,164,027	900.00	837.15	11,663,477
Dec-15	916.15	772.85	2,197,296	916.70	773.05	21,770,618
Jan-16	897.45	743.50	1,260,727	897.80	740.80	11,717,303
Feb-16	855.00	720.65	1,762,766	855.80	720.00	15,783,888
Mar-16	913.85	742.50	1,251,611	915.00	743.30	12,858,995

*Price in ₹ per Equity Share

STOCK PERFORMANCE

Chart 'A' plots the movement of Bharat Forge's equity shares adjusted closing prices compared to the BSE Sensex.

Chart A: Bhart Forge's Share Performance vs. BSE Sensex



Note: Share prices of Bharat Forge and BSE Sensex have been indexed to 100 as on first working day of financial year 2015-16 i.e. April 1, 2015.

REPORT ON CORPORATE GOVERNANCE

Share Transfer Agents and Share Transfer and Demat System

Bharat Forge Limited has no share transfer agent. The Company is SEBI Registered Category-1 Registrar to an Issue and Share Transfer Agent. All works relating to physical transfer, transmission, splitting of share certificates, dematerialisation and rematerialisation processing, payment of dividend etc. is done in-house at the registered office of the Company. Bharat Forge's equity shares are traded on the Stock Exchanges compulsorily in demat mode. The Board's Executive Committee meets as and when required for dealing with matters concerning securities of the Company.

In compliance with the SEBI circular dated December 27, 2002, requiring share registry in terms of both physical and electronic modes to be maintained at a single point, Bharat Forge has established direct connections with CDSL and NSDL, the two depositories. As such, the share registry work relating to both physical and electronic mode is being handled by the Secretarial Department of the Company.

Secretarial Audit for Reconciliation of Capital

In compliance with the requirements of SEBI, the Company has, at the end of every quarter, submitted a Certificate of Reconciliation of Share Capital reconciling the total shares held by both the depositories NSDL and CDSL and in physical form, duly certified by a qualified Practising Company Secretary, to the stock exchanges where the Company's securities are listed within 30 (Thirty) days of the end of each quarter and the certificate is also placed periodically before the Board of Directors of the Company at its Board Meetings.

As of the date of this report, there are no legal proceedings pending against the Company on any share transfer matter.

Code of Conduct for Prevention of Insider Trading Practices

The Securities and Exchange Board of India vide its Notification dated January 15, 2015 has notified Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (New Regulations). The New Regulations came into effect from May 15, 2015 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 shall stand repealed from that date. The Company has formulated a comprehensive Code of Conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in the securities of the Company to its Directors, Promoters, Key Managerial Personnel and Designated Persons.

SHAREHOLDING PATTERN

Table 12: Pattern of shareholding by ownership as on March 31, 2016

Category of Shareholder	No. of Shareholders	No. of shares held	Shareholding %
Promoters[1]	22	108,817,920	46.74%
Financial Institutions	15	15,691,385	6.74%
Mutual Funds (including Unit Trust of India)	131	18,405,451	7.91%
Insurance Companies	4	3,251,244	1.40%
Nationalised Banks	13	1,225,463	0.53%
Foreign Institutional Investors	354	37,084,356	15.93%
Bodies Corporate	1,829	16,146,325	6.93%
Non-Resident Indians	2,672	1,023,205	0.44%
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	2	681	0.00%
Public[2]	100,783	31,148,286	13.38%
Total	**105,825**	**232,794,316**	**100.00**

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

Table 13: Distribution Schedule as on March 31, 2016

Category (Shares)	Number of shareholders	Number of shares held	Shareholding %
1 to 5000	104,565	19,316,843	8.30
5001 to 10000	566	3,995,834	1.72
10001 to 20000	242	3,472,436	1.49
20001 to 30000	103	2,555,189	1.10
30001 to 40000	45	1,547,694	0.66
40001 to 50000	39	1,753,151	0.75
50001 to 100000	87	5,974,612	2.57
100001 and above	178	194,178,557	83.41
Total	**105,825**	**232,794,316**	**100%**

Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2016, dematerialised shares accounted for 96.43% (96.36% upto March 31, 2015) of total equity share capital. The details of dematerialisation are given in **Table 14** below.

Table 14: Dematerialisation of Shares as on March 31, 2016

Sr. No.	Mode of holding	%
1.	NSDL	92.26
2.	CDSL	4.17
3.	Physical	3.57
	Total	**100.00**

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

GDRs – 9,200.

Table 15: Details of public funding obtained in the last three years and its implication on paid up Equity Share Capital

Financial Year	Amount Raised through Public Funding	Effect on Paid up Equity Share Capital
2015-16	NIL	NIL
2014-15	NIL	NIL
2013-14	NIL	NIL

On April 28, 2006, 400 Zero Coupon FCCB Tranche - A and 399 Zero Coupon FCCB Tranche - B of USD 100,000 each were issued aggregating to USD 79.90 Million. 400 Zero Coupon FCCBs Tranche - A were redeemed on April 27, 2012 and 399 Zero Coupon FCCBs Tranche – B were redeemed on April 26, 2013.

Plant Locations

- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India.
- Gat No. 635, Kuruli Village, Chakan, Tal- Khed, District Pune – 410 501, Maharashtra, India.
- Opposite Jarandeshwar Railway Station, Post - Vadhuth, District Satara – 415 011, Maharashtra, India.
- Tandulwadi & Wanjarwadi, Tal. Baramati, District Pune - 413 206, Maharashtra, India.

Investor Correspondence Address

Secretarial Department,
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune – 411 036
Maharashtra, India
Phones: +91-20–6704 2777/6704 2476
Fax: +91-20–2682 2163
E-mail: secretarial@bharatforge.com

Compliance Certificate of the Auditors

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

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

In terms of Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company reports the following details in respect of equity shares lying in the suspense account:

i. Aggregate number of Shareholders - 483
ii. Number of Equity Shares of face value of ₹ 2/- each - 173,050 Shares

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

REPORT ON CORPORATE GOVERNANCE

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, B. N. Kalyani, Chairman and Managing Director of Bharat Forge Limited hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended March 31, 2016, compliance with the Code of Coduct of the Company laid down for them.

B. N. KALYANI
Chairman and Managing Director

Pune: May 17, 2016

TO THE BOARD OF DIRECTORS OF BHARAT FORGE LIMITED
CERTIFICATION BY CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

(Under Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We the undersigned, in our respective capacities as Chairman and Managing Director and Chief Financial Officer of Bharat Forge Limited, ("the Company") to the best of our knowledge and belief certify that:

a) We have reviewed financial statement and the cash flow statement for the year 2015-16 and that to the best of our knowledge and belief:

   i) these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2015-16 which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i) significant changes in internal control over financial reporting during the year;

   ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and

   iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

K. M. SALETORE
Chief Financial Officer

B. N. KALYANI
Chairman and Managing Director

Pune: May 17, 2016

TO THE MEMBERS OF BHARAT FORGE LIMITED

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of corporate governance by Bharat Forge Limited, for the year ended on March 31, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S R B C & CO LLP

Chartered Accountants
ICAI Firm registration number: 324982E/E300003

Per Arvind Sethi
Partner
Membership No.: 89802
Place: Pune
Date: May 17, 2016

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN):** L25209PN1961PLC012046

2. **Name of the Company:** Bharat Forge Limited

3. **Registered address:** Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India

4. **Website:** www.bharatforge.com

5. **E-mail id:** secretarial@bharatforge.com

6. **Financial Year reported:** 2015 -16

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

   Bharat Forge Limited is one of the world's largest forging Company leading in Powertrain and chassis components manufacturing and other forging required for automotive/railway/energy/aerospace/mining sectors.

*Industrial Group	Description
7326	Manufacture of Powertrain components – Steel Forging, Crankshafts and connecting rods
8708	Manufacture of chassis components – Front Axle assembly and components

*As per National Industrial Classification

8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

Sr. No.	Name and Description of main products/services
1	Steel Forgings
2	Finished Machined Crankshafts
3	Front Axles assembly and components

9. **Total number of locations where business activity is undertaken by the Company:**

   (a) Number of International Locations (Provide details of major 5):

   Bharat Forge Limited (BFL) is a flagship Company of the Kalyani Group and is amongst the largest forging companies globally. The major international locations of the Company where the Company operates includes Germany, France and Sweden.

   (b) Number of National Locations:

   BFL has its primary presence in the state of Maharashtra with its registered office located at Pune and factories at Pune, Satara and Baramati. The other operating locations of the Company include Delhi, Noida, Hyderabad, Banguluru, Jamshedpur, Kolkata, Chennai and Mumbai.

10. **Markets served by the Company – Local/State/National/International:**

    In addition to Indian market, the Company also serves North America (US, Canada and Mexico), South America (Brazil), European and Asia Pacific markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital:** ₹ 46.57 Crores

2. **Total Turnover:** ₹ 4,548.05 Crores

3. **Total Profit after Taxes:** ₹ 718.98 Crores

4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   1.78% of the average net profit after taxes in the previous three financial years.

5. **List of activities in which expenditure in 4 above has been incurred:**

   (a) Promotion of Education and Sanitation of School;

   (b) Promotion of Gender Equality/Women Empowerment;

   (c) Community Development (Slum/Rural);

   (d) Preventive Health Care;

   (e) Ensure environment sustainability; and

   (f) Training to promote rural and nationally recognized sports.

SECTION C: OTHER DETAILS

1. **Subsidiary Company/Companies**

   Yes, the Company has 21 (Twenty one) direct and indirect subsidiary companies as on March 31, 2016.

2. **Participation of Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).**

Given the current size and scale of operations, subsidiary companies, as of now, are not engaged in BR initiatives process of the Company.

3. **Participation of any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No, other entities with whom the Company does business with viz. suppliers, distributors etc. do not participate in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

(a) **Details of the Director/Directors responsible for implementation of the BR policy/policies**

DIN : 00037678

Name : Mr. G. K. Agarwal

Designation : Deputy Managing Director

(b) **Details of the BR head**

Sr. No.	Particulars	Details
1	DIN	00037678
2	Name	Mr. G. K. Agarwal
3	Designation	Deputy Managing Director
4	Telephone Number	+91 20 6704 2448
5	E-mail Id	gkagarwal@bharatforge.com

2. **Principle-wise (as per NVGs) BR Policy/policies?**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as under:

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 – Businesses should promote the well-being of all employees.

P4 – Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 – Businesses should respect and promote human rights.

P6 – Businesses should respect, protect and make efforts to restore the environment.

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 – Businesses should support inclusive growth and equitable development.

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BUSINESS RESPONSIBILITY REPORT

(a) Details of compliance (Reply in Y/N)

		Business Ethics	Product Responsibility	Well-being of Employees	Stakeholders Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
Sr. No.	**Questions**	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1.	Do you have a policy/policies for	Y	Y The Policy is embedded in the Company's quality and environment policies which inter alia, relate to safe and sustainable products	Y	Y	N	Y	N	Y	N
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	-	Y	-	Y	-
3.	Does the policy conform to any national/international standards? If yes, specify?	The policies are in line with international standards and practices such as ISO 9001, TS 16949, ISO 14001, ISO 27001, OHSAS 18000 and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board of Directors?	The mandatory Polices under Indian laws and regulations have been adopted by the Board and signed by the Chairman and Managing Director. Other operational internal policies are approved by management and signed by the Executive Director.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	The Company has a well-established internal governance structure to ensure implementation of various policies. We review the implementation of polices through our internal audit, risk management process, monitoring of KPI's in-line with established Policies.								
6.	Indicate the link for the policy to be viewed online?	Mandatory Policies viz. CSR Policy, Insider Trading Policy, Code of Conduct are available on Company's website. All other policies viz. Privacy Policy, Safety, Health and Environment Policy and employee related policies are available on Company's internal network.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Polices are communicated to internal stakeholders and the same are available on the Company's intranet. Wherever required, the Polices are also communicated to our external stakeholders and are made available on Company's website.								
8.	Does the Company have in-house structure to implement the policy/policies?	Yes. We have an in-house structure with clearly defined roles and responsibilities which periodically reviews implementation of various policies under the aegis of Internal Risk Management Framework, Internal Audits and review of KPI's at various levels of management.								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes. Each of the Policies formulated by the Company have an in-built grievance and redressal mechanism.								
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.								

(b) If answer to the question at serial number 1 against any principle is 'No', please explain why: (Tick upto 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	✓	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	The Company has track record of pioneer achievements, long experience and a leadership position which has benefited the forging industry at large in initiating dialogue with Government. However, no need for a formal Policy has been felt.	-	The Company has a systematic process of accessing customer needs, fulfilling them with innovative product and services. It also has a customer complaint redressal system.

3. **Governance related to BR**

   (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR Performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.**

   This is first time the Company is publishing the Business Responsibility Report. In future, the Company will assess the BR performance annually.

   (b) **Does the Company publish a BR or a Sustainability Report? What is hyperlink for viewing this report? How frequently it is published?**

   No.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

   The Company acts with integrity in accordance with values of responsibility, excellence and innovation where we do business. Compliance and adherence to the law and our own internal regulations are integral to us. We have zero tolerance for corruption and violations of the principles of fair competition. The action levels encompass a comprehensive system of activities by which we intend to ensure that our business is completely in accordance with all applicable laws and regulations, as well as with our own internal principles and rules.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the year under review, the Company has not received any complaint under the investigation mechanism.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

   The Company is expanding and strengthening its position on the global stage, balancing commercial ambitions with environmental concern. Propelling its dynamic evolution is "innovation". The R&D team has been constantly innovating

BUSINESS RESPONSIBILITY REPORT

to develop technologies to minimize carbon footprint and produce light weight products that translate into lower energy consumption and ultimately low gas emission.

The Company is environmentally conscious and is committed to creating, maintaining and ensuring a safe and clean environment. The Company ensures to make processes and businesses more environment friendly, which means less consumption and re-use as much as possible.

Some of the major programs taken for reducing the environmental risks and social impact are as under:

a. **Light weighting of automotive powertrain components e.g. Crankshafts**

Present competitive market of automotive industry demands low cost and light weight components. As emission norms are becoming more and more stringent globally, immediate challenges in reducing the greenhouse gas emissions are forcing the vehicle manufactures to develop light weight vehicles with improved engine performance. A consistent effort for reducing the weight of vehicles leads to a combined effect of fuel savings and reduction in emission of gases. This demands downsizing of the engine components without compromising its efficiency and strength. We have strong expertise in designing and re-engineering of automotive forging components which helps in meeting these objectives for the automotive industry.

b. **Technological improvement/Re-engineering of manufacturing process e.g. in heat treatment operation and helped in replacement of Quenched and tempered forgings with Controlled Cooled forgings which are made by less energy intensive processes**

Present innovation leads to substantial savings of material, time, energy and cost which ultimately benefits the society and environment. Energy generation in manufacturing creates emissions via fuel burning. Developed innovation and similar kind of innovations ultimately leads to minimized carbon footprint with manufacturing of light weight products that result in lower energy consumption thereby enhancing the social health. Also this energy saving is accompanied with adoption of modern, re-generative combustion technology, use of re-cycled water from effluent treatment plant for maintenance of greenery in plant, reduced cycle waste and adoption of eco-friendly waste disposal.

The Company has also done several Value Energy stream mapping projects to identify KAIZENS for energy conservation/Carbon foot print reduction.

c. **Revolutionizing the manufacturing process of a safety and application critical component for oil and gas sector e.g. Fluid end**

In Oil & Gas industry, off-shore and on-shore drilling are identified as focus areas. To meet growth in demand of safety and application critical components, productivity improvement and innovation in manufacturing process is essential. For many decades, safety and application critical components have been manufactured using conventional manufacturing processes such as open die forging plus machining with heat treatment. The conventional process results in lot of wastage of material from cogged bloom to finished part. In the invented process, the product is manufactured using closed-die-forging and the component is then subjected to rough machining followed by heat treatment, semi-finished machining and finished machining to produce the final component.

The product is supplied to one of the biggest global Oil and Gas equipment manufacturer and running successfully. Present innovation leads to substantial savings of material, time, energy and cost which ultimately benefits the society and environment. The current innovation has laid significant reduction in material wastage and energy.

d. **Light weighting of automotive chassis components e.g. Front Axle Beam**

The Automotive Axle Beam is one of the robust components assembled critically with other chassis part of vehicle. The Axles are used to carry the weight of the vehicle as well as to facilitate steering and to absorb shocks due to road surface variations. Present competitive market of automotive industry demands for low cost and light weight components. A consistent effort for reducing the weight of vehicles by light weighting of major chassis component like Front Axle Beam leads to a combined effect of fuel savings and reduction in emissions. Therefore, more emphasis has been given towards design re-engineering by reducing weight without affecting performance characteristics.

With innovation at its heart, Company continues its endeavor of venturing through diversification and manufacturing of safe quality products that drive change and sustainability.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

(a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company has taken greater emphasis of system approach towards light weighting of automotive components through optimizing design, characterization of material properties, wider variety of manufacturing process and use of CAE techniques. This has resulted into lighter, fuel efficient and greener vehicles helping us to reduce carbon footprints.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the Company strives to invest majorly in local suppliers and transporters which in turn not only help to develop and sustain every partner in the supply chain but also help in developing the local economy. Procurement team's goal is to integrate the values of environmental protection and the perception of social responsibility as defined in the corporate policy into supplier relationship with complete compliance towards Legal aspects, Anti-corruption and Anti-bribery norms, ethical and transparent procurement process.

Company's Supplier selection, assessment and evaluation process includes elements of Sustainability. This includes initial supplier survey, continuous risk assessments and audits.

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company has always emphasized on procuring material and availing services from industries located in India. We procure 85% of our total annual procurement indigenously.

We encourage our 407 MSME (Micro, Small and Medium Enterprises) vendors including community suppliers to grow along with us. This has helped in substantial savings without compromising on quality and products.

Those products, which we are currently importing, we have taken following steps to make them indigenous:

- Identify products which are currently imported;
- Identify and develop potential sources domestically;
- Carry out necessary trials and tests; and
- Help suppliers to get acquitted with required for indigenous technical requirements.

5. **Does the Company have a mechanism to re-cycle products and waste? If yes, what is the percentage of re-cycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Due to the nature of business, we utilize resources like energy, water and other secondary resources. However, we have robust processes and systems in place to identify, quantify and reduce such impact on the environment. The Company is sending the forging flash to steel mills for re-cycling. As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like:

- 100% re-use of industrial effluent after proper treatment for processing.
- Use of bio fuels aimed at minimizing energy consumption at all of its plants.
- Adoption of modern regenerative combustion technology to reduce fuel consumption.
- Use of re-cycled water from effluent treatment plant for maintenance of greenery in the Plant.
- Implementation of rain water harvesting.
- Reduced cycle waste and adoption of eco-friendly waste disposal.
- Implementation of scientific tree plantation to reduce atmospheric pollution.
- Hot transfer of Steel Ingots from Group Company Steel mill to forging plant (heavy forgings).

Principle 3: Businesses should promote the well-being of all employees

1. **Please indicate the total number of employees**

Total number of employees: 4,763

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis:**

Total number of employees hired on temporary/contractual/casual basis: 2,761

3. **Please indicate the number of permanent women employees:**

Number of permanent women employees: 49

4. **Please indicate the number of permanent employees with disabilities:**

Number of permanent employees with disabilities: 1

BUSINESS RESPONSIBILITY REPORT

5. **Do you have an employee association that is recognized by Management?**

   Yes, there is an employee association which is recognized by management.

6. **What percentage of your permanent employees is members of this recognised employee association?**

   Approximately 41.42% of permanent employees are members of the recognized employee association.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as at the end of the financial year**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

   - Permanent Employees– 41%
   - Permanent Women Employees– 1%
   - Casual/Temporary/Contractual Employees– 58%
   - Employees with Disabilities– NA

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

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, business partners, government and regulatory authorities, trade unions etc.

   The Company also engages with its identified stakeholders on an on-going basis through a constructive process. The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

   Yes, the Company has identified marginalized and disadvantaged groups through need assessment and engagement with local communities. The marginalized and disadvantaged communities we work with includes, villages and economically deprived children and women who are in great need of care and protection.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company goes beyond its business activities to create social impact through its diverse initiatives and is working towards improving lives of India's most marginalised and vulnerable communities. We have taken initiatives in specific areas of social development that would include primary, secondary and tertiary education, skill development, vocational training, health and hygiene, sustainability, environment and ecological protection, charter building by opportunities in Sports and Cultural activities. We continuously strive to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from our CSR initiatives which would also be focused around communities that reside in the proximity of our Company's various manufacturing locations in the country. For specific details, please refer to Report on Corporate Social Responsibility.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Company does not have a stated Human Rights Policy. However, few of the aspects are covered in the Company's "Code of Conduct and Ethics for Employees" and "Sexual Harassment Policy".

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   During the year under review, the Company has not received any complaint from any stakeholders.

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

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?

The Company encourages sharing of process and product innovations within the Group and extending it to benefit the industry and key members of its value chain.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Yes/No If yes, please give hyperlink for webpage etc.

Environmental conservation is one of the core objectives of the Company's CSR Policy. The Company is conscious of its responsibility towards creating, maintaining and ensuring a safe and clean environment for sustainable development. As a part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives which can be viewed on http://www.bharatforge.com/company/sustainability. html

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, environmental risks are covered in the Company's principles that are based on ISO-14001 standards. Every unit or plant implements the following:

- EHS risks and opportunities;
- Identification and evaluation of EHS aspects and requirements;
- Legal obligations and other requirements; and
- EHS emergency management.

Once risks are identified, steps are taken to measure and mitigate these risks through EHS management system approach. All the manufacturing divisions are certified as per the ISO-14001:2004 environment management system. The periodic audits (both internal and external) conducted as part of these management systems help the Company to identify potential environmental risks.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects. Although Company don't have any registration for Clean Development Mechanism projects, there were more than 50 EMP's taken throughout organization for reducing the air pollution and energy optimization.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Yes, several initiatives on clean technology, renewable energy and sustainability development can be viewed on http://www.bharatforge.com/company/sustainability.html

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, emission and waste generated by the Company are within the permissible limit given by CPCB/SPCB.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of the Financial Year.

NIL

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company is a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

The Company is member of:

(a) Confederation of Indian Industry (CII);

(b) World Economic Forum (WEF);

(c) Federation of Indian Chambers of Commerce and Industry (FICCI);

(d) Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA); and

(e) Automotive Component Manufacturers Association of India (ACMA).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

Bharat Forge works very closely with leading Industry Associations and Chambers of Commerce at International,

BUSINESS RESPONSIBILITY REPORT

National, State and Local levels to advocate and pursue various causes that are in larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment and child welfare, sanitation and hygiene, relief and rehabilitation of people affected by natural calamities, promoting use of clean energy, addressing issues pertaining to global warming, climate change, environment protection and pollution control.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The Company has taken a holistic approach towards the development of the deprived groups of the society. The Company work in the areas of education, vocational skills training and empowerment of women, development of women, development of children and preservation and sustenance of environment. The details of the projects undertaken by the Company are as under:

- The Company through Pratham Education Foundation (NGO), Pune provides non formal education to 20,413 underprivileged children from slum areas of Pune belonging to 22 communities between the age group of 6 to 14 years.
- In association with Jnana Prabodhini, Pune the Company has started Pradnya Vikas Programme for children to provide special training and coaching.
- The Company supports 108 small Girls through K.C. Mahindra Education Trust, Mumbai by supporting their education under Nanhi Kali programme.
- The Company has set-up an Industrial Training Institute (ITI) in Khed near Pune to promote employability of rural youth. This ITI achieves 100% placements.
- The Company is supporting and mentoring students from Vidhyarthi Sahayak Samittee and CII Foundation, Pune.
- The Company runs three different community centers at Mundhwa, Hadapsar and Vadgaon Sheri, Pune for 480 women. 11 self-help groups have been formed and women are engaged in income generating activities.
- The Company has started Khelghar at Mundhwa, Kharadi and Hadapsar with an objective to develop Creativity and skill enhancement programmes, career orientated directions and awareness buildings for children.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

At Bharat Forge, CSR programmes are implemented through NGOs, Government authorities and some are undertaken through in-house team. Different resources are used as per the requirements of the programmes.

Sr. No.	Area of Project	Project Details	Implementing Agency
1	Promotion of Education	The Kalyani School, Manjari, Pune	Akutai Kalyani Trust, Pune consultancy provided by Shri Ram Educare, Delhi.
		Development of Unprivileged Students	Pratham Education Foundation, Pune and In-house team.
		Development of Unprivileged Students	Jnana Prabodhini Pradnya Vikas Programme and In-house team.
		Setting up of ITI at Khed, Pune & starting of 5 machine trade & communication lab at ITI Khed, Pune	In-house team.
		Adopation of ITIs at Bhor & Malegaon	In-house team.
		Various Education Sponsorship Program	• Vidyarthi Sahayak Samiti, Pune • Nanhi Kali • K. C. Mahindra Trust, Mumbai • Naandi Foundation, Pune • Katalyst, Pune
2	Swachha Bharat Abhiyan	Jalyukta Shivar Abhiyan	In-house team and Government of Maharashtra.
		Mission Sanitation of School	In-house team and Municipal Corporation, Pune.
		Waste Management Project	Know How Foundation (INORA), Pune and In-house team.
3.	Community Development	Khelghar	In-house team and Palakneeti Pariwar.
4.	Promotion of Health Education, Care and Services	Health Check-up Camps	In-house team, Doorstep Health Services and Bharti Hospital.
5.	Training to promote nationally recognized sports	Training and Sponsorship for sports initiatives	Lakshya Institute, Pune.

3. **Have you done any impact assessment of your initiative?**

   Yes, for most of our project we do the impact assessment like:

   - Our Pratham Educational Foundation Project at Pune has Pre, Mid and Post-test Evaluation of the children in order to measure the impact of our programmes.

   - For ITI Khed, Pune, we have applied for the affiliation of Quality Council of India who have recently done evaluation/inspection of ITI. We will be receiving the report for the same shortly.

   - Our Water Conservation Project under Jalyukta Shivar Abhiyan for Kanhersar Village of Khed Block, Kalewadi in Purandhar Block has been assessed by the Government officials.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   During the year, the Company has spent ₹ 124.98 Million towards various CSR activities. The project wise details are provided in Annexure - E of Annual Report on CSR activities.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

   We have established our Community Development Activity about 4 decades ago. The women, children and senior citizens are our target groups and we ensure their wellbeing and development through education, income generation and health programmes. We mobilized Internal and External resource of the community to involve everyone in the development process. Internal recourses are our CSR Committee, CSR Team and our employees. External resources are Non-Government Organizations (NGOs), Government agencies and Experts in different areas.

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

1. **What percentage of customer complaints/consumer cases are pending as on the end of Financial Year.**

   During the year, 50 (Fifty) customer complaints were received out of which 36 (Thirty six) were successfully resolved. For others, corrective action has already been taken and the process has been put in place to ensure that such instances of complaint do not occur again. The Company monitors the supplies for four months after implementation of corrective action for the Complaints.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

   Since the Company's products are OEM specific and as per OEM requirements, the Company displays product requirement on packaging as per the requirements of OEM and consistent with applicable laws. The typical information displayed on product includes details of manufacturer, heat code, process no. dispatch no., part no. etc.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as at the end of Financial Year. If so, provide details thereof, in about 50 words or so.**

   No, there is no case filed by any stakeholder during last five years regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   The Company obtains the customer feedback directly or referring to customer portal on monthly basis and compile the "Voice of Customer Report" to identify areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer Satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

INDEPENDENT AUDITOR'S REPORT

To the Members of Bharat Forge Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Bharat Forge Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 8 to the financial statements;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Place of Signature: Pune
Date: May 17, 2016

Annexure 1 referred to in paragraph 1 under the heading "Reporting on Other Legal and Regulatory Requirements" of our report of even date.

Re: Bharat Forge Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management the title deeds of immovable properties included in fixed assets are held in the name of the Company except 6 number of immovable properties aggregating ₹ 26.80 million as at March 31, 2016 for which title deed were not available with the Company and hence we are unable to comment on the same.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2016 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to five parties covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are not prejudicial to the Company's interest.

(b) In respect of loans granted to firms covered in the register maintained under section 189 of the Act, repayment of the principal amount is as stipulated and payment of interest has been regular

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are outstanding for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits from the public. Therefore, in our opinion, the provisions of clause (v) of the Order are not applicable to the Company. According to the information and explanations given to us, in respect of deposits accepted earlier under relevant provisions of the erstwhile Companies Act, 1956, and the rules framed thereunder, there are certain unclaimed deposit amounting to ₹ 0.04 million including interest thereon subject to litigation.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of forged products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases.

(b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the Statute	Nature of the Dues	Amount (₹ in million)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Maharashtra municipal Corporation Act, 1949 and Bombay Provincial Municipal Corporation (Local Body Tax) Rules, 2010(LBT rules)	Local Body Tax (LBT)	62.17	2015-16	Various dates	Not paid	-

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in million)#	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Non deduction of withholding taxes u/s 195 (₹74.92 million)	25.01	AY 2014-15	CIT Appeals
Property tax	Demand received from various cases (₹ 108.36 million paid under protest)	120.51	AY 2005-06 to AY 2015-16	High Court
Central Excise Act, 1944	Demand received from various cases (₹ 9.21 million paid under protest)	80.03	AY 2004-05 to AY 2015-16	Commissioner Appeals/ CESTAT

Excludes interest and penalty

INDEPENDENT AUDITOR'S REPORT (Contd.):

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

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company does not have any unutilised money out of initial public offer / further public offer.

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

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

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

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

Place of Signature: Pune
Date: May 17, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BHARAT FORGE 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 Bharat Forge Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

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

Place of Signature: Pune
Date: May 17, 2016

BALANCE SHEET
as at March 31, 2016

In ₹ Million

	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	465.68	465.68
Reserves and surplus	4	35,938.85	34,491.06
		36,404.53	**34,956.74**
Non-current liabilities			
Long-term borrowings	5	14,140.94	15,744.88
Deferred tax liabilities (net)	6	1,807.38	1,639.13
Other long-term liabilities	7	610.05	5.32
Long-term provisions	8	217.43	252.76
		16,775.80	**17,642.09**
Current liabilities			
Short-term borrowings	9	473.49	779.83
Trade payables	10		
Dues to micro enterprises and small enterprises		14.94	32.81
Dues to others		4,302.08	6,253.39
Other current liabilities	10	5,078.72	2,498.90
Short-term provisions	8	628.58	1,593.98
		10,497.81	**11,158.91**
Total		**63,678.14**	**63,757.74**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11.1	21,613.68	19,501.26
Intangible assets	11.2	59.72	59.65
Capital work-in-progress		2,721.23	2,076.76
Non-current investments	12	7,077.78	6,487.90
Long-term loans and advances	13	2,264.80	1,846.98
Trade receivables	17	20.87	-
Other non-current assets	14	482.38	232.48
		34,240.46	**30,205.03**
Current assets			
Current investments	15	7,220.44	4,549.46
Inventories	16	5,254.30	5,371.81
Trade receivables	17	5,765.27	5,594.65
Cash and bank balances	18	3,746.91	5,918.12
Short-term loans and advances	13	3,411.24	4,744.04
Other current assets	14	4,039.52	7,374.63
		29,437.68	**33,552.71**
Total		**63,678.14**	**63,757.74**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

In ₹ Million

	Notes	Year ended March 31, 2016	Year ended March 31, 2015
INCOME			
Revenue from operations (gross)		44,970.76	47,123.63
Less: excise duty		(1,916.66)	(1,643.09)
Revenue from operations (net)	19	**43,054.10**	**45,480.54**
Other income	20	998.66	933.15
Total income (I)		**44,052.76**	**46,413.69**
EXPENSES			
Cost of raw material and components consumed	21	15,286.57	17,558.64
(Increase) in inventories of finished goods, work-in-progress dies and scrap	22	(17.38)	(160.31)
Employee benefits expense	23	3,721.56	3,319.30
Depreciation and amortization expense	24	2,613.78	2,505.12
Finance costs	25	863.17	1,118.35
Other expenses	26	11,233.13	11,463.08
Total expenses (II)		**33,700.83**	**35,804.18**
Profit before exceptional items and tax [(I) - (II)]		**10,351.93**	**10,609.51**
Less: Exceptional items	27	(42.20)	(36.32)
Profit before tax (III)		**10,309.73**	**10,573.19**
Tax expenses			
Current tax			
- Pertaining to profit for the year		3,130.86	3,434.00
- Adjustment of tax relating to earlier years		-	(27.05)
Deferred tax		168.25	(23.60)
Total tax expenses (IV)		**3,299.11**	**3,383.35**
Profit for the year [(III) - (IV)]		**7,010.62**	**7,189.84**
Earnings per equity share			
[nominal value of share ₹ 2, (March 31, 2015: ₹ 2)]	28		
Basic (In ₹)		30.11	30.88
Diluted (In ₹)		30.11	30.88
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

CASH FLOW STATEMENT

for the year ended March 31, 2016

In ₹ Million

		Year ended March 31, 2016	Year ended March 31, 2015
Cash flow from operating activities			
Profit before tax		**10,309.73**	**10,573.19**
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expenses		2,613.78	2,505.12
Unrealised foreign exchange loss		198.94	398.37
Effects of exchange difference on cash and cash equivalent held in foreign currency		-	(0.61)
Bad debts/advances written off		16.03	58.35
Loss on sale of fixed assets (net)		0.29	2.32
Provision for diminution in value of investment in subsidiary (exceptional item)		-	290.00
Provision for expense of earlier year reversed (exceptional item)		-	(294.89)
Provision for doubtful debts and advances (net)		4.55	32.45
Loss on sale of non-current investment		-	41.21
Net (gain) on sale of current investments		(13.42)	(20.92)
Net (gain) on sale of long-term investments		(13.43)	(59.81)
Provisions no longer required written back		(1.05)	(51.62)
Dividend (income) from current investments		(375.19)	(402.73)
Finance costs		863.17	1,118.35
Interest (income) on fixed deposits and others		(195.55)	(184.00)
Interest (income) on loans to subsidiaries		(22.08)	(5.76)
Operating profit before working capital changes		**13,385.77**	**13,999.02**
Movements in working capital			
Decrease/(increase) in non-current assets			
(Increase) in long-term loans and advances		(54.42)	(80.41)
(Increase) in non-current trade receivables		(20.87)	-
(Increase)/decrease in other non-current assets		(149.90)	28.95
(Increase)/decrease in current assets			
Decrease/(increase) in inventories		117.51	(287.71)
Decrease/(increase) in trade receivables		104.74	(599.13)
Decrease/(increase) in short-term loans and advances		1,540.41	(1,171.05)
(Increase) in other current assets		(343.44)	(111.88)
(Decrease)/increase in non-current liabilities			
Increase in other long-term liabilities		604.73	0.65
(Decrease)/increase in long-term provisions		(105.33)	19.49
Increase/(decrease) in current liabilities			
(Decrease)/increase in trade payable		(2,008.30)	760.38
Increase in other current liabilities		305.35	58.58
Increase in short-term provisions		97.87	30.33
Cash generated from operations		**13,474.12**	**12,647.22**
Direct taxes paid (net of refunds)		(3,007.94)	(3,620.16)
Net cash flows from operating activities	**(A)**	**10,466.18**	**9,027.06**
Cash flows from investing activities			
Purchase of non-current investments		(13.93)	(1,223.43)
Sale of non-current investments		-	107.84
Investments in mutual funds		(30,097.54)	(22,184.57)
Proceeds from sale/maturity of mutual funds		27,025.41	25,421.24
Purchase of fixed assets including capital work-in-progress and capital advances		(5,305.80)	(2,889.06)
Proceeds from sale of fixed assets		54.95	6.48
Loan given to wholly owned subsidiaries		(440.25)	-
Proceeds from loan to wholly-owned subsidiary		104.11	-
Loan to others (including subsidiaries)		(4.30)	(200.00)
Proceeds from inter corporate deposits		50.00	-
Investments in bank deposits (having remaining maturity for less than 12 months)		1,772.33	(2,832.33)
Maturity of bank deposits (having remaining original maturity of more than 12 months)		230.00	1,840.00
Interest received		229.63	169.16
Dividend received		375.19	402.73
Net cash flows (used in) investing activities	**(B)**	**(6,020.20)**	**(1,381.94)**

In ₹ Million

		Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from financing activities			
Proceeds from long-term borrowings		1,272.30	3,146.08
Repayment of long-term borrowings (including Debentures)		(1,449.25)	(5,295.50)
Proceeds from short-term borrowings		11,144.51	4,531.72
Repayment of short-term borrowings		(11,430.81)	(4,823.16)
Finance costs		(953.47)	(1,229.52)
Dividend including tax thereon		(3,222.13)	(1,568.89)
Net cash flows (used in) financing activities	**(C)**	**(4,638.85)**	**(5,239.27)**
Net (decrease)/increase in cash and cash equivalents (A + B + C)		**(192.87)**	**2,405.85**
Effects of exchange difference on cash and cash equivalents held in foreign currency		-	0.61
Cash and cash equivalents at the beginning of the year		3,160.41	753.95
Cash and cash equivalents at the end of the year		**2,967.54**	**3,160.41**

Components of cash and cash equivalents [Refer note 18]	As at March 31, 2016	As at March 31, 2015
Balances with banks:		
- on cash credit and current accounts	2,966.84	2,129.27
- on deposit accounts	-	1,030.01
Cash on hand	0.70	1.13
	2,967.54	**3,160.41**

Notes :

1. The figures in brackets represent outflows/adjustments.
2. Previous period's figures have been regrouped/reclassified, wherever necessary to confirm to current year presentation.

As per our report of even date
For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 1. CORPORATE INFORMATION

Bharat Forge Limited ("the Company") is a public company domiciled in India. Its shares and debentures are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged components. The Company caters to both domestic and international markets. The Company's CIN is L25209PN1961PLC012046.

NOTE 2. BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (the accounting standards notified under Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value.

The Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of fixed assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation on tangible assets

i. Leasehold land:

Premium on leasehold land is amortized on a straight-line basis over the period of lease i.e. 95 years.

ii. Power line:

Expenditure on power line is amortized on a straight-line basis over a period of six years.

2.1 Summary of significant accounting policies (Contd.):

c) Depreciation on tangible assets (Contd.):

iii. Other fixed assets:

Depreciation on fixed assets is calculated on a straight-line (SLM) basis and written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management.

The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its fixed assets:

Type of assets	Method	Schedule II life (years)	Useful lives estimated by the management (years)	Rates
Building - Factory	SLM	30	30	3.34%
Buildings – Others (including roads)	SLM	5 to 60	5 to 60	1.63%, 19%
Plant and machinery	SLM	15	10 to 21	4.75%, 7.13%, 9.50%
Plant and machinery - Windmill	SLM	25	19	5.28%
Others (Computers)	WDV	3	3	63.16%
Office equipment	WDV	5	5	45.07%
Railway sidings	SLM	15	10	10.34%
Electrical installation	SLM	10	10	9.50%
Factory equipments	WDV	10	10	9.50%
Furniture and fixtures	WDV	10	10	9.50%
Vehicles	WDV	8	8	11.88%
Aircraft	SLM	20	6 to 18	5.67%, 15.83%

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

- The useful lives of certain plant and machinery are estimated as 21 years. These lives are higher than those indicated in Schedule II.
- Certain plant and machinery, railway sidings and aircrafts are depreciated over the estimated useful lives of 10/19 years, 10 years and 18 years, respectively, which are lower than those indicated in Schedule II.

Depreciation on account of increase/decrease due to revaluation of foreign currency loan is been provided at rates of depreciation over the remaining useful life of said assets.

d) 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.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition 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 derecognized.

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

Type of asset	Useful Life (years)	Rate
Computer software	3	33%

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

d) Intangible assets (Contd.):

Research and development expenditure

Research expenditure are expensed under the natural heads of account in the year in which it is incurred.

Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Tangible fixed assets purchased for research and development are accounted for in the manner stated in Note 2.1 (b) above.

e) Inventories

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

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

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and 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 amortized over their productive life. Expenditure incurred to repair the dies from time to time is charged to statement of profit and loss.

