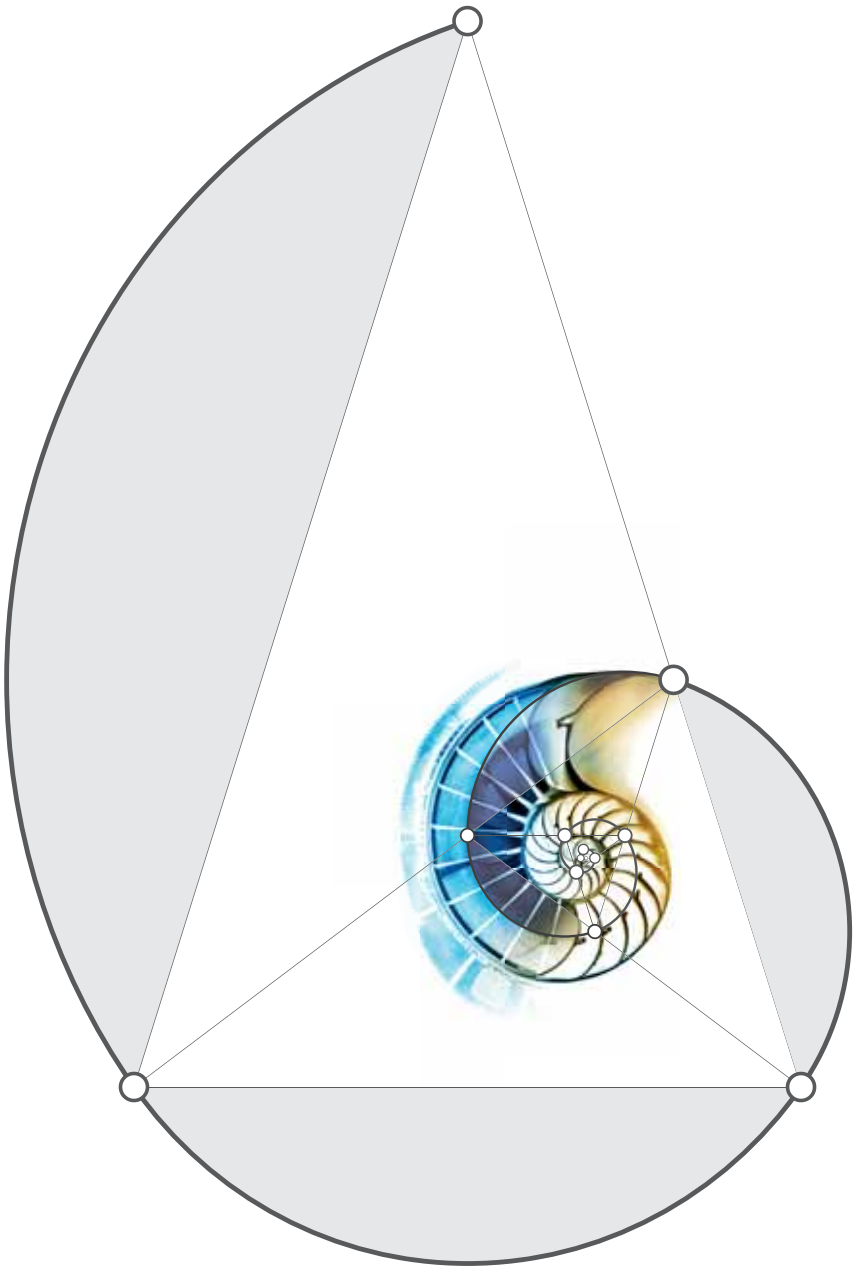
KALYANI | BHARAT FORGE

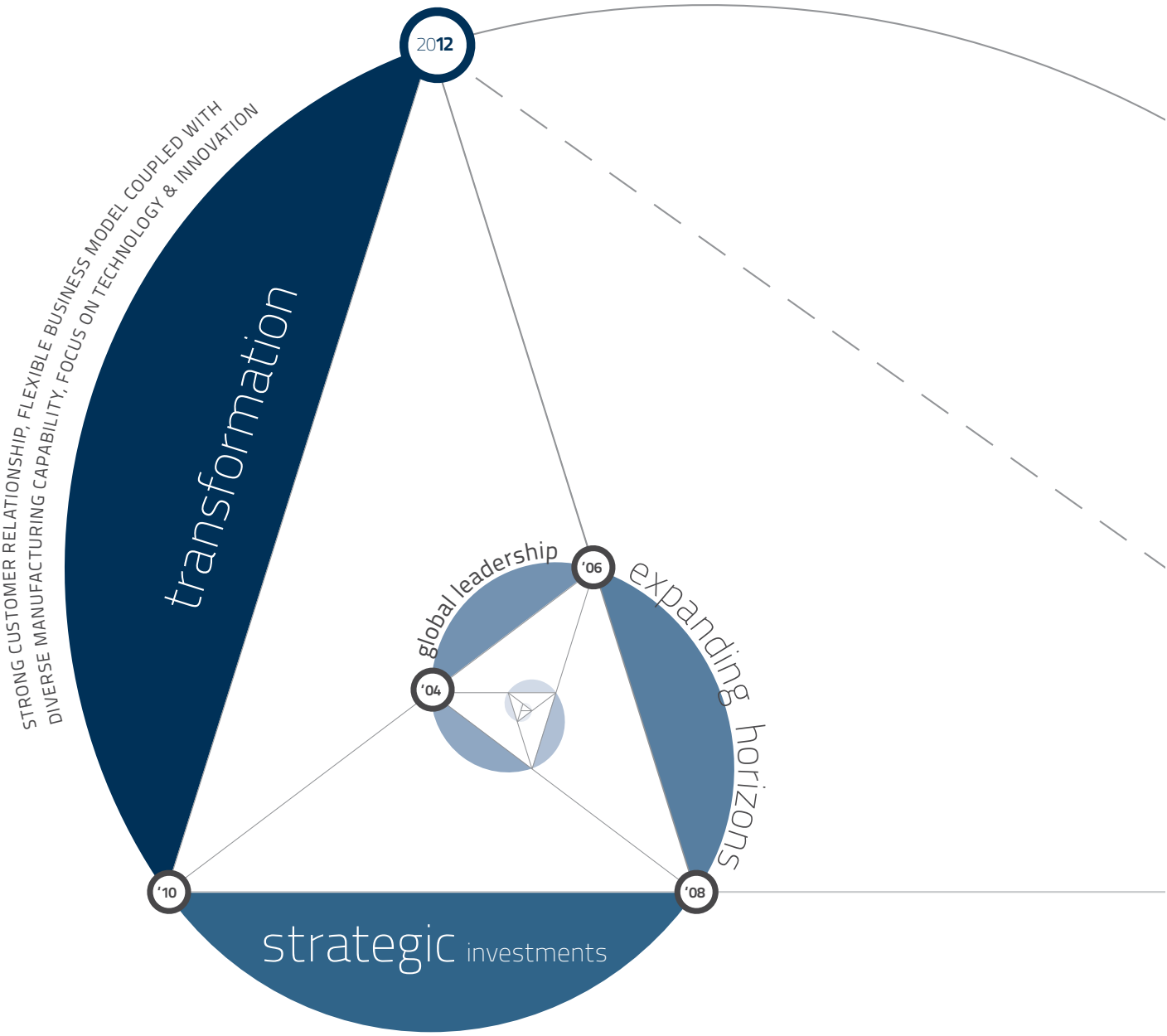


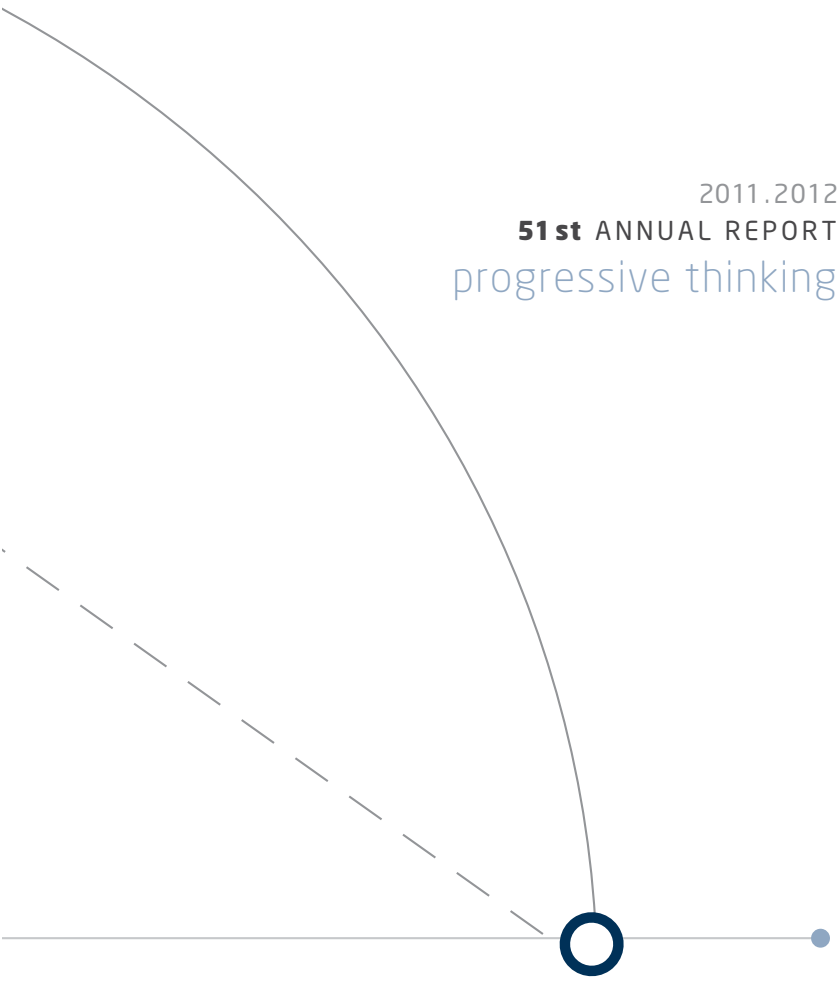
progressive thinking

51st ANNUAL REPORT | 2011-12

KALYANI
BHARAT FORGE

The toughest steel passes through the hottest fire


2012
transformation
STRONG CUSTOMER RELATIONSHIP, FLEXIBLE BUSINESS MODEL COUPLED WITH
DIVERSE MANUFACTURING CAPABILITY, FOCUS ON TECHNOLOGY & INNOVATION
global leadership
'04
'06
expanding horizons
'08
'10
strategic investments



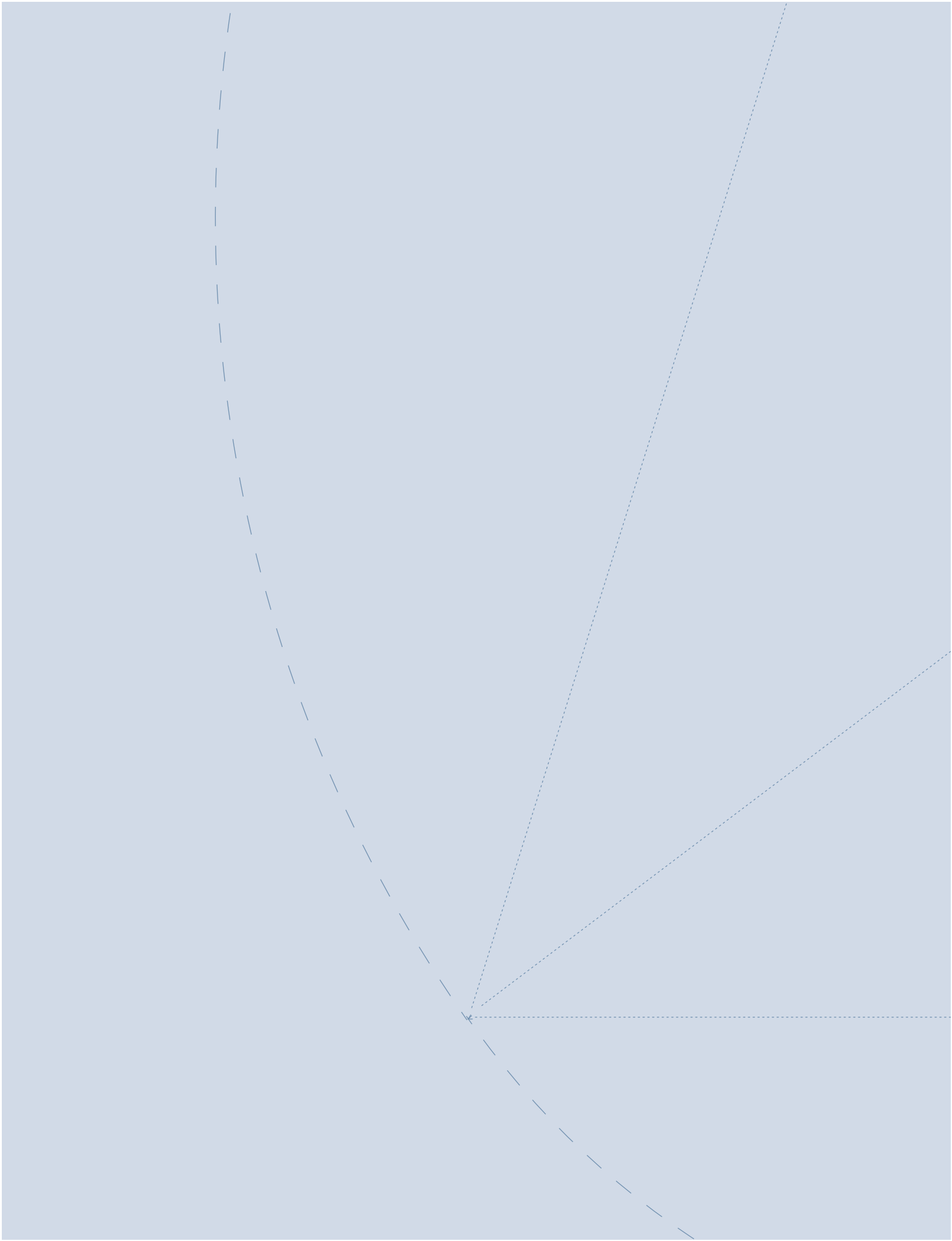
2011.2012
51 st ANNUAL REPORT
progressive thinking

In the last three years, amidst the global economic crisis, Bharat Forge has reinforced its position globally and emerged stronger than ever on back of a flexible de-risked business model, strong customer relationship coupled with diverse manufacturing capabilities.

BFL's relentless focus on Technology & Innovation has opened up new opportunities & increased the breadth of our operations by transforming the Company from a world leader in auto components to a globally recognized engineering brand.

At Bharat Forge, we believe in making our ideas work. The golden spiral signifies our deep rooted strength and beliefs along with our progressive thinking which helps us grow with each passing year.