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

f) Foreign currency translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

2.1 Summary of significant accounting policies (Contd.):

f) Foreign currency translation (Contd.):

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

c) All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statement at lower of cost of acquisition and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Sale of products

a) Revenue from domestic sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch from the point of sale, consequent to property in goods being transferred. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

h) Revenue recognition (Contd.):

ii. Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim is fulfilled.

iii. Sale of services

Revenues from sales of services are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

iv. Die design and preparation charges

Revenues from die design and preparation charges are recognized as per the terms of the contract as and when the significant risks and rewards of ownership of dies are transferred to the buyers. The Company collects excise duty and value added tax (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

v. Sale of electricity – Windmill

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

vi. Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

vii. Dividend income

Dividend income is recognized when the Company's right to receive is established by the reporting date.

viii. Profit / loss on sale of investment

Profit/loss on sale of investment is recognized when all the significant risks and rewards of ownership in investment is transferred.

ix. Certified emission reduction units / renewal energy certificates

Revenue from certified emission reduction units / renewal energy certificates is recognized when there is reasonable assurance that the entity will comply with the conditions attached to it and the grants will be received. At a minimum, these conditions will only be met when the actual emission reductions have been realized and the entity has reasonable assurance these reductions will be confirmed during the verification and certification process by the respective independent authority.

i) Retirement and other employee benefits

i. Provident fund

The Company operates two plans for its employees to provide employee benefit in the nature of provident fund.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The guidance note on implementing AS-15 (revised 2005) "Employee Benefits", states that benefits involving employer established provident funds, which requires interest shortfalls to be provided, are to be considered as defined benefit plans.

2.1 Summary of significant accounting policies (Contd.):

i) Retirement and other employee benefits (Contd.):

i. Provident fund (Contd.):

Actuarial valuation of this provident fund interest shortfall has been done as per the guidance note issued in this respect by the Institute of Actuaries of India. Separate actuarial valuation is carried out using the Black Scholes Option Pricing Model.

The employee which are not covered under the above scheme, their portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity

The Company operates two defined benefits plan for its employees viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

iii. Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Company recognizes expense toward the contribution paid / payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Company recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Company recognises that difference excess as a liability. The Company has no obligation, other than the contribution payable to the superannuation fund.

iv. Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

v. Termination benefits

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

j) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

k) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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.

2.1 Summary of significant accounting policies (Contd.):

m) Impairment of tangible and intangible 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) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

n) Leases

Where the Company is the lessee

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.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

o) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

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 released to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

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.

q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s) Derivative instruments and hedge accounting

The Company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. The Company designates these forward contracts in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

For the purpose of hedge accounting, hedges are classified as:

i. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;

ii. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit and loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit and loss.

2.1 Summary of significant accounting policies (Contd.):

s) Derivative instruments and hedge accounting (Contd.):

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the statement of profit and loss.

Amounts recognized in the hedging reserve are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

NOTE 3. SHARE CAPITAL

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Authorised shares (No.)		
300,000,000 (March 31, 2015: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00
43,000,000 (March 31, 2015: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2015: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
232,970,666 (March 31, 2015: 232,970,666) equity shares of ₹ 2/- each	465.94	465.94
Subscribed and fully paid-up (No.)		
232,794,316 (March 31, 2015: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59
Add: 172,840 (March 31, 2015: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2015: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and157,830 equity shares (March 31, 2015: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each) [Also refer note 3(f)]	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**465.68**	**465.68**

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

Equity shares	As at March 31, 2016		As at March 31, 2015	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59
Issued during the year	-	-	-	-
Outstanding at the end of the year	**232,794,316**	**465.59**	232,794,316	465.59

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share interim dividend recognised as distributions to equity shareholders was ₹ 7.00 (March 31, 2015: ₹ 3.00).

During the year ended March 31, 2016, the amount of per share proposed final dividend recognised as distributions to equity shareholders is ₹ 0.50 (March 31, 2015: ₹ 4.50).

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

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 3. SHARE CAPITAL (Contd.):

(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 the reporting date.

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

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

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders/members.

(f) Shares reserved for issue under options

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

(g) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April and May 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding at the close of the year are 9,200 (March 31, 2015: 9,200). The funds raised had been utilized towards the object of the issue.

NOTE 4. RESERVES AND SURPLUS

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Capital reserves		
Special capital incentive (Under the 1988 Package Scheme of Incentives)		
Balance as per the last financial statements	2.50	2.50
Closing balance	2.50	2.50
Warrants subscription money [Refer note 4(a)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	13.00	13.00
Closing balance	**15.50**	**15.50**
Capital redemption reserve		
Balance as per the last financial statements	300.00	300.00
Closing balance	**300.00**	**300.00**
Securities premium account		
Balance as per the last financial statements	7,096.48	7,096.48
Closing balance	**7,096.48**	**7,096.48**
Debenture redemption reserve [Refer note 4(b)]		
Balance as per the last financial statements	1,065.00	1,852.71
Add: Amount transferred from surplus in the statement of profit and loss	-	87.29
Less: Amount transferred to surplus in the statement of profit and loss	-	(875.00)
Closing balance	**1,065.00**	**1,065.00**
carried over	**8,476.98**	**8,476.98**

NOTE 4. RESERVES AND SURPLUS (Contd.):

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
brought over	**8,476.98**	**8,476.98**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 38]		
Balance as per the last financial statements	(661.05)	(671.47)
Add: Arising during the year	(441.06)	(243.96)
Less: Adjusted during the year	402.85	254.38
Closing balance	**(699.26)**	**(661.05)**
Hedge reserve [Refer note 2.1(s)]		
Balance as per the last financial statements	5,117.34	1,785.97
Add: Arising during the year	(151.27)	3,716.20
Less: Adjusted during the year	(3,271.95)	(384.83)
Closing balance	**1,694.12**	**5,117.34**
General reserve		
Balance as per the last financial statements	2,958.78	2,648.90
Add: Amount transferred from surplus balance in the statement of profit and loss	100.00	719.00
Less: Adjusted during the year [Refer note 4(c)]	-	(409.12)
Closing balance	**3,058.78**	**2,958.78**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	18,599.01	13,439.31
Add:		
- Net profit for the year	7,010.62	7,189.84
- Transfer from debenture redemption reserve [Refer Note 4(b)(ii)]	-	875.00
	7,010.62	8,064.84
Less: Appropriations		
- Transfer to debenture redemption reserve	-	(87.29)
- Transfer to general reserve	(100.00)	(719.00)
- Interim equity dividend	(1,629.56)	(698.38)
- Tax on interim equity dividend	(331.74)	(139.64)
- Proposed final equity dividend	(116.40)	(1,047.57)
- Tax on proposed final equity dividend	(23.70)	(213.26)
	(2,201.40)	**(2,905.14)**
Closing balance	**23,408.23**	**18,599.01**
	35,938.85	**34,491.06**

(a) Capital reserves

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

(b) Debenture redemption reserve

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

(ii) During the previous year, the Company had redeemed 3,500 - 10.75% Redeemable secured non-convertible debentures (Seventeenth series) of ₹ 1,000,000/- each in full. The Debenture redemption reserve created with respect to this series has been transferred to surplus in the statement of profit and loss after redemption in full of the said debentures.

(c) General reserve

Pursuant to the Companies Act, 2013 ("the Act"), the Company had, during the previous year, revised depreciation rates on certain fixed assets as per the useful life specified in Schedule II of the Act or as re-assessed by the Company. Due to this, based on transitional provision as per Note 7(b) of the Schedule II, an amount of ₹ 354.75 million (net of deferred tax of ₹ 182.67 million) had been adjusted to general reserves in previous year. The adjustment to reserve include ₹ 54.37 million in relation to deferred tax adjustment of earlier years.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 5. LONG-TERM BORROWINGS

In ₹ Million

	Non-current portion		Current maturities	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
Debentures [Refer Note 5(a)]				
2,500 (March 31, 2015: 2,500) - 11.95 % Redeemable non-convertible debentures (secured)	-	833.50	833.50	833.25
1,760 (March 31, 2015: 1,760) - 10.75 % Redeemable non-convertible debentures (secured)	-	528.00	528.00	616.00
	-	**1,361.50**	**1,361.50**	**1,449.25**
Term loans				
From banks				
Foreign currency term loans				
On syndication basis (unsecured) [Refer note 5(b)]	13,252.00	14,377.30	1,987.80	-
Buyers line of credit for import of goods from banks (unsecured) [Refer note 5(c)]	883.47	-	441.73	-
	14,135.47	**14,377.30**	**2,429.53**	**-**
Other loans				
IGSTC R&D project loan [Refer note 5(d)] (secured)	5.47	6.08	0.61	-
	5.47	6.08	0.61	-
Total	**14,140.94**	**15,744.88**	**3,791.64**	**1,449.25**
The above amount includes				
Secured borrowings	5.47	1,367.58	1,362.11	1,449.25
Unsecured borrowings	14,135.47	14,377.30	2,429.53	-
Amount disclosed under the head “Other current liabilities” [Refer note 10]	-	-	(3,791.64)	(1,449.25)
Total	**14,140.94**	**15,744.88**	**-**	**-**

(a) Debentures

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

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

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

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

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

NOTE 5. LONG-TERM BORROWINGS (Contd.):

(b) Foreign currency term loans

Foreign currency term loans on Syndicated basis (Unsecured)

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

In USD Million

Date of repayment	Balance outstanding As at March 31, 2016	Balance outstanding As at March 31, 2015
From		
- October 31, 2016 (half yearly)	80.00	80.00
- October 31, 2016 (half yearly)	40.00	40.00
- October 31, 2017 (half yearly)	60.00	60.00
- March 16, 2019 (yearly)	50.00	50.00

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

Balance outstanding USD 20 Million (March 31, 2015: Nil)

Repayable in 3 equal yearly installments starting from May 2016, along with interest @ LIBOR + 135 bps.

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

Balance outstanding ₹ 6.08 Million (March 31, 2015: 6.08 Million)

The loan is secured by bank guarantee executed by the Company in favour of IGSTC.

Repayable in 10 half yearly installments from January 14, 2017, along with interest @ 3% per annum.

NOTE 6. DEFERRED TAX LIABILITIES (NET)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Deferred tax liability		
On account of timing difference in		
Impact of difference between tax depreciation/amortization and depreciation/ amortization for the financial reporting	2,162.14	1,965.05
Gross deferred tax liability	**2,162.14**	**1,965.05**
Deferred tax assets		
On account of timing difference in		
Privilege leave encashment and gratuity	163.91	167.52
Provision for bad and doubtful debts and advance	35.30	33.74
Disallowance under Section 43B of Income Tax Act, 1961	142.49	53.99
Voluntary retirement scheme	2.03	2.96
Disallowance under Section 40(a) of Income Tax Act, 1961	11.03	67.71
Gross deferred tax assets	**354.76**	**325.92**
Net deferred tax liability	**1,807.38**	**1,639.13**

Deferred tax in relation to adjustment for transitional provision of schedule II and certain other adjustments has been accounted for as a adjustments to general reserve in the previous year.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 7. OTHER LONG-TERM LIABILITIES

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Voluntary retirement scheme compensation	2.67	5.32	2.95	3.62
Advance from customers	607.38	-	239.12	167.07
	610.05	**5.32**	**242.07**	**170.69**
Amount disclosed under the head "other current liabilities" [Refer Note 10]	-	-	(242.07)	(170.69)
Total	**610.05**	**5.32**	**-**	**-**

NOTE 8. PROVISIONS

In ₹ Million

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits				
Provision for gratuity [Refer note 29]	177.56	220.36	80.00	70.00
Provision for special gratuity [Refer note 29]	38.20	32.40	8.51	13.03
Provision for employee's provident fund [Refer note 29]	1.67	-	-	-
Provision for leave benefits	-	-	216.07	193.68
	217.43	**252.76**	**304.58**	**276.71**
Other provisions				
Proposed equity dividend	-	-	116.40	1,047.57
Provision for tax on proposed equity dividend	-	-	23.70	213.26
Provision for tax (net of advance tax)	-	-	183.90	56.44
	-	**-**	**324.00**	**1,317.27**
Total	**217.43**	**252.76**	**628.58**	**1,593.98**

NOTE 9. SHORT-TERM BORROWINGS

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
From banks		
Cash credit (secured) [Refer note 9(a)]	131.95	108.50
Preshipment packing credit - foreign currency (secured) [Refer note 9(b)(i)]	341.54	608.82
Preshipment packing credit - foreign currency (unsecured) [Refer note 9(b)(ii)]	-	62.51
Total	**473.49**	**779.83**
The above amount includes		
Secured borrowings	473.49	717.32
Unsecured borrowings	-	62.51
Total	**473.49**	**779.83**

(a) Cash credit from banks is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc.

Cash credit is repayable on demand and carries interest @ 9.65% to 13.50% per annum.

(b) Preshipment packing credit from banks is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc.

(i) Preshipment packing credit - foreign currency (secured) is repayable within 180 days and carries interest @ LIBOR + 10 bps to LIBOR 35 bps.

(ii) Preshipment packing credit - foreign currency (unsecured) is repayable within 180 days and carries interest @ LIBOR + 10 bps to LIBOR 35 bps.

NOTE 10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Trade payables		
Dues to micro enterprises and small enterprises [Refer note 40 for details of dues to micro and small enterprises]	14.94	32.81
	14.94	**32.81**
Dues to others		
- Dues to other than micro enterprises and small enterprises	4,302.08	5,635.16
- Acceptances	-	618.23
	4,302.08	**6,253.39**
	4,317.02	**6,286.20**
Other current liabilities		
Current maturities of long-term borrowings [Refer note 5]		
- Secured	1,362.11	1,449.25
- Unsecured	2,429.53	-
Payables for capital goods	289.92	332.79
Interest accrued but not due on borrowings	141.06	190.10
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	49.03	25.04
- Unpaid matured deposits	0.04	0.04
Security deposits	82.46	81.26
Advance from customers [Refer note 7]	239.12	167.07
Employee contributions and recoveries payable	47.83	40.05
Statutory dues payable including tax deducted at source	342.37	119.51
Voluntary retirement scheme compensation [Refer note 7]	2.95	3.62
Others *	92.30	90.17
	5,078.72	**2,498.90**
	9,395.74	**8,785.10**

includes unpaid due to litigation

* Includes rent received in advance, commission payable, provision for wealth tax (net) and miscellaneous liabilities

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 11.1. TANGIBLE ASSETS

In ₹ Million

	Free hold land (a)	Lease hold land (d)	Buildings (b), (c), (f)	Plant and machinery	Office equipments	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total
Cost												
At April 1, 2014	176.28	90.08	2,957.70	31,647.75	59.23	0.45	525.32	724.51	268.49	2,180.27	97.77	38,727.85
Additions	-	57.49	228.28	1,666.13	9.28	-	2.23	63.78	25.13	13.27	-	2,065.59
Disposals	-	-	-	(90.74)	-	-	-	(0.22)	(0.33)	(7.23)	-	(98.52)
Other adjustments												
- Borrowing cost	-	-	-	47.22	-	-	-	0.38	-	-	-	47.60
- Exchange differences	-	-	5.92	215.72	-	-	0.05	1.93	0.01	-	-	223.63
At March 31, 2015	**176.28**	**147.57**	**3,191.90**	**33,486.08**	**68.51**	**0.45**	**527.60**	**790.38**	**293.30**	**2,186.31**	**97.77**	**40,966.15**
Additions	-	-	370.90	1,951.06	14.03	-	4.03	81.29	13.03	1,794.60	-	4,228.94
Disposals	-	-	(2.01)	(43.95)	-	-	-	-	(1.77)	(13.67)	-	(61.40)
Other adjustments												
- Borrowing cost	-	-	16.03	52.24	-	-	-	0.72	-	-	-	68.99
- Exchange differences	-	-	36.62	332.39	-	-	-	3.88	-	52.90	-	425.79
As at March 31, 2016	**176.28**	**147.57**	**3,613.44**	**35,777.82**	**82.54**	**0.45**	**531.63**	**876.27**	**304.56**	**4,020.14**	**97.77**	**45,628.47**
Depreciation												
At April 1, 2014	-	6.15	609.54	15,843.48	37.49	0.43	321.49	499.37	187.33	938.54	76.50	18,520.32
Charge for the year	-	1.56	99.60	2,151.63	7.18	-	35.45	57.71	30.78	85.66	15.10	2,484.67
Disposals	-	-	-	(71.04)	-	-	-	-	(0.19)	(6.29)	-	(77.52)
Adjustments	-	-	40.80	4.06	9.18	-	-	-	10.07	473.31	-	537.42
At March 31, 2015	**-**	**7.71**	**749.94**	**17,928.13**	**53.85**	**0.43**	**356.94**	**557.08**	**227.99**	**1,491.22**	**91.60**	**21,464.89**
Charge for the year	-	1.56	113.83	2,164.32	8.11	-	33.49	60.13	21.28	186.06	6.17	2,594.95
Disposals	-	-	(1.58)	(30.56)	-	-	-	-	(1.41)	(11.50)	-	(45.05)
At March 31, 2016	**-**	**9.27**	**862.19**	**20,061.89**	**61.96**	**0.43**	**390.43**	**617.21**	**247.86**	**1,665.78**	**97.77**	**24,014.79**
Net block												
As at March 31, 2015	**176.28**	**139.86**	**2,441.96**	**15,557.95**	**14.66**	**0.02**	**170.66**	**233.30**	**65.31**	**695.09**	**6.17**	**19,501.26**
As at March 31, 2016	**176.28**	**138.30**	**2,751.25**	**15,715.93**	**20.58**	**0.02**	**141.20**	**259.06**	**56.70**	**2,354.36**	**-**	**21,613.68**

(a) Freehold land includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara both of which have been given on lease. Due to certain matters being sub judice, the Company has not executed lease deed with related party for one of the said land.

(b) Buildings include cost of hangar jointly owned with other Companies ₹ 0.12 Million (March 31, 2015: ₹ 0.12 Million).

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

(d) Documents for lease hold land at Jejuri are under execution.

(e) Capitalized borrowing cost:

The amount of borrowing cost capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing cost capitalized during the year ended March 31, 2016 was ₹ 41.25 Million (March 31, 2015: ₹ 81.05 Million). The Company capitalized this borrowing cost in the capital (CWIP).

(f) Assets given on operating lease includes buildings. Being a part of the composit building, the value is not separately ascertainable.

(g) Refer note 34 for capitalisation of expenditure.

NOTE 11.2. INTANGIBLE ASSETS

In ₹ Million

	Computer software	Total
Gross block		
At April 1, 2014	46.86	46.86
Purchase	33.29	33.29
Internal development	-	-
At March 31, 2015	**80.15**	**80.15**
Purchase	18.90	18.90
Internal development	-	-
At March 31, 2016	**99.05**	**99.05**
Amortization		
At April 1, 2014	0.05	0.05
Charge for the year	20.45	20.45
At March 31, 2015	**20.50**	**20.50**
Charge for the year	18.83	18.83
At March 31, 2016	**39.33**	**39.33**
Net block		
At March 31, 2015	59.65	59.65
At March 31, 2016	**59.72**	**59.72**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 12. NON-CURRENT INVESTMENTS

In ₹ Million

		As at March 31, 2016	As at March 31, 2015
Trade investments (valued at cost unless stated otherwise)			
Equity instruments (unquoted)			
Investment in wholly owned subsidiaries			
Bharat Forge Global Holding GmbH (erstwhile known as CDP Bharat Forge GmbH)			
Subscription to the equity share capital	EUR 5,000,000 (EUR 5,000,000)	287.98	287.98
Capital Contribution credited in favour of Bharat Forge Limited [Refer note 12(a)]	EUR 57,464,428 (EUR 57,464,428)	3,675.98	3,675.98
		3,963.96	3,963.96
Bharat Forge America Inc.	USD 21,596,597 (USD 21,596,597)	987.09	987.09
Less: Provision for diminution in value of investments		(964.16)	(964.16)
		22.93	22.93
27,519,594 (March 31, 2015: 19,791,494) equity shares of ₹ 10/- each fully paid-up in BF Infrastructure Limited		275.20	197.91
Less: Provision for diminution in value of investments [Refer note 12(b)]		(90.00)	(90.00)
		185.20	107.91
40,050,000 (March 31, 2015: 40,050,000) equity shares of ₹ 10/- each fully paid-up in BF Infrastructure Ventures Limited		400.50	400.50
Less: Provision for diminution in value of investments [Refer note 12(c)]		(290.00)	(290.00)
		110.50	110.50
50,000 (March 31, 2015: 50,000) equity shares of ₹ 10/- each fully paid-up in Kalyani Polytechnic Private Limited		0.50	0.50
Other subsidiaries where Company holds 51% or more of the equity share capital			
6,120,000 (March 31, 2015: 6,120,000) equity shares of ₹ 10/- each fully paid-up in BF NTPC Energy Systems Limited		63.24	63.24
1,655,202 (March 31, 2015: 1,655,202) equity shares of ₹ 10/- each fully paid-up in Analogic Controls India Limited		16.55	16.55
10,000 (March 31, 2015: 10,000) equity shares of ₹ 10/- each fully paid-up in BF Elbit Advanced Systems Private Limited		0.10	0.10
1,443,000 (March 31, 2015: 50,000) equity shares of ₹ 10/- each fully paid-up in Kalyani Strategic Systems Limited		14.43	0.50
Investments in joint ventures [Refer note 32]			
151,826,496 (March 31, 2015: 151,826,496) equity shares of ₹ 10/- each fully paid-up in ALSTOM Bharat Forge Power Private Limited [Refer note 12(d)]		1,727.01	1,727.01
Investments in others (Company holds 5% or more of the share capital)			
21,067,894 (March 31, 2015: 21,067,894) equity shares of ₹ 10/- each fully paid-up in Khed Economic Infrastructure Private Limited		210.68	210.68
504,432 (March 31, 2015: 504,432) equity shares of ₹ 10/- each fully paid-up in Gupta Energy Private Limited [Refer note 12(e)]		72.13	72.13
		6,387.23	**6,296.01**
Preference shares (unquoted)			
21,814,050 (March 31, 2015: 21,814,050) preference shares of ₹ 10/- each fully paid-up in BF Infrastructure Limited, a wholly owned subsidiary		218.14	218.14
Less: Provision for diminution in value of investments		(218.14)	(218.14)
		-	-
Debentures (unquoted)			
1,573,100 (March 31, 2015: 866,467) 0% Compulsorily Convertible Debentures of ₹ 100/- each in Analogic Controls India Limited, a subsidiary		157.31	86.65
		6,544.54	**6,382.66**
	carried over	**6,544.54**	**6,382.66**

NOTE 12. NON-CURRENT INVESTMENTS (Contd.):

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
brought over	**6,544.54**	**6,382.66**
Other investments (valued at cost unless stated otherwise)		
Equity instruments (quoted)		
613,000 (March 31, 2015: 613,000) equity shares of ₹ 2/- each fully paid-up in KPIT Technologies Limited	100.24	100.24
Bonds (unquoted)		
500 (March 31, 2015: 500) Non-convertible redeemable secured taxable bonds of ₹ 10,000/- each - Series IX (2013-14)	5.00	5.00
Investments in private equity fund (unquoted)		
2,800,000 (March 31, 2015: Nil) Units of ₹ 10/- each of Paragon Partners Growth Fund - I	28.00	-
Investments in Mutual funds (quoted)		
5,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of HDFC FMP 1107D March 2016 (1) Series 36 - Direct Option - Growth Option	50.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of HDFC FMP 1114D March 2016 (1) Series 35 - Direct Option - Growth Option	50.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1115 Days Plan X Direct Plan Cumulative Option	50.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1130 Days Plan T Direct Plan Cumulative Option	20.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1135 Days Plan W Direct Plan Cumulative Option	20.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of Kotak FMP Series 191 - Direct Plan Growth option	20.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of Reliance Fixed Horizon Fund XXX- Series 13 -Direct Plan- Growth Option	50.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of Reliance Fixed Horizon Fund XXX- Series 17 -Direct Plan- Growth Option	50.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of SBI Debt Fund Series B - 35 (1131 Days) - Direct Plan - Growth option	20.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of SBI Debt Fund Series B - 36 (1131 Days) - Direct Plan - Growth	50.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10/- each of UTI FTIF Series XXIV-VIII (1184 Days) Direct Plan - Growth Option	20.00	-
	400.00	-
Total	**7,077.78**	**6,487.90**
Aggregate amount of quoted investments [# Market value ₹ 491.75 Million (March 31, 2015: ₹ 115.55 Million)]	500.24	100.24
Aggregate amount of unquoted investments	6,577.54	6,387.66
Aggregate amount of provision for diminution in value of investments	(1,562.30)	(1,562.30)

Included in market value at NAV as on March 31, 2016 and March 31, 2015 respectively as there was no trade for the schemes, hence quotations are not available.

(a) Bharat Forge Global Holding GmbH (erstwhile known as CDP Bharat Forge GmbH)

Contributions to the capital reserves of Bharat Forge Global Holding GmbH as per the German Commercial (code), forms a part of the equity share capital and accordingly has been considered as an investment and is redeemable subject to provisions of the code.

With a view to streamline the operations of European subsidiaries of the Company, CDP Bharat Forge GmbH, Germany (CDP BF), a direct subsidiary of the Company in Germany, has undertaken a corporate reorganisation along with its subsidiaries. Such restructuring will facilitate fiscal consolidation, tax consolidation, efficient management and reduction in cost of compliances.

Following reorganisation has been completed during the year

- The manufacturing operations of CDP Bharat Forge GmbH have been transferred to a new subsidiary company in Germany viz. Bharat Forge CDP GmbH (BF CDP),
- CDP Bharat Forge GmbH has been renamed as “Bharat Forge Global Holding GmbH” (BF GH) and this entity will continue to serve as the Holding Company for the Company’s investment in Europe
- Bharat Forge Aluminiumtechnik GmbH & Co. KG has been changed from partnership firm to limited liability company viz. Bharat Forge Aluminiumtechnik GmbH
- Bharat Forge Aluminiumtechnik Verwaltungs GmbH got merged with BF GH
- Bharat Forge Beteiligungs GmbH has been merged with BF GH
- BF New Technologies GmbH has been merged with BF GH

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 12. NON-CURRENT INVESTMENTS (Contd.):

(b) BF Infrastructure Limited (BFIL)

BF Infrastructure Limited, a wholly owned subsidiary is in the business of manufacturing, assembling, installing etc. for infrastructure projects in energy, power, oil & gas etc. In the FY 2013-14 considering the losses in the business activities carried out by the Company, the Company had, as a matter of prudence, tested the investment in BFIL for impairment / diminution with reference to the value of assets. Accordingly the Company had provided for impairment of ₹ 308.14 Million in FY 2013-14. No further impairment is required considering the investment made by BFIL in oil block.

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

The Board of Directors of BFIL and BFIVL on July 9, 2015 approved a Scheme of Amalgamation (Scheme) between BFIL and BFIVL being transferor company with an Appointed date of April 1, 2015 and the Shareholders of BFIL also submitted their letter of consent for approving Scheme. The Scheme is pending for approval by Hon'ble High Court of Bombay till date.

(c) BF Infrastructure Ventures Limited (BFIVL)

In previous year, BFVIL, a wholly owned subsidiary had registered losses which had affected its net worth. Given the losses in the business activities carried out by the subsidiary, the Company had, as a matter of prudence, tested the investment in BFIVL for impairment/diminution with reference to the value of assets. Accordingly, the Company had provided for impairment of ₹ 290.00 million in March 31, 2015, Nil in March 31, 2016, which was recognised as an exceptional item in the statement of profit and loss in previous year.

(d) ALSTOM Bharat Forge Power Private Limited (ABFPPL)

The Company has executed a promoter support undertaking in favor of lenders of ABFPPL for not diluting the stake in ABFPPL below the threshold limit. In case, if the Company wants to dilute, the Company has to take prior approval from the lenders. However, the shares have not been pledged with the lenders.

(e) Gupta Energy Private Limited

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

NOTE 13. LOANS AND ADVANCES

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
Capital advances				
Unsecured, considered good	1,319.61	917.06	-	-
Unsecured, considered doubtful	15.98	22.13	-	-
Less: Provision for doubtful advance	(15.98)	(22.13)	-	-
	1,319.61	**917.06**	**-**	**-**
Security deposits (including statutory deposits)				
Unsecured, considered good	367.59	358.78	-	-
	367.59	**358.78**	**-**	**-**
Loans and advances				
To related parties [Refer note 33]				
Unsecured, considered good				
Loan to wholly owned subsidiaries	30.56	-	376.85	67.19
Loan to others (including subsidiaries)	75.00	75.00	76.12	85.00
Amount recoverable from subsidiaries	57.70	126.06	118.73	143.08
	163.26	201.06	571.70	295.27
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	456.92	426.82
Unsecured, considered doubtful	-	-	34.89	35.44
Less: Provision for doubtful advance	-	-	(34.89)	(35.44)
	-	-	456.92	426.82
Others				
Unsecured, considered good				
Loan to employees	44.46	18.31	-	-
Advance income tax (net of provision for tax)	261.52	256.98	-	-
Advances to suppliers	-	-	276.75	497.70
Balances with statutory/government authorities	108.36	94.79	117.87	393.49
Taxes and duty credits receivables (including VAT)	-	-	1,988.00	3,080.76
Intercorporate deposits	-	-	-	50.00
	414.34	370.08	2,382.62	4,021.95
	577.60	**571.14**	**3,411.24**	**4,744.04**
	2,264.80	**1,846.98**	**3,411.24**	**4,744.04**

NOTE 14. OTHER ASSETS

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
Unsecured, considered good unless stated otherwise				
Non-current bank balance [Refer note 18]	0.03	0.03	-	-
	0.03	**0.03**	**-**	**-**
Derivative assets				
Forward contracts	-	-	1,764.24	5,275.13
	-	**-**	**1,764.24**	**5,275.13**
Others				
Export incentives receivable *	-	-	1,908.83	1,564.53
Government grant under PSI scheme **	382.35	232.45	-	-
Interest accrued on fixed deposits etc.	-	-	27.93	54.86
Energy credit receivable - windmills	-	-	8.98	16.30
Interest accrued on loan given to subsidiary	-	-	129.54	113.81
Receivable for sale of immovable fixed asset	100.00	-	200.00	350.00
	482.35	**232.45**	**2,275.28**	**2,099.50**
Total	**482.38**	**232.48**	**4,039.52**	**7,374.63**

* Includes receivable against schemes such as Duty Entitlement Pass Book Scheme (DEPB), Duty Drawback, Status Holder Incentive Scheme (SHIS), Focus Product Scheme (FPS), Focus Market Scheme (FMS), Market Linked Focus Product Scheme (MLFPS) and Merchandise Exports from India Scheme (MEIS).

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

NOTE 15. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND MARKET VALUE, UNLESS STATED OTHERWISE)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Investments in mutual funds [Refer note 15 (a)]	7,220.44	4,549.46
	7,220.44	**4,549.46**
Aggregate amount of quoted investments [# Market value ₹ Nil (March 31, 2015: ₹ 160.43 Million)]	-	150.00
Aggregate amount of unquoted investments	7,220.44	4,399.46
Total	**7,220.44**	**4,549.46**

Included in market value at NAV as on March 31, 2015 as there was no trade for the schemes, hence quotations were not available.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 15. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND MARKET VALUE, UNLESS STATED OTHERWISE) (Contd.):

(a) Details of quoted and unquoted investments

In ₹ Million

		As at March 31, 2016	As at March 31, 2015
In mutual fund units at cost:			
Quoted:			
Nil	(March 31, 2015: 5,000,000.000) Units of ₹ 10 each of HDFC FMP 370D June 2014 (2) - Series 31 - Regular - Growth	-	50.00
Nil	(March 31, 2015: 2,000,000.000) Units of ₹ 10 each of HDFC FMP 371D June 2014 (3) - Series 31 - Regular - Growth	-	20.00
Nil	(March 31, 2015: 3,000,000.000) Units of ₹ 10 each of ICICI Prudential FMP Series 74 - 369 Days Plan K Regular Plan Cumulative	-	30.00
Nil	(March 31, 2015: 2,000,000.000) Units of ₹ 10 each of ICICI Prudential FMP Series 74 - 370 Days Plan X Regular Plan Cumulative	-	20.00
Nil	(March 31, 2015: 3,000,000.000) Units of ₹ 10 each of Reliance Fixed Horizon Fund - XXVI - Series 31 - Growth Plan	-	30.00
Total (A)		**-**	**150.00**
Unquoted:			
146,455.866	(March 31, 2015: 67,680.139) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	245.20	104.74
1,286,482.144	(March 31, 2015: 2,156,388.990) Units of ₹ 100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	311.94	483.21
1,761,140.710	(March 31, 2015: Nil) Units of ₹ 100 each of Birla Sun Life Savings Fund - Growth - Regular Plan	514.97	-
983,923.561	(March 31, 2015: Nil) Units of ₹ 100 each of DHFL Pramerica Insta Cash Plus Fund - Growth - Regular Plan	193.06	-
16,199.416	(March 31, 2015: 16,582.587) Units of ₹ 1,000 each of DSP BlackRock Money Manager Fund - Regular Plan - Growth	32.90	31.29
115,276.042	(March 31, 2015: 43,726.745) Units of ₹ 1,000 each of DSP BlackRock Liquidity Fund - Institutional Plan - Growth	248.93	87.34
Nil	(March 31, 2015: 849,597.853) Units of ₹ 100 each of DWS Insta Cash Plus Fund - Growth	-	153.96
50,313.727	(March 31, 2015: 25,562.613) Units of ₹ 1,000 each of Franklin India Treasury Management Account - Super Institutional Plan - Growth	113.66	53.29
Nil	(March 31, 2015: 3,330,895.734) Units of ₹ 10 each of Franklin India Ultra Short Bond Fund -Super Institutional Plan - Growth	-	61.67
156,451.577	(March 31, 2015: 7,262,411.264) Units of ₹ 10 each of HDFC Liquid Fund - Growth	466.47	200.14
20,638,251.911	(March 31, 2015: 21,188,629.603) Units of ₹ 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	536.46	506.79
1,546,464.721	(March 31, 2015: 661,022.388) Units of ₹ 100 each of ICICI Prudential Flexible Income - Regular Plan - Growth	441.32	173.69
2,696,028.444	(March 31, 2015: 1,267,195.547) Units of ₹ 100 each of ICICI Prudential Liquid - Regular Plan - Growth	602.86	261.94
Nil	(March 31, 2015: 777,419.206) Units of ₹ 100 each of ICICI Prudential Money Market Fund - Regular Plan - Growth	-	150.14
166,608.036	(March 31, 2015: 100,233.590) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	306.01	170.14
3,480,401.579	(March 31, 2015: 1,071,949.889) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Growth - (Regular Plan)	73.70	20.91
1,213,770.282	(March 31, 2015: Nil) Units of ₹ 10 each of JM High Liquidity Fund-Growth	50.10	-
Nil	(March 31, 2015: 6,138,928.524) Units of ₹ 10 each of JP Morgan India Liquid Fund Super Institutional Plan - Growth	-	111.09
18,394.599	(March 31, 2015: Nil) Units of ₹ 1,000 each of Kotak Liquid Scheme Plan A - Growth	56.38	-
9,871,987.041	(March 31, 2015: 7,948,730.866) Units of ₹ 10 each of Kotak Treasury Advantage Fund - Growth	237.79	176.73
64,483.622	(March 31, 2015: 55,418.577) Units of ₹ 1,000 each of L&T Liquid Fund - Growth	133.59	106.14
2,068,075.276	(March 31, 2015: Nil) Units of ₹ 10 each of L&T Ultra Short Term Fund - Growth Plan	50.67	-
18,831.862	(March 31, 2015: Nil) Units of ₹ 1,000 each of LIC NOMURA MF Liquid Fund-Growth	51.57	-
14,298,652.27	(March 31, 2015: Nil) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund-Growth Plan - Growth Option	153.90	-
	carried over	**4,821.48**	**2,853.21**

NOTE 15. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND MARKET VALUE, UNLESS STATED OTHERWISE) (Contd.):

(a) Details of quoted and unquoted investments (Contd.):

In ₹ Million

		As at March 31, 2016	As at March 31, 2015
	brought over	**4,821.48**	**2,853.21**
111,837.561	(March 31, 2015: 88,839.788) Units of ₹ 1,000 each of Reliance Money Manager Fund - Growth Plan - Growth Option	231.38	169.68
5,921,029.667	(March 31, 2015: 6,074,241.265) Units of ₹ 10 each of Reliance Medium Term Fund - Growth Plan - Growth Option	185.35	175.23
112,632.122	(March 31, 2015: 95,161.955) Units of ₹ 1,000 each of Reliance Liquidity Fund - Growth Plan - Growth Option	256.32	200.15
57,134.504	(March 31, 2015: 18,087.481) Units of ₹ 1,000 each of Religare Invesco Liquid Fund - Growth Plan	118.76	34.74
160,273.315	(March 31, 2015: 126,364.215) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Growth	380.32	277.24
105,637.362	(March 31, 2015: Nil) Units of ₹ 1,000 each of SBI Ultra Short Term Debt Fund - Regular Plan - Growth	205.31	-
5,280,972.652	(March 31, 2015: 4,412,094.774) Units of ₹ 10 each of Sundaram Money Fund - Regular Growth	168.27	129.97
22,684.694	(March 31, 2015: Nil) Units of ₹ 1,000 each of Tata Floater Fund - Growth	51.55	-
56,092.046	(March 31, 2015: 61,203.589) Units of ₹ 1,000 each of Tata Liquid Fund Plan A - Growth	156.31	157.66
148,186.879	(March 31, 2015: 123,975.310) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth	366.55	283.57
135,441.496	(March 31, 2015: 62,267.616) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth	278.84	118.01
Total (B)		**7,220.44**	**4,399.46**
Total (A) + (B)		**7,220.44**	**4,549.46**

NOTE 16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Raw materials and components [includes lying with third parties] (Refer note 21)	1,049.35	1,319.45
Work-in-progress [includes lying with third parties] (Refer note 22)	1,945.55	2,094.60
Finished goods [includes in transit] (Refer note 22)	301.92	57.14
Stores, spares and loose tools	879.75	780.42
Dies and dies under fabrication (Refer note 22)	1,063.62	1,094.37
Scrap (Refer note 22)	14.11	25.83
Total	**5,254.30**	**5,371.81**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 17. TRADE RECEIVABLES

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
Trade receivables (net of bills discounted with banks)				
[Refer note 35]				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	368.84	190.22
Considered doubtful	-	-	51.15	39.90
Less: Provision for doubtful receivables	-	-	(51.15)	(39.90)
	-	**-**	**368.84**	**190.22**
Other receivables				
Considered good	20.87	-	5,396.43	5,404.43
	20.87	**-**	**5,396.43**	**5,404.43**
Total	**20.87**	**-**	**5,765.27**	**5,594.65**

NOTE 18. CASH AND BANK BALANCES

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
Cash and cash equivalents				
Balances with banks				
In Cash Credit and Current accounts	-	-	2,966.84	2,129.27
Deposits with original maturity of less than 3 months	-	-	-	1,030.01
Cash on hand	-	-	0.70	1.13
	-	**-**	**2,967.54**	**3,160.41**
Other bank balances				
Earmarked balances (on unclaimed dividend accounts)	-	-	49.37	25.38
Deposits with remaining maturity for less than 12 months	-	-	730.00	2,732.33
Deposits with remaining maturity for more than 12 months#	0.03	0.03	-	-
	0.03	**0.03**	**779.37**	**2,757.71**
Amount disclosed under non-current assets (Refer note 14)	(0.03)	(0.03)	-	-
Total	**-**	**-**	**3,746.91**	**5,918.12**

\# ₹ 0.03 Million (March 31, 2015: ₹ 0.03 Million) in non-current portion pledged with sales tax department.

NOTE 19. REVENUE FROM OPERATIONS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from operations		
Sale of products (net of returns, rebates etc.)		
- Finished goods	41,267.38	43,015.11
- Manufacturing scrap	2,048.33	2,232.82
- Die design and preparation charges	404.61	284.13
Sale of services		
- Job work charges	243.80	160.39
Other operating revenues		
- Export incentives	935.58	1,373.86
- Sale of electricity/REC - Windmills	71.06	57.32
Revenue from operations (gross)	**44,970.76**	**47,123.63**
Less: Excise duty *	(1,916.66)	(1,643.09)
Revenue from operations (net)	**43,054.10**	**45,480.54**

* Excise duty on sales amounting to ₹ 1,916.66 Million (March 31 2015: ₹ 1,643.09 Million) has been reduced from revenue in statement of profit and loss and excise duty on stock amounting to ₹ 35.88 Million (March 31, 2015: ₹ (0.65) Million) has been considered in note 22 of financial statements.

(a) Details of Finished goods (Gross of excise duty)

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Finished goods sold		
Steel forgings	15,981.86	18,408.21
Finished machined crankshaft	14,940.21	15,526.55
Front axle assembly and components	7,775.44	6,447.72
Ring rolling	993.78	1,256.04
Transmission parts	514.06	823.39
Aluminium road wheel	1,020.64	462.66
General engineering equipments	41.39	90.54
Total	**41,267.38**	**43,015.11**

NOTE 20. OTHER INCOME

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on		
- Fixed deposits and others	195.55	184.00
- Loans to subsidiaries	22.08	5.76
Dividend income from investment in mutual funds - current investment	375.19	402.73
Net gain on sale of		
- current investments	13.42	20.92
- long-term investments	13.43	59.81
Government grant under PSI scheme	312.47	166.26
Provision for doubtful debts and advances written back	6.70	0.84
Provisions no longer required written back	1.05	51.62
Rent	6.31	3.20
Miscellaneous income	52.46	38.01
Total	**998.66**	**933.15**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 21. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Inventory at the beginning of the year	1,319.45	1,171.62
Add: Purchases	15,016.47	17,706.47
	16,335.92	**18,878.09**
Less: Inventory at the end of the year (Refer note 16)	(1,049.35)	(1,319.45)
Cost of raw material and components consumed	**15,286.57**	**17,558.64**

Details of inventories:

(a) Details of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Carbon and alloy steel	14,363.42	16,425.89
Components	518.64	576.53
Die blocks, die and tools steel	404.51	556.22
Total	**15,286.57**	**17,558.64**

(b) Imported and indigenous raw materials and components consumed

	Year ended March 31, 2016		Year ended March 31, 2015	
	(%)	In ₹ Million	(%)	In ₹ Million
Imported	3.00	459.14	3.92	688.26
Indigenous	97.00	14,827.43	96.08	16,870.38
Total	**100.00**	**15,286.57**	**100.00**	**17,558.64**

NOTE 22. (INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS, DIES AND SCRAP

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Inventories at the end of the year (Refer note 16)		
Work-in-progress	1,945.55	2,094.60
Finished goods	301.92	57.14
Dies and dies under fabrication	1,063.62	1,094.37
Scrap	14.11	25.83
	3,325.20	**3,271.94**
Inventories at the beginning of the year (Refer note 16)		
Work-in-progress	2,094.60	1,994.99
Finished goods	57.14	29.62
Dies and dies under fabrication	1,094.37	1,067.30
Scrap	25.83	20.37
	3,271.94	**3,112.28**
	(53.26)	**(159.66)**
Excise duty variation on opening and closing stock	35.88	(0.65)
Total	**(17.38)**	**(160.31)**

NOTE 23. EMPLOYEE BENEFITS EXPENSE

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, wages and bonus (including managing and whole time director's remuneration)	3,227.78	2,825.08
Contributions to provident and other funds/scheme	152.74	140.89
Gratuity expense [Refer note 29]	46.02	84.36
Special gratuity expense [Refer note 29]	4.86	12.55
Employee voluntary retirement scheme compensation	1.54	4.78
Staff welfare expenses	288.62	251.64
Total	**3,721.56**	**3,319.30**

NOTE 24. DEPRECIATION AND AMORTIZATION EXPENSE

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Depreciation on tangible assets [Refer note 11.1]	2,594.95	2,484.67
Amortization on intangible assets [Refer note 11.2]	18.83	20.45
Total	**2,613.78**	**2,505.12**

NOTE 25. FINANCE COSTS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Interest on bank facilities	673.58	938.15
Interest on bills discounting	69.77	84.11
Bank charges including loan processing fees	119.82	96.09
Total	**863.17**	**1,118.35**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 26. OTHER EXPENSES

In ₹ Million

		Year ended March 31, 2016	Year ended March 31, 2015
Consumption of stores, spares and tools [Refer note 26(a)]		2,221.57	2,167.43
Machining charges		901.70	1,340.69
Power, fuel and water	3,205.80		3,594.55
Less: Credit for energy generated	(82.61)		(62.51)
		3,123.19	3,532.04
Repairs and maintenance			
- Building repairs and road maintenance		66.84	52.86
- Plant and machinery		371.49	348.11
Rent (Refer note 30)		28.26	16.53
Rates and taxes (including wealth tax)		28.04	30.82
Insurance		69.94	59.48
CSR Expenditure [Refer note 46]		124.98	112.31
Legal and professional fees		549.04	529.23
Commission and discount		12.81	56.87
Donations:			
a) Political parties *	-		40.00
b) Others	21.97		37.54
		21.97	77.54
Packing material		769.19	699.47
Freight forwarding charges		528.46	436.11
Directors' fees and travelling expenses		3.50	3.47
Commission to directors other than managing and whole time directors		6.45	10.00
Loss on sale of fixed assets (Net)		0.29	2.32
Provision for doubtful debts and advances		11.25	33.29
Bad debts/advances written off		16.03	58.35
Exchange difference (net)		468.53	262.91
Payment to Auditors [Refer note 26(b)]		14.84	13.61
Miscellaneous expenses **		1,894.76	1,619.64
Total		**11,233.13**	**11,463.08**

* In previous year, Donations to political parties includes those to Bharatiya Janata Party and Shiv Sena.

** Miscellaneous expenses includes travelling expenses, printing, stationery, postage, telephone etc.

(a) Imported and indigenous Consumption of stores, spares and tools

	Year ended March 31, 2016		Year ended March 31, 2015	
	(%)	In ₹ Million	(%)	In ₹ Million
Imported	13.92	309.09	25.41	550.75
Indigenous	86.08	1,912.48	74.59	1,616.68
	100.00	**2,221.57**	**100.00**	**2,167.43**

(b) Payment to auditors

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
As auditor:		
- Audit fee	8.00	8.00
- Limited review	2.95	2.70
- Others (including certification fees)	3.26	2.42
Reimbursement of expenses	0.63	0.49
Total	**14.84**	**13.61**

Above expenses include research and development expenses for details of which refer note 45.

NOTE 27. EXCEPTIONAL ITEMS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Loss on sale of non-current investment [Refer note 27(a)]	-	41.21
Provision for expense of earlier year reversed [Refer note 27(b)]	-	(294.89)
Provision for diminution in value of investments in subsidiary [Refer note 27(c)]	-	290.00
Provision for statutory employee cost relating to earlier period [Refer note 27(d)]	42.20	-
Total	**42.20**	**36.32**

(a) Loss on sale of non-current investment

During the previous year, the Company had divested its 50% stake in Impact Automotive Solutions Limited, which was formed in the year 2010 as a Joint Venture (JV). The stake was sold by the Company to the other JV Partner, resulting in loss of ₹ 41.21 Million on sale of investment.

(b) Provision for expense of earlier year reversed

Till financial year 2013-14, the Company made provision towards LBT payable. However, the liability was not settled as there was no appropriate authority and the administrative mechanism. During the previous year based on the opinion obtained from the legal advisor, the liability was reversed.

(c) Provision for diminution in value of investment in -
BF Infrastructure Ventures Limited (BFIVL)

Considering the losses in the business activities carried out by BFIVL, the Company had provided an amount of ₹ 290.00 Million towards diminution in the carrying cost of its investments in previous year.

(d) Provision for statutory employee cost relating to earlier period

It represents certain statutory employee costs that have become applicable retrospectively from the financial year 2014-15.

NOTE 28. EARNINGS PER EQUITY SHARE (EPS)

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Numerator for basic and diluted EPS		
Net profit attributable to Shareholders as at March 31	**7,010.62**	**7,189.84**
Weighted average number of equity shares in calculating basic EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	**232,794,316**
EPS - Basic (in ₹)	**30.11**	**30.88**
Weighted average number of equity shares in calculating diluted EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	**232,794,316**
EPS - Diluted (in ₹)	**30.11**	**30.88**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

(a) Gratuity plan

Funded scheme

The Company has a defined benefit 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 insurance companies in the form of a qualifying insurance policy.

The following tables summarize 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 respective plan.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	51.81	48.06
Interest cost on benefit obligation	51.12	52.79
Expected (return) on plan assets	(34.38)	(30.53)
Net actuarial (gain)/loss recognised in the year	(22.53)	14.04
Interest income	-	-
Net benefit expense	**46.02**	**84.36**
Actual return on plan assets	34.00	31.39

Balance sheet

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening fair value of plan assets	386.87	322.98
Expected return	34.38	30.53
Contribution by employer	78.82	69.85
Benefits (paid)	(43.54)	(37.34)
Actuarial (losses)/gains	(0.39)	0.85
Closing fair value of plan assets	**456.14**	**386.87**

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	677.23	598.83
Interest cost	51.12	52.79
Current service cost	51.81	48.06
Benefits (paid)	(43.54)	(37.34)
Actuarial (gains)/losses on obligation	(22.92)	14.89
Closing defined benefit obligation	**713.70**	**677.23**

Benefit (liability):

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	456.14	386.87
Present value of defined benefit obligations	(713.70)	(677.23)
Plan (liability)	**(257.56)**	**(290.36)**

The Company expects to contribute ₹ 80.00 Million to gratuity funds in the next year (March 31, 2015: ₹ 70.00 Million).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2016	As at March 31, 2015
Investments with insurers	100%	100%

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(a) Gratuity plan (Contd.):

The principal assumptions used in determining gratuity for the Company's plan is shown below:

In % per annum

	As at March 31, 2016	As at March 31, 2015
Discount rate	7.80%	7.80%
Expected rate of return on assets	8.50%	9.00%
Increment rate	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	456.14	386.87	322.98	274.74	236.86
Defined benefit obligation	713.70	677.23	598.83	578.38	536.44
(Deficit)	(257.56)	(290.36)	(275.85)	(303.64)	(299.58)
Experience adjustments on plan liabilities	15.54	26.02	(6.00)	9.66	(2.69)
Experience adjustments on plan assets	1.64	0.85	(0.05)	2.90	1.10

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	3.59	8.30
Interest cost on benefit obligation	3.40	3.24
Expected return on plan assets	-	-
Net actuarial loss recognised in the period	(2.13)	1.01
Interest income	-	-
Net benefit expense	**4.86**	**12.55**
Actual return on plan assets		

Balance sheet

Changes in the present value of the defined benefit obligation (recognised in balance sheet) are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	45.43	39.11
Interest cost	3.40	3.24
Current service cost	3.59	8.30
Benefits paid	(3.58)	(6.23)
Actuarial losses on obligation	(2.13)	1.01
Closing defined benefit obligation	**46.71**	**45.43**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(b) Special gratuity (Contd.):

Benefit (liability):

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	-	-
Present value of defined benefit obligations	(46.71)	(45.43)
Plan asset (liability)	**(46.71)**	**(45.43)**

The principal assumptions used in determining gratuity for the Company's plan is shown below:

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Discount rate	7.80%	7.80%
Increment rate	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	-	-	-	-	-
Defined benefit obligation	46.71	45.43	39.11	37.80	40.13
Surplus/(deficit)	(46.71)	(45.43)	(39.11)	(37.80)	(40.13)
Experience adjustments on plan liabilities	(2.13)	1.49	(5.04)	0.20	(2.69)
Experience adjustments on plan assets	-	-	-	-	-

(c) Provident fund

In accordance with law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under defined contribution plan, provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

Under defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report are as follows:

The actuary has followed Black Scholes Option Pricing approach to calculate the liability.

The Company has provided ₹ 1.67 Million towards shortfall in the interest payment on provident fund as per actuary report during the year ended March 31, 2016 (March 31, 2015: ₹ Nil).

The following tables summarize 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 respective plans.

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

Statement of profit and loss

Net employee benefit expense recognised as employee cost in statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	2.30	1.79
Interest cost on benefit obligation	1.12	-
Expected (return) on plan assets	(1.49)	(1.09)
Net actuarial loss/(gain) recognised in the period	1.92	9.21
Interest income	-	-
Net benefit expense	**3.85**	**9.91**

Balance sheet

Changes in the fair value of the plan assets recognised in the balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening fair value of plan assets	16.58	12.09
Expected return	1.49	1.09
Contribution by employer	-	-
Benefits paid	-	-
Actuarial gains	2.90	3.40
Closing fair value of plan assets	**20.97**	**16.58**

Changes in the present value of guaranteed interest rate obligation:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening guaranteed interest rate obligation	14.40	-
Interest cost	1.12	-
Current service cost	2.30	1.79
Benefits paid	-	-
Actuarial losses/(gains) on obligation	4.82	12.61
Closing guaranteed interest rate obligation	**22.64**	**14.40**

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	20.97	16.58
Present value of guaranteed interest rate obligation	22.64	14.40
Plan (liability)/asset #	**(1.67)**	**2.18**

During the previous year the Company has not recognised the plan asset in the books based on the concept of prudence.

Assumptions under the Black Scholes option pricing approach are as follows:

In % per annum

	As at March 31, 2016	As at March 31, 2015
Discount rate	7.80%	7.80%
Expected guaranteed rate	8.80%	8.75%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

Amount for the current and previous four years are as follows:

In ₹ Million

	As at March 31, 2016	As at March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	20.97	16.58	12.09	9.28	2.36
Guaranteed interest rate obligation	22.64	14.40	-	11.84	-
Surplus/(deficit)	(1.67)	2.18	-	(2.56)	-
Experience adjustments on rate obligation	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

NOTE 30. LEASES

(A) Operating leases: Company as lessee

The Company has entered into agreements in the nature of lease/leave and license agreement with different lessors/licensors for the purpose of establishment of office premises/residential accommodations etc. These are generally in nature of operating lease/leave and license. There are no transactions in the nature of sub lease. Period of agreements are generally for three years and renewal at the options of the lessee. There are no escalation clauses or restrictions placed upon the Company by entering into these leases.

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Lease rentals during the year		
- on cancellable leases	28.26	16.53
- on non-cancellable leases	-	-
Total	**28.26**	**16.53**

(B) Operating leases: Company as lessor

The Company has entered into agreements in the nature of lease/leave and license agreement with different lessee/licensees for the purpose of land/building etc. These are generally in nature of operating lease. Period of agreements are generally for three to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Lease rentals during the year		
- on cancellable leases	6.31	3.20
- on non-cancellable leases	-	-
Total	**6.31**	**3.20**

NOTE 31. SEGMENT INFORMATION

In accordance with paragraph 4 of notified Accounting Standard 17 (AS-17) “Segment Reporting” the Company has disclosed segment information only on the basis of the consolidated financial statements.

NOTE 32. INTEREST IN JOINT VENTURES

In ₹ Million

	Percentage of ownership/interest As at March 31, 2016	As at March 31, 2015
ALSTOM Bharat Forge Power Private Limited (incorporated in India)		
Percentage of ownership/interest	49.00%	49.00%
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:		
Current assets	4,276.52	2,895.33
Non-current assets	7,645.70	6,354.16
Current liabilities	(6,082.70)	(4,615.63)
Non-current liabilities	(4,040.12)	(3,002.72)
Equity	**1,799.40**	**1,631.14**
- Share of the Company in the capital commitment of jointly controlled entity	153.83	912.43

NOTE 32. INTEREST IN JOINT VENTURES (Contd.):

In ₹ Million

	For the year ended March 31, 2016	For the year ended March 31, 2015
ALSTOM Bharat Forge Power Private Limited (incorporated in India) (Contd.):		
Income		
Revenue from operations	8,783.06	5,427.58
Other income	31.84	45.91
	8,814.90	**5,473.49**
Expenses		
Material cost and erection services	7,446.48	4,655.87
Purchase of stock-in-trade (Casing)	-	9.81
Tender cost	-	12.16
(Increase) in inventories of work-in-progress	(38.47)	-
Employee benefit expenses	361.67	305.79
Finance costs	293.56	59.17
Depreciation and amortization	153.16	11.05
Other expenses	441.56	208.74
	8,657.96	**5,262.59**
Profit before tax	**156.94**	**210.90**
Tax expenses		
Current tax	33.75	44.53
MAT credit entitlement	-	(10.66)
Deferred tax	(44.87)	48.09
Income tax adjustment of earlier year	(0.20)	(1.50)
MAT credit entitlement of earlier year	-	0.04
Profit after tax	**168.26**	**130.40**

In ₹ Million

	Percentage of ownership/interest	
	As at March 31, 2016	As at June 30, 2014 (Unaudited)
Impact Automotive Solutions Limited (incorporated in India) #		
Percentage of ownership/interest	-	50.00%
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:		
Current assets	-	31.60
Non-current assets	-	40.37
Current liabilities	-	(5.04)
Non-current liabilities	-	(0.04)
Equity	**-**	**66.89**
- Share of the Company in the contingent liabilities incurred by jointly controlled entity	-	-
- Share of the Company in the capital commitment of jointly controlled entity	-	-

In ₹ Million

	For the year ended March 31, 2016	For the year ended June 30, 2014 (Unaudited)
Income		
Revenue from operations	-	0.17
Other income	-	0.64
	-	**0.81**
Expenses		
Cost of materials consumed	-	1.87
Employee benefit expenses	-	2.09
Depreciation and amortization expense	-	1.86
Other expenses	-	4.35
	-	**10.17**
Loss before tax	**-**	**(9.36)**
Tax expenses	-	-
Loss after tax	**-**	**(9.36)**

Impact Automotive Solutions Limited financial information, for the period ended Jun 30, 2014, as disclosed above are unaudited and are based on management accounts as the investment in this Company has been disposed off during the previous year. [Also refer note 27(a)] .

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 33. RELATED PARTY DISCLOSURES

(i) Names of the related parties and related party relationship

Related parties where control exists

Subsidiaries	Bharat Forge Global Holding GmbH (erstwhile known as CDP Bharat Forge GmbH)
	Bharat Forge America Inc.
	BF NTPC Energy Systems Limited
	BF Infrastructure Limited
	BF Infrastructure Ventures Limited
	Kalyani Strategic Systems Limited
	BF Elbit Advanced Systems Private Limited
	Kalyani Polytechnic Private Limited
	Analogic Controls India Limited
Step down subsidiaries	Bharat Forge CDP GmbH
	Bharat Forge Holding GmbH
	Bharat Forge Aluminiumtechnik GmbH
	Bharat Forge Aluminiumtechnik Verwaltungs GmbH
	Bharat Forge Beteiligungs GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Scottish Stampings Limited (up to August 1, 2014)
	Bharat Forge Hong Kong Limited
	Bharat Forge International Limited
	Bharat Forge Daun GmbH
	BF New Technologies GmbH
	Mecanique Generale Langroise (w.e.f. December 17, 2014)
	Kalyani Rafael Advanced Systems Private Limited (w.e.f. August 21, 2015)

Related parties with whom transactions have taken place during the period

Joint Ventures	ALSTOM Bharat Forge Power Private Limited
	Impact Automotive Solutions Limited (up to June 30, 2014)
Step down joint venture	David Brown Bharat Forge Gear Systems India Limited (up to September 30, 2015)
	BF Premier Energy Systems Private Limited (w.e.f. March 9, 2015)
Enterprises owned or significantly influenced by key management personnel or their relatives	Kalyani Carpenter Special Steels Private Limited
	Kalyani Steels Limited
	BF Utilities Limited
	Automotive Axles Limited
Key management personnel	Mr. B. N. Kalyani
	Mr. A. B. Kalyani
	Mr. G. K. Agarwal
	Mr. B. P. Kalyani
	Mr. S. E. Tandale
	Mr. K. M. Saletore (w.e.f. February 2, 2015)
	Mr. A. C. Daga (w.e.f. September 26, 2014)
Relative of directors and other directors	Mr. P. G. Pawar
	Mr. S. M. Thakore
	Mrs. Lalita D. Gupte
	Mr. P. H. Ravikumar
	Mr. P. C. Bhalerao
	Mr. Naresh Narad
	Dr. T. Mukherjee
	Mr. Vimal Bhandari
	Mr. S. K. Chaturvedi (up to March 30, 2015)
	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. A. G. Agarwal
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others"

NOTE 33. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
1	**Purchase of materials**	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		Kalyani Carpenter Special Steels Private Limited	8,963.24	10,811.12
		Kalyani Steels Limited	3,586.71	4,116.51
			12,549.95	**14,927.63**
2	**Other Expenses**			
	- Power, fuel and water	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		BF Utilities Limited	190.58	5.76
			190.58	**5.76**
	- Rent	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		Kalyani Carpenter Special Steels Private Limited	0.13	0.13
			0.13	**0.13**
		Relative of directors and other directors		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	- Directors' fees and travelling expenses	**Relative of directors and other directors**		
		Mr. P. G. Pawar	0.53	0.58
		Mr. S. M. Thakore	0.55	0.50
		Mrs. Lalita D. Gupte	0.30	0.23
		Mr. P. H. Ravikumar	0.50	0.45
		Mr. P. C. Bhalerao	0.75	0.28
		Mr. Naresh Narad	0.20	0.20
		Dr. T. Mukherjee	0.20	0.20
		Mr. Vimal Bhandari	0.20	0.75
		Mr. S. K. Chaturvedi	-	0.01
			3.23	**3.20**
	- Commission to directors other than managing and whole time directors	**Relative of directors and other directors**		
		Mr. P. G. Pawar	1.05	1.85
		Mr. S. M. Thakore	1.10	1.40
		Mrs. Lalita D. Gupte	0.60	0.90
		Mr. P. H. Ravikumar	1.00	1.60
		Mr. P. C. Bhalerao	1.50	1.05
		Mr. Naresh Narad	0.40	0.90
		Dr. T. Mukherjee	0.40	0.90
		Mr. Vimal Bhandari	0.40	1.00
		Mr. S. K. Chaturvedi	-	0.40
			6.45	**10.00**
			200.57	**19.27**
3	**Sale of products (net of returs, rebate etc.)**	**Step down subsidiaries**		
		Bharat Forge International Limited	8,248.85	10,339.26
		Others	196.63	47.11
			8,445.48	**10,386.37**
		Joint ventures		
		ALSTOM Bharat Forge Power Private Limited	10.04	18.77
			10.04	**18.77**
		Step down joint ventures		
		David Brown Bharat Forge Gear Systems India Limited	1.01	2.62
			1.01	**2.62**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Private Limited	1,658.86	1,842.92
		Others	186.79	189.48
			1,845.65	**2,032.40**
			10,302.18	**12,440.16**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 33. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
4	**Other operating revenues**	**Enterprises owned or significantly influenced by key management personnel or their relatives**		
		Kalyani Carpenter Special Steels Private Limited	-	16.24
			-	**16.24**
5	**Sale of Services**	**Joint ventures**		
		ALSTOM Bharat Forge Power Private Limited	0.39	-
			0.39	**-**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Automotive Axles Limited	130.52	115.77
		Kalyani Carpenter Special Steels Private Limited	23.25	29.93
			153.77	**145.70**
			154.16	**145.70**
6	**Other Income**			
	- Rent	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	3.72	0.80
			3.72	**0.80**
	- Miscellaneous Income	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	7.52	10.13
			7.52	**10.13**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	0.67	-
			0.67	**-**
			11.91	**10.93**
7	**Purchase of tangible assets**	**Step down subsidiaries**		
		Bharat Forge CDP GmbH	7.47	-
			7.47	**-**
8	**Finance provided:**			
	- Non-current investment	**Subsidiaries**		
		BF Infrastructure Limited	77.29	97.92
		Analogic Controls India Limited	70.66	-
		Bharat Forge Global Holding GmbH	-	290.24
		Others	13.93	-
			161.88	**388.16**
		Joint ventures		
		ALSTOM Bharat Forge Power Private Limited	-	994.13
			-	**994.13**
	- Loans	**Subsidiaries**		
		Bharat Forge Global Holding GmbH [includes exchange (gain)/loss)]	383.77	(15.15)
		Analogic Controls India Limited	4.30	55.00
		BF Elbit Advanced Systems Private Limited	51.82	20.00
			439.89	**59.85**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		BF Utilities Limited	-	75.00
			-	**75.00**
	- Amount recoverable	**Subsidiaries**		
		BF Infrastructure Limited	69.68	115.97
			69.68	**115.97**
			671.45	**1,633.11**

NOTE 33. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
9	Proceeds from			
	- Loan given	**Subsidiaries**		
		Bharat Forge Global Holding GmbH [includes exchange (gain)/loss)]	74.11	-
		BF Infrastructure Ventures Limited	30.00	-
			104.11	**-**
10	Interest accrued	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	7.76	2.37
		Analogic Controls India Limited	4.49	3.39
		BF Elbit Advanced Systems Private Limited	6.46	-
		BF Infrastructure Ventures Limited	3.37	-
			22.08	**5.76**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Steels Limited	22.56	20.81
		BF Utilities Limited	7.50	2.83
			30.06	**23.64**
			52.14	**29.40**
11	Advance from customers	**Step down subsidiaries**		
		Bharat Forge International Limited	669.55	7.23
			669.55	**7.23**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Automotive Axles Limited	1.19	-
			1.19	**-**
			670.74	**7.23**
12	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	141.71	176.51
		Mr. A. B. Kalyani	42.65	51.92
		Mr. G. K. Agarwal	43.27	52.58
		Mr. S. E. Tandale	32.78	39.76
		Mr. B. P. Kalyani	30.65	37.17
		Mr. K. M. Saletore #	23.70	28.34
		Mr. A. C. Daga	4.12	2.04
			318.88	**388.32**
13	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.45	0.21
		Mr. A. B. Kalyani	4.03	1.93
		Mr. G. K. Agarwal	0.03	0.01
		Mr. B. P. Kalyani	0.04	0.02
			4.55	**2.17**
		Relative of directors and other directors		
		Mr. G. N. Kalyani	3.97	1.90
		Others	0.07	0.03
			4.04	**1.93**
			8.59	**4.10**
14	Provision for diminution in value of investment	**Subsidiaries**		
		BF Infrastructure Ventures Limited	-	290.00
			-	**290.00**

Figures for FY 2014-15 Disclosed for the full year.

The above disclosure does not include reimbursement of expenses paid or received.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 33. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
1	Trade payables	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	89.64	179.84
		Others	0.23	0.23
			89.87	**180.07**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Private Limited	911.40	2,277.34
		Kalyani Steels Limited	784.61	428.25
		Others	6.88	0.78
			1,702.89	**2,706.37**
			1,792.76	**2,886.44**
2	Trade receivable	**Step down subsidiaries**		
		Bharat Forge International Limited	205.36	456.77
		Others	13.23	50.95
			218.59	**507.72**
		Joint ventures		
		ALSTOM Bharat Forge Power Private Limited	2.18	-
			2.18	**-**
		Step down joint ventures		
		David Brown Bharat Forge Gear Systems India Limited	-	2.66
			-	**2.66**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Private Limited	444.37	584.82
		Automotive Axles Limited	100.66	41.71
		Others	0.76	0.34
			545.79	**626.87**
			766.56	**1,137.25**
3	Payables for capital goods	**Step down subsidiaries**		
		Bharat Forge CDP GmbH	7.47	-
			7.47	**-**
4	Non-current investments	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	3,963.96	3,963.96
		Bharat Forge America Inc.	987.09	987.09
		Others	1,145.97	984.09
			6,097.02	**5,935.14**
		Joint ventures		
		ALSTOM Bharat Forge Power Private Limited	1,727.01	1,727.01
			1,727.01	**1,727.01**
			7,824.03	**7,662.15**
5	Loans	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	376.85	67.19
		Analogic Controls India Limited	4.30	65.00
		BF Elbit Advanced Systems Private Limited	71.82	20.00
		BF Infrastructure Ventures Limited	30.56	-
			483.53	**152.19**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Steels Limited (Trade advance)	770.00	770.00
		BF Utilities Limited	75.00	75.00
			845.00	**845.00**
			1,328.53	**997.19**

NOTE 33. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
6	**Amounts recoverable**	**Subsidiaries**		
		BF Infrastructure Ventures Limited	-	60.55
		BF Elbit Advanced Systems Private Limited	5.08	44.71
		BF Infrastructure Limited	57.70	65.31
		Others	1.99	0.20
			64.77	**170.77**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	111.44	98.15
		Others	0.22	0.22
			111.66	**98.37**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		BF Utilities Limited	210.00	210.00
			210.00	**210.00**
			386.43	**479.14**
7	**Interest accrued**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	119.69	111.93
		Analogic Controls India Limited	0.02	1.88
		BF Elbit Advanced Systems Private Limited	6.46	-
		BF Infrastructure Ventures Limited	3.37	-
			129.54	**113.81**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Steels Limited	-	4.99
		BF Utilities Limited	-	1.10
			-	**6.09**
			129.54	**119.90**
8	**Advance from customers**	**Step down subsidiaries**		
		Bharat Forge International Limited	669.55	7.23
			669.55	**7.23**
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Automotive Axles Limited	1.19	8.57
			1.19	**8.57**
			670.74	**15.80**
9	**Managerial remuneration payable ***	**Key management personnel**		
		Mr. B. N. Kalyani	73.00	120.00
		Mr. A. B. Kalyani	12.00	24.00
		Mr. G. K. Agarwal	12.00	24.00
		Mr. S. E. Tandale	16.00	25.00
		Mr. B. P. Kalyani	15.50	24.00
		Mr. K. M. Saletore	10.50	17.00
			139.00	**234.00**
10	**Commission to directors other than managing and whole time directors**	**Relative of directors and other directors**		
		Mr. P. G. Pawar	1.05	1.85
		Mr. S. M. Thakore	1.10	1.40
		Mrs. Lalita D. Gupte	0.60	0.90
		Mr. P. H. Ravikumar	1.00	1.60
		Mr. P. C. Bhalerao	1.50	1.05
		Mr. Naresh Narad	0.40	0.90
		Dr. T. Mukherjee	0.40	0.90
		Mr. Vimal Bhandari	0.40	1.00
		Mr. S. K. Chaturvedi	-	0.40
			6.45	**10.00**
11	**Provision for diminution in value of investment**	**Subsidiaries**		
		Bharat Forge America Inc.	964.16	964.16
		BF Infrastructure Limited	308.14	308.14
		BF Infrastructure Ventures Limited	290.00	290.00
			1,562.30	**1,562.30**

*** Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 34. CAPITALIZATION OF EXPENDITURE

During the year, the Company has capitalised the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, wages and bonus	23.89	26.53
Consumption of stores and spares	5.05	1.02
Others *	14.40	3.94
Total	**43.34**	**31.49**

* Others includes repairs and maintenance, legal and professional fees and miscellaneous expenses.

NOTE 35. CONTINGENT LIABILITIES

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Sales bills discounted	9,663.00	11,748.53
Guarantees given by the Company on behalf of other companies:		
Balance outstanding	1,496.84	1,454.90
(Maximum amount)	(1,496.84)	(1,618.62)
Claims against the Company not acknowledged as Debts - to the extent ascertained * #	173.79	152.67
Excise/Service tax demands - matters under dispute #	421.59	392.81
Customs demands - matters under dispute #	50.97	50.97
Sales tax demands - matters under dispute #	23.64	14.05
Income tax demands - matters under dispute #	99.93	54.92

The Company has given guarantee to bankers on behalf of subsidiary/group companies for meeting their working capital requirement and term loan.

* The Claim against the Company comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

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

The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

Note : In cases where the amount have been accrued, it has not been included here.

NOTE 36. CAPITAL AND OTHER COMMITMENTS

In ₹ Million

		As at March 31, 2016	As at March 31, 2015
(a)	Guarantees given by Company's Bankers on behalf of the Company, against sanctioned letter of credit and guarantee limit of ₹ 4,000 Million (March 31, 2015 ₹ 4,000 Million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	1,217.68	958.50
(b)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,942.41	3,150.79
(c)	Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	72.00	-
(d)	For commitments relating to lease agreements, please refer note 30		
Total		**3,232.09**	**4,109.29**

The Company has provided the letter of support for certain subsidiaries.

(e) Performance guarantee:

The Company along with its joint venture partner has given an irrecoverable and unconditional joint undertakings to the customers of joint venture company - ALSTOM Bharat Forge Power Private Limited (ABFPPL), for transfer of technology, training, execution of steam turbines generator sets and auxiliary equipment and for successful performance of the projects awarded to ABFPPL.

NOTE 37. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURES

(i) Derivatives outstanding as at the reporting date

Nature of instrument	Currency	Purpose	As at March 31, 2016		As at March 31, 2015	
			Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Forward contracts	USD	Hedging of highly probable sales	480.11	31,807.29	567.10	35,438.08
Forward contracts	EUR	Hedging of highly probable sales	123.77	9,328.77	201.92	13,567.21

(ii) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	As at March 31, 2016		As at March 31, 2015	
		Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Trade receivables	USD	23.74	1,572.85	31.91	1,994.12
	EUR	9.83	740.89	8.48	569.64
	GBP	0.70	66.74	0.61	56.02
Trade payables	USD	1.36	89.84	1.19	74.39
	EUR	2.78	209.86	4.02	270.18
	GBP	0.06	6.06	0.06	5.55
	JPY	34.31	20.19	99.73	52.01
	SEK	0.05	0.39	0.04	0.29
Term loans	USD	230.00	15,239.80	230.00	14,377.30
Buyers line of credit	USD	20.00	1,325.20	-	-
Preshipement packing credit	USD	5.15	341.54	10.00	625.10
	GBP	-	-	0.50	46.23
Balances with banks	USD	3.31	218.96	7.82	488.81
	EUR	1.29	97.29	1.37	91.88
	GBP	0.23	21.81	0.03	3.21
Loan to wholly owned subsidiary	EUR	5.00	376.85	1.00	67.19
Other receivables	EUR	2.66	198.07	2.86	202.09
	SEK	2.20	17.97	1.83	13.21
Other payables	USD	2.16	142.89	2.58	161.33
	EUR	0.65	48.85	1.05	70.55
Advance from customers	GBP	7.00	669.55	-	-
Non-current investments	EUR	62.46	3,963.96	62.46	3,963.96
	USD	21.60	22.93	21.60	22.93

NOTE 38. DEFERRAL/CAPITALISATION OF EXCHANGE DIFFERENCES

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS-11 "The Effects of Changes in Foreign Exchange Rates", to allow companies deferral/capitalization of exchange differences arising on long-term foreign currency monetary items. In accordance with the amendment/earlier amendment to AS-11, the Company has capitalised exchange loss, arising on long-term foreign currency loan to the cost of plant and equipments. The Company also has other long-term foreign currency monetary item, where the gain/(loss) due to fluctuation in foreign currency is accounted for as FCMITDA and disclosed under reserve and surplus.

Accordingly foreign exchange gain/(loss) adjusted against:

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Cost of the assets/Capital work-in-progress	(474.34)	(226.59)
FCMITDA	(441.06)	(243.96)
Amortized in the current year	(402.85)	(254.38)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 39. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Bharat Forge Global Holding GmbH*		
- Balance as at March 31	376.85	67.19
- Maximum amount outstanding during the year	449.76	82.34
BF Infrastructure Ventures Limited*		
- Balance as at March 31	30.56	60.55
- Maximum amount outstanding during the year	60.55	60.55
BF Infrastructure Limited*		
- Balance as at March 31	57.70	65.31
- Maximum amount outstanding during the year	78.88	107.67
BF Utilities Limited#		
- Balance as at March 31	75.00	75.00
- Maximum amount outstanding during the year	75.00	75.00
BF Elbit Advanced Systems Private Limited*		
- Balance as at March 31	71.82	20.00
- Maximum amount outstanding during the year	71.82	20.00

* Receivable on demand.

Receivable in 3 years from the date of origination of loan.

NOTE 40. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDUIM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED, ACT 2006)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Principal amount due to suppliers under MSMED Act, 2006 *	14.94	32.81
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	258.88	201.92
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	1.89	1.10
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	3.79	2.08

* Amount includes due and unpaid of ₹ Nil (March 31, 2015: ₹ Nil)

The information has been given in respect of such vendors to the extent they could be identified as “Micro and Small” enterprises on the basis of information available with the Company.

NOTE 41. VALUE OF IMPORTS CALCULATED ON CIF BASIS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials and components	491.64	670.93
Die blocks, die steel, tool steel and stores spares	653.05	680.26
Capital goods	2,417.47	523.30
Total	**3,562.16**	**1,874.49**

NOTE 42. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Interest	611.02	510.79
[Including capitalised ₹ 41.25 Million (March 31, 2015: ₹ 81.05 Million)]		
Interest on Bills discounting	65.22	77.94
Legal and professional fees	295.17	245.86
Commission and discount	8.41	53.14
Miscellaneous expenses *	542.96	398.08
[Including capitalised ₹ 0.14 Million (March 31, 2015: ₹ 0.25 Million)]		
Total	**1,522.78**	**1,285.81**

* Miscellaneous expenses includes travelling, training, seminars etc.

NOTE 43. EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
F.O.B. value of exports	24,298.52	27,010.76
Insurance and freight on exports	262.11	277.21
Die design and preparation charges	303.21	195.93
Interest on loan to subsidiary	7.76	2.38
Guarantee commission	8.19	10.13
Total	**24,879.79**	**27,496.41**

NOTE 44. EXCHANGE DIFFERENCE GAIN/(LOSS) ON ACCOUNT OF FLUCTUATIONS IN FOREIGN CURRENCY RATES

The net exchange differences gain/(losses) arising during the year on highly probable forecasted transaction relating to exports as a part of sales recognised in the statement of profit and loss is ₹ 3,049.78 Million (March 31, 2015: ₹ 2,114.63 Million).

NOTE 45. EXPENDITURE ON RESEARCH AND DEVELOPMENT

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
A. On revenue account		
Manufacturing expenses:		
Materials	9.23	15.45
Stores, spares and tools consumed	34.12	28.44
Repairs and maintenance		
- Machinery repairs	8.85	8.52
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, Contribution to provident and other funds and schemes etc.	221.47	178.54
Other expenses:		
Legal and professional charges	1.94	1.02
Membership fees	-	0.75
EDP expenses	14.85	25.96
Other expenses	53.82	25.39
Total	**344.28**	**284.07**
B. On capital account	**51.77**	**137.28**
Total research and development expenditure * (A + B)	**396.05**	**421.35**

* Above expenditures are related to approved R & D facilities of the Company. In addition to above the Company has incurred ₹ 13.28 Million on revenue account and ₹ 0.16 Million on capital account for R & D Centres which are in the process of approval with DSIR.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 46. CSR EXPENDITURE

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
(a) Gross amount required to be spent by the company during the year	140.32	71.17

(b) Amount spent during the year ending on:	In cash	Yet to be paid in cash *	**Total**
- March 31, 2016			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	124.65	0.33	124.98
Total	**124.65**	**0.33**	**124.98**
- March 31, 2015			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	112.31	-	112.31
Total	**112.31**	**-**	**112.31**

* Paid subsequently in the month of April 2016

NOTE 47. DISCLOSURES REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

In ₹ Million

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2016	Year ended March 31, 2015
Bharat Forge Global Holding GmbH	General corporate purpose*	7.75% / 3.50%#	376.85	67.19
BF Infrastructure Ventures Limited	General corporate purpose*	7.75%	30.56	-
BF Infrastructure Limited	Advance*	NA	57.70	65.31
BF Elbit Advanced Systems Private Limited	Working Capital*	10.00%	71.82	20.00
BF Utilities Limited	General corporate purpose**	10.00%	75.00	75.00
Analogic Controls India Limited	General corporate purpose***	13.00%	4.30	65.00

\# For the loan given in FY 2010-11

* Receivable on demand.

** Receivable in 3 years from the date of origination of loan.

*** Receivable in 3 months from the date of origination of loan.

(a) All advances are unsecured

(b) Details of investments made are given in Note 12 & 15

(c) Guarantee given on behalf of

- Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,356.84 Million (Previous Year : Nil) for working capital requirement.
- Bharat Forge Global Holding GmbH (erstwhile known as CDP - Bharat Forge GmbH), wholly owned subsidiary company, of ₹ Nil (Previous Year : ₹ 1,314.90 Million) for working capital requirement and term loan.

NOTE 48. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.

NOTE 49. Previous year figures have been regrouped/reclassified, where necessary, to confirm to the current year's classification.