golden opportunity
golden spiral



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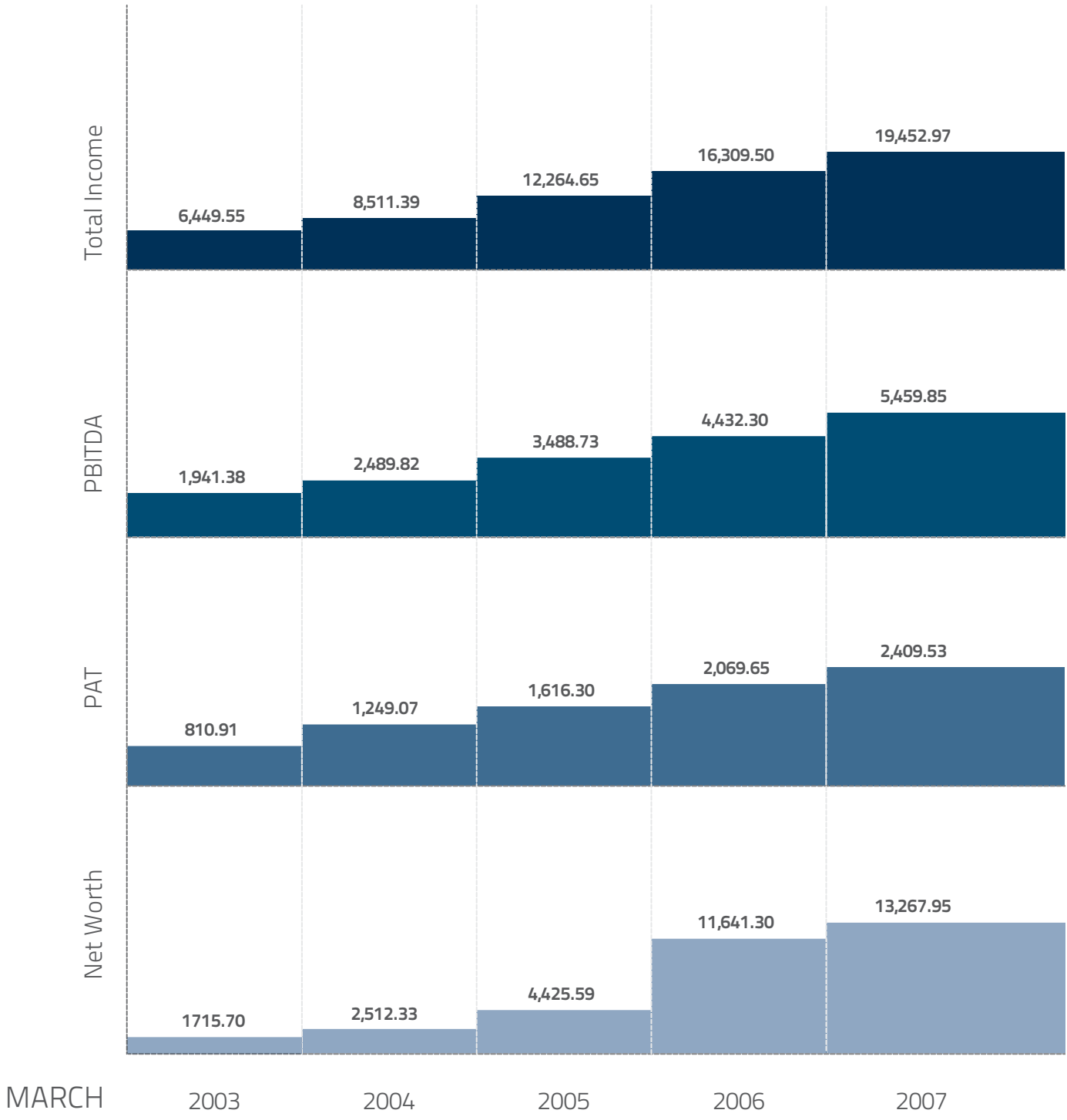
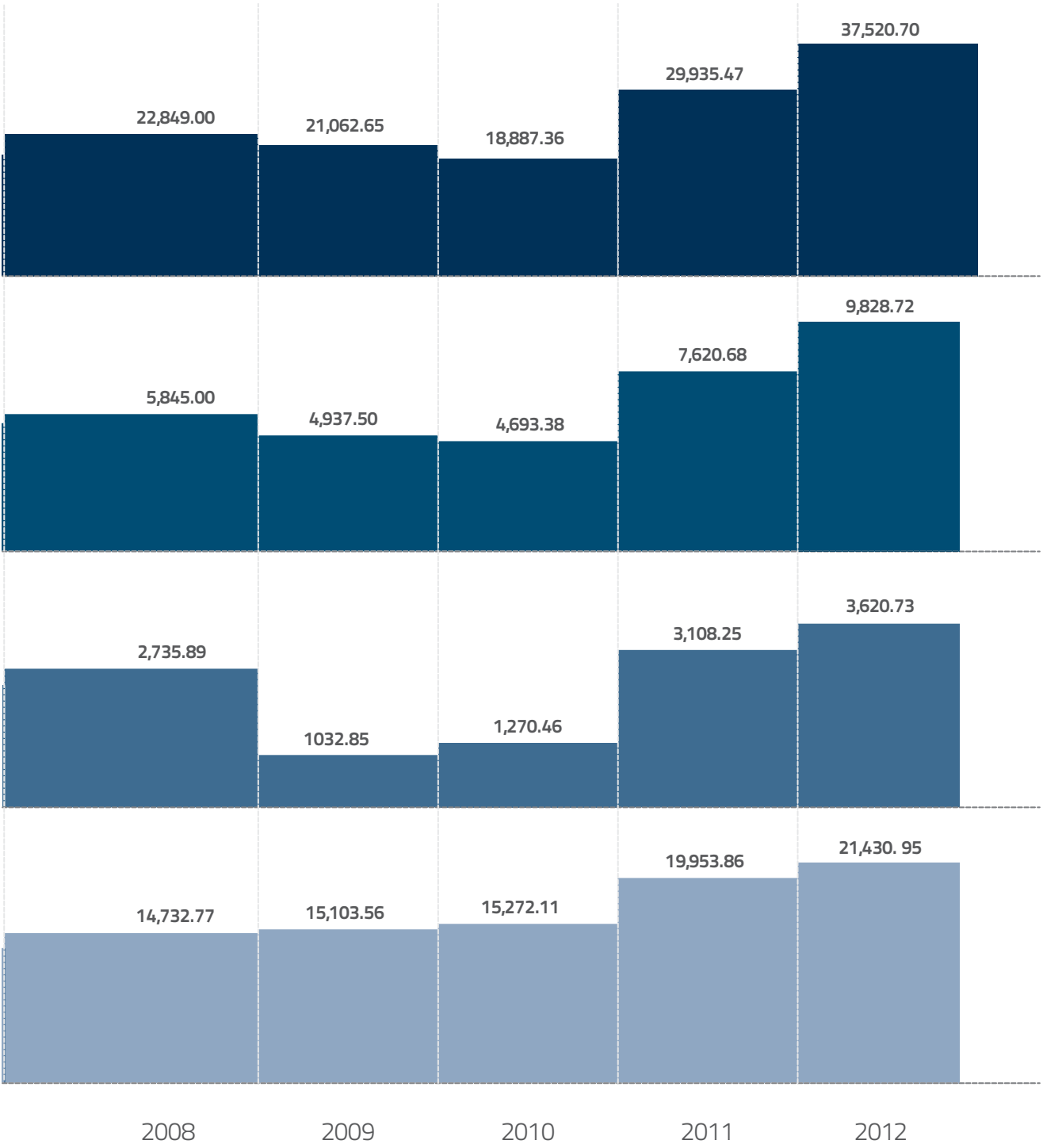
₹ IN MILLION


Total Income
6,449.55
8,511.39
12,264.65
16,309.50
19,452.97
PBITDA
1,941.38
2,489.82
3,488.73
4,432.30
5,459.85
PAT
810.91
1,249.07
1,616.30
2,069.65
2,409.53
Net Worth
1715.70
2,512.33
4,425.59
11,641.30
13,267.95
MARCH
2003
2004
2005
2006
2007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21,062.65
18,887.36
29,935.47
37,520.70
5,845.00
4,937.50
4,693.38
7,620.68
9,828.72
2,735.89
1032.85
1,270.46
3,108.25
3,620.73
14,732.77
15,103.56
15,272.11
19,953.86
21,430. 95
2008
2009
2010
2011
2012

highlights

Consolidated revenues
↑24% - 63,684 million

PBITDA
↑27% - Rs 10,854 million

PAT after Minority Interest
↑42% - Rs 4,130 million

Dividend
of Rs 4/- per share of Rs 2 each

Capital Goods
order book including EPC of Rs 57,070 million

board of directors

Mr. B. N. Kalyani - Chairman & Managing Director
Mr. S. M. Thakore
Mr. S. D. Kulkarni
Mr. Pratap G. Pawar
Prof. Dr. Uwe Loos
Mr. P. C. Bhalerao
Mrs. Lalita D. Gupte
Mr. P. H. Ravikumar
Mr. Alan Spencer
Mr. Naresh Narad
Dr. T. Mukherjee
Mr. G. K. Agarwal - Deputy Managing Director
Mr. Amit B. Kalyani - Executive Director
Mr. B. P. Kalyani - Executive Director
Mr. S. E. Tandale - Executive Director
Mr. Sunil K. Chaturvedi - Executive Director

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
The Royal Bank Of Scotland N V
Credit Agricole CIB

auditors

Dalal & Shah
Chartered Accountants

company secretary

Mr. Ajay Sharma

registered office

BHARAT FORGE LIMITED
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India.
Phone: +91.20.6704 2476
Fax: +91.20.2682 2163
Email: info@bharatforge.com
Web: www.bharatforge.com

board of directors

B. P. Kalyani
Executive Director

G. K. Agarwal
Deputy Managing Director

Dr. T. Mukherjee
Director

Amit B. Kalyani
Executive Director

Prof. Dr. Uwe Loos
Director

P. H. Ravikumar
Director

Lalita Gupte
Director

B. N. Kalyani
Chairman & Managing Director

P. C. Bhalerao
Director

S. E. Tandale
Executive Director

Sunil K. Chaturvedi
Executive Director

P. G. Pawar
Director

S. D. Kulkarni
Director

Naresh Narad
Director

Alan Spencer
Director

chairman's letter

Dear Shareholder,

2011-12 was one of the most challenging years for the global economy. Just when it appeared that major economies were gradually reviving from the economic and financial crisis of 2008, unexpected developments in the Eurozone have set back the fragile recovery. At the time of writing this, the situation in Europe continues to be changing by the day with no clear roadmap on how things will shape up in the next few weeks. Clearly the global economy is passing through a volatile phase characterized by great uncertainty.

After achieving consistently high growth over the past 8 years, the Indian economy has also run into turbulent weather. The crisis in the Eurozone has impacted our economic performance. The global economic uncertainty coupled with the lack of political consensus in India for implementation of major economic reforms has contributed in compounding the problem. As a result, GDP growth in 2011-12 moderated to 6.5%. What has come as an even greater surprise is the low 5.3% growth recorded in the last quarter of the fiscal. This has triggered the government into taking some remedial measures.

I am confident that if the government is able to take the initiatives in certain key areas and kickstart economic reforms, the economy will turn around in this fiscal to grow at about 6.5-7%. This would provide a platform to return to 8-9% growth in the medium term. Implementation of reforms coupled with removal of bottlenecks that have stifled economic growth would restore investor confidence and revive the momentum for sustained high economic growth.

Despite the sluggish external environment, the Company in FY 2012 has registered impressive performance on back of robust growth in Commercial Vehicle industry globally, sustained ramp up of non-automotive business and continued increase in penetration with major customers. The key highlights of the year are:

- Total income increased by 24% to Rs.63,684 million.
- Operating profits before interest, taxes, depreciation and amortisation (PBDITA) grew by 27% to Rs.10,854 million. The PBDITA margin was 17%.
- Profit after taxes (PAT) after minority interests grew by 42% to Rs.4,130 million.

The stand-out feature of the standalone performance has been the growth in exports which grew by 42% to Rs. 17,347 million while non-automotive business from India grew by 32% to Rs. 12,885 million.

The diversification of the business across sectors & geographies is clearly enabling the Company in mitigating the risk arising from uncertainty in demand globally. The Company's non-auto business has become a significant contributor to the Indian operations accounting for 38% of sales in FY 2012, from 28% of sales in FY 2009.

Another key highlight of this year's performance is that the sustained focus on productivity improvement & cost control is starting to reflect in the financials with the PBDITA margin in FY 2012 expanding despite significant increase in fuel expenses & an ever burgeoning wage bill.

In CY 2011 the international operations have recorded a topline growth of 34% to Rs. 28,915 million and an PBITDA of Rs 1,587 million, a growth of 51%. The Company has taken impairment on its investments in the North American operations of Rs. 704 million and is in the process of restructuring the operations.

The Company's foray into equipment manufacturing is progressing well with construction of the facility of the Alstom JV at Mundra. The Joint Venture has won an order worth Rs 15,700 million for supply of 2X660 MW supercritical Turbine Generators for NTPC. The 2nd order for supply of 3X660 MW supercritical Turbine Generator for NTPC worth around Rs 22,520 million is expected to be awarded soon.

NOW, LET ME FOCUS ON FOUR KEY THEMES THAT WILL DETERMINE THE FUTURE COURSE OF BHARAT FORGE'S GROWTH:

The sowing is over. Now it is time for harvesting

Your Company has focused on building state-of-the-art forging and machining facilities; investing in new technologies and R&D; opening up new growth sectors as key verticals; and developing new markets, geographies and customers for products as well as solutions.

Having been sown and nurtured, the initiatives are bearing fruit. Over the next few years, you will see Bharat Forge consistently leveraging these to create much higher levels of customer delight & cement BFL's leadership position. You will see wider, more consistent, and incrementally capital light growth play across sectors, geographies, customers, products and solutions. This is what I mean by harvesting what we have sown over the years.

We will be an innovation led enterprise

Over the years, Bharat Forge has invested in new technologies, R&D and solution-providing capabilities. These are coming together across your Company's facilities in India and the rest of the world. Combining such competencies with your Company's best-in-class, world-scale manufacturing capacities and skills will result in Bharat Forge being an innovation-led, end-to-end solutions provider and a dynamic partner of our customers.

I am convinced that an innovation led product and solutions development strategy will give your Company even greater mileage not just in its automotive business but also in oil and gas, locomotives, marine, thermal power, balance of plant equipment and EPC solutions. This process will have a multiplier effect, where each success will create the foundations for newer competencies.

Rich in people

Your Company is creating a world class global talent pipeline — by identifying the best people across all its facilities and imparting training in their areas of expertise. Transforming to becoming an end-to-end innovation-led solution provider will be run by people of high quality. And Bharat Forge is determined to be rich in such human talent and capabilities.

Lean in manufacturing

In today's increasingly competitive world, a central mantra for sustained profitability is to be lean in all aspects of manufacturing. That involves being lean in the use of capital per unit of output; being lean in raw material and finished goods inventories; being lean in production cycles; and being lean in executing solutions. The Company has been able to reduce inventory by more than 15 days over a period of time. I want it to reduce further.

Irrespective of the external macro environment, I am convinced that dedicated implementation of these four broad themes will make Bharat Forge grow faster, perform better, and deliver greater shareholder value. Thus, insofar as your Company is concerned, I remain optimistic of the future.

The outlook for FY13 looks a bit murky with slowdown in the Indian automotive industry & the Eurozone debt crisis impacting sentiments and demand. However, I believe that the Company is in a good shape with lean Indian operations, strong balance sheet and a balanced business model to weather any uncertainty.

THE GROWTH OF THE COMPANY HAS BEEN MADE POSSIBLE BY THE STRONG SET OF TALENTED PERSONNEL GLOBALLY WHO WORK TIRELESSLY TO ENSURE THAT THE COMPANY MAINTAINS ITS GROWTH PATH. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THEM FOR THE NEVER ENDING SUPPORT.

Baba N. Kalyani
Chairman and Managing Director

management discussion & analysis

DELIVERING RESULTS IN A DIFFICULT ENVIRONMENT

With its global capacities and customer base firmly in place, Bharat Forge Limited ('Bharat Forge', 'BFL' or 'the Company') is developing a business model that is predictable and better insulated from the vagaries of the external environment. The Company has invested in creating capacities and global manufacturing footprint to maximise growth opportunities across sectors and geographies. The Company's performance in financial year 2012 has been a step forward along this path.

Global macro-economic indicators deteriorated with World output growth reducing from 5.3% in CY 2010 to 3.9% in CY 2011. As shown in Chart A, output growth slowed down across all of Bharat Forge's primary international markets, namely the USA, the European Union (EU) and China.

On the domestic front, too, there was a slowdown in economic activity. Estimates of the Central Statistical Organisation (CSO), Government of India (GoI), suggest that India's real GDP growth will have reduced from 8.4% in FY 2011 to 6.5% in FY2012 with GDP% in Q4 FY12 coming in at 5.3%. (Chart B).

To add to the woes, global oil prices remained at levels well over US$85 per barrel for FY2012. In fact, for a large part of the year it was above US$100 per barrel. Such high energy costs put severe pressure on operating margins.

Chart A: Global GDP Growth (%)

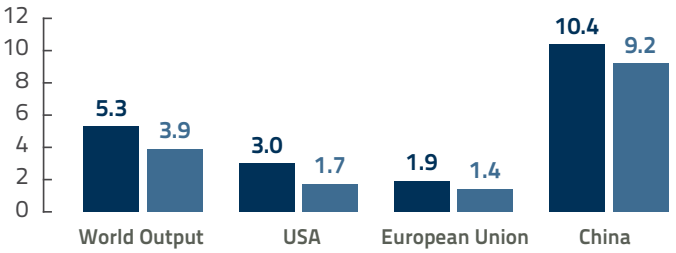
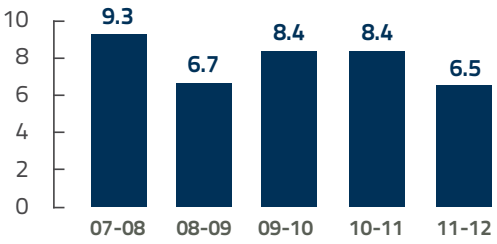


Chart B: GDP Growth, India (%)



Even in such an adverse business environment, Bharat Forge has delivered strong results, with healthy growth in sales and profits. This was achieved by the Company effectively positioning itself to leverage opportunities to gain market share, and to reach out to new markets in terms of products and customers. The Company's consolidated and standalone performance is highlighted in this section:

The prime drivers of this performance are:

25% growth in total income and 17% growth in PAT of the standalone business.

This has been driven by:

- Strong export growth of 42% driven mainly by robust growth in the Commercial Vehicles market globally as well as traction in non-automotive business.
- Fast ramping up of the Company's non-auto operations, which increased by 32%.
- Sustained focus on productivity & cost control.
- Supply of high value added machined products as ratio of total production increased from 39% in FY 2011 to 44% in FY 2012.

CONSOLIDATED FINANCIAL HIGHLIGHTS

- Total Income increased by 24% from Rs. 51, 544 million in FY2011 to Rs. 63, 684 million in FY 2012
- Operating profits before interest, taxes, depreciation and amortisation (PBDITA) grew by 32% from Rs. 8,527 million in FY2011 to Rs.10, 854 million in FY 2012
- PBDITA margin rose from 16.5% in FY2011 to 17.0% in FY 2012
- Profit before taxes (PBT) before exceptional items increased from Rs. 4, 442 million in FY2011 to Rs. 5,998 million in FY 2012, a growth of 35%
- Profit after taxes (PAT) after minority interests grew from Rs.2,902 million in FY2011 to Rs.4,130 million in FY 2012, growth of 42%
- Diluted earnings per share (EPS) increased from Rs.12.15 in FY2011 to Rs.17.72 in FY 2012

STANDALONE FINANCIAL HIGHLIGHTS

- Total Income increased by 25% from Rs. 29,935 million in FY2011 to Rs. 37,521 million in FY 2012
- Operating profits before interest, taxes, depreciation and amortisation (PBDITA) grew by 29% from Rs. 7,621 million in FY2011 to Rs.9,829 million in FY 2012
- PBDITA margin rose from 25.5% in FY2011 to 26.2% in FY 2012
- Profit before taxes (PBT) before exceptional items increased from Rs. 4, 474 million in FY2011 to Rs. 6,175 million in FY 2012, a growth of 38%
- Exceptional Item of Rs. 704 million on account of Impairment of Investments in Bharat Forge America (BFA). The exceptional item does not impact the consolidated financials since they have already been provided for
- Profit after taxes (PAT) grew from Rs. 3,108 million in FY2011 to Rs. 3,621 million in FY 2012, growth of 17%
- Excluding the Impact of exceptional item, PAT grew from Rs. 3,108 million in FY 2011 to Rs. 4,325 million in FY 2012, growth of 39%. On a comparable basis PAT growth at standalone and consolidated entity was 39% & 42% respectively.