As per our report of even date
For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Bharat Forge Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw your attention to the following emphasis of matter paragraph included in the audit report as under:

ALSTOM Bharat Forge Power Private Limited vide report dated May 12, 2016 issued by an Independent firm of Accountants, reproduced by us as under:

Without qualifying our opinion, we draw attention to Note 41 to the consolidated financial statements regarding current status of Mundra projects with respect to management contemplation about the future use. The future outcome of the matter cannot presently be determined and hence no impact thereof has been considered by the management in preparation and presentation of these financial statements.

Our opinion is not qualified in respect of the aforementioned matter.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt

INDEPENDENT AUDITOR'S REPORT (Contd.)

with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, its associates and jointly controlled companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

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

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 34 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 2.1(s) and Note 8 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and jointly controlled entities and (b) the Group's share of net profit in respect of its associates;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled companies incorporated in India.

Other Matter

(a) The accompanying consolidated financial results include total assets of INR 33,513.88 million as at year ended December 31, 2015 and March 31, 2016 as applicable, and total revenues and net cash outflows of INR 42,238.76 million and INR 183.62 million for the year ended on those dates as applicable, in respect of 21 subsidiaries and 3 jointly controlled entities, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial results also include the Company's share of net profit of INR 0.01 million for the year ended March 31, 2016, as considered in the consolidated financial results, in respect of 1 associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associate, is based solely on the reports of such other auditors.

(b) The accompanying consolidated financial statements include total assets of INR Nil million as at March 31, 2016, and total revenues and net cash outflows of INR Nil million and INR Nil million for the year ended on that date, in respect of one jointly controlled entity, which have not been audited, which unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of this jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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

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

Place of Signature: Pune
Date: May 17, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT FORGE LIMTED

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

To the Members of Bharat Forge Limited

In conjunction with our audit of the consolidated financial statements of Bharat Forge Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Bharat Forge Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 8 subsidiary companies, 1 associate company and 3 jointly controlled companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associate and jointly controlled companies incorporated in India.

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

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

Place of Signature: Pune
Date: May 17, 2016

CONSOLIDATED BALANCE SHEET

as at March 31, 2016

In ₹ Million

	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	465.68	465.68
Reserves and surplus	4	35,291.91	33,975.95
		35,757.59	**34,441.63**
Non-current liabilities			
Long-term borrowings	5	20,614.09	19,815.10
Deferred tax liabilities (net)	6	1,830.89	1,637.69
Other long-term liabilities	7	1,241.01	595.44
Long-term provisions	8	1,174.05	1,196.94
		24,860.04	**23,245.17**
Current liabilities			
Short-term borrowings	9	4,564.69	3,830.26
Trade payables	10		
Dues to micro enterprises and small enterprises		39.29	41.15
Dues to others		11,536.11	11,350.18
Other current liabilities	10	11,802.47	7,661.16
Short-term provisions	8	956.19	1,789.56
		28,898.75	**24,672.31**
Total		**89,516.38**	**82,359.11**
ASSETS			
Minority interest		**36.13**	**20.40**
Non-current assets			
Fixed assets			
Tangible assets	11.1	34,681.37	25,601.97
Intangible assets	11.2	118.47	147.66
Capital work-in-progress	11.3	5,658.02	8,585.89
Intangible assets under development	11.3	169.70	110.54
Goodwill arising on consolidation		553.74	537.24
Non-current investments	12	816.64	388.89
Long-term loans and advances	13	2,511.88	2,402.48
Trade receivable	17	20.87	-
Other non-current assets	14	591.29	232.50
		45,121.98	**38,007.17**
Current assets			
Current investments	15	7,220.44	4,566.46
Inventories	16	11,825.68	10,338.95
Trade receivables	17	11,464.21	8,534.67
Cash and bank balances	18	4,755.12	6,819.93
Short-term loans and advances	13	4,368.32	5,612.05
Other current assets	14	4,723.81	8,458.45
Assets held for sale	44	0.69	1.03
		44,358.27	**44,331.54**
Total		**89,516.38**	**82,359.11**
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date
For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

In ₹ Million

	Notes	Year ended March 31, 2016	Year ended March 31, 2015
Continuing operations			
INCOME			
Revenue from operations (gross)		78,389.38	77,867.81
Less: Excise duty		(1,924.08)	(1,645.82)
Revenue from operations (net)	19	**76,465.30**	**76,221.99**
Other income	20	1,335.52	1,366.57
Total income (I)		**77,800.82**	**77,588.56**
EXPENSES			
Cost of raw material and components consumed	21	27,491.19	28,647.93
(Increase)/Decrease in inventories of finished goods, work-in-progress, dies and scrap	22	(1,473.78)	177.78
Project cost	21 (a)	7,505.86	4,974.60
Employee benefits expense	23	9,455.77	9,044.76
Depreciation and amortization expense	24	4,187.24	3,623.29
Finance costs	25	1,402.58	1,355.84
Other expenses	26	19,273.56	18,969.49
Total expenses (II)		**67,842.42**	**66,793.69**
Profit before exceptional items and tax [(I) - (II)]		**9,958.40**	**10,794.87**
Less: Exceptional items	27	(54.69)	427.57
Profit before tax (III)		**9,903.71**	**11,222.44**
Tax expenses			
Current tax			
- Pertaining to profit for the year (including MAT)		3,169.60	3,603.69
- Share in current tax pertaining to profit for the year of Joint Venture		35.21	-
- Adjustment of tax relating to earlier years		-	(27.04)
- Share in MAT payable of Joint Venture		-	44.53
- Share in MAT credit entitlement of Joint Venture		(1.67)	(12.12)
Deferred tax		250.17	(70.29)
Share in deferred tax of Joint Venture		(44.87)	48.09
Total tax expenses (IV)		**3,408.44**	**3,586.86**
Profit for the year [(III) - (IV)]		**6,495.27**	**7,635.58**
Share in associate's (loss)/profit after tax		0.01	0.01
Share of (loss) of minority		(29.63)	(29.75)
Profit for the year after minority interest from continuing operations (A)		**6,524.91**	**7,665.34**
Discontinuing operations			
(Loss) before tax from discontinuing operations		(25.83)	(40.25)
Tax expenses of discontinuing operations		(0.78)	(0.27)
(Loss) after tax from discontinuing operations		**(25.05)**	**(39.98)**
Minority interest		-	-
(Loss) after minority interest from discontinuing operations (B)		**(25.05)**	**(39.98)**
Profit for the year after minority interest (A + B)		**6,499.86**	**7,625.36**
Earnings per equity share [nominal value of share ₹ 2 (March 31, 2015: ₹ 2)]	28		
On the basis of profit from continuing operations			
Basic and Diluted (In ₹)		28.03	32.93
On the basis of total profit for the year			
Basic and Diluted (In ₹)		27.92	32.76
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date
For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

CONSOLIDATED CASH FLOW STATEMENT

for the year ended on March 31, 2016

In ₹ Million

		Year ended March 31, 2016	Year ended March 31, 2015
Cash flow from operating activities			
Profit before tax		**9,903.71**	**11,222.44**
Add /(Less) : Share of (Profit)/Loss in Associate		**0.01**	**0.01**
		9,903.72	**11,222.45**
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortisation		4,187.24	3,623.29
Unrealised foreign exchange loss		228.73	385.19
Effects of exchange difference on cash and cash equivalent held in foreign currency		-	(0.61)
Bad debts, irrecoverable advances, and sundry balances written off		37.26	104.34
Loss on sale of fixed assets (net)		44.36	0.98
Provision for diminution in value of investment		0.30	1.97
Provision for expense of earlier year reversed		-	(294.89)
Profit on disposal of subsidiary		-	(132.68)
Interest expenses		1,402.58	1,355.96
Provision for doubtful debts and advances (net)		17.30	43.58
Dividend (income)		(375.19)	(402.73)
Net (gain) on sale of current investments		(13.42)	(20.92)
Net (gain) on sale of long-term investments		(13.43)	(59.81)
Provisions no longer required		(19.65)	(183.02)
Interest (income) on fixed deposits and others		(248.35)	(199.44)
Goodwill on consolidation written off		-	29.10
Effects of consolidation*		(389.36)	160.65
Operating profit before working capital changes		**14,762.09**	**15,633.41**
Movements in working capital :			
(Increase)/decrease in non-current assets			
(Increase) in long-term loans and advances		(88.98)	(141.78)
Decrease in long-term loans and advances due to disposal of joint venture		1.86	14.16
(Increase) in non-current trade receivables		(20.87)	-
(Increase)/decrease in other non-current assets		(258.79)	29.32
(Increase)/decrease in current assets			
(Increase)/decrease in inventories		(1,487.51)	35.55
Decrease in inventory due to disposal of joint venture		0.78	11.31
(Increase) in trade receivables		(2,682.58)	(177.71)
Decrease in trade receivable due to disposal of joint venture		7.17	0.15
Decrease/ (increase) in short-term loans and advances		1,175.93	(183.97)
Decrease in short-term loans and advances due to disposal of joint venture		0.50	2.62
Decrease/ (increase) in other current assets		56.63	(347.26)
Decrease in other current assets due to disposal of joint venture		0.37	-
Increase/(decrease) in non-current liabilities			
Increase in other long-term liabilities		645.78	414.81
(Decrease)/increase in long term provisions		(22.89)	39.59
(Decrease) in long term provisions due to disposal of joint venture		(0.21)	(0.04)
Increase/(decrease) in current liabilities			
Increase in trade payables		170.06	694.11
(Decrease) in trade payable due to disposal of joint venture		(6.51)	(1.77)
Increase/(decrease) in other current liabilities		2,207.97	(1,266.64)
(Decrease) in other current liabilities due to disposal of joint venture		-	(3.28)
(Decrease) in short term provisions		(49.44)	(308.70)
(Decrease) in short term provisions due to disposal of joint venture		(1.21)	-
Cash generated from operations		**14,410.15**	**14,443.88**
Direct taxes paid (net of refunds)		(2,776.34)	(4,088.42)
Add/Less: Minority interest's share of profit/loss		29.63	29.75
Add/Less: (Loss) from discontinued operations		(25.05)	(39.98)
Net cash flows from operating activities	**(A)**	**11,638.39**	**10,345.23**

In ₹ Million

		Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from investing activities			
Purchase of non-current investments		(0.04)	(100.24)
Proceeds from disposal of investment in joint venture		-	107.84
Investment in mutual funds		(30,097.54)	(22,185.59)
Proceeds from sale of mutual funds		27,025.41	25,421.24
Movement in investment in mutual funds on disposal of joint venture		17.47	-
Purchase of fixed assets including capital work in progress and capital advances		(10,270.09)	(7,171.84)
Proceeds from sale of fixed assets		0.94	58.48
Loan to others		-	(50.00)
Proceeds from intercorporate deposits		50.00	-
Movement in fixed assets on disposal of joint venture**		6.68	24.78
Interest received		265.10	180.46
Investments in bank deposits (having original maturity of more than three months)**		(960.00)	(3,265.09)
Maturity of bank deposits (having original maturity of more than three months)**		3,151.78	1,907.87
Movement in fixed deposits on disposal of joint venture**		0.53	-
Dividend received		375.19	402.73
Net cash flows (used in) investing activities	**(B)**	**(10,434.57)**	**(4,669.36)**
Cash flows from financing activities			
Proceeds from long term borrowings**		3,930.07	6,546.48
Repayment of long term borrowings**		(1,449.25)	(6,134.55)
Proceeds from short term borrowings**		12,592.08	5,749.50
Repayment of short term borrowings**		(11,837.61)	(6,781.97)
Finance Cost		(1,489.01)	(1,459.63)
Dividend including tax thereon		(3,222.13)	(1,518.91)
Net cash flows (used in) financing activities	**(C)**	**(1,475.85)**	**(3,599.08)**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**(272.03)**	**2,076.79**
Effects of exchange difference on cash and cash equivalent held in foreign currency		**-**	**0.62**
Cash and cash equivalents at the beginning of the year		**3,629.51**	**2,396.81**
Cash and cash equivalents at the end of the year		**3,357.48**	**4,474.22**
Foreign currency translation reserve movement		**375.54**	**(844.71)**
Cash and cash equivalents at the end of the year		**3,733.02**	**3,629.51**

Components of cash and cash equivalents as at (Refer note 18)	March 31, 2016	March 31, 2015
Cash on hand	1.79	1.77
Balances with banks:		
- on current accounts	3,731.23	2,597.73
- on deposit accounts	-	1,030.01
	3,733.02	**3,629.51**

Notes :

1. The figures in brackets represent outflows/adjustments
2. Previous period's figures have been regrouped / reclassified, wherever necessary to conform to current year presentation.

* Primarily includes impact of foreign currency translation and other consolidation adjustments.

** Figures for subsidiaries, associates and joint ventures are shown on net basis.

For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 1. CORPORATE INFORMATION

Bharat Forge Limited ("the Company") is a public Company domiciled in India. Its shares and debentures are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged components. The Company caters to both domestic and international markets. The Company's CIN is L25209PN1961PLC012046.

NOTE 2. BASIS OF PREPARATION

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries, associates and joint controlled entities (together referred to as 'the Group'). These consolidated financial statements of the Group have been prepared in accordance with the generally accepted accounting principles in India (the accounting standards notified under Indian GAAP). The Group has prepared these consolidated financial statements to comply in all material aspects with accounting principles generally accepted in India, including the accounting standards notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014. These consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value.

The Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Principles of consolidation

These consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" as notified.

These consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its standalone financial statements.

The consolidated financial statements in respect of overseas subsidiaries/associate companies (other than Bharat Forge International Limited) are drawn for the year ended December 31, 2015, whereas the financial statements of the Company are drawn for the year ended March 31, 2016. The effect of significant transactions and other events that occur between January 1, 2016 and March 31, 2016 are considered in the consolidated financial statements if it is material in nature. The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2016. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2016.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases to exist.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions and intra group balances have been eliminated in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the consolidated financial statements as goodwill and is tested for impairment annually. The excess of the Company's portion of equity of the subsidiary over the cost of investment therein is treated as capital reserve.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

Share of minority in the net profit is adjusted against the income to arrive at the net income attributable to shareholders of the parent Company. Minority interest's share of net assets/liability is presented separately in the balance sheet.

2.1 Summary of significant accounting policies (Contd.):

a) Principles of consolidation (Contd.):

If the losses attributable to the minority in a subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted.

A change in the ownership/interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any minority interest;
- derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
- recognises fair value of the consideration received;
- recognises the carrying value of any investment retained;
- recognises any surplus or deficit in consolidated statement of profit and loss.

Associates

The Group's investment in its associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment if any. The consolidated statement of profit and loss reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise decline, other than temporary, in the value of the Group's investment in its associates, such reduction being determined and made for each investment individually. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired.

Joint controlled entities

The Group recognises its interest in the joint controlled entities using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the company	Country of incorporation	Parent's ultimate holding as on		Financial year ends on
		March 31, 2016	March 31, 2015	
Bharat Forge Global Holding GmbH (BFGH) (formerly known as CDP Bharat Forge GmbH (CDP BF)) and its wholly owned subsidiaries:	Germany	100%	100%	December 31, 2015
i. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2015
a) Bharat Forge Aluminiumtechnik GmbH (BFAT) and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2015
b) Bharat Forge Aluminiumtechnik Verwaltungs GmbH (merged with BFAT in September 2015)	Germany	NA	100%*	December 31, 2015
ii. Bharat Forge Beteiligungs GmbH and its wholly owned subsidiary (merged with BFGH in September 2015)	Germany	NA	100%*	December 31, 2015
a) Bharat Forge Kilsta AB	Sweden	100%*	100%*	December 31, 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

a) Principles of consolidation (Contd.):

Name of the company	Country of incorporation	Parent's ultimate holding as on March 31, 2016	March 31, 2015	Financial year ends on
b) Bharat Forge Hong Kong Limited	Hong Kong	100%*	100%*	December 31, 2015
c) Bharat Forge International Limited	U.K.	100%*	100%*	March 31, 2016
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary	Germany	100%*	NA	December 31, 2015
a) Bharat Forge Daun GmbH (formerly a subsidiary of CDP BF)	Germany	100%*	100%*	December 31, 2015
iv. BF New Technologies GmbH (merged with BF GH in September 2015)	Germany	NA	100%*	December 31, 2015
v. Mécanique Générale Langroise	France	100%*	100%*	December 31, 2015
Bharat Forge America Inc.	U.S.A.	100%	100%	December 31, 2015
BF NTPC Energy Systems Limited.	India	51%	51%	March 31, 2016
BF Infrastructure Limited (Refer note 42)	India	100%	100%	March 31, 2016
BF Infrastructure Ventures Limited (Refer note 42)	India	100%	100%	March 31, 2016
Kalyani Strategic Systems Limited	India	51%	100%	March 31, 2016
a) BF Elbit Advances Systems Private Limited	India	74%*	74%*	March 31, 2016
b) Kalyani Rafael Advanced Systems Private Limited (formed on August 21, 2015)	India	100%*	NA	March 31, 2016
Analogic Controls India Limited	India	60%	60%	March 31, 2016

* held through subsidiaries

List of Subsidiaries which are not included in the consolidation based on materiality or where control is intended to be temporary/restricted:

Name of the Company	Country of incorporation	Parent's ultimate holding as on March 31, 2016	March 31, 2015	Financial year ends on
Kalyani Polytechnic Private Limited	India	100%	100%	March 31, 2016

List of associates which are not included in the consolidation based on materiality or where control is intended to be temporary/restricted:

Name of the Company	Country of incorporation	Parent's ultimate holding as on March 31, 2016	March 31, 2015	Financial year ends on
Talbahn GmbH	Germany	35%*	35%*	December 31, 2015
Tecnica UK Limited (shares held through subsidiary)	U.K.	Closed (on December 2015)	30%*	December 31, 2015

*held through subsidiary

Details of the Company's ownership interest in associate, which have been included in the consolidation, are as follows:

Name of the company	Country of incorporation	Parent's ultimate holding as on March 31, 2016	March 31, 2015	Financial year ends on
Ferrovia Transrail Solutions Private Limited	India	49%*	49%*	March 31, 2015

*held through subsidiary

Details of the Company's carrying amount of investment in associate, which have been included in the consolidation, are as follows:

(in Million)

Name of the Company	Year	Original cost of investment	Goodwill	Accumulated profit/(loss) as on March 31, 2016	Provision for diminution	Carrying amount of investment as at March 31, 2016
Ferrovia Transrail Solutions	Current	0.05	-	0.03	-	0.05
Private Limited	Previous	0.05	-	1.86	-	0.05

2.1 Summary of significant accounting policies (Contd.):

a) Principles of consolidation (Contd.):

Details of the Company's ownership interest in joint venture, which have been included in the consolidation are as follows:

Name of the jointly controlled entities	Country of incorporation	Parent's ultimate holding as on March 31, 2016	Parent's ultimate holding as on March 31, 2015	Financial year ends on
ALSTOM Bharat Forge Power Private Limited (formerly known as ALSTOM Bharat Forge Power Limited)	India	49%	49%	March 31, 2016
Impact Automotive Solutions Private Limited (upto June 30, 2014)	India	NA	NA	NA
David Brown Bharat Forge Gear Systems India Limited (upto September 2015)	India	NA*	50%*	March 31, 2015
BFIL-CEC JV	India	74%*	74%*	March 31, 2016
BF Premier Energy Systems Private Limited	India	50%*	NA	March 31, 2016

* held through subsidiaries

Disclosure of additional information pertaining to the parent company, subsidiaries and joint ventures:

In ₹ Million

Name of the company	As at March 31, 2016 Net assets (Total assets - total liabilities) As a % of consolidated net assets	Net assets	For the year ended March 31, 2016 Share in profit and loss As a % of consolidated profit or loss	Profit/ (Loss)	As at March 31, 2015 Net assets (Total assets - total liabilities) As a % of consolidated net assets	Net assets	For the year ended March 31, 2015 Share in profit and loss As a % of consolidated profit or loss	Profit/ (Loss)
Parent Company								
Bharat Forge Limited	101.91	36,404.53	107.86	7,010.62	101.56	34,956.74	94.29	7,189.84
Indian subsidiaries								
BF NTPC Energy Systems Ltd.	0.13	46.12	(0.06)	(4.11)	0.15	50.23	(0.04)	(2.95)
B F Infrastructure Limited	0.69	248.20	(0.29)	(18.55)	0.55	189.47	0.01	0.54
B F Infrastructure Ventures Limited	1.07	383.50	(0.20)	(12.83)	1.15	396.33	(0.00)	(0.05)
Kalyani Strategic Systems Limited	0.06	20.57	(0.10)	(6.80)	(0.00)	(0.25)	(0.00)	(0.04)
BF Elbit Advanced Systems Private Limited	(0.20)	(71.75)	(0.38)	(25.01)	(0.14)	(46.74)	(0.05)	(3.70)
Analogic Controls India Limited	(0.47)	(169.04)	(0.86)	(56.13)	(0.33)	(112.91)	(0.93)	(70.72)
Foreign subsidiaries								
Bharat Forge Global Holding GmbH	17.51	6,253.14	(26.23)	(1,705.04)	18.54	6,382.13	2.30	175.22
Bharat Forge CDP GmbH	8.38	2,994.17	1.10	71.32	N.A.	N.A.	N.A.	N.A.
Bharat Forge Holding GmbH	1.19	424.15	0.08	4.89	1.13	390.32	0.19	14.60
Bharat Forge Aluminiumtechnik GmbH	3.56	1,271.52	0.24	15.71	3.05	1,051.30	1.13	85.85
Bharat Forge Aluminiumtechnik Verwaltungs GmbH	N.A.	N.A.	N.A.	N.A.	0.02	5.38	0.00	0.35
Bharat Forge Beteiligungs GmbH	N.A.	N.A.	N.A.	N.A.	7.40	2,546.12	(0.34)	(26.23)
Bharat Forge Kilsta AB	0.37	130.79	1.09	71.05	0.17	58.37	(4.04)	(307.71)
Bharat Forge Hong Kong Limited	(0.02)	(6.78)	(0.31)	(19.91)	0.04	12.14	(0.34)	(26.05)
Bharat Forge International Limited	1.30	466.00	2.58	167.56	0.81	279.50	1.61	122.78
Bharat Forge Daun GmbH	0.69	247.04	(0.04)	(2.54)	0.68	232.44	(0.31)	(23.53)
BF New Technologies GmbH	-	-	-	-	0.31	106.33	(0.15)	(11.16)
Mécanique Générale Langroise	1.08	384.24	(0.43)	(27.91)	1.12	384.24	0.00	0.00
Bharat Forge America Inc.	(0.27)	(96.06)	(0.38)	(24.67)	(0.20)	(67.37)	(0.41)	(30.99)
Indian joint ventures (as per proportionate consolidation method)								
David Brown Bharat Forge Gear Systems India Limited	N.A.	N.A.	(0.01)	(0.38)	0.10	33.63	0.00	0.37
ALSTOM Bharat Forge Power Private Limited	5.04	1,799.40	2.59	168.26	4.74	1,631.13	1.71	130.39
Impact Automotive Solutions Private Limited	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	(0.12)	(9.36)
BFIL - CEC JV	0.00	0.04	0.00	0.03	0.00	0.01	0.00	0.02
	142.01	50,729.78	86.24	5,605.56	140.84	48,478.52	94.52	7,207.45
Minority interest in all subsidiaries	(0.10)	(36.13)	0.46	29.63	(0.06)	(20.40)	0.39	29.75
Elimination on account of consolidation	(41.91)	(14,972.19)	13.30	864.67	(40.78)	(14,036.89)	5.09	388.16
Total after elimination on account of consolidation	**100.00**	**35,721.46**	**100.00**	**6,499.86**	**100.00**	**34,421.23**	**100.00**	**7,625.36**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

b) Summary of significant diverse accounting policies followed by the subsidiaries and joint controlled entities

The following are instances of diverse accounting policies followed by the subsidiaries, which do not materially impact these consolidated financial statements.

i) Dies: In respect of Bharat Forge Global Holding GmbH and all of its subsidiaries

Dies are considered as tangible assets and amortised by scheduled depreciation with reference to an assumed economic life as against the company's accounting policy to treat them as inventory under "Current Asset" and amortise the cost, as "cost of raw material and component consumed", on the basis of actual usage. Since both methods are acceptable basis of making estimates of economic life, there is no financial impact on the results for the year.

ii) Inventories: In respect of Bharat Forge America Inc. and Bharat Forge Kilsta AB, Sweden

The cost of inventory is determined on the basis of first-in first out (FIFO) method in contrast to Bharat Forge Limited which determines on the basis of weighted average. In the current year, there is no material impact on the results for the year as the amount of difference is immaterial and hence ignored.

iii) Depreciation:

a) In respect of Indian subsidiaries (except BF Infrastructure Limited and Kalyani Strategic Systems Limited)

Depreciation expense is calculated using "Straight Line" basis on all the assets. This is in contrast to the practice followed by the Company where the depreciation on assets is calculated by using "Straight Line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

b) In respect of certain Indian subsidiaries i.e. BF Infrastructure Limited and Kalyani Strategic Systems Limited

Depreciation expense is calculated using "Written Down Value" basis on all the assets. This is in contrast to the practice followed by the company where the depreciation on assets is calculated by using "straight line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

c) In respect of foreign subsidiaries

Depreciation expense is calculated using "straight line" basis on all the assets. This is in contrast to the practice followed by the Company where the depreciation on assets is calculated by using "straight line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

c) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

d) Tangible fixed assets

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprise purchase price, borrowing costs, if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of tangible fixed asset with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of fixed assets are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

2.1 Summary of significant accounting policies (Contd.):

d) Tangible fixed assets (Contd.):

Subsequent expenditure (for new projects and in case of substantial modernization or expansion at the existing units) related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

The Group adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

The Group identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

e) Depreciation and amortization on tangible assets

i. Leasehold land:

Premium on leasehold land is amortized on a straight line basis over the period of lease i.e. 30 to 95 years.

ii. Power line:

Expenditure on power line is amortized on a straight line basis over a period of six years.

iii. Other tangible assets:

In case of the Group:

Depreciation on tangible assets is calculated on a straight-line (SLM) basis and written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management.

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

The Group has used the following rates (wherever statutes are applicable) to provide depreciation on its tangible asset.

Type of Assets	Useful lives estimated by the management (years)
Building - Factory	8 - 50
Buildings – Others	5 - 60
Plant and machinery	10 - 21
Plant and machinery – Windmill	19
Plant and machinery – CPP	18
Dies	3 - 7
Computers	3
Office equipment	3 - 11
Railway sidings	10
Electrical installation	10
Factory equipments	2 - 10
Furniture and fixtures	10
Vehicles	3 - 8
Aircraft	6 - 18

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

e) Depreciation and amortization on tangible assets (Contd.):

The useful lives of certain plant and equipment are estimated as 21 years. These lives are higher than those indicated in Schedule II.

Certain plant and machinery, railway sidings and aircrafts are depreciated over the estimated useful lives of 10/19 years, 10 years and 18 years, respectively, which are lower than those indicated in Schedule II.

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.

f) Intangible assets

Acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Group amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition 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 consolidated statement of profit and loss when the asset is derecognized.

Research and development expenditure

Research expenditures are expensed under the natural heads of account in the year in which it is incurred.

Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when

2.1 Summary of significant accounting policies (Contd.):

f) Intangible assets (Contd.):

development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the consolidated statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Fixed assets purchased for research and development are accounted for in the manner stated in note 2.1 (d) above.

A summary of amortization policy applied to the Group's intangible assets is as below:

Type of assets	Useful lives estimated by the management (year)
Computer software	3 - 5
Server	6
Technical Knowhow	10
Development costs	10
Patents	10
Website	3

g) 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 the weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Scrap is valued at lower of cost or net realizable value. Cost is determined using the weighted average method.

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

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

h) Foreign currency translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

h) Foreign currency translation (Contd.):

iii. Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortized over the remaining life of the concerned monetary item.

c) All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Group treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination. 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 Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv. Options and forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments.

Pursuant to the announcement made by the Institute of Chartered Accountants of India (ICAI) regarding “Accounting for Derivatives”, options and forward exchange contracts are classified as derivatives and are marked to market on a portfolio basis at the balance sheet date. The resultant net losses after considering the offsetting effect on the underlying hedge items are recognised in the consolidated statement of profit and loss on the principle of prudence. The resultant net gains, if any, on such derivatives are not recognised in consolidated financial statements. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

v. Foreign operations

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve.

On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the consolidated statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in classification.

i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired or partly acquired by issue of shares or other securities, the acquisition cost is the fair value of security issued.

Current investments are carried in the financial statement at lower of cost of acquisition and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the consolidated statement of profit and loss.

2.1 Summary of significant accounting policies (Contd.):

j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Sales of products

a. Revenue from Domestic sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch from the point of sale, consequent to property in goods being transferred. The Group collects sales taxes and value added taxes (VAT), wherever applicable, on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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

ii. Export incentives

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

iii. Sale of services

Revenues from sales of services are recognized pro-rata over the period of the contract as and when services are rendered. The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

iv. Die design and preparation charges

Revenues from die design and preparation charges/job work charges are recognized as per the terms of the contract as and when the significant risks and rewards of ownership of dies are transferred to the buyers. The Group collects service tax and value added tax (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

v. Sale of electricity – Windmill

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

vi. Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

vii. Dividend income

Dividend income is recognized when the Company's right to receive is established by the reporting date.

viii. Profit/loss on sale of investment

Profit/Loss on sale of investment is recognized when all the significant risks and rewards of ownership in investment is transferred.

ix. Project revenue

Contract prices are either fixed or subject to price escalation clauses. The Company recognizes revenue based on work performed as per the Contract Milestone. Significant activities for the overall project are identified and defined as Contract Milestones. These milestones represent the overall progress of the Contract. Revenue percentage assigned to such

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

j) Revenue recognition (Contd.):

milestone is derived from the value created by that activity for the particular Contract. The value assigned to each such activity is based on its relevance and weightage in the overall Contract. Setting up of Contract milestone is technical in nature and it may vary from Contract to Contract. The relevant cost is recognised in the financial statements in the year of recognition of revenues. Recognition of profit is adjusted to ensure that it does not exceed the estimated overall contract margin. With respect to construction contracts and long-term service agreements, the aggregate amount of costs incurred to date plus recognised margin less recognised loss to date less progress billings would be determined on each contract. If the amount is positive, it is included as an asset designated as "Construction contracts in progress, assets". If the amount is negative, it is included as a liability designated as "Construction contracts in progress, liabilities". The caption "Construction contract in progress, Assets/Liabilities" also includes down payments received from customers.

If it is expected that a contract will make a loss, the estimated loss would be provided for in the books of account. Such losses are based on technical assessments.

Amounts due in respect of price escalation claims and/or variation in contract work would be recognized as revenue only if the contract allows for such claims or variations and/or there is evidence that the customer has accepted it and it is probable that these will result in revenue and are capable of being reliably measured. The Company considers both, current and forecasted indices, for estimating such price escalation/variation amount.

Liquidated damages/penalties, warranties and contingencies would be provided for, based on management's assessment of the estimated liability, as per contractual terms and/or acceptance.

x. Tender costs

Costs that relate directly to a contract and are incurred in securing the contract are also included as part of the contract costs on a case to case basis considering the nature of the business, if they are separately identified and measured reliably and it is probable that the contract will be obtained. Till then such costs are carried forward in the other current assets. Other tender costs are charged to the statement of profit and loss as period costs.

xi. Certified emission reduction units/Renewal energy certificates

Revenue from certified emission reduction units/renewal energy certificates is recognized when there is reasonable assurance that the entity will comply with the conditions attached to it and the grants will be received. At a minimum, these conditions will only be met when the actual emission reductions have been realized and the entity has reasonable assurance that these reductions will be confirmed during the verification and certification process by the respective independent authority.

k) Retirement and other employee benefits

i Provident fund

The Company and some of its Indian subsidiaries operate two plans for its employees to provide employee benefit in the nature of provident fund.

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The guidance note on implementing AS-15 (revised 2005) "Employee Benefits", states that benefits involving employer established provident funds, which requires interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this provident fund interest shortfall has been done as per the guidance note issued in this respect by the Institute of Actuaries of India. Separate actuarial valuation is carried out using the Black Scholes Option Pricing Model.

The employees of the Company and some of its Indian subsidiaries which are not covered under the above scheme, their portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company and Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The Company and Indian subsidiaries recognize 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

2.1 Summary of significant accounting policies (Contd.):

k) Retirement and other employee benefits (Contd.):

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.

ii Gratuity

The Company and some of its Indian subsidiaries operate two defined benefits plan for its employee's viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Insurance Companies. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

iii Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance companies for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' annual salary. The Company and Indian subsidiaries recognize expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Company and Indian subsidiaries should recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Company recognises that difference excess as a liability. The Company and Indian subsidiaries have no obligation, other than the contribution payable to the superannuation fund.

iv Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company and its subsidiaries have the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

v Termination benefits

The Group recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

vi Other long-term employee benefits

In case of certain overseas subsidiaries, there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long-term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation. Separate actuarial valuation is carried out for each plan using the project unit credit method. Actuarial gains and losses for all defined benefit plans are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

l) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the other entities of the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 Group 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, or the respective tax jurisdiction wherever applicable, the said asset is created by way of credit to the consolidated statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

n) Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group 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 consolidated statement of profit and loss net of any reimbursement.

2.1 Summary of significant accounting policies (Contd.):

o) Impairment of tangible and intangible asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

p) Leases

Where the Company within the Group is the lessee

Finance leases, which effectively transfer to the Group 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 consolidated 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 consolidated statement of profit and loss on a straight-line basis over the lease term.

Where the Company within the Group is the lessor

Leases in which the Group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the consolidated statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the consolidated statement of profit and loss.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the consolidated statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the consolidated statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the consolidated statement of profit and loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

q) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the consolidated 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 consolidated statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

r) Earnings per share

Basic earnings per share are calculated by dividing the net profit 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 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.

s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

t) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

u) Derivative instruments and hedge accounting

The Group uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. The Group designates these forward contracts in a hedging relationship by applying the hedge accounting principles of AS 30 "Financial Instruments: Recognition and Measurement".

For the purpose of hedge accounting, hedges are classified as:

i. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.

ii. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

    At the inception of a hedge relationship, the Company and its subsidiary formally designates and documents the hedge relationship to which the Company and its subsidiary wishes to apply hedge accounting and the risk management objective

2.1 Summary of significant accounting policies (Contd.):

u) Derivative instruments and hedge accounting (Contd.);

and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company and its subsidiary will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

The change in the fair value of a hedging derivative is recognized in the consolidated statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of profit and loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit and loss.

The Group uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the consolidated statement of profit and loss.

Amounts recognized in the hedging reserve are transferred to the consolidated statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the consolidated statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

v) Off-balance sheet commitments

Commitments arising from execution of operations controlled by the Group

In the ordinary course of business, the Group is committed to fulfil various types of obligations arising from customer contracts (among which full performance and warranty obligations). Obligations may also arise from leases and regulations in respect of tax, custom duties, environment, health and safety. These obligations may or may not be guaranteed by guarantees issued by banks.

As the Group is in a position to control the execution of these obligations, a liability only arises if an obligating event (such as a dispute or a late completion) has occurred and makes it likely that an outflow of resources will occur.

When the liability is considered as only possible but not probable or, when probable, cannot be reliably measured, it is disclosed as a contingent liability.

When the liability is considered as probable and can be reliably measured, the impact on the financial statements is the following:

- if the additional liability is directly related to the execution of a customer contract in progress, the estimated gross margin at completion of the contract is reassessed; the cumulated margin recognised to date based on the percentage of completion and the accrual for future contract loss, if any, are adjusted accordingly,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

2.1 Summary of significant accounting policies (Contd.):

v) Off-balance sheet commitments (Contd.);

- if the additional liability is not directly related to a contract in progress, a liability is immediately recognised on the balance sheet.

The contractual obligations of subcontractors towards the Group are of the same nature as those of the Company towards its customers. They may be secured by the same type of guarantees as those provided to the Company's customers.

Any additional income resulting from a third party obligation is taken into account only when it becomes virtually certain.

Commitments arising from execution of operations not wholly within the control of the Group

Obligations towards third parties may arise from ongoing legal proceedings. In case of legal proceedings, a contingent liability is disclosed when the liability is considered as only possible but not probable, or, when probable, cannot be reliably measured.

A provision is recorded if the obligation is considered as probable and can be reliably measured.

w) Pre-operative expenses pending capitalisation:

Expenditure incurred during the period of construction to the extent allowable under Accounting Standard - 10 "Accounting for Fixed Assets" is carried forward under "Pre-Operative Expenditure Account" and will be allocated to the fixed assets in accordance with generally accepted accounting principles, on commencement of commercial operations.

NOTE 3. SHARE CAPITAL

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Authorised shares (No.)		
300,000,000 (March 31, 2015: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00
43,000,000 (March 31, 2015: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2015: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
232,970,666 (March 31, 2015: 232,970,666) equity shares of ₹ 2/- each	**465.94**	**465.94**
Subscribed and fully paid-up (No.)		
232,794,316 (March 31, 2015: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59
Add: 172,840 (March 31, 2015: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2015: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2015: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each) [Also refer note 3(f)]	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**465.68**	**465.68**

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

Equity shares	As at March 31, 2016		As at March 31, 2015	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59
Issued during the year	-	-	-	-
Outstanding at the end of the year	**232,794,316**	**465.59**	**232,794,316**	**465.59**

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share interim dividend recognised as distributions to equity shareholders was ₹ 7.00/- (March 31, 2015: ₹ 3.00/-).

During the year ended March 31, 2016, the amount of per share proposed final dividend recognised as distributions to equity shareholders is ₹ 0.50/- (March 31, 2015: ₹ 4.50/-).

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

The Company being ultimate holding company there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

(d) Aggregate number of bonus shares issued, 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 shareholders holding more than 5% shares in the Company

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

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders/members.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 3. SHARE CAPITAL (Contd.):

(f) Shares reserved for issue under options

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

(g) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹10/- each (later sub-divided into 18,182,500 equity shares of ₹2/- each) in April and May 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding at the close of the year are 9,200 (March 31, 2015: 9,200). The funds raised have been utilised towards the object of the issue.

NOTE 4. RESERVES AND SURPLUS

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Capital reserves		
Special capital incentive (Under the 1988 Package Scheme of Incentives)		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 4(a)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Capital redemption reserve		
Balance as per the last financial statements	300.00	300.00
Closing balance	**300.00**	**300.00**
Securities premium account		
Balance as per the last financial statements	7,096.48	7,096.48
Closing balance	**7,096.48**	**7,096.48**
Debenture redemption reserve [Refer note 4(b)]		
Balance as per the last financial statements	1,065.00	1,852.71
Add: Amount transfered from surplus in the consolidated statement of profit and loss	-	87.29
Less: Amount transferred to surplus in the consolidated statement of profit and loss	-	(875.00)
Closing balance	**1,065.00**	**1,065.00**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 39]		
Balance as per the last financial statements	(664.44)	(669.61)
Add: Arising during the year	(441.06)	(248.16)
Less: Adjusted during the year	406.24	253.33
Closing balance	**(699.26)**	**(664.44)**
Hedge reserve [Refer note 2.1(u)]		
Balance as per the last financial statements	5,117.34	1,785.97
Add: Arising during the year	(151.27)	3,716.20
Less: Adjusted during the year	(3,271.95)	(384.83)
Closing balance	**1,694.12**	**5,117.34**
General reserve		
Balance as per the last consolidated financial statements	2,958.78	2,648.90
Add: Amount transferred from surplus balance in the consolidated statement of profit and loss	-	719.00
Less: Adjusted during the year [Refer note 4(c)]	-	(409.12)
Closing balance	**2,958.78**	**2,958.78**
Foreign currency translation reserve		
Balance as per the last consolidated financial statements	(1,048.82)	(204.11)
Less: Movement during the year	375.54	(844.71)
Closing balance	**(673.28)**	**(1,048.82)**
carried over	**11,757.34**	**14,839.89**

NOTE 4. RESERVES AND SURPLUS (Contd.):

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
brought over	**11,757.34**	**14,839.89**
Surplus in the consolidated statement of profit and loss		
Balance as per the last consolidated financial statements	19,136.11	13,540.89
Add:		
- Net profit for the year	6,499.86	7,625.36
- Transfer from debenture redemption reserve [Refer note 4(b)(ii)]	-	875.00
	6,499.86	**8,500.36**
Less: Appropriations		
- Transfer to debenture redemption reserves	-	(87.29)
- Transfer to general reserves	-	(719.00)
- Interim equity dividend	(1,629.56)	(698.38)
- Tax on interim equity dividend	(331.74)	(139.64)
- Proposed final equity dividend	(116.40)	(1,047.57)
- Tax on proposed final equity dividend	(23.70)	(213.26)
	(2,101.40)	**(2,905.14)**
Closing balance	**23,534.57**	**19,136.11**
	35,291.91	**33,975.95**

(a) Capital reserves:

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

(b) Debenture redemption reserve:

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

(ii) During the previous year, the Company had redemed 3,500 - 10.75% Redeemable secured non-convertible debentures (Seventeenth series) of ₹ 1,000,000/- each in full. The Debenture redempton reserve created with respect to this series has been transfered to surplus in the statement of profit and loss after redemption in full of the said debentures.

(c) General reserve:

Pursuant to the Companies Act, 2013 ("the Act"), the Company had, during the previous year, revised depreciation rates on certain fixed assets as per the useful life specified in Schedule II of the Act or as re-assessed by the Company. Due to this, based on transitional provision as per note 7(b) of the Schedule II, an amount of ₹ 354.75 million (net of deferred tax of ₹ 182.67 million) had been adjusted to general reserves. Further the adjustment in the previous year to reserve include ₹ 54.37 million in relation to deferred tax adjustment of earlier years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 5. LONG-TERM BORROWINGS

In ₹ Million

	Non-current portion		Current maturities	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Debentures [Refer note 5(a)]				
2,500 (March 31, 2015: 2,500) - 11.95 % Redeemable non-convertible debentures (secured)	-	833.50	833.50	833.25
1,760 (March 31, 2015: 1,760) - 10.75 % Redeemable non-convertible debentures (secured)	-	528.00	528.00	616.00
	-	**1,361.50**	**1,361.50**	**1,449.25**
Term loans				
From banks				
Foreign currency term loans				
Secured				
From Standard Chartered Bank, London [Refer note 5(b)(i)]	386.67	-	48.33	-
From Hypo Vereins Bank, Germany [Refer note 5(b)(ii)]	43.05	73.84	36.25	33.75
From ICICI Bank, Frankfurt [Refer note 5(b)(iii)]	-	-	-	127.66
From Unicredit Bank, Germany [Refer note 5(b)(iv)]	-	2.43	2.89	4.70
From Unicredit Bank, Germany [Refer note 5(b)(v)]	-	-	-	5.99
From Standard Chartered Bank, London [Refer note 5(b)(vi)]	386.67	480.07	128.89	60.01
From Unicredit Bank and Sachsenbank, Germany [Refer note 5(b)(vii)]	11.72	16.38	5.86	5.46
From Sachsenbank, Germany [Refer note 5(b)(viii)]	167.31	176.56	22.31	20.77
From Standard Chartered Bank, London [Refer note 5(b)(ix)]	96.67	120.02	32.22	15.00
From Unicredit Leasing Finance, Germany [Refer note 5(b)(x)]	113.46	32.25	24.22	7.73
From Unicredit Leasing Finance, Germany [Refer note 5(b)(xi)]	38.34	-	6.40	-
From Deutsche Leasing Finance, Germany [Refer note 5(b)(xii)]	121.11	64.24	22.04	8.73
From BNP Paribas, France [Refer note 5(b)(xiii)]	-	-	-	2.34
From BNP Paribas, France [Refer note 5(b)(xiv)]	-	2.41	2.68	2.52
From Societe Generale, France [Refer note 5(b)(xv)]	7.54	11.09	4.90	4.56
From Kolb Bank, France [Refer note 5(b)(xvi)]	2.19	4.76	3.10	2.87
From Credit Mutuel, France [Refer note 5(b)(xvii)]	19.92	22.13	4.36	5.15
From BNP Paribas, France [Refer note 5(b)(xviii)]	12.51	13.95	2.73	2.54
From Societe Generale, France [Refer note 5(b)(xix)]	4.07	-	1.31	-
From Barclays Bank, UK [Refer note 5(b)(xx)]	604.69	-	61.90	-
From Standard Chartered Bank, London [Refer note 5(b)(xxi)]	217.50	-	72.50	-
Unsecured				
On syndication basis [Refer note 5(b)(xxii)]	13,252.00	14,377.30	1,987.80	-
From Societe Generale, France [Refer note 5(b)(xxiii)]	-	-	-	0.77
From Credit Mutuel, France [Refer note 5(b)(xxiv)]	2.25	2.56	0.55	0.52
Buyers line of credit for import of goods from banks [Refer note 5(b)(xxv)]	883.47	-	441.73	-
	16,371.14	**15,399.99**	**2,912.97**	**311.07**
Rupee term loan				
Secured				
From Andhra Bank and HDFC Bank [Refer note 5(c)(i)]	-	3.75	-	3.80
From Axis Bank [Refer note 5(c)(ii)]	490.00	588.00	98.00	-
From Union Bank of India, State Bank of India and Exim Bank [Refer note 5(c)(iii)]	3,528.00	2,352.00	-	-
From ICICI bank [Refer note 5(c)(iv)]	0.01	-	3.74	-
	4,018.01	**2,943.75**	**101.74**	**3.80**
carried over	**20,389.15**	**19,705.24**	**4,376.21**	**1,764.12**

NOTE 5. LONG-TERM BORROWINGS (Contd.):

In ₹ Million

	Non-current portion		Current maturities	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
brought over	**20,389.15**	**19,705.24**	**4,376.21**	**1,764.12**
Other loans (secured)				
IGSTC R & D project loan [Refer note 5(d) (i)]	5.47	6.08	0.61	-
Finance lease obligations [Refer note 30] [Refer note 5(d) (ii)]	219.47	103.78	39.29	54.76
	224.94	**109.86**	**39.90**	**54.76**
Total	**20,614.09**	**19,815.10**	**4,416.11**	**1,818.88**
The above amount includes				
Secured borrowings	6,476.37	5,435.24	1,986.03	1,817.59
Unsecured borrowings	14,137.72	14,379.86	2,430.08	1.29
Amount disclosed under the head “Other current liabilities” [Refer note 10]				
Current maturities of long term debt	-	-	(4,376.82)	(1,764.12)
Current maturities of finance lease obligations	-	-	(39.29)	(54.76)
Total	**20,614.09**	**19,815.10**	**-**	**-**

(a) Debentures

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

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

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

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

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

(b) Foreign currency term loans

(i) From Standard Chartered Bank, London (Secured)

Balance outstanding Euro 6 million (March 31, 2015: Nil)

Secured by charge over fixed assets of one of the subsidiaries located at Ennepetal, Germany repayable in 4 equal annual instalments starting from December 2016, along with interest at 6 month Euribor + 2.5% per annum.

(ii) From Hypo Vereins Bank, Germany (Secured)

Balance outstanding Euro 1.09 million (March 31, 2015: Euro 1.59 million)

Secured by charge over specific machineries of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 24 equal quarterly instalments starting from June 2012, along with interest at 3 month Euribor + 3.15% per annum.

(iii) From ICICI Bank, Frankfurt (Secured)

Balance outstanding Euro Nil (March 31, 2015: Euro 1.89 million)

Secured by charge over all assets of one of the subsidiaries located at Karlskoga, Sweden repayable in 4 equal annual instalments starting from September 2012, along with interest at Euribor + 3.50% per annum. This loan is fully repaid during the current financial year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 5. LONG-TERM BORROWINGS (Contd.):

(iv) From Unicredit Bank, Germany (Secured)

Balance outstanding Euro 0.04 million (March 31, 2015: Euro 0.11 million)

Secured by charge over specific machineries of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from August 2011, along with interest at 2.49% per annum.

(v) From Unicredit Bank, Germany (Secured)

Balance outstanding Euro Nil (March 31, 2015: Euro 0.09 Million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from January 2011, along with interest. This loan is fully repaid during the current financial year.

(vi) From Standard Chartered Bank, London (Secured)

Balance outstanding Euro 7.11 Million (March 31, 2015: Euro 8.00 Million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 18 equal quarterly instalments starting from September 2015, along with interest at 3 month Euribor + 2.50% per annum

(vii) From Unicredit Bank and Sachsenbank, Germany (Secured)

Balance outstanding Euro 0.24 Million (March 31, 2015: Euro 0.32 Million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 23 equal quarterly instalments starting from March 2013, along with interest at 3 month Euribor + 3.15% per annum

(viii) From Sachsenbank, Germany (Secured)

Balance outstanding Euro 2.62 Million (March 31, 2015: Euro 2.92 Million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 28 equal quarterly instalments starting from December 2014, along with interest at 3 month Euribor + 3.55% per annum.

(ix) From Standard Chartered Bank, London (Secured)

Balance outstanding Euro 1.78 Million (March 31, 2015: Euro 2.00 Million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 28 equal quarterly instalments starting from December 2014, along with interest at 3 month Euribor + 2.50% per annum.

(x) From Unicredit Leasing Finance, Germany (Secured)

Balance outstanding Euro 1.90 Million (March 31, 2015: Euro 0.59 Million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from September 2014, along with interest at 1.65% per annum.

(xi) From Unicredit Leasing Finance, Germany (Secured)

Balance outstanding Euro 0.62 Million (March 31, 2015: Nil)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from February 2016, along with interest at 1.42% per annum.

(xii) From Deutsche Leasing Finance, Germany (Secured)

Balance outstanding Euro 1.97 Million (March 31, 2015: Euro 1.08 Million)

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from April 2014, along with interest at 1.55% per annum.

(xiii) From BNP Paribas, France (Secured)

Balance outstanding Euro Nil (March 31, 2015: Euro 0.03 Million)

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosmes, France repayable in 84 equal monthly instalments starting from July 2008, along with interest. This loan is fully repaid during the current financial year.

(xiv) From BNP Paribas, France (Secured)

Balance outstanding Euro 0.04 Million (March 31, 2015: Euro 0.07 Million)

Secured by pledge of business of one of the subsidiaries located at Saint Geosmes, France repayable in 60 equal monthly instalments starting from January 2012, along with interest at 2.12% per annum.

NOTE 5. LONG-TERM BORROWINGS (Contd.):

(xv) From Societe Generale, France (Secured)

Balance outstanding Euro 0.17 million (March 31, 2015: Euro 0.23 Million)

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosmes, France repayable in 72 equal monthly instalments starting from December 2012, along with interest at 3.60% per annum.

(xvi) From Kolb Bank, France (Secured)

Balance outstanding Euro 0.07 Million (March 31, 2015: Euro 0.11 Million)

Secured by pledge of business of one of the subsidiaries located at Saint Geosmes, France repayable in 60 equal monthly instalments starting from October 2012, along with interest at 2.40% per annum.

(xvii) From Credit Mutuel, France (Secured)

Balance outstanding Euro 0.33 Million (March 31, 2015: Euro 0.40 Million)

Secured by pledge of business and pledge of specific fixed assets of one of the subsidiaries located at Saint Geosmes, France repayable in 84 equal monthly instalments starting from August 2013, along with interest at 1.90% per annum.

(xviii) From BNP Paribas, France (Secured)

Balance outstanding Euro 0.21 Million (March 31, 2015: Euro 0.40 Million)

Secured by pledge of business of one of the subsidiaries located at Saint Geosmes, France repayable in 84 equal monthly instalments starting from July 2014, along with interest at 1.54% per annum.

(xix) From Societe Generale, France (Secured)

Balance outstanding Euro 0.07 Million (March 31, 2015: Nil)

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosmes, France repayable in 50 equal monthly instalments starting from September 2015, along with interest at 0.55% per annum.

(xx) From Barclays Bank, UK (Secured)

Balance outstanding GBP 7.00 Million (March 31, 2015: Nil)

Secured by charge over inventory and receivables of one of the subsidiaries located at London, UK repayable in 28 equal quarterly instalments starting from December 2016, along with interest at 3 month LIBOR + 2.50% per annum.

(xxi) From Standard Chartered Bank, UK (Secured)

Balance outstanding Euro 4 Million (March 31, 2015: Nil)

Secured by charge over fixed assets of one of the subsidiaries located at Ennepetal, Germany repayable in 3 annual instalments starting from December 2016, along with interest at 3 month Euribor + 2.4% per annum.

(xxii) Foreign currency term loans on Syndicated basis (Unsecured)

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

In USD million

Start date of repayment	Balance outstanding As at March 31, 2016	As at March 31, 2015
October 31, 2016 (half yearly)	80.00	80.00
October 31, 2016 (half yearly)	40.00	40.00
October 31, 2017 (half yearly)	60.00	60.00
March 16, 2019 (yearly)	50.00	50.00

(xxiii) From Societe Generale, France (Unsecured)

Balance outstanding Euro Nil (March 31, 2015: Euro 0.01 Million)

Repayable in 60 equal quarterly instalments starting from November, 2010, along with interest at 2.20% per annum. This loan is fully repaid during the current financial year.

(xxiv) From Credit Mutuel, France (Unsecured)

Balance outstanding Euro 0.03 Million (March 31, 2015: Euro 0.04 Million)

Repayable in 84 equal quarterly instalments starting from May, 2014, along with interest at 1.90% per annum.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 5. LONG-TERM BORROWINGS (Contd.):

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

Balance outstanding Euro 20.00 million (March 31, 2015: Nil)

Repayable in 3 equal yearly instalments starting from May, 2016, along with interest at LIBOR + 1.35% per annum.

(c) Rupee term loans

(i) From Andhra Bank and HDFC Bank (Secured)

Balance outstanding ₹ Nil (March 31, 2015: ₹ 7.55 Million)

Secured by equitable mortgage of land, building and hypothecation of equipment, furniture and fittings (present and future) and by hypothecation of motor cars purchased. The loans were repayable in 36 to 72 monthly equal instalments with interest at base rate + 4% per annum. These loans were fully repaid during the current financial year.

(ii) From Axis Bank (Secured)

Balance outstanding ₹ 588.00 Million (March 31, 2015: ₹ 588.00 Million)

Secured by equitable mortgage of land, building and hypothecation of equipment, furniture and fittings (present and future) and by hypothecation of motor cars purchased. The loan is repayable in 6 equal half yearly instalments with interest at base rate + 3.25% per annum.

(iii) From Union Bank of India, State Bank of India and Exim Bank (Secured)

Balance outstanding ₹ 3,528.00 Million (March 31, 2015: ₹ 2,352.00 Million)

Secured by equitable mortgage of land, building and hypothecation of equipment, furniture and fittings (present and future) and by hypothecation of motor cars purchased. The loans are repayable in 40 equal monthly instalments with interest at base rate + 1.50% per annum.

(iv) From ICICI Bank (Secured)

Balance outstanding ₹ 3.75 Million (March 31, 2015: ₹ Nil)

Secured by the first and exclusive charge on land, building and hypothecation of equipments, fixtures and fittings proposed to be purchased out of the term loan. The loans are repayable in 29 monthly equal instalments starting from April 2015 with interest at base rate + 3.00% per annum.

(d) Other loans

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

Balance outstanding ₹ 6.08 Million (March 31, 2015: ₹ 6.08 Million)

The loan is secured by bank guarantee executed by the Company in favour of IGSTC. Repayable in 10 half yearly installments starting from January 14, 2017, along with interest at 3% per annum.

(ii) Finance lease obligations (Secured)

Finance lease is secured by hypothecation of said asset. The finance lease is due for repayment over a period of 6 years.

NOTE 6. DEFERRED TAX LIABILITIES (NET)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Deferred tax liability		
On account of timing difference in:		
Impact of difference between tax depreciation/amortization and depreciation / amortisation for financial reporting	2,282.80	2,093.64
Share in impact of difference between tax depreciation/amortization and depreciation/amortisation for financial reporting of Joint Venture	262.76	47.90
Provision for bad and doubtful debts and advance	0.26	0.12
Deferred maintenance	7.57	3.06
Others	3.23	1.92
Gross deferred tax liability	**2,556.62**	**2,146.64**
Deferred tax assets		
On account of timing difference in:		
Impact of difference between tax depreciation/ amortization and depreciation/ amortisation for the financial reporting	0.18	0.57
Privilege leave encashment, gratuity, pension and similar obligations	229.13	311.01
Provision for bad and doubtful debts and advance	35.30	33.83
Disallowance under Section 43 B of Income Tax Act, 1961	142.49	53.99
Share in disallowance under Section 43 B of Income Tax Act, 1961 of Joint Venture	15.18	19.49
Voluntary retirement scheme	2.03	2.96
Disallowance under Section 40(a) of Income Tax Act, 1961	11.03	67.71
Share in disallowance under Section 40(a) of Income Tax Act, 1961 of Joint Venture	18.32	-
Share in unabsorbed depreciation of Joint Venture	245.72	-
Others	26.35	19.39
Gross deferred tax assets	**725.73**	**508.95**
Net deferred tax liability	**1,830.89**	**1,637.69**

Deferred tax in relation to adjustment for transitional provision of schedule II and certain other adjustments have been accounted for as adjustments to general reserve in the previous year.

NOTE 7. OTHER LONG-TERM LIABILITIES

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Voluntary retirement scheme compensation	2.67	5.32	2.95	3.62
Deferred income	629.55	590.00	78.29	86.35
Others*	608.79	0.12	239.12	177.31
	1,241.01	**595.44**	**320.36**	**267.28**
Amount disclosed under the head “Other Current Liabilities” [Refer note 10]	-	-	(320.36)	(267.28)
Total	**1,241.01**	**595.44**	**-**	**-**

* Includes security deposit payable, advance from customers and miscellaneous.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 8. PROVISIONS

In ₹ Million

	Long-term		Short-term	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits				
Provision for gratuity [Refer note 29 (a), (f)]	179.78	292.30	80.01	0.24
Share in provision for gratuity of Joint Venture	11.54	9.06	0.80	0.30
Provision for special gratuity [Refer note 29 (b)]	38.20	32.40	8.51	13.03
Provision for employee's provident fund [Refer note 29 (c)]	1.67	-	-	-
Provision for pension and similar obligation [Refer note 29 (d)]	839.74	790.54	-	-
Provision for leave benefits	-	-	404.48	369.14
Share in provision for leave benefits of Joint Venture	-	-	18.66	24.98
Provision for Jubilee scheme [Refer note 29 (e)]	46.58	39.93	-	-
Provision for Early retirement scheme [Refer note 29 (e)]	56.54	32.71	-	-
Other provisions				
Proposed equity dividend	-	-	116.40	1,047.57
Provision for tax on proposed equity dividend	-	-	23.70	213.26
Provision for tax (net of advance tax)	-	-	222.87	105.14
Share in provision for tax (net of advance tax) of Joint Venture	-	-	10.00	-
Share in mark to market losses of Joint Venture	-	-	70.76	-
Share in fair value of firm commitments of Joint Venture	-	-	-	15.90
Total	**1,174.05**	**1,196.94**	**956.19**	**1,789.56**

NOTE 9. SHORT-TERM BORROWINGS

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
From banks		
Cash credit (secured) [Refer note (a)]	4,215.17	2,744.15
Preshipment packing credit - foreign currency (secured) [Refer note (b)(i)]	341.54	608.82
Preshipment packing credit - foreign currency (unsecured) [Refer note (b)(ii)]	-	62.51
Short term loans from banks (unsecured) [Refer note (c)]	-	405.06
From others		
Short-term loans from Directors (Unsecured) [Refer note (d)]	4.62	4.62
Short-term loans from Companies (Unsecured) [Refer note (d)]	3.36	5.10
Total	**4,564.69**	**3,830.26**
The above amount includes:		
Secured borrowings	4,556.71	3,352.97
Unsecured borrowings	7.98	477.29
Total	**4,564.69**	**3,830.26**

(a) Cash credit from banks is secured against hypothecation of stocks of semi-finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc.

Cash credit is repayable on demand and carries interest @ 2.00 % to 13.50% per annum.

(b) Preshipment packing credit from banks is secured against hypothecation of stocks of semi-finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc.

(i) Preshipment packing credit - foreign currency (secured) is repayable within 180 days and carries interest @ LIBOR + 10 bps to LIBOR + 35 bps.

(ii) Preshipment packing credit - foreign currency (unsecured) is repayable within 180 days and carries interest @ LIBOR + 10 bps to LIBOR + 35 bps.

(c) Short-term loans from banks are repayable within 360 days with interest at 6 month Euribor + 2.5% per annum.

(d) Other short-term loans are repayable on demand carrying interest in the range of 13% to 18% per annum.

NOTE 10. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Trade payables		
Dues to micro enterprises and small enterprises [Refer note 37 for details of dues to micro and small enterprises]	16.87	33.60
Share in dues to micro enterprises and small enterprises of Joint Venture [Refer note 37 for details of dues to micro and small enterprises]	22.42	7.55
	39.29	**41.15**
Dues to others		
- Dues to other than micro enterprises and small enterprises	8,343.59	8,344.62
- Share in dues to other than micro enterprises and small enterprises of Joint Venture	3,183.01	2,367.87
- Share in trade payables of Joint Venture - Project expenses	9.51	19.46
- Acceptances	-	618.23
	11,536.11	**11,350.18**
	11,575.40	**11,391.33**
Other current liabilities		
Current maturities of long-term borrowings [Refer note 5]		
- Secured	1,946.74	1,762.83
- Unsecured	2,430.08	1.29
Current maturities of finance lease obligations [Refer note 5]	39.29	54.76
Deferred income [Refer note 7]	78.29	86.35
Voluntary retirement scheme compensation [Refer note 7]	2.95	3.62
Advance from customers [Refer note 7]	239.12	177.31
Share in advance from customers of Joint Venture	192.38	0.73
Advance from customer - Project expenses	-	2.94
Share in advance from customers of Joint Venture - Project expenses	-	13.20
Payable for capital goods	411.12	567.03
Share in payable for capital goods of Joint Venture	72.77	559.57
Share in construction contracts in progress of Joint Venture	2,371.64	1,603.98
Interest accrued but not due on borrowings	147.17	194.35
Share in interest accrued but not due on borrowings of Joint Venture	2.01	-
Investor Education and Protection Fund (as and when due)#		
- Unpaid dividend	49.03	25.04
- Unpaid matured deposits	0.04	0.04
Security deposits	82.46	81.26
Employee contributions and recoveries payable	47.83	40.05
Statutory dues payable including tax deducted at source	428.24	156.07
Share in statutory dues payable including tax deducted at source of Joint Venture	32.86	22.67
Others*	3,216.50	2,269.19
Share in others of Joint Venture*	11.95	38.88
	11,802.47	**7,661.16**
	23,377.87	**19,052.49**

Includes unpaid due to litigation.

* Includes rent received in advance, commission payable, provision for wealth tax (net) and miscellaneous liabilities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 11.1. TANGIBLE ASSETS

In ₹ Million

	Free hold land (a)	Lease hold land (d)	Share in lease hold land of Joint Venture (f), (g)	Share in lease hold improvements of Joint Venture	Buildings (b), (c), (h)	Share in building (j)	Plant and machinery	Plant and machinery on Finance Lease	Share in Plant and machinery of Joint Venture (j)	Dies	Office equipments	Share in Office Equipments of Joint Venture	Sub Total (A)
Cost													
At April 1, 2014	477.22	193.26	425.74	22.82	4,411.30	-	39,532.48	114.90	11.25	131.79	68.03	1.35	45,390.14
Foreign Currency Translation Reserve	(46.98)	-	-	-	(275.45)	-	(1,615.91)	(26.68)	-	(30.59)	0.03	-	(1,995.58)
Additions	11.43	57.49	-	-	427.94	-	3,018.29	44.40	454.05	-	9.89	0.26	4,023.75
Additions on acquisition of subsidiary/ Joint Venture	4.88	-	50.56	-	217.20	-	356.74	163.83	-	-	-	3.17	796.38
Disposals	(2.89)	-	-	-	(49.67)	-	(98.90)	-	-	(3.01)	(1.95)	(3.06)	(159.48)
On account of disposal of Joint Venture	-	(103.18)	-	(21.87)	-	-	-	-	(4.43)	-	(6.46)	(0.43)	(136.37)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
- Borrowing cost	-	-	-	-	0.13	-	67.96	0.42	-	-	-	-	68.51
- Exchange differences	-	-	-	-	5.92	-	215.72	-	-	-	-	-	221.64
- Other adjustments	-	-	-	-	-	-	(0.04)	-	-	-	(0.38)	-	(0.42)
As at March 31, 2015	**443.66**	**147.57**	**476.30**	**0.95**	**4,737.37**	**-**	**41,476.34**	**296.87**	**460.87**	**98.19**	**69.16**	**1.29**	**48,208.57**
Foreign Currency Translation Reserve	16.44	-	-	-	117.21	-	663.33	24.18	-	9.74	0.04	-	830.94
Additions	0.34	-	-	-	1,729.98	1,546.50	3,520.67	168.09	2,724.70	160.73	45.21	53.39	9,949.61
Disposals	-	-	-	-	(23.08)	-	(239.30)	-	-	-	-	-	(262.38)
On account of disposal of Joint Venture	-	-	-	(0.95)	-	-	-	-	(6.35)	-	-	(0.73)	(8.03)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
- Borrowing cost	-	-	-	-	22.15	-	52.93	-	-	-	-	-	75.08
- Exchange differences	-	-	-	-	36.62	-	332.39	-	-	-	-	-	369.01
- Other adjustments (Refer note i)	-	-	-	-	-	-	-	-	-	1,697.58	-	-	1,697.58
As at March 31, 2016	**460.44**	**147.57**	**476.30**	**-**	**6,620.25**	**1,546.50**	**45,806.36**	**489.14**	**3,179.22**	**1,966.24**	**114.41**	**53.95**	**60,860.38**
Depreciation													
At April 1, 2014	-	20.38	14.77	8.66	1,275.20	-	21,574.37	97.88	1.51	-	42.69	0.29	23,035.75
Foreign Currency Translation Reserve	-	-	-	-	(145.08)	-	(1,243.91)	(26.04)	-	-	0.02	-	(1,415.01)
Additions on acquisition of subsidiary/ Joint Venture	-	-	6.97	-	72.38	-	92.15	87.30	-	-	-	2.73	261.53
Charge for the year	-	1.56	8.29	1.21	171.36	-	2,631.83	17.00	2.42	-	9.56	0.62	2,843.85
Disposals	-	-	-	-	(23.83)	-	(79.19)	-	-	-	(0.61)	(2.77)	(106.40)
On account of disposal of Joint Venture	-	(14.23)	-	(9.62)	-	-	-	-	(1.06)	-	(5.58)	(0.08)	(30.57)
Other adjustments	-	-	-	-	40.80	-	4.06	-	-	-	9.27	-	54.13
At March 31, 2015	**-**	**7.71**	**30.03**	**0.25**	**1,390.83**	**-**	**22,979.31**	**176.14**	**2.87**	**-**	**55.35**	**0.79**	**24,643.28**
Foreign Currency Translation Reserve	-	-	-	-	53.57	-	439.45	16.36	-	3.01	0.04	-	512.43
Charge for the year	-	1.56	8.27	0.08	237.62	27.06	2,901.92	64.01	115.25	173.26	10.12	1.91	3,541.06
Disposals	-	-	-	-	(17.97)	-	(261.09)	-	-	-	-	-	(279.06)
On account of disposal of Joint Venture	-	-	-	(0.33)	-	-	-	-	(1.11)	-	-	(0.46)	(1.90)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
- Transferred to assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other adjustments (Refer note i)	-	-	-	-	-	-	-	-	-	1,359.81	-	-	1,359.81
At March 31, 2016	**-**	**9.27**	**38.30**	**-**	**1,664.05**	**27.06**	**26,059.59**	**256.51**	**117.01**	**1,536.08**	**65.51**	**2.24**	**29,775.62**
Net block													
As at March 31, 2015	**443.66**	**139.86**	**446.27**	**0.70**	**3,346.54**	**-**	**18,497.03**	**120.73**	**458.00**	**98.19**	**13.81**	**0.50**	**23,565.29**
As at March 31, 2016	**460.44**	**138.30**	**438.00**	**-**	**4,956.20**	**1,519.44**	**19,746.77**	**232.63**	**3,062.21**	**430.16**	**48.90**	**51.71**	**31,084.75**

NOTE 11.1. TANGIBLE ASSETS (Contd.):

	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Share in Furniture and fixtures of Joint Venture	Vehicles and aircraft	Share in Vehicles of Joint Venture	Power line	Sub Total (B)	Grand Total (A+B)
Cost										
At April 1, 2014	0.45	525.32	4,453.63	278.74	6.22	2,229.58	2.18	97.77	7,593.89	52,984.03
Foreign Currency Translation Reserve	-	-	(707.09)	-	-	(9.70)	-	-	(716.79)	(2,712.37)
Additions	-	2.23	509.11	25.43	-	13.27	-	-	550.04	4,573.79
Additions on acquisition of subsidiary/Joint Venture	-	-	3.57	-	-	5.49	-	-	9.06	805.44
Disposals	-	-	(17.24)	(5.62)	-	(8.53)	-	-	(31.39)	(190.87)
On account of disposal of subsidiary	-	-	-	-	(0.80)	-	(2.18)	-	(2.98)	(139.35)
Other adjustments	-	-	-	-	-	-	-	-		
- Borrowing cost	-	-	0.97	-	-	-	-	-	0.97	69.48
- Exchange differences	-	0.05	1.93	0.01	-	-	-	-	1.99	223.63
- Other adjustments (Refer note e)	-	-	-	(0.08)	-	-	-	-	(0.08)	(0.50)
At March 31, 2015	0.45	527.60	4,244.88	298.48	5.42	2,230.11	-	97.77	7,404.71	55,613.28
Foreign Currency Translation Reserve	-	-	265.79	-	-	3.84	-	-	269.63	1,100.57
Additions	-	4.03	390.82	13.03	0.17	1,795.90	0.64	-	2,204.59	12,154.20
Disposals	-	-	(42.91)	(1.77)	-	(15.02)	-	-	(59.70)	(322.08)
On account of disposal of Joint Venture	-	-	-	-	(0.56)	-	-	-	(0.56)	(8.59)
Other adjustments	-	-	-	-	-	-	-	-		
- Borrowing cost	-	-	0.80	-	-	-	-	-	0.80	75.88
- Exchange differences	-	-	3.88	-	-	52.90	-	-	56.78	425.79
- Other adjustments (Refer note i)	-	-	(1,546.64)	-	-	-	-	-	(1,546.64)	150.94
As at March 31, 2016	**0.45**	**531.63**	**3,316.62**	**309.74**	**5.03**	**4,067.73**	**0.64**	**97.77**	**8,329.61**	**69,189.99**
Depreciation										
At April 1, 2014	0.43	321.49	3,269.69	189.94	0.62	984.40	0.31	76.50	4,843.38	27,879.13
Foreign Currency Translation Reserve	-	-	(601.93)	-	-	(9.65)	-	-	(611.58)	(2,026.59)
Additions on acquisition of subsidiary/Joint Venture	-	-	2.58	-	-	3.53	-	-	6.11	267.64
Charge for the year	-	35.45	502.83	31.53	0.59	87.22	0.11	15.10	672.83	3,516.68
Disposals	-	-	(16.07)	(2.47)	-	(6.91)	-	-	(25.45)	(131.85)
On account of disposal of Joint Venture	-	-	-	-	(0.27)	-	(0.42)	-	(0.69)	(31.26)
Other adjustments	-	-	-	10.07	-	473.36	-	-	483.43	537.56
At March 31, 2015	0.43	356.94	3,157.10	229.07	0.94	1,531.95	-	91.60	5,368.03	30,011.31
Foreign Currency Translation Reserve	-	-	204.82	-	-	3.68	-	-	208.50	720.93
Charge for the year	-	33.49	274.20	21.96	0.85	188.42	0.03	6.170	525.12	4,066.18
Disposals	-	-	(34.16)	(1.41)	(0.00)	(12.49)	-	-	(48.06)	(327.12)
On account of disposal of Joint Venture	-	-	-	-	(0.14)	-	-	-	(0.14)	(2.04)
Other adjustments	-	-	-	-	-	-	-	-		
- Other adjustments (Refer note i)	-	-	(1,320.46)	-	-	-	-	-	(1,320.46)	39.35
At March 31, 2016	0.43	390.43	2,281.50	249.62	1.65	1,711.56	0.03	97.77	4,732.99	34,508.61
Net block										
As at March 31, 2015	0.02	170.66	1,087.78	69.41	4.48	698.16	-	6.17	2,036.68	25,601.97
As at March 31, 2016	**0.02**	**141.20**	**1,035.12**	**60.12**	**3.38**	**2,356.17**	**0.61**	**-**	**3,596.62**	**34,681.37**

(a) Freehold land includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara both of which have been given on lease. Due to certain matters being sub judice, the Company has not executed lease deed with related party for one of the said land.
(b) Buildings include cost of hangar jointly owned with other Companies ₹ 0.12 million (March 31, 2015: ₹ 0.12 million)
(c) Documents for the ownership of premises at Mittal Towers, Mumbai; Bangalore branch office, Land at Bhima Koregaon, Hanger at Lohegaon, Surajban apartments and Lullanagar at Pune are not readily available with the Company .
(d) Documents for lease hold land at Jejuri are under execution.
(e) Capitalized borrowing cost:
The borrowing cost capitalized during the year ended March 31, 2016 was ₹ 41.25 million (March 31, 2015: ₹ 102.93 million).
The Company capitalized this borrowing cost in the capital work-in-progress (CWIP). The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from CWIP.
(f) The Company has adjusted difference of ₹ Nil (March 31, 2015: ₹ 537.56 million) out of accumulated depreciation and ₹ Nil (March 31, 2015: ₹ (0.50) million) million out of gross block on account of alignment with Schedule II of Companies' Act, 2013.
(g) Share in Leasehold land of Joint venture includes ₹ 139.74 million (March 31, 2015: ₹ 139.74 million)at Mundra port (Refer note 41)
(h) Assets given on operating lease includes buildings. Being a part of the composit building, the value is not separately ascertainable.
(i) Other adjustments are related to reclassification within block of assets .
(j) Includes borrowing cost and pre-operative expenses amounting to ₹ 517.33 million and ₹ 471.36 million respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 11.2. INTANGIBLE ASSETS

In ₹ Million

	Software	Share in Software of Joint Venture	Share in Technical Knowhow of Joint Venture	Development cost	Patents	Total
Cost						
At April 1, 2014	226.50	0.26	9.50	298.38	369.05	903.69
Foreign Currency Translation Reserve	1.73	-	-	(54.44)	(67.33)	(120.04)
Additions	10.63	2.01	-	48.83	-	61.47
Additions on acquisition of subsidiary/Joint Venture	4.17	-	-	-	-	4.17
Disposals	(0.44)	(2.01)	-	-	-	(2.45)
On account of disposal of Joint Venture	(4.11)	(0.12)	(9.50)	-	-	(13.73)
Other adjustments						
- Borrowing cost	0.01	-	-	-	-	0.01
- Exchange differences	-	-	-	-	-	-
As at March 31, 2015	**238.49**	**0.14**	**-**	**292.77**	**301.72**	**833.12**
Foreign Currency Translation Reserve	11.43	-	-	21.64	22.30	55.37
Additions	30.63	0.04	-	57.06	-	87.73
Disposals	-	-	-	-	-	-
On account of disposal of Joint Venture	-	(0.18)	-	-	-	(0.18)
Other adjustments						
- Borrowing cost	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-
As at March 31, 2016	280.55	-	-	371.47	324.02	976.04
Depreciation/Amortisation						
At April 1, 2014	148.35	0.02	2.85	209.28	364.65	725.15
Foreign Currency Translation Reserve	(29.29)	-	-	(49.36)	(66.84)	(145.49)
Additions on acquisition of subsidiary/Joint Venture	4.00	1.89	-	-	-	5.89
Charge for the year	40.28	0.15	0.47	66.69	1.86	109.45
Disposals	(0.33)	(2.00)	-	-	-	(2.33)
On account of disposal of Joint Venture	(3.86)	(0.03)	(3.32)	-	-	(7.21)
At March 31, 2015	**159.15**	**0.03**	**-**	**226.61**	**299.67**	**685.46**
Foreign Currency Translation Reserve	10.35	-	-	18.26	22.18	50.79
Charge for the year	32.92	0.02	-	86.88	1.55	121.37
Disposals	0.03	-	-	-	(0.03)	-
On account of disposal of Joint Venture	-	(0.05)	-	-	-	(0.05)
At March 31, 2016	**202.45**	**-**	**-**	**331.75**	**323.37**	**857.57**
Net Block						
As at March 31, 2015	**79.34**	**0.11**	**-**	**66.16**	**2.05**	**147.66**
As at March 31, 2016	**78.10**	**-**	**-**	**39.72**	**0.65**	**118.47**

NOTE 11.3. CAPITAL WORK-IN-PROGRESS

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Capital work-in-progress	3,420.24	3,432.22
Share in capital work-in-progress of Joint Venture	2,237.78	5,153.67
Intangibles assets under development	169.70	110.54
	5,827.72	**8,696.43**

NOTE 12. NON-CURRENT INVESTMENTS

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Trade investments (valued at cost unless stated otherwise)		
Equity instruments (unquoted)		
Investments in subsidiary		
50,000 (March 31, 2015: 50,000) shares of ₹ 10/- each fully paid-up in Kalyani Polytechnic Private Limited (Refer note a)	0.50	0.50
Investments in associates		
Talbahn GmbH (Refer note b)	0.30	0.30
Less: Provision on diminution of investment	(0.30)	-
	-	0.30
Nil (March 31, 2015: 4,286) shares of GBP 1/- each fully paid in Tecnica UK Limited (Refer note c)	-	1.97
Less: Sale of investment/provision on diminution of investment	-	(1.97)
	-	-
4,900 (March 31, 2014: 4,900) shares of ₹ 10/- each fully paid-up in Ferrovia Transrail Solutions Private Limited (including share in profit / (loss) : profit of ₹ 0.01 Million (March 31, 2015: profit of ₹ 0.01 Million))	0.05	0.04
	0.55	**0.84**
Investments in others		
21,067,894 (March 31, 2015: 21,067,894) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	210.68	210.68
504,432 (March 31, 2015: 504,432) equity shares of ₹ 10/- each fully paid-up in Gupta Energy Private Limited (Refer note d)	72.13	72.13
	282.81	**282.81**
	283.36	**283.65**
Other investments (valued at cost unless stated otherwise)		
Equity instruments (quoted)		
613,000 (March 31, 2015: 613,000) equity shares of ₹ 2/- each fully paid-up in KPIT Technologies Limited	100.24	100.24
3,500 (March 31, 2015: Nil) equity shares of ₹ 10/- each fully paid up in BF Utilities Limited	0.04	-
Bonds (unquoted)		
500 (March 31, 2015: 500) Non-convertible redeemable secured taxable bonds of ₹ 10,000/- each - Series IX (2013-14)	5.00	5.00
Investment in private equity fund (unquoted)		
2,800,000 (March 31, 2015: Nil) Units of ₹ 10 each of Paragon Partners Growth Fund - I	28.00	-
Investments in mutual funds (quoted)		
5,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of HDFC FMP 1107D March 2016 (1) Series 36 - Direct Option - Growth Option	50.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of HDFC FMP 1114D March 2016 (1) Series 35 - Direct Option - Growth Option	50.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1115 Days Plan X Direct Plan Cumulative Option	50.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1130 Days Plan T Direct Plan Cumulative Option	20.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1135 Days Plan W Direct Plan Cumulative Option	20.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of Kotak FMP Series 191 - Direct Growth	20.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 13 -Direct Plan - Growth Option	50.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 17 -Direct Plan- Growth Option	50.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of SBI Debt Fund Series B - 35		
carried over	**310.00**	**-**
carried over	**133.28**	**105.24**
carried over	**283.36**	**283.65**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 12. NON-CURRENT INVESTMENTS (Contd.):

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
brought over	**283.36**	**283.65**
brought over	**133.28**	**105.24**
brought over	**310.00**	**-**
(1131 Days) - Direct Plan - Growth	20.00	-
5,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of SBI Debt Fund Series B - 36		
(1131 Days) - Direct Plan - Growth Option	50.00	-
2,000,000 (March 31, 2015: Nil) Units of ₹ 10 each of UTI FTIF Series XXIV-VIII (1184 Days)		
Direct Plan - Growth Option	20.00	-
	400.00	**-**
	533.28	**105.24**
Total	**816.64**	**388.89**
Aggregate amount of quoted investments	**500.28**	**100.24**
[# Market value ₹ 493.73 Million (March 31, 2015: ₹ 115.55 Million)]		
Aggregate amount of unquoted investments	316.36	288.65
Aggregate amount of provision for diminution in value of investments	-	1.97

a) **Kalyani Polytechnic Private Limited**

Not included in consolidation based on materiality or where control is intended to be temporary/restricted.

b) **Talbahn GmbH**

Bharat Forge Global Holding GmbH (formerly known as CDP Bharat Forge GmbH) has, through a 35% equity participation exercise significant influence over Talbahn GmbH a Company which manages infrastructure facilities. Since there are no significant transactions and the financial impact on the consolidated financial statements being negligible, the same has not been consolidated.

c) **Tecnica UK Limited**

Bharat Forge Global Holding GmbH (formerly known as CDP Bharat Forge GmbH) was holding a 30% equity participation in Tecnica UK Limited as an associate. During the year, Bharat Forge Global Holding GmbH sold its stake in Tecnica UK Limited.

d) **Gupta Energy Private Limited**

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

Included in market value at NAV as on March 31, 2016 and March 31, 2015 respectively as there was no trade for the schemes, hence quotations are not available.