EMERGING AS A STRONGER ENTITY IN UNCERTAIN TIMES

The Company continued its relentless pursuit of improvements on the operational front & focus on cost control while sharpenening its focus on leveraging the strength of its customer relations and its own capabilities in innovation and technology development to create a reliable business model.

Both the efforts have given the desired results with the Company performance reflecting continued strong profitability despite severe cost pressures. This is a clear indication of the amount of success we have been able to achieve on various facets starting from yield improvement, productivity improvement, reduction in working capital & lean manufacturing.

While the overseas subsidiaries have improved their performance and are becoming self-sustaining, there have been significant tangible improvements in the standalone entity. The concerted efforts post the global crisis not limited to being lean internally, enhanced efforts on the marketing front to garner more business & add new clients to maintain a de-risked business model and focus on strengthening the balance sheet has enabled the Company to surpass levels of FY 2009 on several counts. Comparing some key performance parameters of standalone operations between FY2009 and FY2012, one finds:

- Improvements in higher value added products
- Increase in Operating profitability
- Higher return on capital
- Stronger balance sheet

The Company has improved its share of value added products. The Company has increased the supply of value added products as % of production from 40% in FY2009 to 44% in FY2012. The movement up the value chain has accelerated over the past few years across automotive & non- automotive components. This has been achieved as a result of BFL's strong technological relationship & close collaboration with major customers

The Company has improved its Operating Profitability. Two factors have led to improvement in operating profitability.

• Increase in supply of value added products as explained above.

• Growth in sales of the non-auto business, which now accounts for over 38% of stand-alone sales. Typically, these products are more complex and have higher contribution levels per unit of sale.

The Company has improved its return on capital. This is reflected in the significant improvement in return on capital employed (ROCE) between FY2009 and FY2012. The primary factor that contributed to this is increase in capacity utilization along with increase in value addition.

The strength of the balance sheet has improved with reduction in the debt-equity ratio. The debt equity has lowered from 1.22 in FY2009 to 0.92 in FY2012. This has been possible because regular operations have generated healthy profits and cash. There has also been much lower outlay of capital for capacity creation.

Bharat Forge's business is now focused on two aspects. First, continuous improvements across business processes to operate in the most nimble and cost effective manner. Second, leverage the Companies assets to foster higher growth with relatively low incremental capital intensity.

This two-pronged approach will be the cornerstone of the Company's business model in the coming years to overcome the challenges of operating in an extremely difficult & volatile business environment, and emerging as a stronger and more competitive entity.

While Bharat Forge re-aligned its strategic objectives during this phase of market uncertainty, it remained steadfast on two fronts: customers and technology.

The Company's commitment to customers is not only reflected in terms of excellence in meeting delivery schedules with high quality products but also in becoming co-development partners with several global original equipment manufacturers (OEMs). Today, Bharat Forge has a wide cross-section of customers across the globe, which includes strong marquee clientele. This customer base is well diversified with no single player having over double digit share in total sales.

Technology and innovation have played a critical role in the present phase of growth. Much of the Company's success in penetrating markets globally both in the automotive and the non-automotive sectors has been on account of successful development and manufacture of new products. Today, Bharat Forge has well established innovation and development competencies in the components space; and it is focusing on enhancing its capabilities to become a full service supplier.

The Company believes that its next round of growth will be propelled by creating opportunities through innovation, which will be supported by technology and the strength of its customer relationships.

Bharat Forge believes that its next round of growth will be propelled by creating opportunities through innovation, which can be supported by the strength of its customer relationships.

Chart C: Increase in Value Added Products

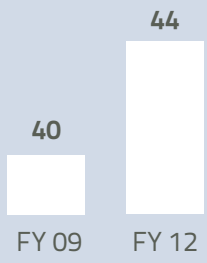


Chart D: ROCE %

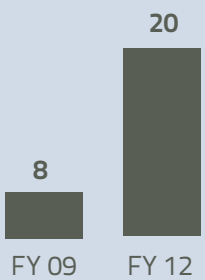
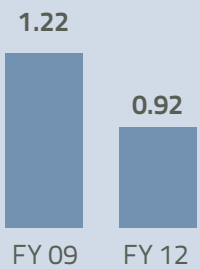
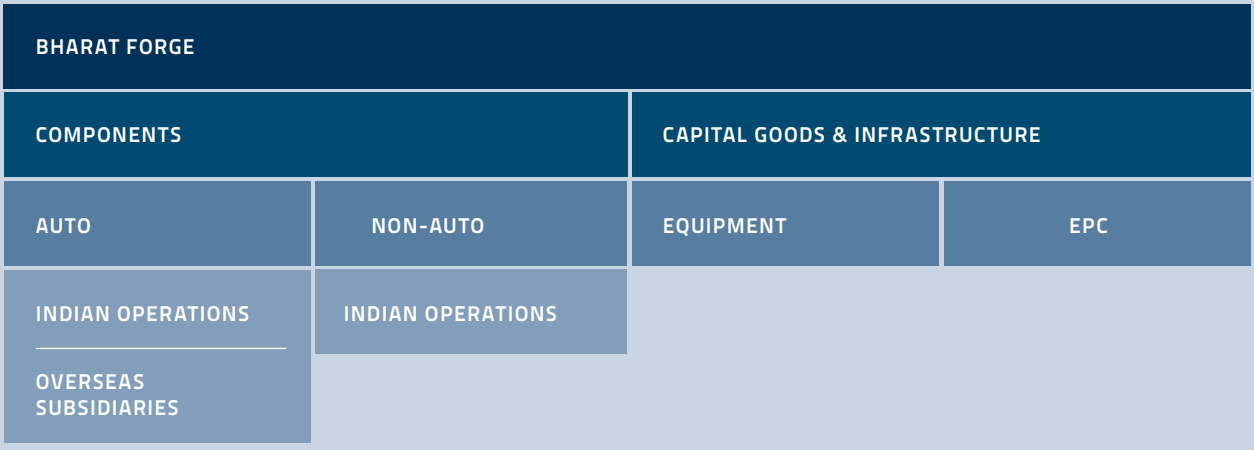


Chart E: Gross Debt Equity Ratio



business review

Bharat Forge has two distinct business lines – component manufacturing, and capital goods and infrastructure. In component manufacturing, through its domestic operations and overseas subsidiaries, it caters to forging and machining requirements of the auto and the non-auto sectors. The capital goods and infrastructure business focuses on the Indian market and is today concentrating on equipment manufacturing and project management in the energy and transportation sector. Figure A gives an overview of the Company's business structure.



STANDALONE PERFORMANCE

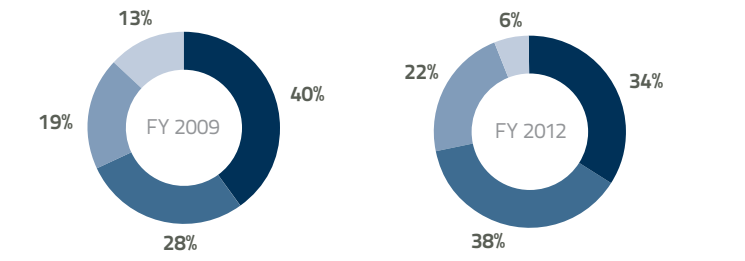
BFL has witnessed a strong growth in the standalone operations driven by strong CV demand globally and sustained ramp up of the new facilities at Mundhwa & Baramati. The major highlights of the standalone business in FY2012 are:

- Significant growth in exports: an increase of 42% to Rs. 17,347 million.
- Continued traction in non-auto sales, both domestic and exports - rising by 32% to Rs.12, 885 million.

Overall, growth has largely been driven by increase in exports — achieved through growing market share across geographies and segments, entry into new markets and a significant ramp-up of non-auto facilities.

The Company's performance has clearly benefitted from the de-risking of business across customers, sectors & geography. The excellent relations & alignment with major customers which BFL has developed & nurtured over the years is undoubtedly assisting in maintaining the growth trajectory. Chart F shows the share of various sectors in Bharat Forge's stand-alone sales during FY2009 and FY2012. During this period, Non-Auto has grown from around Rs. 5,000 million to close to 13,000 million.

Chart F: Sectoral Distribution



AUTOMOTIVE BUSINESS

BFL is a leading supplier of critical & safety components for the automotive market globally with a well-diversified customer base across all geographies. The focus of the automotive business has been limited to the Medium & Heavy Commercial Vehicles due to the Company focus on technologically advanced product requirement. However the Company today is starting to address the Light/Small Commercial Vehicle segment which is seeing a shift in product requirement on back of change in emission norms and shift from larger engine to smaller & powerful fuel efficient engines.

India

The Indian automobile industry witnessed a slowdown in growth — with total four-wheel automobile production, including passenger cars and CVs growing by 7.8%. The major growth slowdown was for passenger cars, which grew by only 4.7%.

The CV segment, which is the Company's primary market, recorded a healthy growth of 19.8%. This was driven primarily by light CVs (LCVs), which grew by 27.3%, while medium and heavy CVs (M&HCV's) grew by 10.8%.

USA

The revival witnessed in CY2010 continued in CY2011. Total four-wheeler production grew by 10.8%. Passenger car sales remained robust with a growth of 10.4%, while LCVs grew by 9.4%.

The largest growth was seen in the M&HCV segment that recorded 57.4% growth in CY 2011. BFL has strong relations in the US CV market, and has significantly increased its auto exports to USA on the back of supplies to the M&HCV segment. It is important to note that USA now has an aging truck fleet which augurs well for the market.

Europe

Driven by severe economic uncertainty and the worrisome fate of the Euro zone, Europe remains a very volatile market with no long term trends and developments in the horizon. The total four-wheeler market grew by a meagre 0.4% in CY2011. Passenger cars, by far the largest segment of European markets, witnessed a 1.4% drop in sales — with the high end segment faring better than the middle and low end. Coincidentally, Bharat Forge largely supplies products for higher end passenger cars.

Despite uncertainties, however, the sales of both MCVs and HCVs were robust — growing at 25.2% and 35.8% respectively.

It needs to be noted that a large share of component suppliers in Europe are owned by small entities. It is often difficult for them to maintain steady supplies in such volatile markets. The OEMs have increasingly realised the risks of relying on such companies for their regular business needs and are looking at vendor consolidation and focusing on developing relationships with technologically strong & financially stable suppliers. Bharat Forge is discussing with European OEMs for better alignment, and devising a strategy of dealing with the opportunities arising out of this uncertainty to increase its market share or add new customers.

NON-AUTOMOTIVE BUSINESS

The non-auto business has gained considerable traction. Sales increased rapidly, both in the domestic Indian market as well as exports. The share of non-auto in BFL's stand-alone business portfolio has increased substantially over the last couple of years from 28% in FY 2009 to 38% in FY 2012.

THE COMPANY HAS DEVELOPED AND BUILT STRONG RELATIONSHIPS WITH CUSTOMERS IN THE NON-AUTOMOTIVE SPACE, WITH THE NUMBER OF NON-AUTOMOTIVE CUSTOMERS MORE THAN DOUBLING OVER THE LAST FIVE YEARS. TODAY, THE NON-AUTO BUSINESS CAN BE BROADLY DIVIDED INTO THREE VERTICALS: (I) ENERGY, (II) TRANSPORTATION AND (III) MINING AND CONSTRUCTION.

Energy

Here, Bharat Forge's focus is in oil and gas and power equipment sectors. Given the high prevailing global oil prices, oil exploration activities remained fairly strong though volatile. The volatility has been on account of uncertainties arising out of a large element of speculation in the oil trade. Also, there has been some slowdown in the shale gas exploration business in the US. However, on a positive note, the US-centric shale gas exploration boom is gradually spreading to other regions in the world including Eastern Europe, Russia and China. This is expected to provide another boost to the industry.

Bharat Forge has a strong play in the oil and gas sector with good visibility among the global OEMs. The Company is leveraging its technological prowess and strong relationship with customers to move up the value chain and develop high value, highly value-added products. It is also expanding the range of its products and aligning with major customers for systematic growth.

Within the energy segment, the Company also supplies components for standby power generators. Demand has softened in this business due to inventory correction and the increasing cost of fuel such as furnace oil.

Transportation

Here, the Company mainly caters to the locomotive & marine sector, which remained strong throughout FY 2012. Bharat Forge is developing newer products to further penetrate this strong and stable market.

Mining & Construction

Macro indicators suggest that the construction and mining sector should be positive. In this space, Bharat Forge is associated with some of the world's major companies. It is building a model of growth based on partnering with these majors. Here too, the focus is on moving on to products that are machined and fully finished.

The growth in non- automotive has primarily been driven by growth from North America & Europe. Due to lack of fresh investments in India, the domestic non- auto pie has stagnated in FY12. The Company is confident that the domestic non-auto business will grow rapidly once the investment sentiment improves in India.

MANUFACTURING UPDATE: STANDALONE

WHILE BHARAT FORGE HAS DEVELOPED INTO AN END-TO-END SOLUTIONS PROVIDER FROM PRODUCT CONCEPTUALISATION TO DESIGNING AND MANUFACTURING TO TESTING AND VALIDATION, ITS COMPETITIVE EDGE IS IN FORGING AND MACHINING CAPABILITIES AND EFFICIENCIES.

On the manufacturing front, the Company continues its efforts at improving yields and efficiencies. There has been specific emphasis on developing a streamlined and integrated series of operations for each of the critical forging presses.

Today, BFL is operating at over 75% utilization levels for both forging and machining operations for the auto component business. Simultaneously, there has been considerable increase in utilisation of the non-auto facilities.

The Company is also executing Rs.500 crore investment programme over FY2012 & FY2013 for capacity enhancement. Most of this is in machinery and facilities that add value to the existing product range. On pure capacity addition in forging, the Company is installing an additional 10,000 tonne press that will produce around 30,000 – 35,000 MTPA based on a pre-determined product mix. The machining capacity is also being expanded as part of the investment programme.

GLOBAL SUBSIDIARIES

The global subsidiaries contribute to the development of the entire group by being core points of contact for several customer relations. They also support through various technology developments at their R&D centres. The financial performance of the global subsidiaries is highlighted in this section.

After having turned around in CY2010, the Chinese JV, FAW-BFL, recorded an even better performance with greater capacity utilisation in the first half of 2011. But the second half saw a dramatic fall in demand in China. For CY 2011, Total four-wheeler production growth was only 1% in China. While passenger cars grew by 4.5%, CVs witnessed a 10% reduction in production.

In this environment, while the JV generated profits, the absolute levels were lower than what was recorded in CY 2010. On a positive note, the JV introduced some new products in the market, which were well accepted. It also managed to secure some new external customers.

Bharat Forge America

As part of its strategy of expanding its global footprint & enhancing its dual shore manufacturing model, BFL in June 2005, acquired assets and business of Federal Forge Inc. out of bankruptcy proceedings through its wholly owned subsidiary in United States of America – Bharat Forge America Inc. (BFA). BFA manufactures and supplies forged auto components to light truck and passenger car segment in North America.

To improve the performance of BFA, BFL undertook various initiatives including but not limited to investments in new product & process development at BFA and successful negotiation of Union Labour contract with substantial reduction in wage cost. However, due to prolonged recessionary conditions in US automotive markets for the products manufactured by BFA it might be difficult for BFA to achieve overall turnaround in immediate future.

As at March 31, 2012, the Company has an investment of Rs. 987 million in BFA. Based on uncertain future outlook and substantial erosion of net worth of BFA and the considering the possibility that the Company may not be able to recover its investments, the Management has, as a measure of prudent accounting practice, created a provision of Rs. 704 million towards diminution in the carrying cost of its investment and the charge for the same is included under 'exceptional items' in the above financial results.

Global Subsidiaries Financial Highlights

Total Income increased by 34% from Rs.21,632 million in CY 2010 to Rs.28,915 million in CY 2011.

Operating profits before interest, taxes, depreciation and amortisation (PBDITA) grew by 51% from Rs.1, 048 million in CY 2010 to Rs.1,587 million in CY 2011.

PBDITA margin rose from 4.8% in CY 2010 to 5.6% in CY 2011.

Profit before taxes (PBT) before exceptional items increased from Rs.111 million in CY 2010 to Rs.397 million in CY 2011.

capital goods & infrastructure

BHARAT FORGE'S FORAY INTO THE CAPITAL GOOD AND INFRASTRUCTURE SPACE IS THROUGH INVESTMENTS IN SUBSIDIARIES AND JVS THAT ARE FOCUSED ON SPECIFIC ASPECTS OF THIS SECTOR.

FY 2012 was a difficult year for infrastructure development in India. The Company believes these are temporary slowdowns. India, as a country, will need new infrastructure to support its economy; and that this fundamental economic rationale will finally clear obstacles to development.

Bharat Forge also realises that there needs to be a long term perspective to become a major player in the capital goods and infrastructure sector. With this belief and commitment firmly in place, the Company has focused on building its capabilities through development of in-house teams or entering into strategic partnerships.

JV WITH ALSTOM

In FY 2011, ABFPL had emerged as the lowest bidder in NTPC's bulk tender for supply of 11x660 MW super critical TG Islands. This tender was the largest-ever power equipment procurement initiative in the country. As part of this bulk tender, besides this award for the Solapur project worth Rs 15,700 million, ABFPL is expecting to get an additional order for three units for the Nabinagar Project from Nabinagar Power Generating Co. Pvt Ltd (NPGCPL), a JV between NTPC and Bihar State Electricity Board (BSEB). A letter of intent (LoI) for this project is already with ABFPL. With these developments, ABFPL has a confirmed order book Rs.15, 700 million and a potential order book of Rs.38,220 million.