NOTE 13. LOANS AND ADVANCES

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	**As at March 31, 2016**	As at March 31, 2015
Capital advances				
Unsecured, considered good	1,319.61	1,118.43	-	-
Unsecured, considered doubtful	15.98	22.13	-	-
Less: Provision for doubtful advance	(15.98)	(22.13)	-	-
Share in capital advances of Joint Venture				
Unsecured, considered good	24.11	108.14	-	-
	1,343.72	**1,226.57**	**-**	**-**
Security deposits (including statutory deposits)				
Unsecured, considered good	368.55	358.96	3.45	3.29
Share in security deposits of Joint venture				
Unsecured, considered good	5.09	3.11	12.60	13.06
	373.64	**362.07**	**16.05**	**16.35**
Loans and advances				
To related parties				
Unsecured, considered good				
Intercorporate deposit	75.00	75.00	-	-
Share in loans and advances of Joint venture	-	-	293.45	306.38
	75.00	75.00	293.45	306.38
Recoverable in cash or kind				
Unsecured, considered good	0.08	1.97	811.33	466.27
Unsecured, considered good share of Joint Venture	136.67	187.86	19.69	132.94
Unsecured, considered doubtful	-	-	34.89	35.44
Less: Provision for doubtful advance	-	-	(34.89)	(35.44)
	136.75	189.83	831.02	599.21
Others				
Unsecured, considered good				
Loan to employees	44.46	18.31	-	-
Advance income tax (net of provision for tax)	336.26	394.12	-	-
Share in advance income tax of Joint Venture (net of provision for tax)	10.14	6.48	-	-
Share in MAT credit entitlement of Joint Venture	31.25	32.92	-	-
Advances to suppliers	-	-	278.89	511.21
Share in advances to suppliers of Joint Venture	-	-	423.29	489.57
Balances with statutory/government authorities	110.63	94.79	119.04	449.88
Share in balances with statutory/ government authorities of joint venture	-	-	209.94	7.33
Taxes and duty credits receivables (including VAT)	37.18	-	2,161.38	3,181.52
Share in taxes and duty credits receivables of Joint Venture	8.71	-	-	-
Intercorporate deposit	-	-	-	50.00
Others*	4.14	2.36	35.26	0.58
Share in others of Joint Venture*	-	0.03	-	0.02
	582.77	549.01	3,227.80	4,690.11
	794.52	**813.84**	**4,352.27**	**5,595.70**
	2,511.88	**2,402.48**	**4,368.32**	**5,612.05**

* Includes miscellaneous balance receivables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 14. OTHER ASSETS

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good unless stated otherwise				
Non-current bank balance [Refer note 18]	0.03	0.05	-	-
Share in fixed deposit with bank of Joint Venture* (Refer note 18)	108.91	-	-	-
	108.94	**0.05**	**-**	**-**
Derivative assets				
Forward contracts	-	-	1,764.24	5,275.13
	-	**-**	**1,764.24**	**5,275.13**
Others				
Export incentives receivable**	-	-	1,908.83	1,564.53
Government grant under PSI Scheme***	382.35	232.45		-
Energy credit receivable - Windmills	-	-	8.98	16.30
Interest accrued on fixed deposits etc.	-	-	40.55	57.42
Share in interest accrued on fixed deposits etc. of Joint Venture	-	-	2.30	2.18
Share in fair value of firm commitment of Joint Venture			20.30	-
Share in unamortised premium on forward contracts of Joint Venture	-		11.10	-
Receivable for sale of immovable fixed assets	100.00	-	200.00	-
Others ****	-	-	712.59	1,453.10
Share in others of Joint Venture ****	-	-	54.92	89.79
	482.35	**232.45**	**2,959.57**	**3,183.32**
Total	**591.29**	**232.50**	**4,723.81**	**8,458.45**

* Held as margin money against borrowing.

** Includes receivable against schemes such as Duty Entitlement Pass Book Scheme (DEPB), Duty Drawback, Status Holder Incentive Scheme (SHIS), Focus Product Scheme (FPS), Focus Market Scheme (FMS), Market Linked Focus Product Scheme (MLFPS) and Merchandise Exports from India Scheme (MEIS).

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

**** Include reimbursement receivable for expenses.

NOTE 15. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND MARKET VALUE, UNLESS STATED OTHERWISE)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Investments in mutual funds (Refer standalone note 15(a) for details)	7,220.44	4,549.46
Share in investments of joint venture in mutual funds	-	17.00
Total	**7,220.44**	**4,566.46**

NOTE 16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Raw materials and components (includes in transit and lying with third part) [Refer note 21]	1,490.72	1,776.74
Share in raw materials and components of Joint Venture [Refer note 21]	114.93	7.51
Work-in-progress (includes lying with third party) [Refer note 22]	3,748.65	3,546.45
Share in work-in-progress (includes lying with third parties) [Refer note 22]	38.47	0.04
Finished goods (including in transit) [Refer note 22]	3,685.93	2,374.46
Dies and dies under fabrication [Refer note 22]	1,063.62	1,094.37
Scrap [Refer note 22]	14.11	25.83
Stores, spares and loose tools	1,669.25	1,513.55
Total	**11,825.68**	**10,338.95**

NOTE 17. TRADE RECEIVABLES

In ₹ Million

	Non-current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Trade receivables (net of bills discounted with banks) [Refer note 34]				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	425.62	254.37
Share in considered good of Joint venture	-	-	31.25	37.46
Considered doubtful	-	-	80.12	52.80
Less: Provision for doubtful receivables	-	-	(80.12)	(52.80)
	-	-	456.87	291.83
Other receivables				
Unsecured, considered good	20.87	-	8,184.75	6,963.61
Share in other receivable of Joint venture				
Unsecured, considered good	-	-	2,822.59	1,279.23
	20.87	**-**	**11,007.34**	**8,242.84**
Total	**20.87**	**-**	**11,464.21**	**8,534.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 18. CASH AND BANK BALANCES

In ₹ Million

	Non-Current		Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Cash and cash equivalents				
Balances with banks				
In cash credit and current accounts	-	-	3,708.77	2,464.59
Share in cash credit and current accounts of Joint Venture	-	-	22.46	133.14
Deposits with original maturity of less than 3 months	-	-	-	1,030.01
Cash on hand	-	-	1.53	1.73
Share in cash on hand of Joint Venture	-	-	0.26	0.04
	-	**-**	**3,733.02**	**3,629.51**
Other bank balances				
Earmarked balance (on unclaimed dividend accounts)	-	-	49.37	25.38
Deposits with remaining maturity for less than 12 months	-	-	732.60	2,738.76
Deposits with remaining maturity of more than 12 months (#)	0.03	0.05	-	0.49
Share in deposits with original maturity of more than 12 months of Joint Venture	108.91	-	-	-
Demand deposit$	-	-	240.13	425.79
	108.94	**0.05**	**1,022.10**	**3,190.42**
Amount disclosed under non-current assets (Refer note 14)	(108.94)	(0.05)	-	-
Total	**-**	**-**	**4,755.12**	**6,819.93**

(#) ₹ 0.03 Million (March 31, 2015; ₹ 0.03 Million) in non-current portion pledged with Sales tax department

($) ₹ 240.13 Million (March 31, 2015: ₹ 425.79 Million) demand deposit pledged with bank

NOTE 19. REVENUE FROM OPERATIONS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Revenue from operations		
Sale of products (net of returns, rebates etc.)		
- Finished goods	64,826.97	66,918.46
- Share in finished goods of Joint venture	-	11.14
- Manufacturing scrap	2,758.12	3,067.75
- Share in Manufacturing scrap of Joint venture	3.05	-
- Die design and preparation charges	664.66	508.70
Sale of services		
- Job work/service charges	244.67	160.54
- Share in service charges of Joint Venture	90.71	8.66
Project revenue		
- Project revenue	1.74	226.91
- Share in project revenue of Joint Venture	8,763.97	5,507.36
Other operating revenues		
- Export incentives	935.58	1,373.86
- Sale of electricity/REC - Windmills	71.06	57.32
- Other operating revenues	28.85	27.11
Revenue from operations (gross)	**78,389.38**	**77,867.81**
Less: Excise duty #	(1,924.08)	(1,645.82)
Revenue from operations (net)	**76,465.30**	**76,221.99**

Excise duty on sales amounting to ₹ 1,924.08 Million (March 31 2015: ₹ 1,648.05 Million) has been reduced from sales in consolidated statement of profit and loss and excise duty on stock amounting to ₹ 35.88 million (March 31, 2015: ₹ (0.65) Million) has been considered in note 22 of consolidated financial statements.

NOTE 20. OTHER INCOME

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on		
- Fixed deposits and others	224.77	184.62
- Share in interest on fixed deposits and others of Joint Venture	23.58	14.78
Dividend income from investment in mutual funds - current investment	375.19	402.73
Net gain on sale of		
- current investments	13.42	20.92
- long-term investments	13.43	59.81
Share in gain on foreign exchange fluctuation of Joint Venture (net)	-	31.07
Government grant under PSI scheme	312.47	166.26
Provision for doubtful debts and advances written back	8.15	0.84
Provisions no longer required written back	19.65	183.02
Rent	6.31	-
Miscellaneous income	330.24	302.39
Share in miscellaneous income of Joint Venture	8.31	0.13
Total	**1,335.52**	**1,366.57**

NOTE 21. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Inventory at the beginning of the year (including Joint Venture)	1,784.25	1,891.13
Add: Purchases	27,312.59	28,552.85
	29,096.84	**30,443.98**
Less: Inventory at the end of the year (including Joint Venture)	1,605.65	1,784.25
Less: Consumption relating to discontinued operation (Refer note 41)	-	11.80
Cost of raw material and components consumed	**27,491.19**	**28,647.93**

21 (a) Project cost includes share of project cost of Joint Venture	7,505.86	4,974.60

NOTE 22. DECREASE/(INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS, DIES AND SCRAP

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Inventories at the end of the year		
Work-in-progress	3,748.65	3,546.45
Share in work-in-progress of Joint Venture	38.47	0.04
Finished goods	3,685.93	2,374.46
Share in finished goods of Joint Venture	-	-
Dies and dies under fabrication	1,063.62	1,094.37
Scrap	14.11	25.83
	8,550.78	**7,041.15**
Inventories at the beginning of the year		
Work-in-progress	3,546.45	3,829.32
Share in work-in-progress of Joint Venture	0.04	-
Finished goods	2,374.46	2,360.54
Share in finished goods of Joint Venture	-	0.57
Dies and dies under fabrication	1,094.37	1,067.30
Scrap	25.83	20.37
	7,041.15	**7,278.10**
Less: Change in inventory related to discontinued operation (Refer note 44)	0.03	58.52
	(1,509.66)	**178.43**
Excise duty variation on opening and closing stock	35.88	(0.65)
Total	**(1,473.78)**	**177.78**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 23. EMPLOYEE BENEFITS EXPENSE

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, wages and bonus (including managing and whole time director's remuneration)	7,536.78	6,985.53
Share in salaries, wages and bonus (including managing and whole time director's remuneration) of Joint Venture	330.37	269.70
Contributions to provident fund and other funds/scheme#	1,037.94	1,398.78
Share in contributions to provident fund and other funds/scheme of Joint Venture#	12.81	5.87
Gratuity expense [Refer note 29 (a), (f)]	45.57	85.03
Share in gratuity expense of Joint Venture	3.42	3.83
Special gratuity expense [Refer note 29 (b)]	4.86	12.55
Employee voluntary retirement scheme compensation	1.54	4.78
Staff welfare expenses	466.95	252.35
Share in staff welfare expenses of Joint Venture	15.53	26.34
Total	**9,455.77**	**9,044.76**

Other fund /scheme includes contribution towards jubilee scheme, early retirement scheme and ESIC scheme

NOTE 24. DEPRECIATION AND AMORTIZATION EXPENSE

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Depreciation of tangible assets (Refer note 11.1)	3,912.73	3,503.38
Share in depreciation of tangible assets of Joint Venture (Refer note 11.1)	153.16	10.96
Depreciation on assets held for sale for discontinuing operations (Refer note 44)	0.38	0.36
Share in depreciation on assets held for sale for discontinuing operations (Refer note 44)	0.31	2.78
Amortization on intangible assets (Refer note 11.2)	121.35	108.83
Share in amortization on intangible assets of Joint Venture (Refer note 11.2)	-	0.12
Less: Depreciation in respect of discontinuing operation (Refer note 44)	(0.69)	(3.14)
Total	**4,187.24**	**3,623.29**

NOTE 25. FINANCE COSTS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Interest on bank facilities	912.80	1,110.08
Share in interest on bank facilities of Joint Venture	269.28	40.02
Interest on bills discounting	69.77	84.11
Bank charges including loan processing fees	119.88	98.30
Share in bank charges including loan processing fees of Joint Venture	30.85	23.33
Total	**1,402.58**	**1,355.84**

NOTE 26. OTHER EXPENSES

In ₹ Million

		Year ended March 31, 2016	Year ended March 31, 2015
Consumption of stores, spares and tools		3,077.39	2,987.76
Share in consumption of stores, spares and tools of Joint Venture			-
Machining charges		3,053.30	3,207.76
Power, fuel and water	4,298.69		4,791.61
Less: Credit for energy generated	(82.61)		(62.51)
		4,216.08	4,729.10
Share in power, fuel and water of Joint Venture		21.37	-
Repairs and maintenance			
- Building repairs and road maintenance		134.33	106.40
- Share in building repairs and road maintenance of Joint Venture		5.25	0.40
- Plant and machinery		1,364.83	1,578.16
Other manufacturing expenses		24.29	96.23
Share in other manufacturing expenses of Joint Venture		-	0.19
Rent (Refer note 30)		216.20	190.91
Share in rent of Joint Venture		73.16	63.44
Rates and taxes (including wealth tax)		30.61	30.91
Share in rates and taxes (including wealth tax) of Joint Venture		0.95	7.81
Insurance (including Keyman insurance)		126.34	118.07
Share in Insurance of Joint Venture		21.41	4.72
CSR Expenditure (Refer note 38)		124.98	112.31
Share in CSR Expenditure of Joint venture (Refer note 38)		2.35	-
Legal professional fees		557.48	536.66
Share in legal professional fees of Joint Venture		13.30	28.38
Commission and discount		379.89	390.76
Donations			
a) Political parties	-		40.00
b) Others	21.97		41.00
		21.97	81.00
Packing material		769.19	699.47
Freight forwarding charges		1,261.60	1,020.67
Directors' fees and travelling expenses		3.50	3.47
Commission to directors other than managing and whole-time directors		10.00	10.00
Loss on sale of fixed assets (net)		44.36	0.98
Provision for doubtful debts and advances		45.41	44.42
Bad debts/advances written off		17.30	62.37
Share in bad debts/advances written off of Joint Venture		-	41.97
Loss on foreign exchange fluctuation (net)		396.96	342.62
Share in loss on foreign exchange fluctuation of Joint Venture (net)		135.42	-
Payment to auditors*		60.42	48.82
Share in payment to auditors of Joint Venture*		0.61	0.74
Goodwill on consolidation written off		-	29.10
Miscellaneous expenses **		2,880.29	2,309.87
Share in miscellaneous expenses of Joint Venture **		183.02	84.02
Total		**19,273.56**	**18,969.49**
# Above expenses include research and development expenses for details of which refer note 45			
* Payment to auditors includes payment for the holding company subsidiaries and joint ventures			
** Miscellaneous expenses include travelling expenses, printing, stationary, postage, telephone etc			
*** Payment to auditors**			
As auditor:			
- Audit fee*		31.91	27.25
- Share in audit fee of Joint Venture		0.28	0.28
- Limited review		2.95	2.70
- Others (including certification fees)**		23.61	18.38
- Share in others (including certification fees) of Joint Venture		0.30	0.38
Reimbursement of expenses***		1.95	0.49
Share in reimbursement of expenses of Joint Venture		0.03	0.08
		61.03	49.56

* Includes ₹ 23.91 Million (March 31, 2015 : ₹ 19.26 Million) paid to subsidiary and joint ventures auditors.

** Includes ₹ 20.35 Million (March 31, 2015 : ₹ 15.96 Million) paid to subsidiary and joint ventures auditors.

*** Includes ₹ 1.32 Million (March 31, 2015 : Nil) paid to subsidiary and joint ventures auditors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 27. EXCEPTIONAL ITEMS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Provision for expense of earlier year reversed (Refer note 27(a))	-	294.89
(Loss)/Profit on disposal of subsidiary and Joint Venture (Refer note 27 (b) and note 44)	(12.49)	132.68
Provision for statutory employee cost relating to earlier period	(42.20)	-
Total	**(54.69)**	**427.57**

(a) Provision for expense of earlier year reversed

Till financial year 2013-14, the Company made provision towards LBT payable. However, the liability was not settled as there was no appropriate authority and the administrative mechanism. During the previous year based on the opinion obtained from the legal advisor, the liability has been reversed.

(b) Profit on sale of non-current investment

During the previous year, the group had divested its stake in Impact Automotive Solutions Limited, which was formed in the year 2010 as a Joint Venture (JV). The stake was sold by the Company to the other JV Partner, resulting in gain of ₹ 40.97 million on sale of investments. This also includes gain on merger of ₹ 91.71 Million of Kalyani Alstom Power Limited with Alstrom Bharat Forge Power Limited. (Also refer note 41).

During the year, the group has divested its stake in David Brown Gear Systems India Limited, which was formed as a Joint Venture (JV).

The stake was sold by the Company to the other JV Partner, resulting in loss of ₹ 12.49 million on sale of investments (also refer note 41).

(c) Provision for statutory employee cost relating to earlier period

It represents certain statutory employee costs that have become applicable retrospectively from the financial year 2014-15.

NOTE 28. EARNINGS PER EQUITY SHARE (EPS)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Numerator for basic and diluted EPS for continuing operations		
Net profit from continuing operations attributable to Shareholders	6,524.91	7,665.34
Numerator for basic and diluted EPS		
Net profit attributable to Shareholders including discontinuing operations	6,499.86	7,625.36
Weighted average number of equity shares in calculating basic EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	**232,794,316**
EPS - Basic - computed on the basis of profit from continuing operations (in ₹)	**28.03**	**32.93**
EPS - Basic - computed on the basis of total profit for the year (in ₹)	**27.92**	**32.76**
Weighted average number of equity shares in calculating diluted EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	**232,794,316**
EPS - Diluted - computed on the basis of profit from continuing operations (in ₹)	**28.03**	**32.93**
EPS - Diluted - computed on the basis of total profit for the year (in ₹)	**27.92**	**32.76**

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Holding Company

(a) Gratuity plan

Funded scheme

The holding Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed atleast five years of service get a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The scheme is funded with insurance Companies in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plan.

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	51.81	48.06
Interest cost on benefit obligation	51.12	52.79
Expected (return) on plan assets	(34.38)	(30.53)
Net actuarial (gain)/loss recognised in the year	(22.53)	14.04
Interest income	-	-
Net benefit expense	**46.02**	**84.36**
Actual return on plan assets	34.00	31.39

Consolidated balance sheet

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening fair value of plan assets	386.87	322.98
Expected return	34.38	30.53
Contribution by employer	78.82	69.85
Benefits (paid)	(43.54)	(37.34)
Actuarial (losses)/gains	(0.39)	0.85
Closing fair value of plan assets	**456.14**	**386.87**

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	677.23	598.83
Interest cost	51.12	52.79
Current service cost	51.81	48.06
Benefits (paid)	(43.54)	(37.34)
Actuarial (gains)/losses on obligation	(22.92)	14.89
Closing defined benefit obligation	**713.70**	**677.23**

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	456.14	386.87
Present value of defined benefit obligations	(713.70)	(677.23)
Plan asset/(liability)	**(257.56)**	**(290.36)**

The holding Company expects to contribute ₹ 80.00 Million to gratuity fund in the next year (March 31, 2015: ₹ 70.00 Millions)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2016	As at March 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity for the Company's plan is shown below:

In % per annum

	As at March 31, 2016	As at March 31, 2015
Discount rate	7.80%	7.80%
Expected rate of return on assets	8.50%	9.00%
Increment rate	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	456.14	386.87	322.98	274.74	236.86
Defined benefit obligation	713.70	677.23	598.83	578.38	536.44
Surplus/(deficit)	(257.56)	(290.36)	(275.85)	(303.64)	(299.58)
Experience adjustments on plan liabilities	15.54	26.02	(6.00)	9.66	(2.69)
Experience adjustments on plan assets	1.64	0.85	(0.05)	2.90	1.10

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service get an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and amounts recognised in the consoldiated balance sheet.

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	3.59	8.30
Interest cost on benefit obligation	3.40	3.24
Expected return on plan assets	-	-
Net actuarial loss recognised in the period	(2.13)	1.01
Interest income	-	-
Net benefit expense	**4.86**	**12.55**
Actual return on plan assets	-	-

Consolidated balance sheet

Changes in the present value of the defined benefit obligation (recognised in consolidated balance sheet) are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	45.43	39.11
Interest cost	3.41	3.24
Current service cost	3.59	8.30
Benefits (paid)	(3.59)	(6.23)
Actuarial losses on obligation	(2.13)	1.01
Closing defined benefit obligation	**46.71**	**45.43**

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	-	-
Present value of defined benefit obligations	(46.71)	(45.43)
Plan asset/(liability)	**(46.71)**	**(45.43)**

The principal assumptions used in determining special gratuity for the holding Company's plan is shown below:

	As at March 31, 2016	As at March 31, 2015
Discount rate	7.80%	7.80%
Increment rate	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous four periods are as follows:

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	-	-	-	-	-
Defined benefit obligation	46.71	45.43	39.11	37.80	40.13
Surplus/ (deficit)	(46.71)	(45.43)	(39.11)	(37.80)	(40.13)
Experience adjustments on plan liabilities	(2.13)	1.49	5.04	0.20	(2.69)
Experience adjustments on plan assets	-	-	-	-	-

(c) Provident fund

In accordance with law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under defined contribution plan provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund.

Under defined benefit plan, the Holding Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report is as follows:

The actuary has followed Black Scholes Option Pricing approach to calculate the liability.

The Company has provided ₹ 1.67 Million towards shortfall in the interest payment on provident fund as per actuary report during the year ended March 31, 2016 (March 31, 2015: ₹ Nil)

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Consolidated statement of profit and loss

Net employee benefit expense recognised as employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	2.30	1.79
Interest cost on benefit obligation	1.12	-
Expected (return) on plan assets	(1.49)	(1.09)
Net actuarial (gain)/loss recognised in the period	1.92	9.21
Interest (income)	-	-
Net benefit expense/(income)	**3.85**	**9.91**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Consolidated balance sheet

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening fair value of plan assets	16.58	12.09
Expected return	1.49	1.09
Contribution by employer	-	-
Benefits (paid)	-	-
Actuarial gains	2.90	3.40
Closing fair value of plan assets	**20.97**	**16.58**

Changes in the present value of guaranteed interest rate obligation:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening guaranteed interest rate obligation	14.40	-
Interest cost	1.12	-
Current service cost	2.30	1.79
Benefits paid	-	-
Actuarial (gains)/losses on obligation	4.82	12.61
Closing guaranteed interest rate obligation	**22.64**	**14.40**

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	20.97	16.58
Present value of guaranteed interest rate obligation	22.64	14.40
Plan asset/(liability)#	**(1.67)**	**2.18**

During the previous year, the Company has not recognised the plan asset in the books based on the concept of prudence.

Assumptions under the Black Scholes option pricing approach are as follows:

In % per annum

	As at March 31, 2016	As at March 31, 2015
Discount rate	7.80%	7.80%
Expected guaranteed rate	8.80%	8.75%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous four years are as follows:

In ₹ Million

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	20.97	16.58	12.09	9.28	2.36
Guaranteed interest rate obligation	22.64	14.40	-	11.84	-
Surplus/(deficit)	(1.67)	2.18	12.09	(2.56)	2.36
Experience adjustments on rate obligation	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Overseas subsidiaries

(d) Pension plan

The subsidiaries have a defined pension plan. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and amounts recognised in the consolidated balance sheet for the respective plans.

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	25.69	20.54
Interest cost on benefit obligation	16.87	23.69
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(37.44)	179.40
Net benefit expense	**5.12**	**223.63**

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	776.11	560.76
Interest cost	16.87	23.69
Current service cost	25.69	20.54
Benefits paid	(15.26)	(8.28)
Actuarial (gains)/losses on obligation	(37.44)	179.40
Closing defined benefit obligation	**765.97**	**776.11**

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	-	-
Present value of defined benefit obligations	(765.97)	(776.11)
Plan asset / (liability)	**(765.97)**	**(776.11)**

In addition to above, in case of certain subsidiary companies, actuarial liability is determined based on estimates amounting to ₹ 73.77 Million. (March 31, 2015: ₹ 14.43 Million)

The principal assumptions used in determining pension for the Company's plan is shown below:

	As at March 31, 2016	As at March 31, 2015
Discount rate	2.42%	2.00%
Increment rate	2.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The subsidiaries expect to contribute ₹ Nil to the plan assets in the next year. (March 31, 2015: ₹ Nil).

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	-	-	-	-	-
Defined benefit obligation	765.97	776.11	560.76	539.04	408.24
Surplus/(deficit)	(765.97)	(776.11)	(560.76)	(539.04)	(408.24)
Experience adjustments on plan liabilities	(37.44)	179.40	(13.91)	103.82	(24.01)
Experience adjustments on plan assets			-	-	-

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 56.54 Million (March 31, 2015: ₹ 32.71 Million) and jubilee scheme as governed by the local laws amounting to ₹ 46.58 Million (March 31, 2015: ₹ 39.93 Million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Indian subsidiaries and Jointly Controlled Entities

(f) Gratuity plan

Funded scheme

Some of the Indian subsidiaries and Jointly Controlled Entities have a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed atleast five years of service get a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The gratuity plan is funded in few Indian subsidiaries in the form of qualifying insurance policies. The disclosure given below is on the basis of such information as has been disclosed in the standalone financial statements of the subsidiaries and jointly controlled entities.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	3.25	11.84
Interest cost on benefit obligation	0.94	0.68
Expected return on plan assets	(0.02)	(7.73)
Net actuarial (gain)/loss recognised in the year	(1.20)	(0.20)
Net benefit expense	**2.97**	**4.59**
Actual return on plan asset	**-**	**-**

Changes in the fair value of plan assets (recognised in the consolidated balance sheet) are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening fair value of plan assets	0.02	-
Adjustment to opening fair value of plan assets	-	8.62
Expected return	0.02	(7.73)
Contribution by employer	0.74	0.21
Benefits paid	(0.22)	(1.08)
Actuarial gains/(losses)	(0.01)	-
Closing fair value of plan assets	**0.55**	**0.02**

Changes in the present value of the defined benefit obligation (recognised in consolidated balance sheet) are as follows:

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	11.52	0.28
Adjustment to opening balance	0.68	-
Interest cost	0.94	0.68
Current service cost	3.25	11.84
Benefits paid	(0.22)	(0.20)
Actuarial losses/(gains) on obligation	(1.21)	(1.08)
Closing defined benefit obligation	**14.96**	**11.52**

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Fair value of plan assets	0.55	0.02
Present value of defined benefit obligations	(14.96)	(11.52)
Plan asset/(liability)	**(14.41)**	**(11.50)**

In case of certain Indian subsidiary companies, acturarial liability is determined based on estimates amounting to ₹ 0.16 Million since AS-15 is not applicable to such companies. (March 31, 2015: ₹ 0.04 Million).

NOTE 29. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

The principal assumptions used in determining gratuity for the Indian subsidiary companys' plan is shown below:

	As at March 31, 2016	As at March 31, 2015
Discount rate	7.46% - 8%	7.74% to 9%
Increment rate	4% - 8%	6% to 8.5%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

One of the subsidairy has not acturial determined the liability towards gratuity at the year end owing to the fact that the number of employees at the year end were only 3 and hence the applicability of AS 15 for determining the defined benefit obligation using actuary does not arise.

The below numbers include share of Joint Venture.

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Plan assets	0.55	0.02	-	1.34	-
Defined benefit obligation	14.96	11.52	0.28	2.65	0.44
Surplus/(deficit)	(14.41)	(11.50)	(0.28)	(1.31)	(0.44)
Experience adjustments on plan liabilities		-	-	-	-
Experience adjustments on plan assets		-	-	-	-

NOTE 30. LEASES

Operating leases: Group as lessee

The Group has entered into agreements in the nature of lease/ leave and license agreement with different lessors/ licensors for the purpose of establishment of office premises/ residential accommodations. These are generally in nature of operating lease/leave and license. There are no transactions in the nature of sub lease. Period of agreements are generally for three years and renewal at the options of the lessor. There are no escalation clause or restrictions placed upon the group by entering into these leases. There is no contingent rent clause in the lease agreements.

In ₹ Million

	Year ended March 31, 2016*	Year ended March 31, 2015*
Lease rentals during the year		
- On cancellable leases	289.36	257.56
- On non-cancellable leases	-	-
Total	**289.36**	**257.56**

* Includes numbers with respect to discontinuing operations. ₹ 3.75 Million for the year ended March 31, 2016 (March 2015 : ₹ 0.94 Million).

The above numbers include share of Joint Venture.

Operating leases: Group as lessor

The group has entered into agreements in the nature of lease/leave and license agreement with different lessee/licensees for the purpose of land/building etc. These are generally in nature of operating lease. Period of agreements are generally for three to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Lease rentals during the year		
- On cancellable leases	6.31	3.20
- On non-cancellable leases	-	-
Total	**6.31**	3.20

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 30. LEASES (contd.):

Finance leases: Group as lessee

The Group has finance leases for various items of plant and machinery. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	March 31, 2016		March 31, 2015	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	44.71	39.29	58.19	54.76
After one year but not more than five years	189.56	180.17	101.54	96.59
More than five years	40.07	39.30	7.29	7.19
Total Minimum Lease Payments (MLP)	**274.33**	**258.77**	**167.02**	**158.54**
Less: Finance charges	15.57	-	8.48	-
Present value of Minimum Lease Payments	**258.76**	**258.77**	**158.54**	**158.54**

NOTE 31. SEGMENT INFORMATION

In accordance with paragraph 4 of notified Accounting Standard 17 (AS-17) "Segment Reporting" the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the unconsolidated financial statements. The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company has identified its business segment as its primary reporting segment which comprises of "Forgings" and "Projects (Capital goods)". Secondary information is reported geographically.

The "Forgings" segment produces and sells steel forging products comprising of forgings, finished machined crankshafts, front axle assembly & components and ring rolling etc. The "Projects (Capital goods) includes engineering, procurement and commissioning business for power and infrastructure related projects.

In ₹ Million

Sr. No.		Particulars	Year ended March 31, 2016	Year ended March 31, 2015
1	**Segment Revenue**			
	a)	Forgings	67,443 40	70,277.25
	b)	Projects (Capital goods)	8,857.73	5 854.13
	c)	Discontinuing operations	0.02	59.39
		Total	**76,301.15**	**76,190 77**
		Net Sales/Income from Operations	76,301.15	76,190.77
2	**Segment Results:**			
		Profit/(loss) (before tax and interest from each segment)		
	a)	Forgings	12,099.41	15,055.97
	b)	Projects (Capital goods)	837.32	203.79
	c)	Discontinuing operations	(25.81)	(40.13)
		Total	**12,910.92**	**15,219.63**
		Less:		
	1.	Finance costs from continuing operations	1,402.58	1,355.84
	2.	Finance costs from discontinuing operations	0.02	0.12
	3.	Other un-allocable expenditure net off un-allocable income	1,575.75	3,109.05
	4.	Total Profit Before Tax & Exceptional Items	9,932.57	10,754.62
		Add:		
		Exceptional items	(54.69)	427.57
		Profit/(Loss) before Tax from continuing operations	9,903.71	11,222.44
		Profit/(Loss) before Tax from discontinued operations (before minority interest)	(25.83)	(40.25)
3	**Total carrying amount of segment assets**			
	a)	Forgings *	56,191.65	53,945.65
	b)	Projects (Capital goods)	11,554.03	9,476.43
	c)	Discontinuing operations	-	71.54
	d)	Unallocable Assets including Unutilised Fund **	21,216.97	18,328.25
		Total	**88,962.65**	**81,821.87**
		*The current year amount includes discontinuing operations of ₹ 21.60 million		
		**The current year amount includes discontinuing operations of ₹ 41.18 million		

NOTE 31. SEGMENT INFORMATION (Contd.):

In ₹ Million

Sr. No.	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
4	**Total amount of segment liabilities.**		
	a) Forgings *	12,012.03	14,162.42
	b) Projects (Capital goods)	5,704.92	4,875.05
	c) Discontinuing operations	-	10.28
	d) Unallocable **	4,616.00	1,767.76
	Total	**28,037.87**	**20,815.51**
	* The current year amount includes discontinuing operations of ₹ 2.48 million		
	** The current year amount includes discontinuing operations of ₹ 7.93 million		
5	**Capital Employed (Segment assets - Segment Liabilities)**		
	a) Forgings *	44,179.62	39,783.23
	b) Projects (Capital goods)	5,849.11	4,601.38
	c) Discontinuing operations	-	61.26
	d) Unallocable Assets less Liabilities including Unutilised Fund temporally deployed **	16,600.97	16,560.49
	Total	**66,629.70**	**61,006.36**
	* The current year amount includes discontinuing operations of ₹ 19.12 million. ** The current year amount includes discontinuing operations of ₹ 33.25 million		
6	**Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period**		
	a) Forgings	6,449.15	4,428.93
	b) Projects (Capital goods)	4,271.19	454.29
	c) Discontinuing operations	-	0.05
	d) Unallocable	2,023.26	76.37
	Total	**12,743.60**	**4,959.64**
7	**Depreciation**		
	a) Forgings	3,727.24	3,403.47
	b) Projects (Capital goods)	151.46	13.33
	c) Discontinuing operations	0.69	3.14
	d) Unallocable	308.54	206.49
	Total	**4,187.93**	**3,626.43**
8	**Secondary information in respect of geographical segment on the basis of location of customers**		
	8.1 Segment revenue		
	a) Within India	27,267.91	24,146.82
	b) Outside India	49,033.24	52,043.95
	Total	**76,301.15**	**76,190.77**
	8.2 Segment assets		
	a) Within India	65,226.83	61,537.97
	b) Outside India	23,735.82	20,283.90
	Total	**88,962.65**	**81,821.87**
	8.3 Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
	a) Within India	7,681.69	2,830.97
	b) Outside India	5,061.91	2,128.67
	Total	**12,743.60**	**4,959.64**

The total carrying amount of segment assets does not include goodwill arising on consolidation amounting to ₹ 553.74 Million (March 31, 2015 ₹ 537.24 Million)

Total segment revenue from operations does not include revenue from some of the insignificant business lines amounting to ₹ 164.17 Million (March 31, 2015: ₹ 116.11 Million), which has been considered as unallocable income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 32. RELATED PARTY DISCLOSURES

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the current year and previous year	
Associates	Ferrovia Transrail Solutions Private Limited (Investment through wholly owned subsidiary), India
Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures	Kalyani Carpenter Special Steels Private Limited, India
	Kalyani Steels Limited, India
	BF Utilities Limited, India
	Automotive Axles Limited, India
	ALSTOM Holdings, France
	ALSTOM India Limited (formerly known as ALSTOM Projects India Limited), India
	General Electric Technology GmbH (formerly known as ALSTOM Technology Limited), Germany
	General Electric (Switzerland) GmbH (formerly known as ALSTOM Switzerland Limited), Switzerland
	GE Power AG (formerly known as ALSTOM Power GMBH), Germany
	GE Power SP Z.O.O. (formerly known as ALSTOM Power SP ZOO), Poland
	ALSTOM Service Sdn Bhd, Malaysia
	ALSTOM Asia Pacific Sdn Bhd , Malaysia
	ALSTOM Beizhong Power (Beijing) Co. China
	ALSTOM Power Italia S.P.A., Italy
	ALSTOM T&D India Limited, India
	Thermodyn S.A.S., France
	ALSTOM Grid SAS, France
	Alstom Middle East Fze, Dubai (UAE)
	ALSTOM Technologie AG, Germany
	ALSTOM Power Systems SA, France
	ALSTOM Power Systems, France
	ALSTOM Support, France
	ALSTOM China Investment Co. Ltd., China
	ALSTOM Beijing Engineering, China
	Alstom Power Energy, Indonesia
	ALSTOM S&E Africa (PTY), South Africa
	ALSTOM India Limited, India
Joint Ventures of fellow subsidiary	Elbit Systems Land and C4I Limited, India
Enterprises having common Key Management Personnel	Integrated Clean Room Technologies Limited, India
Key management personnel (including subsidiaries/associates/joint ventures)	Mr. B. N. Kalyani
	Mr. A. B. Kalyani
	Mr. G. K. Agarwal
	Mr. B. P. Kalyani
	Mr. S. E. Tandale
	Mr. K. M. Saletore (w.e.f. February 2, 2015)
	Mr. A. C. Daga (w.e.f. September 26, 2014)
	Mr. Nirjhar Sarkar
	Mr. Rajesh Mahapatra
	Mr. Alain Spohr
	Mr. Vijay Kumar Neginal
	Mr. Venkatesh Subramanyam
	Mr. Deepak Bedekar
	Mr. Rajkumar Mishra
	Mr. K. Padmanabham
	Mr. T. V. Prasad
	Mr. Jagmohan Bijalwan
Relative of directors and other directors	Mr. P. G. Pawar
	Mr. S. M. Thakore
	Mrs. Lalita D. Gupte
	Mr. P. H. Ravikumar
	Mr. P. C. Bhalerao
	Mr. Naresh Narad
	Dr. T. Mukherjee
	Mr. Vimal Bhandari
	Mr. S. K. Chaturvedi (up to March 30, 2015)
	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. A. G. Agarwal
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani

Transactions and balances less than 10% of the total transactions and balances dosclosed as "Others".