EPC (ENGINEERING PROCUREMENT AND CONSTRUCTION)

To complete solutions based offerings in the capital goods and infrastructure sector, the Company has formed a subsidiary, BF Infrastructure Limited (BFIL). The subsidiary is implementing an order worth Rs.18,850 million, which is a turnkey EPC work for 3 x150 MW power plants to be delivered in 24 months at Haldia, West Bengal. The project is expected to be completed in the first half of 2014.

innovation & creating IPR

KEY FOR FUTURE GROWTH

To create strong in-house innovation capability & IPR repository through R&D we have taken various initiatives within the BFL group. One of them is celebrating of "National technology day to place focus on patents as the key driver of IP within the group. With this, we have created a process to encourage Engineers & Technologists to make innovations.

We have a strong in-house trained Research group to create breakthrough technologies in development of Components for new Platforms through Partnership approach with our customers. In addition to this, we transfer ideas and knowledge internally through bench marking with BF group companies for sharing of Best practices and method of improving manufacturing excellence.

human resources

BHARAT FORGE HAS ALWAYS NURTURED ITS HUMAN RESOURCE POOL TO BUILD COMPETITIVE ADVANTAGE.

Bharat Forge is continuing with its engineering projects with BITS Pilani, Warwick University and the M. Tech project with IIT Mumbai. In FY 2012, it started sponsoring candidates for Ph.D programmes with the University of Pune. The two sponsored candidates have to undertake specific technical research work as defined by Bharat Forge.

In order to promote the long term objective of developing a strong managerial base to sustain the next round of growth for the Company, there were two specific steps undertaken during FY 2012.

First, a leadership development programme was conducted for senior management to develop various leadership qualities, sensitise communication processes and support in developing persuasion skills with a view to achieve organisational goals.

Second, Bharat Forge has launched an initiative to create a global talent pool by identifying managers within the organisation to be developed into future leaders. This is being done through programmes called 'Human Process Development Laboratories' — where various managerial skills of an individual are assessed, a select group is identified and screened, and a development path laid out for improvements.

Bharat Forge secured the Golden Peacock Award for HR Excellence in 2011. This is given by the Institute of Directors with Justice P.N. Bhagwati as the chief of the jury.

information technology

IN FY2012, THERE WERE THREE MAJOR DEVELOPMENTS ON THE IT FRONT:

- Near-site disaster recovery was successfully implemented for all critical applications.
- The pilot project for production scheduling in the forging division was successfully carried out.
- A Microsoft-based solution was successfully deployed to effectively manage the new product development process. This has helped bring transparency and reduce of the number of underlying process.

TODAY, BHARAT FORGE IS IN THE PROCESS OF IMPLEMENTING THE FOLLOWING INITIATIVES:

- Business planning solution using SAP BPC. This will establish good governance and bring effectiveness in the business planning process.
- Extending the production scheduling system to machined component division and the die shop.
- Business Intelligence solution using SAP Business Objects. The first phase of this project will focus on financial information.
- Rebuilding the Supply Chain Management Portal, this will facilitate all vendors to seamlessly access information.
- Establishing a new generation communication systems involving unified communication for audio and video conferencing between all plants and all subsidiaries.
- Restructuring the core IT infrastructure to address information security and new challenges generated due to expansion.

The Company was awarded the CIO100 award for the second time in FY2012. Conferred by the International Data Group, this award is recognition for the innovative implementation of IT. Bharat Forge also won the prestigious 'Silver EDGE' award. "EDGE" stands for Enterprises Driving Growth and Excellence using IT. It recognises CIOs in India who have demonstrated the best use of technology to solve a business problem, improve competitiveness, and deliver quantifiable return on investments to stakeholders.

corporate social responsibility

EDUCATIONAL INITIATIVES

BFL continues to hire young engineers as its 'Talent Pipeline Initiative' in and around Pune and work towards their skill enhancement by providing expertise, coaching and training.

It continues to contribute in the field of education by having started an Industrial Training Institute (ITI) at Khed, and by adopting two other ITIs, i.e. ITI-Bhor and ITI-Malegaon, (taluka Baramati) to improve the standards of technical education and training.

Pratham Pune Education Foundation (PPEF) is a non-governmental organisation working to provide quality education to the underprivileged children in the age group of 3 to 14 years. Bharat Forge is a significant contributor to Pratham.

SPORTS

Since 2010, Bharat Forge has been supporting LAKSHYA, a non-profit sports organisation which identifies and nurtures talented sports-persons & is sponsoring five tennis players. The sponsorship has helped these players train abroad, and participate in events within the country and elsewhere.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Bharat Forge has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transaction are authorised, recorded and reported quickly.

The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets.

RISK AND CONCERNS

In addition to the regular process-related risks inherent in global manufacturing companies there are some specific risks, which are to do with the Company's business model. These risks include:

Market Risk

More than 50% of consolidated revenues come from the US and Europe. Global market uncertainties remain and though the growth in emerging economies is a risk hedge, it does not compensate for the sheer size of the market in advanced economies. Having said so, the wide diversified business model is a hedge against market risk itself.

Currency Risk

With significant exports & foreign currency liabilities, Bharat Forge is always exposed to global currency fluctuations. Bharat Forge does take simple forward covers to protect against currency fluctuations.

Interest Rate Risk

Over the last several years, the Company has been in an expansion mode and has used borrowings to fund its expansion and acquisition needs. At the same time, Bharat Forge has judiciously managed its debt-equity ratio, increasing equity in line with growth in debt levels. It has been using a mix of loans — GDRs, FCCBs, domestic rights issue and internal cash accruals — to fund this expansion programme. While the Company focuses on working capital management to reduce interest cost, it may enter into another round of growth by leveraging its relatively under-leveraged balance sheet. Given inflation rates and the prevailing tight monetary policy in India, the new loans could have higher interest rates.

Insolvency Risks

BFL operates through several global subsidiaries. While the Indian operations remain strong, some of the foreign subsidiaries may come under financial stress; and there may even be risks of insolvency in the current environment. BFL's global strategy relies on supporting each business in difficult times. One advantage is that most of the global subsidiaries have low debt leverage. However, if the situation arises on a case to case basis, some asset and investment restructuring may need to be undertaken.

OUTLOOK

Bharat Forge has emerged out of the market uncertainties post-2008 as a much stronger Company in terms of internal operational parameters, stronger balance sheet, customer relations and product development capabilities.

Global economic uncertainties will be there in the near future. The Company believes that with the de-risked business model, strong design & engineering capabilities, it can create opportunities for itself in this uncertain environment. With a focus on innovation and technology to best leverage its strong customer relations, Bharat Forge is reasonably confident of continuing on the growth path in FY2013.

The Company believes in the infrastructure led growth of India and is well positioned to leverage opportunities in the Indian market on both the automotive as well as on the non-automotive front. The ramp up of non-automotive facilities has started giving results and is expected to continue in the coming years. The capital goods and infrastructure business is positioning itself effectively in the infrastructure space in India. While the environment has not been conducive for business, the Company is confident that the infrastructure business will be the driver of significant growth in the medium to long term.

CAUTIONARY STATEMENT

Statements in this Management Discussion and 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.

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 DISCLOSURE NORMS, BEST-IN-CLASS BOARD PRACTICES AND CONSISTENTLY 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 of corporate governance. To that effect, Bharat Forge has adopted practices mandated in Clause 49 of listing agreement and has established procedures and systems to be fully compliant with it.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders' Information, reports Bharat Forge's compliance with Clause 49.

board of directors

COMPOSITION OF THE BOARD

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on March 31, 2012, Bharat Forge's Board comprised Sixteen Directors. The Board consists of the Six Executive Directors (including Chairman & Managing Director, who is a promoter Director) and Ten non-executive Directors, Nine of whom are independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS

The Board of the Company met 5 (five) times during 2011-12 on May 24, 2011, August 10, 2011, November 9, 2011, February 8, 2012, and March 3, 2012. The maximum gap between any two Board meetings was 90 days and the minimum gap was 23 days.

ATTENDANCE OF DIRECTORS

Attendance of Directors at the Board Meetings held during 2011-12 and the last Annual General Meeting (AGM) held on August 10, 2011 and details of directorships (calculated as per provisions of Section 275 and 278 of the Companies Act, 1956), Chairmanship and the committee memberships held by the directors as on March 31, 2012 are furnished hereunder.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1 below gives the details :

Table 1 : Composition of the Board of Directors

Name of the Director	Category	Attendence Particulars			No. of other Directorships and Committee Memberships / Chairmanships in other Indian public companies**		
		Number of Board Meetings		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. B.N. Kalyani (Chairman and Managing Director)	Promoter, Executive & Managing Director	5	5	Yes	14	2	2
Mr. S.M. Thakore	Independent	5	3	Yes	7	1	2
Mr. S.D. Kulkarni	Independent	5	3	No	Nil	Nil	Nil
Mr. P.G. Pawar	Independent	5	5	Yes	7	5	Nil
Dr. Uwe Loos	Independent	5	4	Yes	Nil	Nil	Nil
Mr. P.C. Bhalerao	Non-Executive	5	5	Yes	3	2	Nil
Mrs. Lalita D. Gupte	Independent	5	3	Yes	4	2	2
Mr. P.H. Ravikumar	Independent	5	3	Yes	6	2	2
Mr. Alan Spencer	Independent	5	4	Yes	Nil	Nil	Nil
Mr. Naresh Narad	Independent	5	4	Yes	1	2	Nil
Dr. T. Mukherjee	Independent	5	4	Yes	4	1	Nil
Mr. G.K. Agarwal	Executive	5	5	Yes	1	Nil	Nil
Mr. Amit B. Kalyani	Executive	5	5	Yes	13	4	Nil
Mr. B.P. Kalyani	Executive	5	5	Yes	Nil	Nil	Nil
Mr. S.E. Tandale	Executive	5	4	Yes	Nil	Nil	Nil
Mr. P.K. Maheshwari *	Executive	5	3	Yes	5	Nil	2
Mr. Sunil K. Chaturvedi	Executive	5	3	Yes	5	Nil	Nil

* Ceased to be a Director w.e.f. December 21, 2011.

** In accordance with Clause 49, Memberships/Chairmanships of only the Audit Committee and Shareholders'/Investors' Grievance Committee in all public limited companies (excluding Bharat Forge Limited) have been considered.

NOTE :

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is chairman of more than five such Committees.

As mandated by Clause 49, the independent Directors on Bharat Forge's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the:

a) Statutory audit firm or the internal audit firm that is associated with the Company.

b) Legal firm(s) and consulting firm(s) that have a material association with the Company.

- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company i.e. do not own 2% or more of the paid up capital of the Company
- Are not less than 21 years of age.

INFORMATION SUPPLIED TO THE BOARD

Among others, information supplied to the Board includes:

- Annual operating plans & budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results for the Company and its operating divisions and business segments.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- 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.
- Materially important show cause, demand, prosecution notices and penalty notices.
- 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 judgement 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.
- Formation/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 in 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 requirements and shareholders service such as non payment of dividend, delay in share transfer, if any, etc.

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

There has been no materially relevant pecuniary transaction or relationship between Bharat Forge and its Non-Executive and/or Independent Directors during the year 2011-12.

CODE OF CONDUCT

The Company has adopted a code of conduct 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: www.bharatforge.com

The Board members and Senior Management personnel have affirmed their compliance with the code and a declaration signed by the Managing Director of the Company appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of clause 49-V of the Listing Agreement) has been presented to the Board of Directors of the Company.

The Board of Bharat Forge is presented with detailed notes along with the agenda papers well in advance of the meeting. The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2012 is set forth in Table 2 below :

Table 2: Remuneration paid or payable to Directors for the year ended March 31, 2012 and relationship with each other

Name of the Director	Relationship with other Directors*	Sitting Fees** (In Rs.)	Salary & Perquisites# (In Rs.)	Provident Fund & Superannuation Fund (In Rs.)	Commission*** (In Rs.)	Total **** (In Rs.)
Mr. B.N. Kalyani (Chairman and Managing Director)	Father of Mr. Amit B. Kalyani	NA	36,047,294	6,610,297	57,000,000	99,657,591
Mr. S.M. Thakore	None	35,000	NA	NA	1,100,000	1,135,000
Mr. S.D. Kulkarni	None	45,000	NA	NA	1,600,000	1,645,000
Mr. P.G. Pawar	None	50,000	NA	NA	1,700,000	17,50,000
Dr. Uwe Loos	None	20,000	NA	NA	7,00,000	7,20,000
Mr. P.C. Bhalerao	None	65,000	NA	NA	1,600,000	1,665,000
Mrs. Lalita D. Gupte	None	20,000	NA	NA	1,400,000	1,420,000
Mr. P.H. Ravikumar	None	35,000	NA	NA	1,400,000	1,435,000
Mr. Alan Spencer	None	20,000	NA	NA	700,000	720,000
Mr. Naresh Narad	None	20,000	NA	NA	800,000	820,000
Dr. T. Mukherjee	None	20,000	NA	NA	1,000,000	1,020,000
Mr. G.K. Agarwal	None	NA	17,648,323	2,656,800	15,000,000	35,305,123
Mr. Amit B. Kalyani	Son of Mr. B.N. Kalyani	NA	17,245,330	2,649,658	15,000,000	34,894,988
Mr. B.P. Kalyani	None	NA	7,225,863	1,037,741	15,000,000	23,263,604
Mr. S.E. Tandale	None	NA	7,795,260	1,094,676	17,000,000	25,889,936
Mr. P.K. Maheshwari ##	None	NA	7,509,949	807,448	4,000,000	12,317,397
Mr. Sunil K. Chaturvedi	None	NA	13,473,673	1,905,068	7,000,000	22,378,741

Notes:

* Determined on the basis of criteria of Section 6 of the Companies Act, 1956.

** Sitting fees include payment for Board-level Committee meetings.

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

**** Payments to Non-Executive Directors are decided based on multiple criteria of seniority/experience, number of years on the Board, Board/Committee meetings attended, the number of Committees of which he is a member or the Chairman and other relevant factors.

\# The Remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

Ceased to be a Director of the Company w.e.f. December 21, 2011.

committees of the board

1

AUDIT COMMITTEE

In terms of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956 the Board has constituted the Audit Committee of the Board of Directors.

As on March 31, 2012, the Audit Committee of Bharat Forge consisted of:

Mr. P. G. Pawar (Chairman)
Mr. S.D. Kulkarni
Mr. S.M. Thakore
Mr. P.H. Ravikumar
Mr. P.C. Bhalerao

All members of the Audit Committee have accounting, economic and financial management expertise. Annual General Meeting (AGM) held on August 10, 2011 was attended by the Chairman of the Committee, Mr. P.G. Pawar to answer shareholders' queries.

The Committee met 5 (five) times during 2011-12 on May 24, 2011, July 12, 2011, August 10, 2011, November 9, 2011 and February 8, 2012. The maximum gap between any two meetings was 90 days and the minimum gap was 28 days. Table 3 below gives the attendance record.

Table 3 : Attendance record of Audit Committee members for 2011-12

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P.G. Pawar	Independent	Chairman	5	5
Mr. S.D. Kulkarni	Independent	Member	5	3
Mr. S.M. Thakore	Independent	Member	5	4
Mr. P.H. Ravikumar	Independent	Member	5	4
Mr. P. C. Bhalerao	Non -Executive	Member	5	5

The Director responsible for the finance function, the head of internal audit and the representative of the Statutory Auditors and Internal Auditors are regularly invited to the Audit Committee meetings.

Mr. Ajay Sharma Vice President (Legal) & Company Secretary, is the Secretary to the Committee.

The terms of reference of the Audit Committee are as under:

- To investigate any activity within its term of reference.
- To seek information from any employee.
- To obtain outside legal and other professional advice.
- To secure attendance of outsiders with relevant expertise if it considers necessary.

The role of the Audit Committee includes:

- 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.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

a) Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.

b) Changes, if any, in accounting policies and practices and reasons for the same.

c) Major accounting entries involving estimates based on the exercise of judgment by management.

d) Significant adjustments made in the financial statements arising out of audit findings.

e) Compliance with listing and other legal requirements relating to financial statements.

f) Disclosure of any related party transactions.

g) Qualifications in draft Audit Report.

- Reviewing, with the management, the quarterly financial statements 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 utilized 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 or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of Statutory and Internal Auditors and 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 on 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 (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate and;

- Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.

- 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.

- The financial statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Clause 49.

- 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 arm's length basis along with management's justification for the same and,

- Carry out such other functions as may be specifically referred to the Committee by the Board of Directors and/or the Committee of the Directors of the Company.

2

SHAREHOLDERS'/ INVESTORS' GRIEVANCES COMMITTEE

Terms of Reference :

The Shareholders'/Investors' Grievances Committee, interalia approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of Shareholders'/Investors' complaints relating to transfer of shares, non reciept of Annual Reports, the non reciept of declared dividend etc.

The Committee monitors implementation and compliance of Company's code of conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Composition : The Committee comprises four members; Mr. S.D. Kulkarni (Chairman), independent Director, Mr. B.N. Kalyani (Managing Director), Mr. P.C. Bhalerao (Non-executive Director) and Mrs. Lalita D. Gupte, independent Director*.

Meetings : The Committee met twice during the year 2011-12 on November 9, 2011 and February 8, 2012. Table 4 gives the details of attendance.