NOTE 32. RELATED PARTY DISCLOSURES (Contd.):

(i) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
1	Purchase of raw materials	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	8,963.24	10,811.12
		Kalyani Steels Limited, India	3,586.71	4,116.51
		GE Power AG	190.66	2,601.66
		Others	1,343.35	181.81
			14,083.96	**17,711.10**
2	Other Expenses			
	- Power, fuel and water	**Enterprises owned or significantly influenced by key management personnel or their subsidiaries/associates/ joint ventures**		
		BF Utilities Limited, India	190.58	5.76
			190.58	**5.76**
	- Rent	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	0.13	0.13
		ALSTOM India Limited, India	43.49	44.82
			43.62	**44.95**
		Relative of directors and other directors		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	-Directors' fees and travelling expenses	**Relative of directors and other directors**		
		Mr. P. G. Pawar	0.53	0.58
		Mr. S. M. Thakore	0.55	0.50
		Mrs. Lalita D. Gupte	0.30	0.23
		Mr. P. H. Ravikumar	0.50	0.45
		Mr. P. C. Bhalerao	0.75	0.28
		Mr. Vimal Bhandari	0.20	0.75
		Mr. Naresh Narad	0.20	0.20
		Dr. T. Mukherjee	0.20	0.20
		Mr. S. K. Chaturvedi	-	0.01
			3.23	**3.20**
	-Commission to directors other than managing and whole-time directors	**Relative of directors and other directors**		
		Mr. P. G. Pawar	1.05	1.85
		Mr. S. M. Thakore	1.10	1.40
		Mrs. Lalita D. Gupte	0.60	0.90
		Mr. P. H. Ravikumar	1.00	1.60
		Mr. P. C. Bhalerao	1.50	1.05
		Mr. Naresh Narad	0.40	0.90
		Dr. T. Mukherjee	0.40	0.90
		Mr. Vimal Bhandari	0.40	1.00
		Mr. S. K. Chaturvedi	-	0.40
			6.45	**10.00**
	-Project Cost	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		General Electric (Switzerland) GmbH	28.10	-
		General Electric Technology GmbH	11.93	30.22
		GE Power SP Z.O.O.	7.03	0.56
		Others	1.29	3.22
			48.35	**34.00**
	-IT/Software/Hardware Cost	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint venture**		
		General Electric (Switzerland) GmbH	26.14	20.08
		ALSTOM India Limited, India	14.66	12.51
			40.80	**32.59**
	-Purchase of engineering sevices	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint venture**		
		ALSTOM India Limited, India	4.62	55.85
		General Electric (Switzerland) GmbH	5.10	12.81
		GE Power SP Z.O.O.	4.67	6.21
		ALSTOM Power Systems SA	6.23	-
		GE Power AG	8.63	5.72
		Others	3.43	-
			32.68	**80.59**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 32. RELATED PARTY DISCLOSURES (Contd.):

(i) Related party transactions (Contd.):

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
	-Royalty fees	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		General Electric Technology GmbH	4.90	-
			4.90	**-**
	-Interest on loan taken	**Enterprises having common Key Management Personnel**		
		Integrated Clean Room Technologies Limited, India	0.30	0.30
			0.30	**0.30**
		Key managerial personnel		
		Mr. T. V. Prasad	0.69	0.69
			0.69	**0.69**
	-Support Services for Transportation	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		General Electric (Switzerland) GmbH	63.79	0.84
		Others	1.46	-
			65.25	**0.84**
			437.03	**213.10**
3	Sale of products (net of returns, rebates etc.)	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	1,658.86	1,842.92
		Others	186.79	189.48
			1,845.65	**2,032.40**
4	Other operating revenues	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	-	16.24
			-	**16.24**
5	Sale of Services	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Automotive Axles Limited, India	130.52	115.77
		Kalyani Carpenter Special Steels Private Limited, India	23.25	29.93
			153.77	**145.70**
		Associates		
		Ferrovia Transrail Solutions Pvt. Ltd., India	4.24	-
			4.24	**-**
6	Project revenue	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		ALSTOM Power Systems	3.69	-
		ALSTOM India Limited, India	3.60	3.06
		ALSTOM Service Sdn Bhd	3.42	2.97
		ALSTOM Power System SA, France	2.64	0.82
		ALSTOM S&E Africa (PTY)	1.55	-
		ALSTOM Beizhong Power (Beijing) Co.	0.08	11.14
		Others	0.33	1.82
			15.31	**19.81**
7	Purchase of tangible assets	**Joint Ventures of fellow subsidiary**		
		Elbit Systems Land and C4I Limited, India	-	17.12
			-	**17.12**
8	Finance provided: -Loans	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		BF Utilities Limited, India	-	75.00
			-	**75.00**
		Key managerial personnel		
		Mr. K. Padmanabham	3.45	0.06
		Mr. T. V. Prasad	0.50	5.56
			3.95	**5.62**
9	Proceeds from loan given	**Key managerial personnel**		
		Mr. K. Padmanabham	3.45	0.06
		Mr. T. V. Prasad	0.50	5.56
			3.95	**5.62**

NOTE 32. RELATED PARTY DISCLOSURES (Contd.):

(i) Related party transactions (Contd.):

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2016	Year ended March 31, 2015
10	Interest accrued	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Steels Limited, India	22.56	20.81
		BF Utilities Limited, India	7.50	2.83
			30.06	**23.64**
11	Advance from customers	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		ALSTOM India Limited, India	192.38	-
		Others	1.19	-
			193.57	**-**
12	Advance given to vendors	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		ALSTOM Beizhong Power (Beijing) Co.	62.76	161.32
		ALSTOM India Limited, India	40.45	79.53
		GE Power Sp.z.o.o.	13.39	-
		Others	8.86	15.26
		Thermodyan S.A.S.	8.86	-
		ALSTOM Grid S.A.S.	-	0.76
		ALSTOM Power System SA, France	-	14.50
			125.46	**256.11**
		Associates		
		Ferrovia Transrail Solutions Pvt. Ltd., India	249.31	-
			249.31	**-**
13	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	141.71	176.51
		Mr. A. B. Kalyani	42.65	51.92
		Mr. G. K. Agarwal	43.27	52.58
		Mr. S. E. Tandale	32.78	39.76
		Mr. B. P. Kalyani	30.65	37.17
		Mr. K. M. Saletore #	23.70	28.34
		Mr. A. C. Daga	4.12	-
		Mr. Jagmohan Bijalwan	-	1.07
		Mr. Vijay Kumar Neginal	0.45	0.40
		Mr. Rajkumar Mishra	0.47	0.22
		Mr. Deepak Bedekar	0.26	0.03
		Mr. Alain Spohr	19.56	16.10
		Mr. Nirjhar Sarkar	3.91	2.56
		Mr. Rajesh Mahapatra	1.82	1.64
		Mr. Venkatesh Subramanyam	-	5.18
		Mr. K. Padmanabham	1.50	1.80
		Mr. T. V. Prasad	1.38	1.80
			348.23	**417.08**
14	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.45	0.21
		Mr. A. B. Kalyani	4.03	1.93
		Mr. G. K. Agarwal	0.03	0.01
		Mr. B. P. Kalyani	0.04	0.02
			4.55	**2.17**
		Relative of directors and other directors		
		Mr. G. N. Kalyani	3.97	1.90
		Others	0.07	0.03
			4.04	**1.93**
			8.59	**4.10**

Figures for F.Y. 2014-15 disclosed for the full year.

The above disclosure does not include reimbursement of expenses paid or received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2016 (Contd.):

NOTE 32. RELATED PARTY DISCLOSURES (Contd.):

(ii) Balance outstanding as at the year end

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2016	As at March 31, 2015
1	Trade payables	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		GE Power AG	1,503.48	928.01
		Kalyani Carpenter Special Steels Private Limited, India	911.40	2,277.34
		Kalyani Steels Limited, India	784.61	428.25
		ALSTOM Beizhong Power (Beijing) Co.	426.12	6.57
		Others	441.59	207.25
			4,067.20	**3,847.42**
		Enterprises having common Key Management Personnel		
		Integrated Clean Room Technologies Limited, India	1.06	0.79
			1.06	**0.79**
		Associates		
		Ferrovia Transrail Solutions Private Limited, India	4.24	-
			4.24	**-**
			4,072.50	**3,848.21**
2	Trade receivable	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Carpenter Special Steels Private Limited, India	444.37	599.04
		Automotive Axles Limited, India	100.66	76.30
		Others	32.64	18.51
			577.67	**693.85**
3	Loans	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Steels Limited, India (Trade Advance)	770.00	770.00
		BF Utilities Limited, India	75.00	75.00
			845.00	**845.00**
4	Amounts recoverable	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		BF Utilities Limited, India	210.00	210.00
			210.00	**210.00**
5	Short-term loans and Advances	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		ALSTOM India Limited, India	103.47	104.86
		ALSTOM Beizhong Power (Beijing) Co.	82.77	152.00
		Thermodyn S.A.S.	79.75	-
		GE Power AG	16.22	36.70
		Others	29.81	15.26
			312.02	**308.82**
6	Interest accured	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/ joint ventures**		
		Kalyani Steels Limited, India	-	4.99
		BF Utilities Limited, India	-	1.10
			-	**6.09**
7	Loan taken	**Enterprises having common Key Management Personnel**		
		Integrated Clean Room Technologies Limited, India	2.00	2.00
			2.00	**2.00**
		Key management personnel (including subsidiaries/joint ventures)		
		Mr. T. V. Prasad	4.62	4.62
			4.62	**4.62**

NOTE 32. RELATED PARTY DISCLOSURES (Contd.):

(ii) Balance outstanding as at the year end (Contd.)

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2016	As at March 31, 2015
8	**Advance from customers**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates / joint ventures**		
		ALSTOM India Limited, India	192.38	-
		Automotive Axles Limited, India	1.19	8.57
			193.57	**8.57**
9	**Managerial remuneration payable***	**Key management personnel**		
		Mr. B. N. Kalyani	73.00	120.00
		Mr. A. B. Kalyani	12.00	24.00
		Mr. G. K. Agarwal	12.00	24.00
		Mr. S. E. Tandale	16.00	25.00
		Mr. B. P. Kalyani	15.50	24.00
		Mr. K. M. Saletore	10.50	17.00
		Mr. T. V. Prasad	1.58	-
		Mr. K. Padmanabham	0.17	-
			140.75	**234.00**
10	**Commission to directors other than managing and whole time directors**	**Relative of directors and other directors**		
		Mr. P. G. Pawar	1.05	1.85
		Mr. S. M. Thakore	1.10	1.40
		Mrs. Lalita D. Gupte	0.60	0.90
		Mr. P. H. Ravikumar	1.00	1.60
		Mr. P. C. Bhalerao	1.50	1.05
		Mr. Naresh Narad	0.40	0.90
		Dr. T. Mukherjee	0.40	0.90
		Mr. Vimal Bhandari	0.40	1.00
		Mr. S. K. Chaturvedi	-	0.40
			6.45	**10.00**

* Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 33. CAPITALISATION OF EXPENDITURE

During the year, the Group has capitalised the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, wages and bonus	28.06	143.00
Share in salaries, wages and bonus of Joint Venture	-	-
Consumption of stores and spares	5.05	210.48
Others *	14.40	3.94
Total	**47.51**	**357.42**

* Others includes repairs and maintenance, legal and professional fees and miscellaneous

NOTE 34. CONTINGENT LIABILITIES

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Sales bills discounted	7,252.20	10,057.83
Guarantees given by the Holding company on behalf of other group companies:	140.00	2,273.45
Claims against the group not acknowledged as Debts - to the extent ascertained * #	187.52	174.08
Excise/Service tax demands - matters under dispute #	422.94	394.16
Entry Tax #	319.11	89.30
Sales tax demand matters under dispute #	23.64	14.05
Customs demands - matters under dispute #	50.97	50.97
Income tax matters under dispute #	55.58	55.58
Others	241.91	13.33

* The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

One of the joint venture company is defending Penalty Proceedings initiated under Section 274 r.w.s. 271(1) (C) of the Income Tax Act, 1961 for Assessment Year 2011-12 and liability of the same is not quantifiable.

No tax expense has been accrued in the financial statements for all the above tax demand raised.

The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the group's financial position and results of operations.

The Group companies are contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process.

The above numbers include share of Joint Venture.

NOTE 35. CAPITAL AND OTHER COMMITMENTS

In ₹ Million

		As at March 31, 2016	As at March 31, 2015
(a)	Guarantees given by holding Company's Bankers on behalf of the holding Company, against sanctioned letter of credit and guarantee limit of ₹ 4,000 Million (March 31, 2015: ₹ 4,000 Million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	1,656.02	958.50
(b)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances.	1,942.41	5,788.28
	Share in estimated value of contracts of Joint Venture remaining to be executed on capital accounts and not provided for, net of advances.	2,926.01	912.43
Total		**6,524.44**	**7,659.21**

Performance guarantee

The holding company has alongwith ALSTOM Power Holdings S.A. given an irrecoverable and unconditional undertaking to NTPC Limited for technology transfer, training, execution and successful performance of steam turbines generator, other projects and auxiliary equipments supplied by ALSTOM Bharat Forge Power Limited, joint venture of the group.

The above numbers include share of Joint Venture.

NOTE 36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURES

(i) Derivatives outstanding as at the reporting date

Nature of instrument	Currency	Purpose	As at March 31, 2016		As at March 31, 2015	
			Foreign currency in million	In ₹ Million	Foreign currency in million	In ₹ Million
Forward contracts	USD	Hedging of highly probable sales	480.11	31,807.29	567.10	35,438.08
Forward contracts	Euro	Hedging of highly probable sales	123.77	9,328.77	201.92	13,567.21

(ii) Share in Derivatives outstanding of Joint Ventures as at the reporting date

Nature of instrument	Currency	Purpose	As at March 31, 2016		As at March 31, 2015	
			Foreign currency in million	In ₹ Million	Foreign currency in million	In ₹ Million
Forward contracts	EURO	Hedge of payable/expected future purchases	48.24	3,635.48	90.74	6,104.73
Forward contracts	GBP	Hedge of payable/expected future purchases	0.07	6.83	-	-
Forward contracts	CHF	Hedge of payable/expected future purchases	-	-	0.48	31.12
Forward contracts	CNH	Hedge of payable/expected future purchases	5.41	55.53	5.51	55.57
Forward contracts	USD	Hedge of payable/expected future purchases	10.86	718.63	13.50	843.82
Forward contracts	JPY	Hedge of payable/expected future purchases	165.38	97.58	165.77	86.48
Forward contracts	SEK	Hedge of payable/expected future purchases	-	-	1.52	11.02
Forward contracts	EURO	Hedge of receivables/expected future sales	57.74	4,351.67	90.45	6,084.96
Forward contracts	GBP	Hedge of receivables/expected future sales	2.57	244.56	6.09	563.00
Forward contracts	USD	Hedge of receivables/expected future sales	5.07	335.29	14.89	931.35
Forward contracts	JPY	Hedge of receivables/expected future sales	146.04	86.16	150.11	78.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURES (Contd.):

(iii) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	As at March 31, 2016		As at March 31, 2015	
		Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Trade receivables	USD	10.53	1,627.84	32.14	2,005.63
	EUR	27.48	2,215.06	15.67	1,055.22
	GBP	0.06	6.01	0.61	56.02
	AUD	-	-	0.10	4.46
	JPY	0.34	16.39	-	-
Trade payables	USD	1.39	92.13	1.41	148.70
	EUR	11.80	863.49	11.25	758.86
	GBP	0.11	11.44	0.11	9.73
	JPY	34.31	20.19	99.73	52.01
	SEK	0.05	0.39	0.04	0.29
	AUD	-	-	0.01	0.42
	CHF	0.08	5.72	0.00	0.15
	AED	0.03	0.50	-	-
	CNY	0.56	5.77	-	-
	PLN	0.02	0.37	-	-
Term loan	USD	230.00	15,239.80	230.00	14,377.30
	EUR	-	-	1.89	127.66
Working capital loan	EUR	17.67	1,281.31	17.67	1,193.12
Buyers line of credit	USD	20.00	1,325.20	-	-
Pre-shipment packing credit	USD	5.15	341.54	10.00	625.10
	GBP	-	-	0.50	46.23
Balances with Banks	USD	3.60	238.37	8.65	535.72
	EUR	4.04	296.63	2.17	145.56
	GBP	0.23	21.83	0.00	0.20
Other receivables	EUR	0.57	41.46	3.12	219.45
	SEK	-	-	1.83	13.21
	USD	0.28	18.57	-	-
Other payables	USD	4.69	326.34	1.40	89.75
	EUR	0.65	48.85	1.76	118.90
	GBP	-	-	0.01	0.89

The above numbers include share of Joint Venture.

NOTE 37. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Principal amount due to suppliers under MSMED Act, 2006	24.36	8.34
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	0.32	0.08
Payment made to suppliers (other than interest) beyond the appointed day, during the year	263.09	206.50
Interest paid to suppliers under MSMED Act,2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	0.22	0.06
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	2.19	1.18
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	3.81	2.09

The information has been given in respect of such vendors to the extent they could be identified as “Micro and Small” enterprises on the basis of information available with the group.

NOTE 38. CSR EXPENDITURE

In ₹ Million

		As at March 31, 2016	As at March 31, 2015
(a) Gross amount required to be spent by the group during the year		142.67	71.17

(b) Amount spent during the year ending on	In cash	Yet to be paid in cash *	Total
- March 31, 2016			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	127.00	0.33	127.33
Total	**127.00**	**0.33**	**127.33**
- March 31, 2015			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	112.31	-	112.31
	112.31	**-**	**112.31**

* Paid subsequently in the month of April 2016.

The above amount includes CSR contribution made by JV included in the consolidated financial statement.

NOTE 39. DEFERRAL/CAPITALISATION OF EXCHANGE DIFFERENCES

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 “The Effects of Changes in Foreign Exchange Rates”, to allow companies deferral/capitalisation of exchange differences arising on long-term foreign currency monetary items. In accordance with the amendment/earlier amendment to AS 11, the Group has capitalised exchange loss, ‘arising on long-term foreign currency loan to the cost of plant and equipments. The Group also has other long-term foreign currency monetary item, where the gain/(loss) due to fluctuation in foreign currency is accounted for as FCMITDA and disclosed under reserve and surplus.

Accordingly foreign exchange gain/(loss) adjusted against:

In ₹ Million

	As at March 31, 2016	As at March 31, 2015
Cost of the assets/Capital work in progress	(474.34)	(226.59)
FCMITDA	(441.06)	(248.16)
Amortised in the current year	(406.24)	253.33

NOTE 40. EXCHANGE DIFFERENCE GAIN/(LOSS) ON ACCOUNT OF FLUCTUATIONS IN FOREIGN CURRENCY RATES

The net exchange differences gain/(losses) arising during the year on highly probable forecasted transaction relating to exports as a part of sales recognised in the consolidated statement of profit and loss account is ₹ 3,049.77 Million (March 31, 2015 ₹ 2,114.63 Million)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 41. SIGNIFICANT NOTES TO FINANCIAL STATEMENTS OF SUBSIDIARIES WHICH PROVIDE A BETTER UNDERSTANDING TO THESE FINANCIAL STATEMENTS

A) Bharat Forge Scottish Stampings Limited (BFSSL)

As a part of group restructuring plan initiated in 2009, BFSSL has ceased production in February 2010 and transferred business and assets to other group companies. BFSSL got liquidated during the previous year and the order for liquidation is passed in June 2014.

B) Sale of stake in Joint Venture and associates

i) Impact Automotive Solutions Limited (Impact)

On June 30, 2014, the Company has divested its stake in Impact , a JV, which was formed in the year 2010 as a Joint Venture (JV). Impact financial statements included in the consolidated financial statements are unaudited and are based on management accounts as they are not material.

ii) David Brown Gear Systems India Limited

During the year, the group has divested its stake in David Brown Gear Systems India Limited, which was formed as a Joint Venture (JV). The stake was sold by the Company to the other JV Partner, resulting in loss of ₹ 12.49 Million on sale of investments.

iii) Tecnica UK Limited

Bharat Forge Global Holding GmbH (formerly known as CDP Bharat Forge GmbH) was holding a 30% equity participation in Tecnika UK Limited as an associate. During the year, Bharat Forge Global Holding GmbH sold its stake in Tecnica UK Limited. There was no profit/loss in this transaction.

C) ALSTOM Bharat Forge Power Private Limited

i) The Company was in the process of setting up its manufacturing facility at Adani Port and Special Economic Zone Limited located at Mundra, Gujarat. In 2011, a Public Interest Litigation (PIL) was filed in the High Court of Gujarat at Ahmedabad, against 12 parties including the Company relating to environmental clearances for Adani Port and Special Economic Zone Ltd. The issues were whether the company need individual environmental clearance and whether in the absence of Adani Port and Special Economic Zone Ltd. (APSEZ) having environmental clearance the individual unit falling under the APSEZ could continue with the construction activities. ABFPL had stopped work on their site at APSEZ.

Also during 2014 the Company had merged with Kalyani Alstom Power Limited which were also in the process of setting up a manufacturing facility at APSEZ Mundra and was also facing the above mentioned environmental issues and had stopped work.

During the previous year, Government of India, Ministry of Environment & Forests ('MOEF') vide F. No. 10-138/2008- IA.III dated July 15, 2014 issued the Environment Clearance ('EC') for proposed Multi- Product SEZ and CRZ clearance for Desalination, sea water intake, outfall facility and pipeline, at Mundra by M/s. Adani Port and SEZ Ltd. ('APSEZ').

The Company has Capital Work-in-Progress at both the sites including pre-operative and interest amounting to ₹ 2,598.03 Million (including borrowing cost and pre-operative expenses ₹ 422.71 Million and ₹ 333.48 Million respectively). (Refer Note 12 and 13)

All environmental issues have been resolved for the said location and the site is now ready for use.

ii) During the year, pursuant to global acquisition of Alstom by GE, the detailed methodologies/estimates of projects revenue recognition have been realigned so that project milestones are more closer to the stage of performance and completion of the concerned Components & Services of the Projects . Consequent to the above, the project revenue and the profit before tax for the year ended March 31, 2016, as estimated by the management, are higher by ₹ 1,349.70 Million and ₹ 163.30 Million, respectively.

D) Merger of B F Infrastructure Limited (BFIL) and B F Infrastructure Ventures Limited (BFIVL)

The Board of Directors of BFIL and BFIVL on July 9, 2015 approved a Scheme of Amalgamation (Scheme) between BFIL and BFIVL being transferor company with an Appointed date of April 1, 2015 and the Shareholder of BFIL also submitted their letter of consent for approving Scheme. The Scheme is pending for approval by Hon'ble Bombay High Court till date.

E) ALSTOM Bharat Forge Power Private Limited (ABFPL)

During last year the Board of Directors in their meeting held on March 28, 2015 had approved the conversion of Company from a Public Limited to Private Limited. In current year the Company has complied with requisite formalities for conversion of Company from Public Limited to Private Limited and a fresh certificate of incorporation has been issued by Registrar of Companies w.e.f. May 29, 2015.

- Balances of certain trade receivables, loans and advances, trade payables and non-trade payables for contractual obligations are in the process of confirmation/reconciliation. Management is of the opinion that on completion of reconciliation/confirmation, the impact, will not be material.

NOTE 42. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-7 (AS 7) ‘CONSTRUCTION CONTRACTS

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
Contract revenue recognised during the period	8,840.38	5,734.27
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	5,614.28	5,729.48
Amount of customer advances outstanding for contracts in progress up to the reporting date#	1,061.12	1,817.69
Retention amount due from customers for contract in progress up to the reporting date	1,972.69	721.30
Due from customers@	12.13	4.07
Due to customers#	2,388.11	1,624.68

Aggregate of customer advances outstanding and due to customers is included in advance from customer to the extent of ₹ 14.90 Million, in construction contracts in progress to the extent of ₹ 1,603.95 Million and in trade payable to the extent of ₹ 1,823.09 Million.

@ Included in trade receivable.

The above numbers include share of Joint Venture.

NOTE 43. DISCLOSURES REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

In ₹ Million

Name of the loanee	*Purpose	Rate of Interest (p.a.)	Year ended March 31, 2016	Year ended March 31, 2015
BF Utilities Limited	General corporate purpose*	10%	75.00	75.00

* Receivable in 3 years from the date of origination of loan.

a) Above advance is unsecured.

b) Details of investments made are given in Note 12 & 15.

NOTE 44. DISCONTINUING OPERATIONS

Bharat Forge America Inc.

In November 2012, the management of Bharat Forge America Inc (BFA), a wholly owned subsidiary of the Company in USA decided to close down manufacturing operations of BFA. Business of BFA was transferred to other Group Companies and fixed assets of BFA were sold to a forging company in US on May 2, 2013.

At December 31, 2015, the carrying amount of assets of BFA was ₹ 21.60 Million (December 31, 2014: ₹ 31.84 Million) and its liabilities were ₹117.65 Million (December 31, 2014: ₹ 99.21 Million)

The following statement shows the revenue and expenses of discontinuing operations:

In ₹ Million

	Year ended December 31, 2015	Year ended December 31, 2014
Income		
Revenue from operations (gross)	0.02	59.22
Other income	0.06	4.57
Total income	**0.08**	**63.79**
Expenses		
Cost of raw material and components consumed	0.01	0.90
(Increase)/ decrease in inventories of finished goods and work-in-progress	(0.01)	57.99
Employee benefits expense	18.36	20.34
Other expenses	6.79	15.47
Depreciation and amortization expenses	0.38	0.36
Finance costs	-	-
Total expenses	**25.53**	**95.06**
(Loss) before tax	(25.45)	(31.27)
Tax expenses	(0.78)	(0.27)
(Loss) for the year	**(24.67)**	**(31.00)**

The carrying amounts of the total assets and liabilities relating to discontinuing operations included within the Group is as follows:

In ₹ Million

	Year ended December 31, 2015	Year ended December 31, 2014
Total assets	21.60	31.84
Total liabilities	117.65	99.21
Net assets*	**(96.05)**	**(67.37)**

* The above amount includes fixed assets of Bharat Forge America which are held for sale of ₹ 0.69 Million (December 31, 2014: ₹ 1.03 Million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 44. DISCONTINUING OPERATIONS (Contd.):

The net cash flows attributable to BFA are as below:

In ₹ Million

	Year ended December 31, 2015	Year ended December 31, 2014
Operating activities	8.67	(1.50)
Investing activities	-	-
Financing activities	6.42	(12.21)
Net cash inflows/(outflows)	**15.09**	**(13.71)**

Impact Automotive Solutions Limited

During the previous year, the Company divested its stake in Impact Automotive Solutions Limited to its Joint Venture partner, KPIT Cummins Limited, for ₹ 107.84 Million.

The transaction was completed on June 30, 2014. Profit pre tax amounting to ₹ 40.97 Million (Tax effect: ₹ Nil), on divestment of stake has been recorded as an exceptional item.

The following statement shows the revenue and expenses of discontinuing operations:

In ₹ Million

	For the year ended March 31, 2016	Period ended June 30, 2014 Unaudited
Income		
Revenue from operations (gross)	-	0.17
Other income	-	0.65
Total income	**-**	**0.82**
Expenses		
Cost of raw material and components consumed	-	1.87
(Increase)/decrease in inventories of finished goods and work-in-progress	-	-
Employee benefits expense	-	2.09
Other expenses	-	4.36
Depreciation and amortization expenses	-	1.86
Finance costs	-	-
Total expenses	**-**	**10.18**
(Loss) before tax	-	(9.36)
Tax expenses	-	-
(Loss) for the year	**-**	**(9.36)**

The carrying amounts of the total assets and liabilities relating to discontinuing operations included within the Group is as follows:

In ₹ Million

	As at March 31, 2016	As at June 30, 2014 Unaudited
Total assets	-	105.08
Total liabilities	-	28.83
Net assets	**-**	**76.25**

The net cash flows attributable to Impact Automotive Solutions Private Limited are as below:

In ₹ Million

	For the year ended March 31, 2016	As at June 30, 2014 Unaudited
Operating activities	-	(27.35)
Investing activities	-	(1.67)
Financing activities	-	-
Net cash inflows/(outflows)	**-**	**(29.02)**

NOTE 44. DISCONTINUING OPERATIONS (Contd.):

David Brown Bharat Forge Gear Systems India Limited

(Joint venture of one of the subsidiary of the Company)

During the year, Bharat Forge Infrastructure Ventures Limited, one of the direct subsidiaries in the group, divested its stake in its joint venture operation (David Brown Bharat Forge Gear Systems India Limited) to its Joint Venture partner David Brown Systems India (Holdings) Limited for ₹ 30.91 Million. The transaction was completed on August 26, 2015 with effect from September 30, 2015. Loss pre tax amounting to ₹ 12.49 Million (Tax effect : NIL), on divestment of stake has been recorded as an exceptional item.

The following unaudited statement shows the revenue and expenses of discontinuing operations:

In ₹ Million

	For the period ended September 30, 2015 Unaudited	Year ended March 31, 2015 Audited
Income		
Revenue from operations (gross)	12.13	25.50
Other income	0.49	1.05
Total income	**12.62**	**26.55**
Expenses		
Cost of raw material and components consumed	4.24	9.90
(Increase)/decrease in inventories of finished goods and work-in-progress	(0.30)	0.56
Employee benefits expense	3.57	6.33
Finance costs	0.02	0.12
Depreciation and amortization expenses	0.31	0.92
Other expenses	5.16	8.34
Total expenses	**13.00**	**26.17**
(Loss) before tax	(0.38)	0.38
Tax expenses	-	-
(Loss) for the year	**(0.38)**	**0.38**

The carrying amounts of the total assets and liabilities relating to discontinuing operations included within the Group is as follows:

	As at September 30, 2015 Unaudited	As at March 31, 2015 Audited
Total assets	41.18	39.70
Total liabilities	7.93	6.07
Net assets	**33.25**	**33.63**

The net cash flows attributable to David Brown Bharat Forge Gear Systems India Limited are as below:

	For the year ended September 30, 2015 Unaudited	Year ended March 31, 2015 Audited
Operating activities	1.97	(2.70)
Investing activities	(0.05)	(0.25)
Financing activities	-	-
Net cash inflows/(outflows)	**1.92**	**(2.95)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016 (Contd.):

NOTE 45. EXPENDITURE ON RESEARCH AND DEVELOPMENT

In ₹ Million

	Year ended March 31, 2016	Year ended March 31, 2015
On revenue account		
Manufacturing expenses:		
Materials	9.23	15.45
Stores, spares and tools consumed	34.12	33.96
Repairs and maintenance		
- Machinery repairs	8.85	8.52
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, Contribution to provident and other funds and schemes etc.	233.16	190.75
Other expenses:		
Legal and professional charges	1.94	1.02
Membership fees	-	0.75
EDP expenses	14.85	25.96
Other expenses	55.54	21.32
Total	**357.69**	**297.73**
On capital account	**51.77**	**137.28**
Total research and development expenditure *	**409.46**	**435.01**

* Above includes expenditures related to approved R & D facilities of the Parent Company and expenditure in one of the subsidiary. In addition to above the Company has incurred ₹ 13.28 Million (March 31, 2015 : ₹ Nil) on revenue account and ₹ 0.16 Million (March 31, 2015: ₹ Nil) on capital account for R & D Centres which are in the process of approval with DSIR.

NOTE 46. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.

NOTE 47. Previous year figures have been regrouped/reclassified, where necessary, to confirm to the current year's classification.

For **S R B C & CO LLP**
ICAI Firm registration no. 324982E/E300003
Chartered Accountants

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

Place: Pune
Date: May 17, 2016

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

Annex - 1

Form AOC-I

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

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

Part "A": Subsidiaries

In ₹ Million

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Holding
1	CDP Bharat Forge GmbH (BF GH)	Jan 15 to Dec 15	EUR	72.50	362.51	4,936.27	7,040.98	1,742.21	-	101.55	(1,666.14)	(12.33)	(1,653.81)	-	100%
2	Bharat Forge CDP GmbH	Jan 15 to Dec 15	EUR	72.50	36.25	3,021.01	6,838.14	3,780.88	-	12,872.41	0.00	0.00	0.00	-	100%
3	Bharat Forge Holding GmbH	Jan 15 to Dec 15	EUR	72.50	1.81	422.34	847.23	423.07	-	-	(0.08)	(0.08)	0.00	-	100%
4	Bharat Forge Aluminiumtechnik Gmbh	Jan 15 to Dec 15	EUR	72.50	601.76	673.57	4,342.10	3,066.77	-	4,182.74	0.00	0.00	0.00	-	100%
5	Bharat Forge America Inc.	Jan 15 to Dec 15	USD	66.33	-	(96.06)	21.59	117.64	-	0.02	(26.31)	(0.81)	(25.50)	-	100%
6	Bharat Forge Kilsta AB	Jan 15 to Dec 15	SEK	7.83	156.61	2.35	3,199.88	3,040.92	-	6,572.96	52.57	(4.42)	56.99	-	100%
7	Bharat Forge Hong Kong Limited	Jan 15 to Dec 15	USD	66.33	1,174.14	(1,180.90)	5.45	12.21	-	0.04	(19.81)	0.76	(20.57)	-	100%
8	Bharat Forge Daun GmbH	Jan 15 to Dec 15	EUR	72.50	3.63	256.45	630.92	370.84	-	953.26	-	-	-	-	100%
9	BF NTPC Energy Systems Limited	Apr 15 to Mar 16	INR	1.00	120.00	(73.88)	59.93	13.81	-	-	(4.11)	-	(4.11)	-	51%
10	B F Infrastructure Limited	Apr 15 to Mar 16	INR	1.00	493.34	(245.14)	622.63	374.43	-	-	(17.88)	0.68	(18.56)	-	100%
11	B F Infrastructure Ventures Limited	Apr 15 to Mar 16	INR	1.00	400.50	(17.00)	414.53	31.03	-	-	(12.83)	-	(12.83)	-	100%
12	Kalyani Strategic Systems Limited (Formerly B F Power Equipments Limited)	Apr 15 to Mar 16	INR	1.00	28.30	(7.73)	20.62	0.05	-	-	(6.98)	-	(6.98)	-	100%
13	Kalyani Rafeal Advanced Systems Private Limited	Apr 15 to Mar 16	INR	1.00	1.50	(2.30)	1.32	2.12	-	-	(2.30)	-	(2.30)	-	100%
14	Bharat Forge International Limited	Apr 15 to Mar 16	USD	66.33	6.95	459.05	7,250.29	6,784.30	-	9,956.63	213.20	43.41	169.79	-	100%
15	BF Elbit Advanced Systems Private Limited	Apr 15 to Mar 16	INR	1.00	0.14	(71.89)	21.18	92.93	-	-	(25.00)	-	(25.00)	-	100%
16	Analogic Controls India Limited	Apr 15 to Mar 16	INR	1.00	27.59	(196.63)	174.17	343.21	-	93.11	(56.13)	-	(56.13)	-	60%
17	Mecanique Generale Langroise	Jan 15 to Dec 15	EUR	72.50	43.50	239.50	417.15	134.15	-	562.51	4.10	(0.00)	4.10	-	100%

Part "B": Associates and Joint Ventures

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

In ₹ Million

S. N.	Name of Associates/Joint Ventures	Alstom Bharat Forge	David Brown Bharat Forge Gear Systems India Limited *	BFIL-CEC JV	Ferrovia Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited
1	**Latest audited Balance Sheet Date**	March 31, 2016	September 30, 2015	March 31, 2016	March 31, 2016	March 31, 2016
2	**Shares of Associate/Joint Ventures held by the Company on the year end**					
i	Nos.	151,826,500	4,340,000.00		49,000.00	50,000.00
ii	Amount of Investment in Associates/Joint Venture	1,518.27	43.40		0.05	0.50
iii	Extend of Holding %	49%	50%	74%	49%	50%
3	**Description of how there is significant influence**	Note-A	Note-A	Note-A	Note-A	Note-A
4	**Reason why the associate/joint venture is not consolidated**	Consolidated	Consolidated	Consolidated	Note-B	Consolidated
5	**Networth attributable to Shareholding as per latest audited Balance Sheet**	1,799.40	33.24	0.04	0.05	(0.02)
6	**Profit / Loss for the year**					
i	Considered in Consolidation	168.26	(0.38)	0.03	0.01	(0.52)
ii	Not Considered in Consolidation	175.13	(0.38)	0.01	0.01	(0.52)

Notes:

A. There is significant influence due to percentage(%) of Share Capital.

B. Based on materiality or where control is intended to be temporary.

* Unaudited financials

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

B. N. KALYANI
Chairman and Managing Director

G. K. AGARWAL
Deputy Managing Director

KISHORE SALETORE
Executive Director & CFO

ANAND DAGA
Company Secretary

Place: Pune
Date: May 17, 2016

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BHARAT FORGE

KALYANI

BHARAT FORGE LIMITED
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India,
Phone: +91 20 6704 2777 / 2476
Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com

www.bharatforge.com

concept, content and design at aicl [info@aicl.in]

BHARAT FORGE LIMITED
CIN: L25209PN1961PLC012046
Registered Office: Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India
Phone: +91 20 6704 2777/2476 Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com Website: www.bharatforge.com

KALYANI

NOTICE

NOTICE is hereby given that the 55th (Fifty-fifth) Annual General Meeting ("AGM") of the Members of **Bharat Forge Limited** will be held on Friday, August 5, 2016 at 10:30 a.m. (I.S.T.) at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:

   a) the audited financial statement of the Company for the Financial Year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon; and

   b) the audited consolidated financial statement of the Company for the Financial Year ended March 31, 2016.

2. To confirm the payment of 1st and 2nd interim dividend and to declare a final dividend on Equity Shares for the Financial Year 2015-16.

3. To appoint a Director in the place of **Mr. B. P. Kalyani** (DIN: 00267202), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in the place of **Mr. P. C. Bhalerao** (DIN: 00037754), who retires by rotation and being eligible, offers himself for re-appointment.

5. **To appoint Auditors**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the resolution passed by the Members at the 53rd (Fifty-third) Annual General Meeting held on September 4, 2014, the appointment of M/s. S R B C & CO LLP [Firm Registration No.: 324982E/E300003] as Statutory Auditors of the Company, has been made to hold office till the conclusion of 56th (Fifty-sixth) Annual General Meeting of the Company to be held in the year 2017, be and is hereby ratified for the Financial Year 2016-17 at such remuneration plus Service Tax at the applicable rates and reimbursement of out of pocket and travelling expenses etc. on progressive billing basis as may be mutually agreed between the Board of Directors of the Company and the Auditors, based on the recommendation of the Audit Committee."

SPECIAL BUSINESS:

6. **Re-appointment of Mr. B. P. Kalyani as Executive Director of the Company**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197 and all applicable provisions of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], consent of the Company be and is hereby accorded to the re-appointment of **Mr. B. P. Kalyani** [DIN: 00267202] as the Executive Director of the Company for a period of 5 (Five) years with effect from May 23, 2016 upto May 22, 2021, liable to retire by rotation, on the following terms and conditions including remuneration:

   I. SALARY:

      A salary of ₹ 9,11,000/- (Rupees Nine Lakh Eleven Thousand Only) Per Month in the grade of ₹ 7,00,000/- (Rupees Seven Lakh Only) to ₹ 20,00,000/- (Rupees Twenty Lakh Only).

      The Board is authorised to determine the salary and grant such increases in salary and/or allowances by whatever name called from time-to-time within the aforesaid limit.

   II. COMMISSION:

      Commission to be paid based on Net Profits of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceiling laid down in Sections197 and 198 of the Companies Act, 2013.

   III. PERQUISITES:

      Perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided as under:

a) Housing I:

   The expenditure by the Company on hiring furnished accommodation will be subject to the following ceiling:

   60% (Sixty percent) of the salary over and above 10% (Ten percent) payable by the Executive Director.

Housing II:

In case the accommodation is owned by the Company, 10% (Ten percent) of the salary of the Executive Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% (Ten percent) of the salary of the Executive Director.

b) Medical Reimbursement:

As per the rules of the Company.

c) Leave Travel Concession:

For the Executive Director and his family in accordance with the rules of the Company.

d) Club Fees:

Fees of clubs subject to a maximum of 2 (Two) clubs. This will not include admission and life membership fees.

e) Personal Accident Insurance:

As per the rules of the Company.

Explanation:

For the purpose of category 'A', 'Family' means the spouse, the dependent children and dependent parents of the Executive Director.

CATEGORY 'B'

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b) Gratuity to be paid as per the Rules of the Company.

c) Encashment of leave at the end of the tenure.

d) Retirement and other benefits as per the Rules of the Company.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.

Notwithstanding anything mentioned herein, where in any Financial Year during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above subject to requisite approvals and limits, if any, as may be required under the Companies Act, 2013 and the rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors of the Company on recommendation from the Nomination & Remuneration Committee of the Board be and is hereby authorised and empowered to approve annual increments and to make such improvements in the terms of remuneration to **Mr. B. P. Kalyani,** as may be permissible under Schedule V of the Companies Act, 2013 (as may be amended from time to time) or by way of any government guidelines or instructions, the intention being that no further approval of the Company would be required so long as remuneration of the Executive Director is not in excess of the maximum permissible under the relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **Re-appointment of Mr. S. E. Tandale as Executive Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and all applicable provisions of the Companies Act, 2013 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], consent of the Company be and is hereby accorded to the re-appointment of **Mr. S. E. Tandale** [DIN: 00266833] as the Executive Director of the Company for a period of 5 (Five) years with effect from May 23, 2016 upto May 22, 2021, liable to retire by rotation, on the following terms and conditions including remuneration:

I. SALARY:

A salary of ₹ 10,63,000/- (Rupees Ten Lakh Sixty Three Thousand Only) Per Month in the grade of ₹ 7,00,000/- (Rupees Seven Lakh Only) to ₹ 20,00,000/- (Rupees Twenty Lakh Only).

The Board is authorised to determine the salary and grant such increases in salary and/or allowances by whatever name called from time-to-time within the aforesaid limit.

II. COMMISSION:

Commission to be paid based on Net Profits of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceiling laid down in Sections 197 and 198 of the Companies Act, 2013.

III. PERQUISITES:

Perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided as under:

a) Housing I:

The expenditure by the Company on hiring furnished accommodation will be subject to the following ceiling:

60% (Sixty percent) of the salary over and above 10% (Ten percent) payable by the Executive Director.

Housing II:

In case the accommodation is owned by the Company, 10% (Ten percent) of the salary of the Executive Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% (Ten percent) of the salary of the Executive Director.

b) Medical Reimbursement:

As per the rules of the Company.

c) Leave Travel Concession:

For the Executive Director and his family in accordance with the rules of the Company.

d) Club Fees:

Fees of clubs subject to a maximum of 2 (Two) clubs. This will not include admission and life membership fees.

e) Personal Accident Insurance:

As per the rules of the Company.

Explanation:

For the purpose of category 'A', 'Family' means the spouse, the dependent children and dependent parents of the Executive Director.

CATEGORY 'B'

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b) Gratuity to be paid as per the Rules of the Company.

c) Encashment of leave at the end of the tenure.

d) Retirement and other benefits as per the Rules of the Company.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.

Notwithstanding anything mentioned herein, where in any Financial Year during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above subject to requisite approvals and limits, if any, as may be required under the Companies Act, 2013 and the rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors of the Company on recommendation from the Nomination & Remuneration Committee of the Board be and is hereby authorised and empowered to approve annual increments and to make such improvements in the terms of remuneration to **Mr. S. E. Tandale**, as may be permissible under Schedule V of the Companies Act, 2013 (as may be amended from time to time) or by way of any government guidelines or instructions, the intention being that no further approval of the Company would be required so long as remuneration of the Executive Director is not in excess of the maximum permissible under the relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. **To approve the remuneration of the Cost Auditors**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], the consent of the Company be and is hereby accorded for the payment of remuneration of ₹ 10,00,000/- (Rupees Ten Lakh Only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses to M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration No.: 00030) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2017.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For Bharat Forge Limited

Anand Daga
Vice President (Legal)
& Company Secretary

Pune: May 17, 2016

Registered Office:
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India
CIN: L25209PN1961PLC012046

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the special business under item Nos. 6 to 8 of the notice is annexed herewith.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

3. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty eight (48) hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions/authority as applicable. A person can act as proxy on behalf of Members not exceeding 50 (Fifty) and holding in the aggregate not more than 10% (Ten percent) of the total share capital of the Company. In case, a proxy is proposed to be appointed by a Member holding more than 10% (Ten percent) of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

4. Corporate Members are requested to send board resolution duly certified, authorising their representative to attend and vote on their behalf at the AGM.

5. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 25. The Company will also send communication relating to remote e-voting which *inter-alia* would contain details about User ID and Password along with a copy of this Notice to the Members, separately.

6. The Company's Share Transfer Books and the Register of Members will remain closed from Wednesday, July 27, 2016 to Friday, August 5, 2016 (both days inclusive) for determining the names of the Members eligible for Final Dividend on Equity Shares, if declared at the meeting.

7. The Final Dividend on Equity Shares, if declared at the meeting, shall be paid/credited on/before August 20, 2016 as under to those Members:

   (i) whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company before the closing hours on Tuesday, July 26, 2016; and

   (ii) whose names appear as beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the end of the day on Tuesday, July 26, 2016.

8. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depositories Participants and those holding shares in physical form are requested to intimate the above mentioned changes to the Secretarial Department at the Registered Office of the Company.

9. Equity Shares of the Company are under compulsory demat trading by all investors. Those Members who have not dematerialised their shareholding are advised to dematerialise their shareholding to avoid any inconvenience in future.

10. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number/s in the Attendance Slip for attending the meeting to facilitate identification of Membership at the meeting.

11. Members are requested to bring their Attendance Slip alongwith the copy of Annual Report to the Meeting.

12. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the Register of Members of the Company will be entitled to vote.

13. In terms of the Articles of Association of the Company, read with Section 152 of the Companies Act, 2013, **Mr. B. P. Kalyani** and **Mr. P. C. Bhalerao**, Directors of the Company are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments.

14. Executive Director - **Mr. B. P. Kalyani** is holding 3,130 Equity Shares of ₹ 2/- each of the Company. However, Non-Executive Director - **Mr. P. C. Bhalerao** is not holding any shares of the Company.

15. Brief Profile of Directors proposed to be appointed/ re-appointed, names of Companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are provided in the Report on Corporate Governance forming part of the Annual Report.

16. Those Members who have not encashed/received their Dividend Warrants for the previous year(s), may approach to the Secretarial Department at the Registered Office of the Company for claiming unpaid / unclaimed Dividend.

17. Dividends which remain unclaimed/unencashed for a period of 7 (Seven) years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government under the provisions of Sections 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the Members shall lie for the unclaimed dividend once the same is transferred to IEPF.

18. On July 27, 2005 the Company had sub-divided its Equity Shares of the Face Value of ₹ 10/- each into Equity Shares of the Face Value of ₹ 2/- each. Accordingly, the Members were requested to surrender their old Share Certificate(s) of the face value of ₹ 10/- each and obtain from the Company the new Share Certificate(s) of the face value of ₹ 2/- each. Those Members who have still not obtained the new Share Certificate(s) of the face value of ₹ 2/- each are requested to approach the Secretarial Department at the Registered Office of the Company and exchange their old Share Certificate(s) with the new one. In terms of Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has transferred such unclaimed shares in Unclaimed Suspense Account. All corporate benefits of such unclaimed shares viz., bonus shares, split, etc. shall also be credited to an Unclaimed Suspense Account and the voting rights on such unclaimed shares shall remain frozen till rightful owner claims the shares.

19. Non-Resident Indian Members are requested to inform the Company/Depository Participant, immediately of:

    a. Change in their residential status on return to India for permanent settlement.

    b. Particulars of their bank account maintained in India with complete name, branch, account type, MICR number, account number and address of the bank with pin code number, if not furnished earlier.

20. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

21. Members, who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names, are requested to send the Share Certificate(s) to the Company for consolidation into a single folio.

22. Green initiative in Corporate Governance:

    The Ministry of Corporate Affairs has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government in full measure, Members who have not registered their e-mail addresses so far, including change, if any, are requested to register their e-mail addresses immediately, in respect of electronic holdings with the Depository through their concerned Depository Participants and Members who hold shares in physical form with the Company at it's e-mail address secretarial@bharatforge.com or at its Registered Office at Secretarial Department, Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India.

23. The Notice of the AGM alongwith the annual report for the year 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for the physical copy of the same.

24. Road map showing directions to reach the venue of the AGM is given at the end of this Notice.

25. Voting through electronic means:

    a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and

Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice.

b) Mr. S.V. Deulkar, Partner of M/s. SVD & Associates, Company Secretaries, Pune has been appointed as the Scrutiniser to scrutinise the voting and remote e-voting process in a fair and transparent manner.

c) The facility for voting through Ballot Paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.

d) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

e) The remote e-voting period commences on Tuesday, August 2, 2016 (9:00 a.m.) and ends on Thursday, August 4, 2016 (5:00 p.m.). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of Friday, July 29, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

f) The process and manner for remote e-voting is as under:

I. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository Participants(s)] :

i. Open email and open PDF file viz. "BFL-remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

ii. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

iii. Click on Shareholder – Login

iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

v. Password change menu will appear. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

vii. Select "EVEN" of "BHARAT FORGE LIMITED" which is 104013.

viii. Now you are ready for remote e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote Cast Successfully" will be displayed.

xi. Once you have voted on the resolutions, you will not be allowed to modify your vote.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in

II. In case a Member receives physical copy of the Notice of AGM [for Members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :

i. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

Even (Remote e-voting Event Number)	User ID	Password/ PIN
104013		

ii. Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.

g) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free No.: 1800-222-990.

h) If you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password/PIN for casting your vote.

i) You can also update your mobile number and e-mail id in the user profile, which may be used for sending future communication(s).

j) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, July 29, 2016.

k) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, July 29, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free No.: 1800-222-990.

l) A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Friday, July 29, 2016 only shall be entitled to avail the facility of remote e-voting or voting at the AGM through Ballot Paper.

m) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutiniser, by use of "Ballot Paper" for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

n) The Scrutiniser shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 3 (Three) days of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the results of the voting forthwith.

o) The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company www.bharatforge.com and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

As required by Section 102(1) of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out the material facts relating to the Special Business mentioned under item Nos. 6 to 8 in the accompanying Notice:

ITEM NO. 6:

The previous term of appointment of Mr. B. P. Kalyani, Executive Director expired on May 22, 2016. The Board of Directors (the Board), at its meeting held on May 17, 2016 has, subject to the approval of Members, re-appointed Mr. B. P. Kalyani as Executive Director, for a period of 5 (five) years from May 23, 2016. Further, the Board, subject to approval of Members, at its meeting held on May 17, 2016, on the recommendations from the Nomination & Remuneration Committee, has approved the terms of remuneration as detailed in the resolution.

Approval of the Members is sought for re-appointment and payment of remuneration to Mr. B. P. Kalyani as Executive Director in terms of the applicable provisions of the Act. The Directors recommend the resolution(s) for approval of the Members.

Brief Profile along with other details of Mr. B. P. Kalyani is provided in the Report on Corporate Governance forming part of the Annual Report.

Other than Mr. B. P. Kalyani, no other Directors / Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in this Resolution.

Mr. B. P. Kalyani is not related to any other Director of the Company.

ITEM NO. 7:

The previous term of appointment of Mr. S. E. Tandale, Executive Director expired on May 22, 2016. The Board of Directors (the Board), at its meeting held on May 17, 2016 has, subject to the approval of Members, re-appointed Mr. S. E. Tandale as Executive Director, for a period of 5 (five) years from May 23, 2016. Further, the Board, subject to approval of Members, at its meeting held on May 17, 2016, on the recommendations from the Nomination & Remuneration Committee, has approved the terms of remuneration as detailed in the resolution.

Approval of the Members is sought for re-appointment and payment of remuneration to Mr. S. E. Tandale as Executive Director in terms of the applicable provisions of the Act. The Directors recommend the resolution(s) for approval of the Members.

Brief Profile along with other details of Mr. S. E. Tandale is provided in the Report on Corporate Governance forming part of the Annual Report.

Other than Mr. S. E. Tandale, no other Directors/Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in this Resolution.

Mr. S. E. Tandale is not related to any other Director of the Company.

ITEM NO. 8:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors – M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No. 00030) to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2017 at a remuneration of ₹ 10,00,000/- (Rupees Ten Lakh Only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2017.

The Board recommends the Ordinary Resolution as set out at Item No.8 of the Notice for approval by the Members.

None of the Directors/Key Managerial Personnel of the Company and their respective relatives are concerned or interested, financially or otherwise, in this resolution.

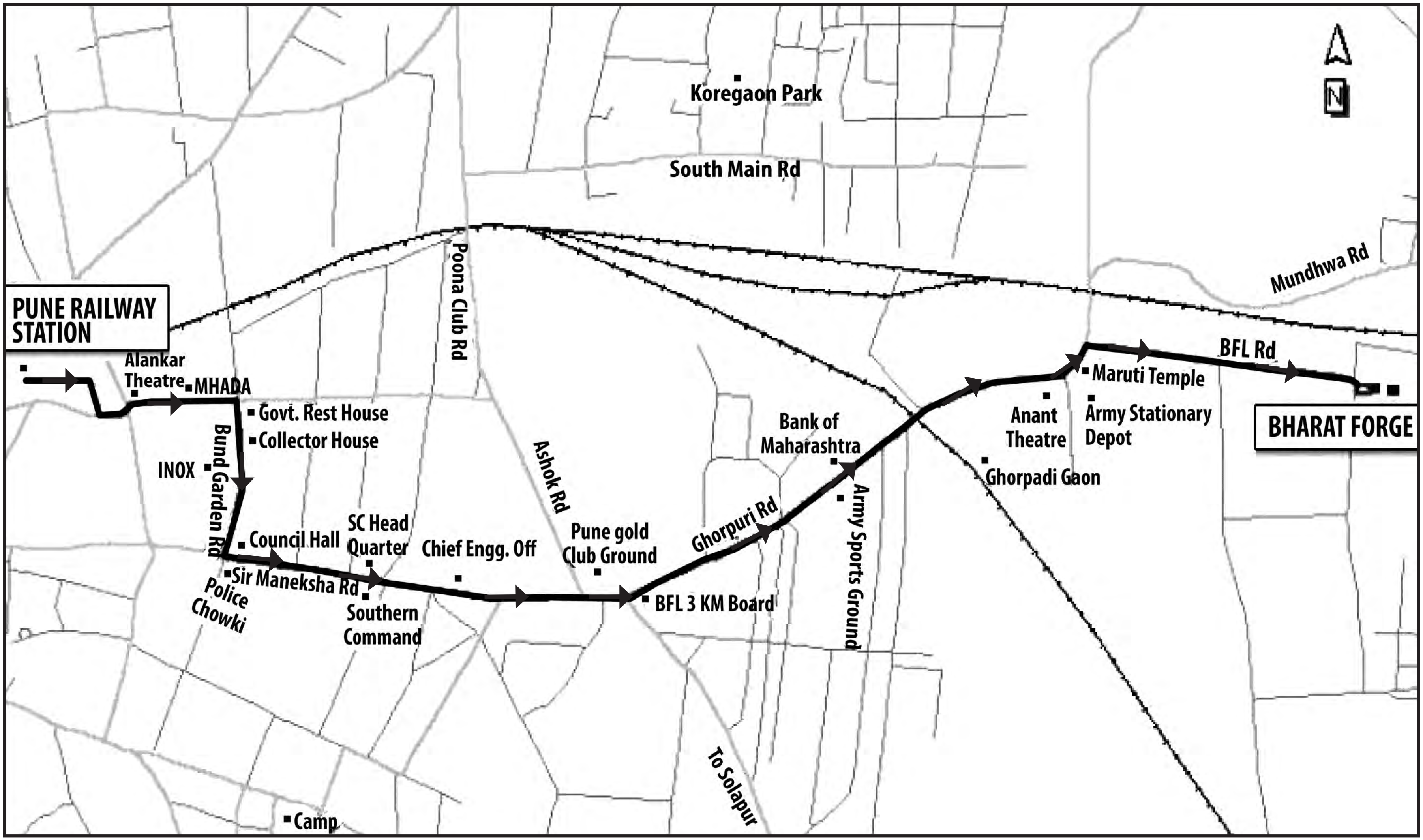
By Order of the Board of Directors,
For Bharat Forge Limited

Anand Daga
Vice President (Legal)
& Company Secretary

Pune: May 17, 2016

Registered Office:
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India
CIN: L25209PN1961PLC012046

ROAD MAP FOR 55TH AGM VENUE



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PROXY FORM

BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046
Registered Office: Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India
Phone: +91 20 6704 2777/2476 Fax: +91 20 2682 2163
E-mail: secretarial@bharatforge.com Website: www.bharatforge.com

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered Address:	
E-mail Id:	
Folio No.:	
Client ID:	DP ID:

I/We, being the Member(s) of .... Shares of Bharat Forge Limited, hereby appoint:

1. Name: ....
   Address: ....
   ....
   E-mail Id: .... Signature: ...., or failing him
2. Name: ....
   Address: ....
   ....
   E-mail Id: .... Signature: ...., or failing him
3. Name: ....
   Address: ....
   ....
   E-mail Id: .... Signature: ....,

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the **55th (Fifty-fifth) Annual General Meeting** of the Company, to be held on Friday, August 5, 2016 at 10:30 a.m. (I.S.T.) at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions	Vote (Optional - see Note 4)	
		For	**Against**
ORDINARY BUSINESS:			
1.	To consider and adopt: a. Audited financial statement for the year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon; and b. Audited consolidated financial statement for the year ended March 31, 2016.		
2.	Confirm the payment of 1st & 2nd interim dividend and to declare a final dividend on Equity Shares.		
3.	Re-appointment of Mr. B. P. Kalyani (DIN: 00267202) as a Director, who retires by rotation and being eligible, offers himself for re-appointment.		
4.	Re-appointment of Mr. P. C. Bhalerao (DIN: 00037754) as a Director, who retires by rotation and being eligible, offers himself for re-appointment.		
5.	Appointment of M/s. S R B C & CO LLP as Statutory Auditors of the Company.		
SPECIAL BUSINESS:			
6.	Re-appointment of Mr. B. P. Kalyani (DIN: 00267202) as the Executive Director of the Company.		
7.	Re-appointment of Mr. S. E. Tandale (DIN: 00266833) as the Executive Director of the Company.		
8.	Approve the remuneration of the Cost Auditors.		

Signed this .... day of ...., 2016

Signature of Member(s)

Please affix
Revenue
Stamp

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a Member of the Company.
3. A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% (Ten percent) of the total share capital of the Company carrying voting rights. A member holding more than 10% (Ten percent) of the total share capital of the Company carrying voting rights, may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.
4. It is optional to indicate your preferences. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

ATTENDANCE SLIP

BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046
Registered Office: Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India
Phone: +91 20 6704 2777/2476 Fax: +91 20 2682 2163
E-mail: secretarial@bharatforge.com Website: www.bharatforge.com

NAME AND ADDRESS OF THE MEMBER/PROXY*			
DPID/CLIENT ID**		NO. OF SHARES HELD	
FOLIO NO.			

I/We hereby record my/our presence at the **55th (Fifty-fifth) ANNUAL GENERAL MEETING** of the Company held at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India, on Friday, August 5, 2016 at 10:30 a.m. (I.S.T.)

SIGNATURE OF THE MEMBER/PROXY*

* Strike out whichever is not applicable.
** Applicable for Members holding shares in Dematerialised form.
Note: Please handover this slip at the entrance of the Meeting Venue.

E-VOTING

Users who wish to opt for e-voting may use the following login credentials.

EVEN (Remote E-Voting Event No.)	User ID	PASSWORD
104013		

Please follow steps for e-voting procedure as given in the Notice of AGM.

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN):** L25209PN1961PLC012046

2. **Name of the Company:** Bharat Forge Limited

3. **Registered address:** Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India

4. **Website:** www.bharatforge.com

5. **E-mail id:** secretarial@bharatforge.com

6. **Financial Year reported:** 2015 -16

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

   Bharat Forge Limited is one of the world's largest forging Company leading in Powertrain and chassis components manufacturing and other forging required for automotive/ railway/energy/aerospace/mining sectors.

*Industrial Group	Description
7326	Manufacture of Powertrain components – Steel Forging, Crankshafts and connecting rods
8708	Manufacture of chassis components – Front Axle assembly and components

*As per National Industrial Classification

8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

Sr. No.	Name and Description of main products/services
1	Steel Forgings
2	Finished Machined Crankshafts
3	Front Axles assembly and components

9. **Total number of locations where business activity is undertaken by the Company:**

   (a) Number of International Locations (Provide details of major 5):

   Bharat Forge Limited (BFL) is a flagship Company of the Kalyani Group and is amongst the largest forging companies globally. The major international locations of the Company where the Company operates includes Germany, France and Sweden.

   (b) Number of National Locations:

   BFL has its primary presence in the state of Maharashtra with its registered office located at Pune and factories at Pune, Satara and Baramati. The other operating locations of the Company include Delhi, Noida, Hyderabad, Banguluru, Jamshedpur, Kolkata, Chennai and Mumbai.

10. **Markets served by the Company – Local/State/National/ International:**

   In addition to Indian market, the Company also serves North America (US, Canada and Mexico), South America (Brazil), European and Asia Pacific markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital:** ₹ 46.57 Crores

2. **Total Turnover:** ₹ 4,548.05 Crores

3. **Total Profit after Taxes:** ₹ 718.98 Crores

4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   1.78% of the average net profit after taxes in the previous three financial years.

5. **List of activities in which expenditure in 4 above has been incurred:**

   (a) Promotion of Education and Sanitation of School;

   (b) Promotion of Gender Equality/Women Empowerment;

   (c) Community Development (Slum/Rural);

   (d) Preventive Health Care;

   (e) Ensure environment sustainability; and

   (f) Training to promote rural and nationally recognized sports.

SECTION C: OTHER DETAILS

1. **Subsidiary Company/Companies**

   Yes, the Company has 21 (Twenty one) direct and indirect subsidiary companies as on March 31, 2016.

2. **Participation of Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).**

Given the current size and scale of operations, subsidiary companies, as of now, are not engaged in BR initiatives process of the Company.

3. **Participation of any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   No, other entities with whom the Company does business with viz. suppliers, distributors etc. do not participate in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

   DIN : 00037678

   Name : Mr. G. K. Agarwal

   Designation : Deputy Managing Director

   (b) Details of the BR head

Sr. No.	Particulars	Details
1	DIN	00037678
2	Name	Mr. G. K. Agarwal
3	Designation	Deputy Managing Director
4	Telephone Number	+91 20 6704 2448
5	E-mail Id	gkagarwal@bharatforge.com

2. **Principle-wise (as per NVGs) BR Policy/policies?**

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as under:

   P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

   P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

   P3 – Businesses should promote the well-being of all employees.

   P4 – Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

   P5 – Businesses should respect and promote human rights.

   P6 – Businesses should respect, protect and make efforts to restore the environment.

   P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

   P8 – Businesses should support inclusive growth and equitable development.

   P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BUSINESS RESPONSIBILITY REPORT

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	Business Ethics **P1**	Product Responsibility **P2**	Well-being of Employees **P3**	Stakeholders Engagement and CSR **P4**	Human Rights **P5**	Environment **P6**	Public Policy **P7**	CSR **P8**	Customer Relations **P9**
1.	Do you have a policy/policies for	Y	Y The Policy is embedded in the Company's quality and environment policies which inter alia, relate to safe and sustainable products	Y	Y	N	Y	N	Y	N
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	-	Y	-	Y	-
3.	Does the policy conform to any national/ international standards? If yes, specify?	The policies are in line with international standards and practices such as ISO 9001, TS 16949, ISO 14001, ISO 27001, OHSAS 18000 and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board of Directors?	The mandatory Polices under Indian laws and regulations have been adopted by the Board and signed by the Chairman and Managing Director. Other operational internal policies are approved by management and signed by the Executive Director.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	The Company has a well-established internal governance structure to ensure implementation of various policies. We review the implementation of polices through our internal audit, risk management process, monitoring of KPI's in-line with established Policies.								
6.	Indicate the link for the policy to be viewed online?	Mandatory Policies viz. CSR Policy, Insider Trading Policy, Code of Conduct are available on Company's website. All other policies viz. Privacy Policy, Safety, Health and Environment Policy and employee related policies are available on Company's internal network.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Polices are communicated to internal stakeholders and the same are available on the Company's intranet. Wherever required, the Polices are also communicated to our external stakeholders and are made available on Company's website.								
8.	Does the Company have in-house structure to implement the policy/policies?	Yes. We have an in-house structure with clearly defined roles and responsibilities which periodically reviews implementation of various policies under the aegis of Internal Risk Management Framework, Internal Audits and review of KPI's at various levels of management.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Yes. Each of the Policies formulated by the Company have an in-built grievance and redressal mechanism.								
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.								

(b) If answer to the question at serial number 1 against any principle is 'No', please explain why: (Tick upto 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	✓	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	The Company has track record of pioneer achievements, long experience and a leadership position which has benefited the forging industry at large in initiating dialogue with Government. However, no need for a formal Policy has been felt.	-	The Company has a systematic process of accessing customer needs, fulfilling them with innovative product and services. It also has a customer complaint redressal system.

3. **Governance related to BR**

   (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR Performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.**

   This is first time the Company is publishing the Business Responsibility Report. In future, the Company will assess the BR performance annually.

   (b) **Does the Company publish a BR or a Sustainability Report? What is hyperlink for viewing this report? How frequently it is published?**

   No.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

   The Company acts with integrity in accordance with values of responsibility, excellence and innovation where we do business. Compliance and adherence to the law and our own internal regulations are integral to us. We have zero tolerance for corruption and violations of the principles of fair competition. The action levels encompass a comprehensive system of activities by which we intend to ensure that our business is completely in accordance with all applicable laws and regulations, as well as with our own internal principles and rules.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the year under review, the Company has not received any complaint under the investigation mechanism.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

   The Company is expanding and strengthening its position on the global stage, balancing commercial ambitions with environmental concern. Propelling its dynamic evolution is "innovation". The R&D team has been constantly innovating

BUSINESS RESPONSIBILITY REPORT

to develop technologies to minimize carbon footprint and produce light weight products that translate into lower energy consumption and ultimately low gas emission.

The Company is environmentally conscious and is committed to creating, maintaining and ensuring a safe and clean environment. The Company ensures to make processes and businesses more environment friendly, which means less consumption and re-use as much as possible.

Some of the major programs taken for reducing the environmental risks and social impact are as under:

a. **Light weighting of automotive powertrain components e.g. Crankshafts**

Present competitive market of automotive industry demands low cost and light weight components. As emission norms are becoming more and more stringent globally, immediate challenges in reducing the greenhouse gas emissions are forcing the vehicle manufactures to develop light weight vehicles with improved engine performance. A consistent effort for reducing the weight of vehicles leads to a combined effect of fuel savings and reduction in emission of gases. This demands downsizing of the engine components without compromising its efficiency and strength. We have strong expertise in designing and re-engineering of automotive forging components which helps in meeting these objectives for the automotive industry.

b. **Technological improvement/Re-engineering of manufacturing process e.g. in heat treatment operation and helped in replacement of Quenched and tempered forgings with Controlled Cooled forgings which are made by less energy intensive processes**

Present innovation leads to substantial savings of material, time, energy and cost which ultimately benefits the society and environment. Energy generation in manufacturing creates emissions via fuel burning. Developed innovation and similar kind of innovations ultimately leads to minimized carbon footprint with manufacturing of light weight products that result in lower energy consumption thereby enhancing the social health. Also this energy saving is accompanied with adoption of modern, re-generative combustion technology, use of re-cycled water from effluent treatment plant for maintenance of greenery in plant, reduced cycle waste and adoption of eco-friendly waste disposal.

The Company has also done several Value Energy stream mapping projects to identify KAIZENS for energy conservation/Carbon foot print reduction.

c. **Revolutionizing the manufacturing process of a safety and application critical component for oil and gas sector e.g. Fluid end**

In Oil & Gas industry, off-shore and on-shore drilling are identified as focus areas. To meet growth in demand of safety and application critical components, productivity improvement and innovation in manufacturing process is essential. For many decades, safety and application critical components have been manufactured using conventional manufacturing processes such as open die forging plus machining with heat treatment. The conventional process results in lot of wastage of material from cogged bloom to finished part. In the invented process, the product is manufactured using closed-die-forging and the component is then subjected to rough machining followed by heat treatment, semi-finished machining and finished machining to produce the final component.

The product is supplied to one of the biggest global Oil and Gas equipment manufacturer and running successfully. Present innovation leads to substantial savings of material, time, energy and cost which ultimately benefits the society and environment. The current innovation has laid significant reduction in material wastage and energy.

d. **Light weighting of automotive chassis components e.g. Front Axle Beam**

The Automotive Axle Beam is one of the robust components assembled critically with other chassis part of vehicle. The Axles are used to carry the weight of the vehicle as well as to facilitate steering and to absorb shocks due to road surface variations. Present competitive market of automotive industry demands for low cost and light weight components. A consistent effort for reducing the weight of vehicles by light weighting of major chassis component like Front Axle Beam leads to a combined effect of fuel savings and reduction in emissions. Therefore, more emphasis has been given towards design re-engineering by reducing weight without affecting performance characteristics.

With innovation at its heart, Company continues its endeavor of venturing through diversification and manufacturing of safe quality products that drive change and sustainability.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

(a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company has taken greater emphasis of system approach towards light weighting of automotive components through optimizing design, characterization of material properties, wider variety of manufacturing process and use of CAE techniques. This has resulted into lighter, fuel efficient and greener vehicles helping us to reduce carbon footprints.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the Company strives to invest majorly in local suppliers and transporters which in turn not only help to develop and sustain every partner in the supply chain but also help in developing the local economy. Procurement team's goal is to integrate the values of environmental protection and the perception of social responsibility as defined in the corporate policy into supplier relationship with complete compliance towards Legal aspects, Anti-corruption and Anti-bribery norms, ethical and transparent procurement process.

Company's Supplier selection, assessment and evaluation process includes elements of Sustainability. This includes initial supplier survey, continuous risk assessments and audits.

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company has always emphasized on procuring material and availing services from industries located in India. We procure 85% of our total annual procurement indigenously.

We encourage our 407 MSME (Micro, Small and Medium Enterprises) vendors including community suppliers to grow along with us. This has helped in substantial savings without compromising on quality and products.

Those products, which we are currently importing, we have taken following steps to make them indigenous:

- Identify products which are currently imported;
- Identify and develop potential sources domestically;
- Carry out necessary trials and tests; and
- Help suppliers to get acquitted with required for indigenous technical requirements.

5. **Does the Company have a mechanism to re-cycle products and waste? If yes, what is the percentage of re-cycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Due to the nature of business, we utilize resources like energy, water and other secondary resources. However, we have robust processes and systems in place to identify, quantify and reduce such impact on the environment. The Company is sending the forging flash to steel mills for re-cycling. As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like:

- 100% re-use of industrial effluent after proper treatment for processing.
- Use of bio fuels aimed at minimizing energy consumption at all of its plants.
- Adoption of modern regenerative combustion technology to reduce fuel consumption.
- Use of re-cycled water from effluent treatment plant for maintenance of greenery in the Plant.
- Implementation of rain water harvesting.
- Reduced cycle waste and adoption of eco-friendly waste disposal.
- Implementation of scientific tree plantation to reduce atmospheric pollution.
- Hot transfer of Steel Ingots from Group Company Steel mill to forging plant (heavy forgings).

Principle 3: Businesses should promote the well-being of all employees

1. **Please indicate the total number of employees**

Total number of employees: 4,763

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis:**

Total number of employees hired on temporary/contractual/casual basis: 2,761

3. **Please indicate the number of permanent women employees:**

Number of permanent women employees: 49

4. **Please indicate the number of permanent employees with disabilities:**

Number of permanent employees with disabilities: 1

BUSINESS RESPONSIBILITY REPORT

5. **Do you have an employee association that is recognized by Management?**

   Yes, there is an employee association which is recognized by management.

6. **What percentage of your permanent employees is members of this recognised employee association?**

   Approximately 41.42% of permanent employees are members of the recognized employee association.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as at the end of the financial year**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

   - Permanent Employees– 41%
   - Permanent Women Employees– 1%
   - Casual/Temporary/Contractual Employees– 58%
   - Employees with Disabilities– NA

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

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, business partners, government and regulatory authorities, trade unions etc.

   The Company also engages with its identified stakeholders on an on-going basis through a constructive process. The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

   Yes, the Company has identified marginalized and disadvantaged groups through need assessment and engagement with local communities. The marginalized and disadvantaged communities we work with includes, villages and economically deprived children and women who are in great need of care and protection.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company goes beyond its business activities to create social impact through its diverse initiatives and is working towards improving lives of India's most marginalised and vulnerable communities. We have taken initiatives in specific areas of social development that would include primary, secondary and tertiary education, skill development, vocational training, health and hygiene, sustainability, environment and ecological protection, charter building by opportunities in Sports and Cultural activities. We continuously strive to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from our CSR initiatives which would also be focused around communities that reside in the proximity of our Company's various manufacturing locations in the country. For specific details, please refer to Report on Corporate Social Responsibility.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Company does not have a stated Human Rights Policy. However, few of the aspects are covered in the Company's "Code of Conduct and Ethics for Employees" and "Sexual Harassment Policy".

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   During the year under review, the Company has not received any complaint from any stakeholders.

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

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?**

   The Company encourages sharing of process and product innovations within the Group and extending it to benefit the industry and key members of its value chain.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Yes/No If yes, please give hyperlink for webpage etc.**

   Environmental conservation is one of the core objectives of the Company's CSR Policy. The Company is conscious of its responsibility towards creating, maintaining and ensuring a safe and clean environment for sustainable development. As a part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives which can be viewed on http://www.bharatforge.com/company/sustainability. html

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes, environmental risks are covered in the Company's principles that are based on ISO-14001 standards. Every unit or plant implements the following:

   - EHS risks and opportunities;
   - Identification and evaluation of EHS aspects and requirements;
   - Legal obligations and other requirements; and
   - EHS emergency management.

   Once risks are identified, steps are taken to measure and mitigate these risks through EHS management system approach. All the manufacturing divisions are certified as per the ISO-14001:2004 environment management system. The periodic audits (both internal and external) conducted as part of these management systems help the Company to identify potential environmental risks.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects. Although Company don't have any registration for Clean Development Mechanism projects, there were more than 50 EMP's taken throughout organization for reducing the air pollution and energy optimization.

5. **Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**

   Yes, several initiatives on clean technology, renewable energy and sustainability development can be viewed on http://www.bharatforge.com/company/sustainability.html

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, emission and waste generated by the Company are within the permissible limit given by CPCB/SPCB.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of the Financial Year.**

   NIL

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company is a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**

   The Company is member of:

   (a) Confederation of Indian Industry (CII);

   (b) World Economic Forum (WEF);

   (c) Federation of Indian Chambers of Commerce and Industry (FICCI);

   (d) Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA); and

   (e) Automotive Component Manufacturers Association of India (ACMA).

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

   Bharat Forge works very closely with leading Industry Associations and Chambers of Commerce at International,

BUSINESS RESPONSIBILITY REPORT

National, State and Local levels to advocate and pursue various causes that are in larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment and child welfare, sanitation and hygiene, relief and rehabilitation of people affected by natural calamities, promoting use of clean energy, addressing issues pertaining to global warming, climate change, environment protection and pollution control.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The Company has taken a holistic approach towards the development of the deprived groups of the society. The Company work in the areas of education, vocational skills training and empowerment of women, development of women, development of children and preservation and sustenance of environment. The details of the projects undertaken by the Company are as under:

- The Company through Pratham Education Foundation (NGO), Pune provides non formal education to 20,413 underprivileged children from slum areas of Pune belonging to 22 communities between the age group of 6 to 14 years.
- In association with Jnana Prabodhini, Pune the Company has started Pradnya Vikas Programme for children to provide special training and coaching.
- The Company supports 108 small Girls through K.C. Mahindra Education Trust, Mumbai by supporting their education under Nanhi Kali programme.
- The Company has set-up an Industrial Training Institute (ITI) in Khed near Pune to promote employability of rural youth. This ITI achieves 100% placements.
- The Company is supporting and mentoring students from Vidhyarthi Sahayak Samittee and CII Foundation, Pune.
- The Company runs three different community centers at Mundhwa, Hadapsar and Vadgaon Sheri, Pune for 480 women. 11 self-help groups have been formed and women are engaged in income generating activities.
- The Company has started Khelghar at Mundhwa, Kharadi and Hadapsar with an objective to develop Creativity and skill enhancement programmes, career orientated directions and awareness buildings for children.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

At Bharat Forge, CSR programmes are implemented through NGOs, Government authorities and some are undertaken through in-house team. Different resources are used as per the requirements of the programmes.

Sr. No.	Area of Project	Project Details	Implementing Agency
1	Promotion of Education	The Kalyani School, Manjari, Pune	Akutai Kalyani Trust, Pune consultancy provided by Shri Ram Educare, Delhi.
		Development of Unprivileged Students	Pratham Education Foundation, Pune and In-house team.
		Development of Unprivileged Students	Jnana Prabodhini Pradnya Vikas Programme and In-house team.
		Setting up of ITI at Khed, Pune & starting of 5 machine trade & communication lab at ITI Khed, Pune	In-house team.
		Adopation of ITIs at Bhor & Malegaon	In-house team.
		Various Education Sponsorship Program	• Vidyarthi Sahayak Samiti, Pune • Nanhi Kali • K. C. Mahindra Trust, Mumbai • Naandi Foundation, Pune • Katalyst, Pune
2	Swachha Bharat Abhiyan	Jalyukta Shivar Abhiyan	In-house team and Government of Maharashtra.
		Mission Sanitation of School	In-house team and Municipal Corporation, Pune.
		Waste Management Project	Know How Foundation (INORA), Pune and In-house team.
3.	Community Development	Khelghar	In-house team and Palakneeti Pariwar.
4.	Promotion of Health Education, Care and Services	Health Check-up Camps	In-house team, Doorstep Health Services and Bharti Hospital.
5.	Training to promote nationally recognized sports	Training and Sponsorship for sports initiatives	Lakshya Institute, Pune.

3. **Have you done any impact assessment of your initiative?**

   Yes, for most of our project we do the impact assessment like:

   - Our Pratham Educational Foundation Project at Pune has Pre, Mid and Post-test Evaluation of the children in order to measure the impact of our programmes.

   - For ITI Khed, Pune, we have applied for the affiliation of Quality Council of India who have recently done evaluation/inspection of ITI. We will be receiving the report for the same shortly.

   - Our Water Conservation Project under Jalyukta Shivar Abhiyan for Kanhersar Village of Khed Block, Kalewadi in Purandhar Block has been assessed by the Government officials.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   During the year, the Company has spent ₹ 124.98 Million towards various CSR activities. The project wise details are provided in Annexure - E of Annual Report on CSR activities.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

   We have established our Community Development Activity about 4 decades ago. The women, children and senior citizens are our target groups and we ensure their wellbeing and development through education, income generation and health programmes. We mobilized Internal and External resource of the community to involve everyone in the development process. Internal recourses are our CSR Committee, CSR Team and our employees. External resources are Non-Government Organizations (NGOs), Government agencies and Experts in different areas.

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

1. **What percentage of customer complaints/consumer cases are pending as on the end of Financial Year.**

   During the year, 50 (Fifty) customer complaints were received out of which 36 (Thirty six) were successfully resolved. For others, corrective action has already been taken and the process has been put in place to ensure that such instances of complaint do not occur again. The Company monitors the supplies for four months after implementation of corrective action for the Complaints.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

   Since the Company's products are OEM specific and as per OEM requirements, the Company displays product requirement on packaging as per the requirements of OEM and consistent with applicable laws. The typical information displayed on product includes details of manufacturer, heat code, process no. dispatch no., part no. etc.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as at the end of Financial Year. If so, provide details thereof, in about 50 words or so.**

   No, there is no case filed by any stakeholder during last five years regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   The Company obtains the customer feedback directly or referring to customer portal on monthly basis and compile the "Voice of Customer Report" to identify areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer Satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

FORM A
(For audit report with unaudited opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1.	Name of the Company	**Bharat Forge Limited** Mundhwa, Pune Cantonment, Pune -411036, Maharashtra, India
2.	Annual Financial Statements for the year ended	March 31, 2016 (Standalone)
3.	Type of Audit observations	Unqualified
4.	Frequency of observation	Not Applicable

For and on behalf of Bharat Forge Limited

B.N. Kalyani
Chairman &
Managing Director

P.G. Pawar
Audit Committee Chairman

Kishore Saletore
Chief Financial Officer

Pune: May 17, 2016

For S R B C & CO LLP
Firm Registration No. 324982E / E300003
Chartered Accountants

Per **Arvind Sethi**
Partner

Pune: May 17, 2016

BHARAT FORGE

FORM A

(For audit report with unaudited opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1.	Name of the Company	**Bharat Forge Limited** Mundhwa, Pune Cantonment, Pune -411036, Maharashtra, India
2.	Annual Financial Statements for the year ended	March 31, 2016 (Consolidated)
3.	Type of Audit observations	Unqualified
4.	Frequency of observation	Not Applicable

For and on behalf of Bharat Forge Limited

B.N. Kalyani
Chairman &
Managing Director

P.G. Pawar
Audit Committee Chairman

Kishore Saletore
Chief Financial Officer

Pune: May 17, 2016

For S R B C & CO LLP
Firm Registration No. 324982E/ E300003
Chartered Accountants

Per **Arvind Sethi**
Partner

Pune: May 17, 2016

KALYANI
GROUP COMPANY