3

REMUNERATION COMMITTEE

Bharat Forge does not have a Remuneration Committee. The Board determines commission payable to Directors, commission to Non-Executive Directors and performance related bonus to Chairman and Managing Director and Executive Directors, paid in the form of commission, is disclosed in Table 2 on Page No. 44. Detailed terms of appointment of the Chairman & Managing Director and the Executive Directors are governed by Board and shareholders' resolutions

4

FUNCTIONAL COMMITTEE

The Board is authorised to constitute one or more functional committees delegating thereto powers and duties with respect to specific purposes. Meetings 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.

Table 4 : Attendance record of Shareholders'/Investors' Grievances Committee for 2011-12

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. S.D. Kulkarni	Independent	Chairman	2	2
Mr. B.N. Kalyani (Chairman and Managing Director)	Promoter, Executive	Member	2	2
Mr. P.C. Bhalerao	Non-Executive	Member	2	2
Mrs. Lalita D. Gupte*	Independent	Member	2	1

* w.e.f. November 9, 2011

shares & convertible instruments held by non-executive directors

Table 5 below gives details of the shares and convertible instruments held by the Non-Executive Directors as on March 31, 2012.

Table 5: Details of the shares and convertible instruments* held by the Non-Executive Directors as on March 31, 2012

Name of the Director	Category	No. of Shares held of Rs. 2/- each
Mr. S.M. Thakore	Independent	24,650
Mr. S.D. Kulkarni	Independent	2,740
Mr. P.G. Pawar	Independent	NIL
Dr. Uwe Loos	Independent	NIL
Mr. P.C. Bhalerao	Non-executive	NIL
Mrs. Lalita D. Gupte	Independent	NIL
Mr. P.H. Ravikumar	Independent	2,000
Mr. Alan Spencer	Independent	NIL
Mr. Naresh Narad	Independent	NIL
Dr. T. Mukherjee	Independent	NIL

* None of the Non-Executive Directors hold any Convertible Instruments as of March 31, 2012.

subsidiary companies

WHILE BHARAT FORGE HAS SEVEN DIRECT SUBSIDIARIES, TWO OF THEM ARE REGISTERED OUTSIDE INDIA AND FIVE ARE IN INDIA WHOSE TURNOVER DOES NOT EXCEED THE LIMIT PRESCRIBED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.

Clause 49 defines a "material non-listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year. While Bharat Forge has seven direct subsidiaries, two of them are registered outside India and five are in India whose turnover does not exceed the limit prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. Thus, these subsidiaries are out of the scope of the above definition.

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.

Though the subsidiaries of the Company are not covered under Clause 49, as explained above, appropriate details of these subsidiaries are reported elsewhere in the Management Discussion and Analysis.

management

MANAGEMENT DISCUSSION AND ANALYSIS

This annual report has a detailed chapter on Management Discussion and Analysis and includes discussion on various matters specified under Clause 49 (IV)(F) of the Listing Agreement.

DISCLOSURES BY MANAGEMENT TO THE BOARD

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under the Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant are set out elsewhere in this annual report.

CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES

In accordance with the guidelines specified under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has formulated a comprehensive code of conduct for Prevention of Insider Trading ("the Code") for its management staff. The Company Secretary is the compliance officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the prevention.

CEO/CFO CERTIFICATION

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company give certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

shareholders

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Seeking re-appointment at the ensuing annual general meeting:

1

MR. S.E. TANDALE

Mr. S.E. Tandale (43) is B.E. (Mech.) and is responsible for the International Business of the Company.

Other Directorships

David Brown Bharat Forge Gear Systems India Ltd. and Subsidiaries of Bharat Forge viz; Bharat Forge America Inc., Bharat Forge Kilsta AB, Bharat Forge Scottish Stampings Ltd., FAW Bharat Forge (Chang Chun) Co. Ltd., Tecnica UK Ltd. and Bharat Forge International Ltd.

*** Committee Memberships - NIL**

Mr. S.E. Tandale does not hold any Shares of the Company and is not related to any Director.

2

MR. S.M. THAKORE

Mr. S.M. Thakore (64) a Solicitor, is a partner of the law firm 'Talwar Thakore & Associates'.

Other Directorships

Alkyl Amines Chemicals Ltd., Morarjee Textiles Ltd., Uni Deritend Ltd., Uni Klinger Ltd., DSP Blackrock Investment Managers Ltd., DSP BlackRock Investment Managers (Mauritius) Ltd. and Carborundum Universal Ltd.

*** Committee Memberships**

Chairman of Share Transfer and Investors' Grievance Committee of Alkyl Amines Chemicals Ltd. and Chairman and Member of Investors' Grievance Committee and Member of Audit Committee of Morarjee Textiles Ltd.

Mr. S.M. Thakore holds 24,650 Equity Shares of Rs.2/- each of the Company.

Mr. S.M. Thakore is not related to any Director.

3

MR. P.H. RAVIKUMAR

Mr. P.H. Ravikumar (60) is B.Com., and CIIB, AIB from London. He has also done Senior Diploma in French.

Other Directorships

SKS Microfinance Ltd., Federal Bank Financial Services Ltd., Eveready Industries India Ltd., SICOM Investments and Finance Ltd., BOB Capital Markets Ltd., Mcnally Bharat Engineering Co. Ltd., Invent Assets Securitisation & Reconstruction Pvt. Ltd., Birla Capital Advisors Pvt. Ltd., Plexus Capital Ventures Pvt. Ltd., Sastha Bio Fuels Pvt. Ltd. and FVS Kairos, Hong Kong.

*** Committee Memberships**

Chairman of Audit Committee of SKS Microfinance Ltd., Member of Audit Committee of Federal Bank Financial Services Ltd, Chairman of Audit Committee of Eveready Industries India Ltd. and Member of Audit Committee of BOB Capital Markets Ltd.

Mr. P.H. Ravikumar holds 2,000 Equity Shares of Rs 2/- each of the Company.

Mr. Ravikumar is not related to any Director.

4

MR. NARESH NARAD

Mr. Naresh Narad (67) is a bachelor's of Arts, LL.B. and a veteran I.A.S. Civil Servant.

Other Directorships

FAT Pipe Networks Limited

*** Committee Memberships**

Member of Audit Committee and Shareholders' Grievance Committee of FAT Pipe Networks Limited.

Mr. Narash Narad does not hold any Shares of the Company and is not related to any Director.

5

DR. T. MUKHERJEE

Dr. T. Mukherjee (69) is M. Met and PH.D. and a veteran Metallurgist.

Other Directorships

TIL India Ltd., NICCO Corporation, West Bengal Industrial Development Corporation (WBIDC), Rane (Madras) Ltd., Tata Advanced Materials Ltd., IFB Industries Ltd. and Tractors India Pvt. Ltd.

*** Committee Memberships**

Member of Audit Committee of TIL India Ltd.

Dr. T. Mukherjee does not hold any Shares of the Company and is not related to any Director.

*Note:

As per clause 49 of the Listing Agreement Membership / Chairmanship of only Audit Committee and Shareholders' Grievance Committee has been considered.

COMMUNICATION TO SHAREHOLDERS

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 ITS WEBSITE: **WWW.BHARATFORGE.COM** REGULARLY FOR THE BENEFIT OF THE PUBLIC AT LARGE.

During the year, the quarterly results of the Company's performance have been published in leading newspapers such as Business Standard (All Editions) and Loksatta, Pune.

Website

The Company's website contains a separate dedicated section called "Investor Relations". The basic information about the Company as called for in terms of Clause 54 of the Listing Agreement with the Stock Exchanges is provided in the Company's website www.bharatforge.com and the same is updated regularly.

Annual Report

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website.

The Ministry of Corporate Affairs ("MCA"), 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 a Company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices/documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company. The Company has welcomed the Green Initiative and accordingly request the Members 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 investor@bharatforge.com or at its Registered Office at Secretarial Department, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India, immediately.

Corporate Filing and Dissemination System (CFDS)

The CFDS portal jointly owned, managed and maintained by Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web based appliaction designed by NSE for Corporates. The Shareholding pattern and Corporate Governance Report are also filed electronically on NEAPS.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web based complaints redressed system. The salient features of this system are : 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 complaint and its current status.

INVESTOR GRIEVANCES

The Company has constituted a Shareholders'/Investors' Grievances Committee for redressing shareholders and investors complaints. The status on complaints is reported to the Board of Directors as an agenda item. Details are given in the section on shareholder information on Page No. 57.

Designated Exclusive email-id

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

SHARE TRANSFER

There is an Executive Committee of the Board which meets generally twice a month to consider and approve share transfers. All share transfer work is carried out in-house by the Secretarial Department and there is no Registrars and Share Transfer Agent.

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement. It has not adopted any non-mandatory requirements.

Secretarial Audit for reconciliation of capital

In compliance with the requirements of The Securities and Exchange Board of India, the Company has at the end of every quarter submitted a certificate of Reconciliation of Share Capital Audit reconciling the total shares held by both the depositories NSDL & CDSL and in physical form duly certified by a qualified Practising Company Secretary, to the stock exchanges where the securities of the Company are listed within 30 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.

Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors and the Management, their relatives, of subsidiaries etc., that may have potential conflict with the interests of the Company at large.

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 Accounts - Schedule - forming part of the Annual Report.

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

All related party transactions are negotiated at arms length basis and intended to further the interests of the Company.

DETAILS OF NON-COMPLIANCE

Bharat Forge has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matters related to capital market during the preceeding three financial years.

GENERAL BODY MEETINGS

Date, time & venue for the last three Annual General Meetings are given in Table 6 below.

Bharat Forge has complied with all the requirements of regulatory authorities. No penalties/ strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matters related to capital market during the last three years.

Table 6: Details of last three Annual General Meetings

Financial Year	Date	Time	Venue	Special Resolutions Passed
2008-09	July 24, 2009	10.00 am	Regd. office of the Company	1 *
2009-10	July 26, 2010	10.00 am	Regd. office of the Company	None
2010-11	August 10, 2011	10.30 am	Regd. office of the Company	None

* Under Section 309 of the Companies Act, 1956 for payment of commission not exceeding 1% of the Net Profit of the Company for five years commencing from the financial year April 1, 2009 to Directors (other than Managing Director and Whole-time Directors).

Special Resolution passed through Postal Ballot :

No Special Resolution was passed through Postal Ballot during the financial year 2011-12. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

additional shareholder information

ANNUAL GENERAL MEETING

Date: July 27, 2012
Time: 10.30 a.m.
Venue: Registered Office of the Company, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

FINANCIAL CALENDAR

April 1 to March 31

For the year ended March 31, 2012, Quarterly results were announced on:

- August 10, 2011 : First quarter
- November 9, 2011 : Half yearly
- February 8, 2012 : Third quarter
- May 28, 2012 : 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

BOOK CLOSURE

The books will be closed from July 21, 2012 to July 27, 2012 (both days inclusive) as annual closure for the Annual General Meeting.

DIVIDEND

Interim Dividend (Equity Shares)

The Board of Directors of the Company at its meeting held on Saturday, March 3, 2012 had approved payment of Interim Dividend at the rate of 75% (Rs.1.50 per Share) for the financial year ending on March 31, 2012. The said dividend has been paid on March 22, 2012.

Final Dividend (Equity Shares)

The Board has recommended a Dividend of Rs.2.50 per equity share of Rs.2/- each (125%) for the year ended March 31, 2012 and would be payable on and from August 14, 2012.

Dividend declared by the Company for the last 5 years

Financial year	Dividend declared on	Dividend per share*
2010-11	August 10, 2011	Rs.3.50
2009-10	July 26, 2010	Rs.1.00
2008-09	July 24, 2009	Rs.1.00
2007-08	August 6, 2008	Rs.3.50
2006-07	July 24, 2007	Rs.3.50

*Share of paid-up value of Rs.2/- each

Chairman's Communique

Printed copy of Chairman's speech is distributed to all the shareholders at the Annual General Meeting. The same is also placed on the website of the Company.

Reminders to Investors

Reminders for unpaid dividend/ unpaid interest or redemption amount on debentures are sent to the shareholders/debenture holders as per records every year.

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

During the year under review, the Company has credited Rs. 871,030, 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. The cumulative amount of unpaid/ unclaimed dividend and matured deposits (including accrued interest thereon) transferred to IEPF upto March 31, 2012 is Rs. 1,190,371/-.

LISTING

Equity Shares of Bharat Forge are listed on the Bombay Stock Exchange Ltd., Mumbai; National Stock Exchange of India Ltd., Mumbai and Pune Stock Exchange Ltd., Pune.

USD 79.90 million 'zero coupon' Tranche A and Tranche B FCCBs, issued on April 28, 2006 are listed on the Singapore Exchange Limited (SGX-ST).

11.95% Secured Redeemable Non-convertible Debentures of Rs.250.00 crores issued on January 1, 2009 are listed on National Stock Exchange of India Ltd.

10.75% Secured Redeemable Non-convertible Debentures of Rs.350.00 crores issued on September 22, 2009 are listed on Bombay Stock Exchange Ltd.

The securities allotted on April 28, 2010, under the QIP issue viz.

- 10,000,000 equity shares of Rs. 2 each, at a price of Rs.272/- per equity share for an aggregate amount of Rs. 2,720,000,000/- (inclusive of premium) and

- 6,500,000 Warrants at a price of Rs.2/- per warrant for an aggregate amount of Rs.13,000,000/-. Every warrant is exchangeable for 1 equity share of Rs.2/- each of the Company, at any time within a period of 3 years from the date of its allotment i.e. on or before April 28, 2013, at a warrant exercise price of Rs.272/- per equity share are listed on Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and Pune Stock Exchange Ltd.

- 1,760 Secured Redeemable Non-Convertible Debentures of face value of Rs.1,000,000/- each at a coupon rate of 10.75% per annum for an aggregate amount of Rs. 1,760,000,000/- are listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

Listing on Stock Exchanges :

(I) Equity Shares :

a) Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.
Script Code - 500493

b) National Stock Exchange Of India Limited (NSE)
"Exchange Plaza", Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051

Trading Symbol - BHARATFORG

STOCK DATA

(II) Debt Securities :

a) 11.95% Secured Redeemable Non-Convertible Debentures of Rs. 250 crores - National Stock Exchange of India Limited (NSE)

b) 10.75% Secured Redeemable Non-Convertible Debentures of Rs. 350 crores - Bombay Stock Exchange Limited (BSE)

c) 10.75% Secured Redeemable Non-Convertible Debentures of Rs. 176 crores - Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

(III) Foreign Currency Convertible Bonds (FCCBs) :

a) USD 40,000,000 - 0% Tranche "A" FCCBs issued by the Company on April 28, 2006 listed on Luxembourg Stock Exchange (LUX) were redeemed on April 27, 2012 with premium of USD 17,030,400 and principal of USD 40,000,000.

b) USD 39,900,000 - 0% Tranche "B" FCCBs issued by the Company on April 28, 2006 and listed on Luxembourg Stock Exchange (LUX) are due for conversion or redemption on or before April 28, 2013.

STOCK CODES

Reuters:
BSE : BFRG.BO,
NSE: BFRG.NS

NSE: BHARATFORG

BSE: 500493

Code for Luxembourg Stock Exchange for: GDRs 021752568

Code for Singapore Exchange Limited (SGX-ST) for:

Tranche A Bond 025180267
Tranche B Bond 025180321

Table 7 below gives the monthly high and low prices and volumes of Bharat Forge Ltd. (Bharat Forge) Equity Shares at Bombay Stock Exchange Ltd., Mumbai (BSE) and National Stock Exchange of India Ltd., Mumbai (NSE) for the year 2011-12.

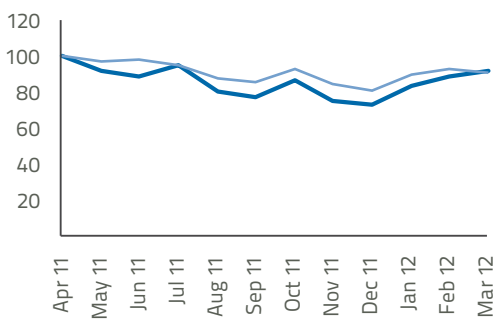
Month	Bombay Stock Exchange Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High (Rs.)*	Low (Rs.)*	Volume (Nos.)	High (Rs.)*	Low (Rs.)*	Volume (Nos.)
Apr-11	370.50	345.50	464,889	370.25	345.15	3,403,659
May-11	354.70	301.25	1,101,852	354.85	301.60	6,285,300
Jun-11	322.90	284.10	983,542	322.85	284.35	7,381,426
Jul-11	347.65	305.25	1,182,229	348.20	304.10	6,647,151
Aug-11	332.00	259.00	1,541,399	331.50	256.80	13,517,368
Sep-11	299.50	266.20	741,179	299.75	266.50	5,399,259
Oct-11	309.90	251.65	555,894	309.65	251.30	3,460,363
Nov-11	301.95	254.50	807,418	302.00	254.60	5,257,677
Dec-11	274.00	231.00	3,683,218	274.05	230.20	7,318,374
Jan-12	294.00	245.30	551,787	294.00	245.60	5,283,251
Feb-12	327.30	285.70	1,269,217	349.40	286.20	9,792,006
Mar-12	336.90	294.00	1,713,365	336.85	292.40	12,722,721

*Price in Rs. per Share

STOCK PERFORMANCE

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

Chart A: Bharat 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 2011-12 i.e. April 1, 2011.

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

Bharat Forge has no share transfer agents. The Company is SEBI Registered Category 1 - Registrar to an Issue and Share Transfer Agent. Securities of the Company are transferred in-house by the Secretarial Department of the Company. Bharat Forge's equity shares are traded on the stock exchanges compulsorily in Demat mode. The Board's Executive Committee meets twice a month for dealing with matters concerning securities of the Company.

In compliance with the Securities and Exchange Board of India (SEBI) circular dated December 27, 2002, requiring share registry in terms of both physical and electronic mode 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.

Table 8 below gives details about the nature of complaints received and resolved by the Company to the satisfaction of investors during the year under review :

AS OF THE DATE OF THIS REPORT, THERE ARE NO LEGAL PROCEEDINGS AGAINST BHARAT FORGE ON ANY SHARE TRANSFER MATTER.

Table 8: Number and nature of complaints received and redressed during the year 2011-12

Nature of complaint	No. of complaints received	No. of complaints redressed
Non-receipt of shares against warrant conversion	NIL	NIL
Short receipt of shares against warrant conversion	NIL	NIL
Non-receipt of shares lodged for transfer	1	1
Non-receipt of Dividend	3	3
Non-receipt of Sub-divided Shares	NIL	NIL
Non-receipt of Annual Report	1	1

There are no outstanding complaints as on March 31, 2012.

SHAREHOLDING PATTERN

Tables 9 & 10 below gives the pattern of shareholding by ownership & share class, respectively.

Table 9: Pattern of shareholding by ownership as on March 31, 2012

Category of Shareholder	No. of Shareholders	No. of shares held of Rs. 2/- each	Shareholding %
Promoters[1]	22	97,897,170	42.05
Financial Institutions	22	20,076,937	8.63
Mutual Funds (including Unit Trust of India)	62	14,648,442	6.29
Insurance Companies	4	8,342,309	3.58
Nationalised Banks	14	397,786	0.17
Foreign Institutional Investors (FIIs)	116	23,608,438	10.14
Bodies Corporate	833	27,826,966	11.95
Non Resident Indians (NRIs)	1,098	568,409	0.25
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	2	22,232	0.01
Public[2]	56,496	39,405,627	16.93
Total	**58,669**	**232,794,316**	**100.00**

1 and 2 : For definition of promoter's shareholding and public shareholding refer to Clause 40A of Listing Agreement.

Table 10: Pattern of shareholding by share class as on March 31, 2012

Category (Shares)	Number of shareholders	Number of shares held of Rs. 2/- each	Shareholding %
1 to 5,000	57,562	15,364,725	6.60
5,001 to 10,000	519	3,655,726	1.57
10,001 to 20,000	219	3,141,041	1.35
20,001 to 30,000	81	1,998,650	0.86
30,001 to 40,000	43	1,508,554	0.65
40,001 to 50,000	24	1,098,940	0.47
50,001 to 100,000	71	4,837,211	2.08
100,001 and above	150	201,189,469	86.42
Total	**58,669**	**232,794,316**	**100.00**

DISCLOSURE UNDER CLAUSE 5AII OF THE LISTING AGREEMENT IN RESPECT OF UNCLAIMED SHARES

The Securities and Exchange Board of India (SEBI) vide its circular No.CIR/CFD/DIL/10/2010 dated December 16, 2010 amended Clause 5A of the Equity Listing Agreement for dealing with unclaimed shares in physical form. In compliance with this amendment, the Company had sent three reminders to such shareholders whose share certificates are in undelivered form and hence remain unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account".

The Company is in the process of sending the Share Certificates to those shareholders who have claimed their respective shares in response to above reminders.

COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Auditors of the Company, M/s. Dalal & Shah, confirming compliance with the conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement, is attached to the Directors' Report forming part of the Annual Report.

This certificate has also been forwarded to the Stock Exchanges where the securities of the Company are listed.

DEMATERIALISATION

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2012, dematerialised shares accounted for 91.31% (52.82% upto March 31, 2011) of total Equity. The details of dematerialisation of shares are given in Table 11 below.

Table 11: Dematerialisation of Shares as on March 31, 2012

Sr. No.	Mode of holding	%
1	NSDL	87.87
2	CDSL	3.44
3	Physical	8.69
	Total	**100.00**

CEO AND CFO CERTIFICATION

The Chairman & Managing Director and the Cheif Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Chairman & Managing Director and the Cheif Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS AND ITS IMPLICATIONS ON PAID UP EQUITY SHARE CAPITAL (PLEASE REFER TO TABLE 12 BELOW)

Out of 60,000 - 0.5% FCCBs of Tranche 2, 1,250 FCCBs were converted into 142,045 equity shares of Rs. 2/- each and were allotted on April 9, 2010. The balance outstanding Tranche 1 and tranche 2 FCCBs were redeemed on April 20, 2010.

On April 28, 2006, 400 Zero Coupon FCCBs Tranche A and 399 Zero Coupon FCCBs Tranche B of USD 100,000 each were issued aggregating to USD 79.90 million which were outstanding as on March 31, 2012.

On April 28, 2010, interalia, the following securities were allotted under the QIP issue:

- 10,000,000 equity shares at a price of Rs.272/- per equity share for an aggregate amount of Rs.2,720,000,000/- (Rupees Two Hundred and Seventy Two crores) inclusive of premium.
- 6,500,000 Warrants at a price of Rs.2/- per warrant for an aggregate amount of Rs.13,000,000/- (Rupees One Crore and Thirty Lacs). Warrants are exchangeable for 1 equity share for every warrant during the warrant exercise period at the warrant exercise price of Rs. 272/- per share.

NOTES:

1. On April 9, 2010, 142,045 equity shares of Rs.2/- each have been allotted on conversion of 1,250 FCCBs (Tranche 2) and paid up equity share capital increased to Rs. 445.588 million.

2. On April 28, 2010, 1,00,00,000 equity shares of Rs.2/- each have been allotted to Qualified Institutional Buyers under the QIP issue and paid up equity share capital increased to Rs. 465.588 million.

PLANT LOCATIONS

Mundhwa, Pune Cantonment,
Pune – 411 036

Gate No. 635, Kuruli Village,
Chakan, Tal- Khed,
District Pune – 410 501

Opposite Jarandeshwar Railway Station, Post - Vadhuth, District Satara – 415 011

Kusumbe, Jalgaon-Ajantha Road,
Jalgaon – 425 003

Tandulwadi & Wanjarwadi, Tal. Baramati, Dist. Pune – 413 206

INVESTOR CORRESPONDENCE ADDRESS

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

COMPLIANCE OFFICER

Mr. Ajay Sharma, Company Secretary, is the Compliance Officer for complying with the requirements of Securities Law and the Listing Agreement with the Stock Exchanges of India.

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i. In respect of Electronic holdings – with Depository Participant

ii. In respect of Physical Holdings – with the Company at investor@bharatforge.com

Table 12: 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
2009-10	NIL	NIL
2010-11	NIL	NIL
2011-12	NIL	NIL

* Details given in the previous paragraphs.

TO THE BOARD OF DIRECTORS OF BHARAT FORGE LIMITED

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

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 statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief:

   i) these statements 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 2011-12 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 statements; 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.

S.G. JOGLEKAR
Chief Financial officer

B.N. KALYANI
Chairman &
Managing Director

Mumbai: May 28, 2012

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 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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 Dalal & Shah
Firm Registration Number : 102021W
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

Mumbai: May 28, 2012

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012:

To,

The Members,

Your Directors have pleasure in presenting the Fifty-first Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2012.

1. PERFORMANCE OF THE COMPANY:

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

2011-12	2010-11	% Increase
₹ 37,521 million	₹ 29,935 million	25.34

During the year under review, the total income of the Company was ₹ 37,521 million, (previous year ₹ 29,935 million) representing an increase of 25.34%.

Our customers both in domestic and international markets witnessed strong demand. The Company was able to support increased demand by improving productivity of existing operations as also ramping up production at its Baramati facility.

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

2011-12	2010-11	% Increase
₹ 17,347 million	₹ 12,195 million	42.25

During the year under review, Exports turnover of the Company was ₹ 17,347 million, (previous year ₹ 12,195 million) representing an increase of 42.25%.

The Company on its Global front has seen an increase of supply of approx. 45% both in North American and European Markets as compared to the Financial Year 2010-11. This increase seen was 9% for the Rest of the World. Penetration in the Global Automotive/ Non Automotive sector was primarily on account of being a high quality, cost competitive, technically advanced supplier for critical components. The major growth drivers for the Company over the past 2 years have been new customer additions, new product development, new segments and increased business with all marquee customers generating strong order pipe-line.

The Company has demonstrated sustained growth in Non Auto business driven by oil & gas, construction & mining sector along with the strong presence witnessed in Automotive sector.

The Company continues to increase its penetration both in Automotive and Non Automotive sectors inspite of all applicable sectors showing high volatility.

c) Financials: (On stand-alone basis):

(₹ in Million)

	Current Year	Previous Year
1) Total Income	**37,520.70**	29,935.47
2) Exports Revenue	**17,347.09**	12,195.09
3) Net Profit		
Profit for the year before Taxation & Exceptional Item	**6,174.74**	4,473.58
Add/(Less): Exceptional Item	**(704.16)**	-
Provision for Taxation		
Current tax	**1,812.00**	876.71
- Deferred	**37.85**	491.20
- (Excess)/short provision for the taxation & tax payments	**-**	(2.58)
Net Profit	**3,620.73**	3,108.25
Balance of Profit from Previous Year	**8,284.10**	6,833.23
Profit available for appropriation	**11,904.83**	9,941.48

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.):

APPROPRIATIONS:		
Interim Dividend on Equity Shares	**349.19**	-
Tax on above dividend	**56.65**	-
Proposed Final Dividend on Equity Shares	**581.99**	814.78
Tax on above dividend	**94.41**	132.18
Debenture Redemption Reserve	**408.60**	399.42
Transfer to General Reserve	**362.10**	311.00
Surplus retained in Profit & Loss Account	**10,051.89**	8,284.10

2. DIVIDEND:

Your Company declared and paid an Interim Dividend of 75% i.e. ₹ 1.50 per Equity Share of the face value of ₹ 2 each, totaling to ₹ 349.19 million (exclusive of tax on dividend).

Your Directors are pleased to recommend a Final Dividend of 125% i.e. ₹ 2.50 per Equity Share of the face value of ₹ 2 per Equity share aggregating to ₹ 581.99 million (exclusive of tax on dividend) for the financial year ended March 31, 2012 for your approval.

The Final Dividend, if approved, will be paid to the eligible members within the stipulated period.

3. CONSOLIDATED FINANCIAL STATEMENTS:

Consolidated Financial Statements in accordance with Accounting Standard-21 issued by The Institute of Chartered Accountants of India have been provided in the Annual Report. These Consolidated Financial Reports provide financial information about your Company and its subsidiaries as a single economic entity. The Consolidated Financial Statements form part of this Annual Report.

4. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report (MD&A) for the year under review, as stipulated under clause 49 of the listing agreement with stock exchanges in India, is presented in a separate section forming part of the Annual Report.

In line with its aspiration of ongoing growth, the Company has entered into various Joint Ventures / Alliances as elaborately dealt with in MD&A.

5. SUBSIDIARIES:

The Company has 18 subsidiaries of which 13 are overseas and 5 are in India. A summary of their performance is given elsewhere in the Annual Report.

In light of improvement in market conditions in year 2011 over earlier year and restructuring initiatives, overseas subsidiaries of the Company have shown improvement in the financial performance. Company's initiatives in capital goods sector and Engineering, Procurement and Construction activities are in start up phase and will be operational by Financial Year 2013 - 2014.

As a part of such restructuring program, operations and assets of Bharat Forge Scottish Stampings Ltd. (BFSSL), subsidiary of the Company active in the European markets, were transferred to other group companies in Bharat Forge Group. Hence, the accounts of BFSSL have been prepared not under 'going concern' basis.

The Auditors of Bharat Forge America Inc. (BFA), subsidiary of the Company, active in the North American markets, have, without qualifying their reports, expressed a possibility about BFA's inability to continue as going concern due to market conditions in North America. BFA has implemented various measures to improve the performance, which include successful Union negotiations, new business initiatives with widening customer base and product portfolio, a very tight control on costs etc. Although, BFA is taking steps for overall improvement in operating performance, as a matter of prudence, the Company has taken a provision of ₹ 704 million for impairment of its investment in BFA. Such provision do not have any cash flow impact as well as any adverse impact on consolidated financials of the Company.

During the year, the Company started routing of some of its exports through its wholly owned subsidiary in U.K. namely Bharat Forge International Limited (BFINTL). BFINTL is formed for better logistic and supply chain management.

A significant portion of the consolidated revenue is generated by the subsidiary companies. Detailed analysis of the working of the subsidiary companies appears in the MD&A section.

6. SUBSIDIARY COMPANIES ACCOUNTS:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.):

the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Accordingly, Company has not attached the Balance Sheet and other documents required to be attached under Section 212(1) of the Companies Act, 1956, of its subsidiary companies, namely:

Foreign Subsidiaries:

i) CDP Bharat Forge GmbH, Germany,
ii) Bharat Forge Holding GmbH, Germany
iii) Bharat Forge Aluminiumtechnik GmbH & Co. KG, Germany
iv) Bharat Forge Aluminiumtechnik Verwaltungs GmbH & Co. KG, Germany
v) Bharat Forge Daun GmbH, Germany
vi) Bharat Forge America Inc., U.S.A.
vii) Bharat Forge Beteiligungs, GmbH, Germany
viii) Bharat Forge Kilsta AB, Sweden
ix) Bharat Forge Scottish Stampings Ltd., Scotland
x) Bharat Forge Hong Kong Ltd., Hong Kong
xi) FAW Bharat Forge (Changchun) Company Ltd., China
xii) BF New Technologies GmbH, Germany and
xiii) Bharat Forge International Ltd., U.K.

Indian Subsidiaries:

xiv) BF-NTPC Energy Systems Ltd.
xv) Kalyani ALSTOM Power Ltd.
xvi) BF Infrastructure Ltd.
xvii) BF Infrastructure Ventures Ltd. and
xviii) BF Power Equipment Ltd.

A gist of the financial performance of the subsidiaries is given in this Annual Report.

7. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs):

REDEMPTION:

On April 28, 2006, the Company had issued Foreign Currency Convertible Bonds (FCCBs) (Tranche A & Tranche B), optionally convertible into Global Depository Receipts (GDRs)/ Equity Shares, aggregating to US $ 79.90 million, in terms of Offering Circular dated April 24, 2006, mainly to finance capital expenditure and global acquisitions.

Out of this, FCCBs - Tranche A, aggregating to US $ 57,030,400 (including principal of US $ 40,000,000 and redemption premium of US $17,030,400) were redeemed by the Company in April, 2012.

8. QIP ISSUE:

Pursuant to authorization given by the members by postal ballot on February 27, 2010, the QIP Committee of Directors had issued and allotted on April 28, 2010, 10,000,000 equity shares of ₹ 2 each, 6,500,000 convertible Warrants and 1,760 Secured Redeemable Non Convertible Debentures under QIP issue. The proceeds of the QIP issue have been utilized for long term funding requirements.

9. TERM DEPOSITS:

As on March 31, 2012, 16 Depositors having deposits aggregating to ₹ 195,000 did not collect the amounts due. However, as of May 28, 2012, 1 deposit of ₹15,000 was transferred to Investor Education and Protection Fund (IEPF) as per requirements of law. Presently, the Company does not accept/renew deposits.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.):

10. PARTICULARS OF EMPLOYEES:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act 1956, Annual Report excluding the aforesaid information is being sent to all the members and others entitled thereto.

Any member interested in obtaining such particulars, may write to the Company Secretary at the registered office of the Company.

11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is provided as Annexure - I to this report.

12. DIRECTORS:

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S.E. Tandale, Mr. S. M. Thakore, Mr. P.H. Ravikumar, Mr. Naresh Narad and Dr. T. Mukherjee, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

13. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) in the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(ii) 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, 2012 and of the profit of the Company for the year under review;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors had prepared the annual accounts for financial year ended March 31, 2012 on a 'going concern' basis.

14. AUDITORS AND AUDITORS' REPORT:

M/s. Dalal & Shah, Chartered Accountants, Mumbai (Firm Registration No.102021W) are the present Statutory Auditors of the Company.

The Company has received a Special Notice pursuant to the provisions of Sections190 and 225 of the Companies Act, 1956 proposing M/s. S. R. Batliboi & Company, Chartered Accountants, Pune (Firm Registration No. SRBC 301003E) as the Statutory Auditors of the Company in place of M/s. Dalal & Shah.

Accordingly, it is proposed to appoint M/s. S. R. Batliboi & Company, Chartered Accountants, Pune (Firm Registration No. SRBC 301003E) as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

The requisite certificate pursuant Section 224(1B) of the Companies Act, 1956, has been received from M/s. S. R. Batliboi & Company, Chartered Accountants, Pune.

The observations and comments given by the Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

15. COST AUDITORS:

The Board has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, as the Cost Auditors of the Company under Section 233 of the Companies Act, 1956 for the financial year 2012-13.

16. CORPORATE GOVERNANCE:

The Company has adopted the Corporate Governance Policies and Code of Conduct which has set out the systems, processes and policy conforming to international standards. The report of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.):

A Certificate from the Auditors of the Company, M/s. Dalal & Shah, Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

17. TRANSFER OF FUNDS TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend which remain unpaid or unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund.

18. ACKNOWLEDGEMENT:

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Central Government and 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 & Managing Director, for his untiring efforts for the progress of the Company.

For and on behalf of the
Board of Directors
B.N. KALYANI
Chairman & Managing Director

Mumbai: May 28, 2012

ANNEXURE -I

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012:

I. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

i) Maintain unity power factor for Bharat Forge plant.
ii) Use of Re-generative Burner Technology.
iii) Energy saving by optimum utilization of the furnaces.
iv) Overall Equipment Effectiveness improvement of each unit.
v) Measuring and controlling air-fuel with Programmable Logic Controller of fuel fired furnace.
vi) Use of centrifugal oil cleaning system.
vii) Use of recuperative system.
viii) Significant improvement in Overall Equipment Effectiveness (OEE) of forging units.
ix) Cycle time reduction of forging units
x) Sharp focus on hot billet utilisation of Induction heated lines resulting in significantly lower energy consumption
xi) Systematic maintenance of furnaces to ensure optimum performance on sustainable basis.
xii) Introduced use of Centrifugal oil cleaning systems to improve oil quality; resulted in significant reduction in oil consumption
xiii) Plant wide load management to achieve unity power factor.
xiv) Replaced old forklifts with modern fuel efficient forklifts.
xv) Installed translucent sheets for natural light inside shop floor.
xvi) Implemented lean manufacturing initiatives resulting in significantly lower material movement and thus fuel consumption on forklifts.
xvii) Replaced old compressors with new generation energy efficient compressors.
xviii) Installed evaporative cooling systems instead of air conditioners in shop offices.
xix) Introduced use of Automatic Slip Resistance motor starters in place of soft starters to reduce harmonic currents .
xx) Installed metal halide lamps in place of sodium-mercury vapor lamps.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.):

xxi) Installed natural draft water cooling towers in place of forced cooling towers
xxii) Introduced Turbo ventilators for air circulation in shop floors.
xxiii) Introduced centralised car parking to restrict vehicle traffic inside plant, to reduce fuel consumption and air pollution
xxiv) Used energy efficient motors in various equipment.
xxv) Adopted modern oil quality monitoring equipment to improve performance of machines and reduce energy consumption.
xxvi) Used LED lamps in place of conventional lighting systems in plant canteen.
xxvii) Replaced old ineffective controllers with PLC based systems on fuel fired furnaces.
xxviii) Increase air reservoir capacity to reduce energy consumed by air compressors in Baramati hammer shop.
xxix) Adopted modern regenerative combustion technology on large forge furnace in Baramati.
xxx) Replaced old ineffective recuperators with new ones on few furnaces.
xxxi) Used zero air loss drain valves on air reservoirs.
xxxii) Initiated Diploma in Energy Management program with help of external institute for select persons in plant to enhance knowledge and spread awareness in energy conservation across plant.
xxxiii) Achieved zero discharge of effluent in Mundhwa Plant.
xxxiv) Re-cycled water from effluent treatment plant for garden.
xxxv) Implemented scientific tree plantation to reduce atmospheric pollution.
xxxvi) Reduced solid waste & adopted eco friendly waste disposal.
xxxvii) Used drip irrigation to reduce water consumption.
xxxviii) Implemented rain water harvesting.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
i) Conversion of additional forge and heat treatment furnaces to Re-generative combustion system.
ii) Replacement of old inefficient Induction heaters with new energy efficient modular induction heaters.
iii) Use of centrifugal oil cleaning system on additional furnaces.
iv) Use of environment friendly fuels such as Bio-diesel
v) Installation of CAAQMS (Continuous Ambient Air Quality Monitoring Station).
vi) Ozonation treatment for waste water.
vii) Mechanical composting of canteen waste.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

i) Lower energy consumption.

ii) Significant reduction in Carbon Emission.

iii) Hedge against continuous energy rate increase.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the schedule thereto:

(A) Power & Fuel consumption for the period April 1, 2011 to March 31, 2012

			2011-12	2010-11
1	**Electricity:**			
	(a)	**Purchased:**		
		Units (KWH in Thousand)	**221,766**	202,592
		Total Amount (₹ in million)	**1,499.98**	1,110.11
		Rate / (₹/KWH)	**6.76**	5.48
	(b)	**Own Generation:**		
		Through Diesel Generator	**NIL**	NIL
		Through Steam Turbine / Generator	**NIL**	NIL
2	**Coal**		**NIL**	NIL
3	**Furnace Oil: (included in Fuel Oil)**		**NIL**	NIL

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.):

4	**Others:**		
i)	**Fuel Oil**		
	Qty. (KL)	**33,182**	34,221
	Total cost (₹ in million)	**1,300.88**	995.04
	Rate (₹/KL)	**39,204**	29,077
ii)	**LPG:**		
	Qty. (Kgs. in thousand)	**7,328**	7,127
	Total Cost (₹ in million)	**370.99**	303.11
	Rate (₹/Kg.)	**50.63**	42.53
B)	**Consumption per unit of production:**		
1	Steel Forgings (Unit: MT)		
	Electricity (Unit: KWH)	**689**	745
	Fuel Oil (KL)	**0.148**	0.178
	LPG (Kgs.)	**33**	37
2	Crankshafts and others (Unit: Nos.)		
	Electricity (Unit: KWH)	**57**	60
3	General Engineering and Material Handling Equipments (Unit: Nos.)		
	Electricity (Unit: KWH)	**13,576**	50,325

II. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form-A of the Annexure to the rules:

1. Research & Development (R&D):
   a) Specific areas in which R&D carried out by the Company:
      i) Crankshaft re-engineering to improve strength to weight ratio and fatigue strength.
      ii) Development of Hollow Shaft manufacturing.
      iii) Effect of strain, strain rate and temperature on deformation of IN-718 super alloys.
      iv) Development of resonance frequency search methodology for optimal shaker performance for fatigue testing.
      v) Crankshaft bending fatigue testing at asymmetric loading condition at load ratio R=0.2 using servo hydraulic test rig.
      vi) Study on effect of heat treatment parameter on residual stress and quench cracking.
      vii) Developed mathematical modeling of die wear in hot forging applications.
      viii) Improve fatigue strength of micro alloyed crankshafts.
      ix) Simulation of end defects in rolling.
      x) Light weighting of Crankshafts & Front Axle Beams.
      xi) Innovative manufacturing process for truck Spindles.
      xii) Innovative handling / Spray system for cycle time reduction.
      xiii) Floating die system for eliminating mismatch.
      xiv) Innovative manufacturing process for high pressure pump Crankshaft.
   b) Benefits derived as a result of the above R&D:

      Customer's satisfaction and new business opportunities because of cost, quality and speed.
   c) Future Plan of Action:
      i) Development of heat treatment process modeling and simulation capability.
      ii) Effect of nitride layer on wear life of hot forging dies.
      iii) Simulation study on solidification defects like segregation cavities in ingot cast products in steel 20 to 35 MT ingots.
      iv) Development of plasma nitriding process on Crankshafts.
      v) Study of grain refinement and analysis of high temperature deformation behaviour as a function of temperature and strain rate in titanium alloys.
      vi) Optimization of cooling rate to achieve improved Fracture Appearance Transition Temperature.
      vii) Time series modeling of wear on forging dies.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD.):

d) Expenditure on R&D:

Sr. No.	Particulars	(₹ in million)
i)	Capital	14.71
ii)	Recurring	74.18
iii)	Total R&D expenditure	88.89
iv)	TOTAL INCOME	37,521
v)	Total R&D expenditure as a percentage of total income	0.24%

2. Technology Absorption, Adaptation and Innovation:

a) Efforts, in brief, made towards technology absorption, adaptation and innovation:

i) Development of turbine blade forging.
ii) Technology development on aerospace forgings.
iii) Development of Rotor Shafts for Steam Turbine applications.
iv) Metal flow simulation and design optimization.
v) Development of fatigue testing with different load ratios.
vi) Fatigue strength of Crankshafts.

Technical Papers:

- Five technical papers were presented at International Forging Congress (IFC) 2011.
- One technical paper was published and presented at SAE 2010 World Congress, U.S.A.:
  Optimization of crankshaft torsional rigidity for fatigue strength improvement using CAE.

b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.:

i) Product Improvement : Light Weighting
ii) New processes developed.
iii) 'First time Quality' with reduced development cycle time for new part development.
iv) Improved yield and die life.
v) Customer satisfaction and new business opportunities.

c) In case of imported technology (imported during the last 5 years from the beginning of the financial year):

Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefore, and future plan of action
Technology development with TIMET on Titanium development	2009	In progress	Few parts developed with Ti-6A1V4 material & result found satisfactory

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

- Company has gained market share in Passenger Car business by award of new business for supplying components in North American, European and Korean Market.
- Backed by several decades of experience in metallurgy and automotive component manufacturing, the Company has made foray into the transportation industry and has won orders from major locomotive customer.
- Increased penetration in Oil and Gas sector has been resulted in new business for both surface and subsea equipment markets.
- Company through its focus on enhancing its ability for value addition has been able to increase its penetration for Existing and New Customers.

b) Total foreign exchange earning and outgo for the financial year is as follows:

i) Total Foreign Exchange earning : ₹ 17,842.23 million.
ii) Total Foreign Exchange outgo : ₹ 3,423.39 million.

For and on behalf of the
Board of Directors
B.N. Kalyani
Chairman & Managing Director

Mumbai: May 28, 2012

AUDITORS' REPORT TO THE MEMBERS OF BHARAT FORGE LIMITED

1. We have audited the attached Balance Sheet of **Bharat Forge Limited** ("the Company") as at 31st March, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C), of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

ANISH AMIN
Partner
Membership Number - 40451

Mumbai : 28th May, 2012

AUDITORS' REPORT TO THE MEMBERS OF BHARAT FORGE LIMITED (CONTD.)

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bharat Forge Limited on the financial statements for the year ended 31st March, 2012:

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

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and such physical verification have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

   (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at 31st March, 2012 which have not been deposited on account of a dispute, are as follows:

AUDITORS' REPORT TO THE MEMBERS OF BHARAT FORGE LIMITED (CONTD.)

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Bharat Forge Limited on the financial statements for the year ended 31st March, 2012 (contd.):

Name of the statute	Nature of dues	Amount (₹ in millions)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	-	-	-	-
Income Tax	-	-	-	-
Wealth Tax	-	-	-	-
Service Tax	Demand received from various cases	37.38	2006 to 2011	Commissioner Appeals
Custom Duty	Demand received from various cases	49.97	2004-2005	Commissioner Appeals
Excise	Demand received from various cases	142.99	2006 to 2011	Commissioner Appeals
Property Tax	Demand received from various cases	82.55	2005-2011	High Court

10. The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has created securities and registered charges in respect of debentures issued and outstanding at the year-end. The details of security are disclosed in Note No. 4(a) to the Financial Statements.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

ANISH AMIN
Partner
Membership Number : 40451

Mumbai : 28th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012:

(₹ in Million)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES:			
(1) Shareholders' funds:			
(a) Share capital	2	**465.68**	465.68
(b) Reserves and surplus	3	**20,965.27**	19,488.18
		21,430.95	19,953.86
(2) Non-current liabilities:			
(a) Long-term borrowings	4	**16,003.98**	13,941.37
(b) Deferred tax liabilities (Net)	5	**1,271.52**	1,556.19
(c) Other Long-term liabilities	6	**7.15**	5.88
(d) Long-term provisions	7	**299.58**	274.90
		17,582.23	15,778.34
(3) Current liabilities:			
(a) Short-term borrowings	8	**840.98**	661.30
(b) Trade payables	9	**6,696.31**	6,164.33
(c) Other current liabilities	10	**5,375.78**	875.95
(d) Short-term provisions	11	**1,355.45**	1,206.93
		14,268.52	8,908.51
TOTAL		**53,281.70**	44,640.71
II. ASSETS:			
(1) Non-current assets:			
(a) Fixed assets			
(i) Tangible assets	12	**17,961.99**	17,632.57
(ii) Capital work-in-progress		**2,890.61**	784.38
(b) Non-current investments	13	**5,115.52**	5,716.26
(c) Long-term loans and advances	14	**4,035.59**	3,442.21
(d) Other non-current assets	15	**788.05**	417.35
		30,791.76	27,992.77
(2) Current assets:			
(a) Current investments	16	**3,732.78**	2,427.25
(b) Inventories	17	**5,031.34**	4,684.34
(c) Trade receivables	18	**4,911.75**	4,313.21
(d) Cash and bank balances	19	**5,386.24**	2,320.40
(e) Short-term loans and advances	20	**2,634.57**	2,124.75
(f) Other current assets	21	**793.26**	777.99
		22,489.94	16,647.94
TOTAL		**53,281.70**	44,640.71
Summary of significant accounting policies followed by the Company	1		

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

Mumbai: 28th May, 2012

AJAY SHARMA
Company Secretary

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012:

(₹ in Million)

Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
I. Sales (Gross)		**37,449.71**	29,962.73
Less: Excise duty		**1,683.23**	1,528.88
		35,766.48	28,433.85
Other Operating Revenue		**1,093.26**	1,036.19
Revenue form operations (Net)	22	**36,859.74**	29,470.04
II. Other income	23	**660.96**	465.43
III. Total Revenue (I + II)		**37,520.70**	29,935.47
IV. Expenses:			
Cost of materials consumed	24	**16,496.20**	13,661.52
Changes in inventories of finished goods, work-in-progress	25	**(162.12)**	(358.32)
Employee benefits expense	26	**2,542.55**	2,104.77
Finance costs	27	**1,504.65**	1,214.42
Depreciation and amortization expense	28	**2,149.33**	1,932.68
Other expenses	29	**8,815.35**	6,906.82
Total expenses (IV)		**31,345.96**	25,461.89
V. Profit before exceptional item and tax (III-IV)		**6,174.74**	4,473.58
VI. Exceptional item:			
Diminution in value of Investment in Bharat Forge America Inc. [see Note 13(b)]		**704.16**	-
VII. Profit before tax (V - VI)		**5,470.58**	4,473.58
VIII. Tax expense:			
(1) Current tax		**1,812.00**	876.71
(2) Deferred tax		**37.85**	491.20
(3) (Excess) / Short provision for taxation and tax payments		**-**	(2.58)
		1,849.85	1,365.33
IX. Profit after tax for the year (VII -VIII)		**3,620.73**	3,108.25
X. Earnings per equity share: (in ₹) (Nominal value per Share ₹ 2/-)	30		
(1) Basic		**15.55**	13.39
(2) Diluted		**15.53**	13.11
Summary of significant accounting policies followed by the Company	1		

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

Mumbai: 28th May, 2012

AJAY SHARMA
Company Secretary

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012:

(₹ in Million)

Sr. No.	Particulars		2011-12	2010-11
A	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit before tax		**5,470.58**	4,476.08
	Adjustments For:			
	Interest / Depreciation / Other Non Cash Expenses:			
	i) Depreciation and amortisation		**2,149.33**	1,932.68
	ii) Loss on assets sold, demolished, discarded (Net)		**(6.36)**	0.40
	iii) Adjustments in respect of earlier years -			
	Excess/ (short) provision for taxation and tax refunds		**-**	2.58
	iv) Bad debts, irrecoverable advances and sundry balances written off		**24.82**	23.50
	v) Diminution in value of Investment		**704.16**	-
	vi) EVRS Compensation		**7.09**	5.05
	vii) Interest paid		**1,299.63**	1,214.42
	viii) Exchange Loss/(Gain)		**98.25**	23.56
	ix) Provision for Doubtful Debts & Advances		**-**	13.12
		Total	**4,276.92**	3,215.31
	Interest / Dividend / Other Income Adjustments:			
	i) Interest Received		**(207.65)**	(89.63)
	ii) Dividend		**(221.26)**	(142.71)
	iii) Profit on sale of investments		**(38.27)**	(52.13)
	iv) Provisions no longer required		**(1.20)**	(19.82)
	v) Bad debts recovered		**-**	(0.10)
		Total	**(468.38)**	(304.39)
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES		**9,279.12**	7,387.00
	Changes in Working Capital:			
	(Increase) / Decrease in Current Assets:			
	i) Inventories		**(347.00)**	(736.36)
	ii) Sundry debtors		**(623.36)**	(1,148.74)
	iii) Other current assets and loans and advances		**(788.35)**	(1,246.64)
			(1,758.71)	(3,131.74)
	Increase / (Decrease) in Current Liabilities:			
	Liabilities		**1,156.20**	(314.58)
			1,156.20	(314.58)
		Total	**(602.51)**	(3,446.32)
	CASH GENERATED FROM OPERATIONS		**8,676.61**	3,940.68
	Direct taxes paid		**(1,708.05)**	(530.77)
	NET CASH FROM OPERATING ACTIVITIES	**(A)**	**6,968.56**	3,409.91

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

(₹ in Million)

Sr. No.	Particulars		2011-12	2010-11
B	**CASH FLOW FROM INVESTMENT ACTIVITIES:**			
	i) Investment in Subsidiary Companies		**(103.42)**	(805.44)
	ii) (Increase) / Decrease in Investment in Mutual funds/Fixed Deposit		**(1,605.53)**	(328.64)
	iii) Capital expenditure		**(4,259.07)**	(2,025.37)
	iv) Interest Capitalised		**22.24**	10.21
	v) Sale proceeds of assets		**16.61**	5.84
	vi) Loan to Wholly Owned Subsidiaries		**-**	(632.36)
	vii) Non Operating Income - Interest, Dividend, etc.		**467.18**	284.47
		Total	**(5,461.99)**	(3,491.29)
	NET CASH USED IN INVESTING ACTIVITIES	**(B)**	**(5,461.99)**	(3,491.29)
C	**CASH FLOW FROM FINANCING ACTIVITIES:**			
	Increase / (Decrease) in Share Capital / Borrowings:			
	i) Share Capital		**-**	20.28
	ii) Secured loans - Term Loans		**(5.97)**	1,868.22
	iii) FCCBs, Fixed deposits and other unsecured loans		**4,037.45**	(5,648.23)
	iv) Cash credit & other borrowings from banks		**144.52**	(19.87)
		Total	**4,176.00**	(3,779.60)
	Adjustments to net worth:			
	i) Debenture Issue Expenses		**-**	(19.51)
	ii) Share Issue Expenses		**-**	(90.05)
	iii) Share Premium		**-**	2,754.28
	iv) Package Incentive Scheme		**34.08**	-
	v) Warrant Application Money		**-**	13.00
		Total	**34.08**	2,657.72
	Interest Paid:			
	i) Interest Paid		**(1,285.83)**	(1,128.90)
	ii) Capitalised		**(22.24)**	(10.21)
		Total	**(1,308.07)**	(1,139.11)
	Dividend including tax thereon		**(1,342.74)**	(272.22)
	NET CASH USED IN FINANCING ACTIVITIES	**(C)**	**1559.27**	(2,533.21)
	Net change in cash and cash equivalents	**(A+B+C)**	**3,065.84**	(2,614.59)
	Cash and cash equivalents as at 01.04.11 (Opening balance) *		**2,320.40**	4,934.99
	Cash and cash equivalents as at 31.03.12 (Closing balance) *		**5,386.24**	2,320.40

* Includes Earmarked balances with bank (against unclaimed dividend) ₹ 24.42 million (previous year ₹ 14.57 million)

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

Mumbai: 28th May, 2012

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

AJAY SHARMA
Company Secretary

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012:

1 Summary of significant accounting policies followed by the Company:

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

1. System of Accounting:

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

ii. Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

iii. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2. Fixed Assets and depreciation:

A. Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. The fixed assets manufactured by the Company are stated at manufacturing cost. Fixed Assets are shown net of accumulated depreciation (except free hold land) and amortisation. Also refer Para 4(i).

B. Expenditure on New Projects and Expenditure during Construction etc. :

In case of new projects and in case of substantial modernisation or expansion at the existing units of the Company, expenditure incurred including interest on borrowings and financing costs of specific loans, prior to commencement of commercial production is capitalised to the cost of assets. Trial Run expenditure is also capitalised.

C. Depreciation and amortisation:

a) Lease hold land and Power Line:

Premium on leasehold land is amortized over the period of lease and expenditure on power line is amortized over a period of seven year

b) Other Fixed Assets:

i. Depreciation on additions to Buildings, Plant & Machinery, Railway Sidings, Electrical Installations and Aircrafts is being provided on "Straight Line Method" basis in accordance with the provisions of Section 205(2(b) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the said Act.

ii. Depreciation in respect of other assets viz. Factory Equipments, Computers, Engineering Instruments, Furniture & Fittings, Office Equipments and Vehicles is being provided on "Written down value" basis in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said Act.

c) i. Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/installation.

ii. 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.

iii. Depreciation on additions on account of increase in Rupee value due to revalorisation of foreign currency loans is being provided at rates of depreciation over the future life of said asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

3. 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:

i. Raw materials and components, stores and spares are valued at cost. The costs are ascertained using the weighted average method, except in case of slow moving and obsolete material, at lower of cost or estimated realisable value.

ii. Work-in-progress and finished goods are valued at the lower of cost or estimated realisable value.

iii. Scrap is valued at estimated realisable value.

iv. Goods in transit are stated at actual cost upto the date of Balance Sheet.

v. Dies are amortised over their productive life. Expenditure incurred to repair the dies from time to time is charged to profit and loss account.

4. Foreign Currency Conversion:

i. Foreign currency exposure in respect of Long Term Foreign Currency Monetary items, for financing fixed assets, outstanding at the close of the financial year are revalorised at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in Rupee liability due to fluctuation in rate of exchange is recognised in the Profit & Loss Account.

ii. Current Assets and other Liabilities in foreign currency and foreign currency exposure in respect of foreign currency loans other than for financing fixed assets outstanding at the close of the financial year are valued at the contracts and/or appropriate exchange rates at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Profit & Loss Account.

iii. Though the accounting policy detailed in (i) and (ii) above has been consistently followed in terms with the Accounting Standard 11, the policy has been overridden by an amendment to the aforementioned accounting standard for limited period of time as stated in Note No. 3(d) to the Financial Statements.

iv. Foreign Currency Hedging Instruments:

Outstanding Contracts, entered into by the Company intended to serve as a hedge against Foreign Exchange Fluctuations to protect the foreign currency cash flows are marked to market value at the close of each accounting period. The valuation gains and losses in respect of such contracts , where they are intended to hedge future cash flows arising from foreign currency monetary items existing on the valuation date are recognised in the profit and loss account and where they are intended to hedge future cash flows consequent to highly probable forecast transactions are, if effective, carried to Hedge Reserve to flow to the Profit and Loss account when the transactions occur, else are recognised in the Profit and Loss Account.

5. Technical Know-how Fees:

Expenditure on acquiring Technical Know-how is being amortized over a period of six years.

6. Investments:

a. Trade and Strategic Investments made by the Company are of a long term nature and hence diminution in value of investments if any is generally not considered to be of permanent nature. However if the diminution is considered to be of permanent nature then necessary provisions are made.

b. Current Investments are valued at cost of acquisition, less provision for diminution, as necessary, if any.

7. Revenue Recognition:

a. Sales:

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

ii. Export Sales are accounted on the basis of dates of Bill of Lading.

b. 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.

c. Interest is accrued over the period of loan/ investment

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

e. Profit/ Loss on sale of investment is recognised on contract date.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

8. Research & Development Expenditure:

Research & Development expenditure is charged to Revenue under the natural heads of account in the year in which it is incurred. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Company, is considered as an intangible asset.

Fixed Assets purchased for research and development are accounted for in the manner stated in clause 2 above.

9. Employee Benefits:

i Benefits in the form of Provident Fund and Pension Schemes whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Profit & Loss account of the year. Provident Fund contributions are made to Company's Provident Fund Trust. Deficits if any, of the Fund as compared to a actuarial liability determined under the Interest guarantee method is eventually to be additionally contributed by the Company and hence are recognized as a liability.

ii Gratuity:

Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The employee's gratuity is a defined benefit funded plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and the shortfall in the fair value of the plan Assets is recognised as an obligation.

iii Superannuation:

Defined Contributions to Life Insurance Corporation of India for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' Annual Salary.

iv Privilege Leave Benefits:

Privilege leave Benefits or compensated absences are considered as long term unfunded benefits and is recognised on the basis of an actuarial valuation using the projected Unit Credit Method determined by an appointed Actuary.

v Termination benefits:

Termination benefits such as compensation under voluntary retirement scheme are recognized as a liability in the year of termination.

10. Borrowing Costs:

Interest on borrowings is recognised in the Profit and Loss account except interest incurred on borrowings, specifically raised for projects are capitalised to the cost of the assets until such time that the asset is ready to be put to use for its intended purpose except where installation is extended beyond reasonable/ normal time lines.

11. Taxation:

Provision for Taxation is made on the basis of the Taxable Profits computed for the current accounting period in accordance with the Income Tax Act, 1961. Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of Tax to the extent the timing differences are expected to crystallise, in case of Deferred Tax Assets and Liabilities with reasonable certainty and in case of Deferred Tax Assets represented by unabsorbed depreciation and carried forward business losses, with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realised.

12. Provisions:

Necessary Provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

13. Impairment of Asset:

The Company tests for impairments at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value amount of an Asset, i.e. the net realisable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the Asset the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount become higher than the then carrying value the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

2 Share Capital:

₹ in Million

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Authorised:				
Equity Shares of ₹ 2/- each	300,000,000	600.00	300,000,000	600.00
Cumulative Preference Shares of ₹ 10/- each	43,000,000	430.00	43,000,000	430.00
Unclassified Shares of ₹ 10/- each	2,000,000	20.00	2,000,000	20.00
Issued:				
Equity Shares of ₹ 2/- each	232,970,666	465.94	232,970,666	465.94
Subscribed & Paid up:				
Equity Shares of ₹ 2/- each fully paid	232,794,316	465.59	232,794,316	465.59
Add: Forfeited Equity Shares (amount paid up)	172,840	0.09	172,840	0.09
Total	232,967,156	465.68	232,967,156	465.68

2 (a) Reconciliation of the shares outstanding at the beginning and at the end of the year:

Equity Shares	As at 31st March, 2012		As at 31st March, 2011	
	Number	₹ in Million	Number	₹ in Million
Shares outstanding at the beginning of the year	232,794,316	465.59	222,652,271	445.31
Conversion of FCCB's in to Equity Shares	-	-	142,045	0.28
Shares Issued to Qualified Institutional Buyers	-	-	10,000,000	20.00
Shares outstanding at the end of the year	232,794,316	465.59	232,794,316	465.59

2 (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 dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

2 (c) Details of shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares:				
(1) Kalyani Investment Company Limited	31,656,095	13.60	31,656,095	13.60
(2) KSL Holdings Private Limited	23,142,870	9.94	23,142,870	9.94
(3) Sundaram Trading and Investment Pvt. Limited	20,986,337	9.01	20,986,337	9.01
(4) Life Insurance Corporation of India	-	-	20,809,384	8.94

2 (d) Shares reserved for issue on account of:

	PARTICULARS	Equity Shares Reserved
(i)	Warrants issued with option to subscribe [see Note 2(e)(i)]	6,500,000
(ii)	The issue of Foreign Currency Convertible Bonds optionally convertible at an initial price specified in offering circular. As the initial price is subject to adjustments specified in the offering circular and hence inability to assess the proportion of conversion, no amounts have been shown under issued Equity Share Capital, in respect of Equity shares reserved for issued on exercise of conversion by bondholders [see Note 4(d)]	-
(iii)	2,340 Equity shares of ₹ 2/- each out of the previous issue of Equity Shares on a Right basis together with 234 detachable warrants entitled to subscription of 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

2 (e) Terms of securities convertible into equity shares:

(i) The Company 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 28th April, 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 form the date of allotment. The subscription money received on issue of warrants has been credited to Capital Reserve as the same is not refundable / adjustable. Out of the funds raised, ₹ 2,365 million has been temporarily deployed in Fixed Deposits with Banks and in Mutual Funds and the Balance has been utilised towards the object of the issue.

(ii) See Note 4(d) regarding Foreign Currency Convertible Bonds.

2 (f) Other information:

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. The Funds raised has been utilised towards the object of the issue.

3 Reserve & Surplus:

	As at 31st March, 2012		As at 31st March, 2011
	₹ in Million	₹ in Million	₹ in Million
(i) Capital Reserves:			
(1) Special Capital Incentive			
(Under the 1988 Package Scheme of Incentives)			
As per Last Account		2.50	2.50
(2) Capital Surplus arising from early retirement of Sales tax deferral liability/ Loan under Package Scheme of Incentives of Government of Maharashtra			
As per Last Account	52.64		61.28
Less: Transfer to General Reserve [see Note 3(a)]	8.64		8.64
	44.00		52.64
(3) Subsidy for setting up new Industrial Unit [see Note 3(b)]			
As per Last Account	-		-
Add: Availed during the year	34.08		-
Closing Balance	34.08		-
		78.08	52.64
(4) Warrants subscription money [see Note 2(d)(i)]		13.00	13.00
		93.58	68.14
(ii) Capital Redemption Reserve Account:			
As per Last Account		300.00	300.00
(iii) Securities Premium Account:			
As per Last Account	8,661.66		6,016.94
Add: On allotment of:			
- 142,045 Equity Shares on conversion of FCCBs	-		54.28
- 10,000,000 Equity Shares to Qualified Institutional Buyers (QIB)	-		2,700.00
	8,661.66		8,771.22
Less: Premium on redemption of Foreign Currency Convertible Bonds in terms of Section 78 of the Companies Act,1956, net of deferred tax assets of ₹ 322.52 million [see Note 4(d)]	671.54		-
Less: Premium Utilised for Share Issue expenses	-		90.05
Less: Premium Utilised for Debenture issue expenses in terms of Section 78 of the Companies Act, 1956 (Net of Tax of ₹ 9.71 Million)	-		19.51
Closing Balance		7,990.12	8,661.66
carried over		8,383.70	9,029.80

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Reserve & Surplus (contd.):

	As at 31st March, 2012		As at 31st March, 2011
	₹ in Million	₹ in Million	₹ in Million
brought over		8,383.70	9,029.80
(iv) Debenture Redemption Reserve [see Note 3(c)]:			
As per Last Account	631.74		232.32
Add: Set aside during the year	408.60		399.42
Closing Balance		1,040.34	631.74
(v) General Reserve:			
As per Last Account	1,528.56		1,208.92
Add: Transfer from Capital Reserve	8.64		8.64
Add: Set aside during the year	362.10		311.00
Closing Balance		1,899.30	1,528.56
(vi) Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [see Note 3(d)]:			
As per Last Account	-		12.28
Add: Arising during the year	(60.74)		-
Less: Adjusted during the year	32.42		12.28
Closing Balance		(28.32)	-
(vii) Hedge Reserve [see Note 3(e)]:			
As per Last Account	13.98		171.52
Add: Arising during the year	(884.72)		69.33
Less: Adjusted during the year	489.10		226.87
Closing Balance		(381.64)	13.98
(viii) Surplus in statement of Profit and Loss:			
As per Last Account		8,284.10	6,833.23
Add: Net Profit for the year		3,620.73	3,108.25
Less: Appropriations			
- Transfer to Debenture Redemption Reserves	408.60		399.42
- Transfer to General Reserves	362.10		311.00
- Interim Dividend	349.19		-
- Final Dividend	581.99		814.78
- Tax on Interim Dividend	56.65		-
- Tax on Final Dividend	94.41		132.18
	1,082.24		946.96
		1,852.94	1,657.38
Closing Balance		10,051.89	8,284.10
Total		20,965.27	19,488.18

3 (a) Sales Tax Deferral Incentive:

The Company, upto March, 2006, had prematurely retired its obligations of the Sales Tax Deferral Incentive availed under the package scheme of Incentives 1993, thereby generating a cumulative surplus of ₹ 108.63 million. Since the incentive was fundamentally provided to encourage capital investments in designated underdeveloped zones and thereby defray, to some extent, deficiencies, the same has been, as per the opinion of the 'Expert Advisory Committee', set up by the Institute of Chartered Accountants of India, credited to 'Capital Reserve' to be apportioned to 'Revenue Reserves' over the future/ balance life of the underlying investments, at the end of each financial year.

3 (b) Subsidy for setting up new Industrial Unit:

The Company's manufacturing facility at Baramati has been granted 'Mega Project' status by Government of Maharashtra and therefore is eligible for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2007. The company has been granted Eligibility Certificate issued by the Directorate of Industries, Government of Maharashtra in this regard.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

IPS consists of the following:

a. Electricity Duty exemption for the period of 7 years from the date of commencement of the project i.e. 1st April, 2009,

b. 100% exemption from payment of Stamp duty for the Leasehold land acquired for the Baramati Plant, and

c. VAT and CST payable to the State Government (before adjustment of Set-off) on sales made from Baramati plant, within a period of 7 years starting from 1st April, 2009 to 31st March, 2016.

IPS will however be restricted to 75% of the eligible fixed capital investments made from 11th May, 2005 to 10th May, 2010.

The Eligibility Certificate issued allows maximum subsidy of ₹ 3,198.20 million.

The Packaged Scheme of Incentive (PSI) 2007 is for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high tech industries in the developed areas of the State coupled with the object of generating mass employment opportunities.

Further, in terms of the Accounting Standard (AS 12) 'Accounting for Government Grants' prescribed by Companies (Accounting Standards) Amendment Rules, 2006, eligible incentive is considered to be in the nature of promoters' contribution.

Therefore incentive of ₹ 34.08/- million received during the year (P.Y. ₹ Nil) has been credited to the Capital Reserve.

3 (c) Debenture Redemption Reserve:

Debenture Redemption Reserve has been created in accordance with circular No.9/2002 dated 18th April, 2002 issued by 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. Amount set aside for the year represents for full year in respect of Debentures issued in earlier years.

3 (d) Foreign Currency Monetary Item Translation Difference Account (FCMITDA):

The Accounting Standard (AS 11) 'The effects of changes in Foreign Exchange Rates' prescribed by Companies (Accounting Standards) Rules, 2006 was amended on 31st March, 2009, vide a notification dated 31st March, 2009, by the Ministry of Corporate Affairs. The said amendment offered an option to Companies to recognise Foreign Exchange Gains and Losses arising on translation of all long term monetary assets and liabilities acquired upto 31st March, 2009, retrospectively from accounting periods commencing after 7th December, 2006 (i.e. from 1st April, 2007 for the company) upto 31st March, 2011, The Company had chosen to exercise the option in preparation of financial statements in the year ended 31st March, 2009.

The Company continues, upon the extension granted by the Ministry of Corporate Affairs, to exercise the option offered in paragraph 46 of the Accounting Standard (AS 11) relating to "The effects of changes in foreign exchange rates" to capitalise foreign exchange difference on translation of long term monetary liabilities to cost of Assets where used to acquire such assets and in case of other long term monetary item to Foreign Currency Monetary Item Translation Difference Account (FCMITDA). The amount so recognised as capital cost of acquisition of assets is to be depreciated over the balance life of the relevant assets. In case of the amount recognised in the FCMITDA to be amortised over the balance term of the monetary asset or liability but not beyond 31st March, 2020, aggregate ₹ 28.32 million.

Accordingly Foreign exchange differences adjusted against the cost of the assets/ CWIP aggregates ₹ 588.23 million (loss), amount in "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA) aggregates ₹ 66.50 million (loss) and amortised in the current year amounts to ₹ 38.18 million.

3 (e) Hedge Reserve:

In order to recognise the impact of fluctuation in foreign currency rates arising out of instruments acquired to hedge highly probable forecast transactions, in appropriate accounting periods, the company applies the principles of recognition set out in the Accounting Standard 30- Financial Instruments - Recognition and Measurement (AS-30) as suggested by the Institute of Chartered Accountants of India. Accordingly, the unrealised gain/(loss) (net) consequent to foreign currency fluctuations, in respect of effective hedging instruments , represented by simple forward covers, to hedge future exports, are carried as a Hedging Reserve and ultimately set off in the Profit and Loss account when the underlying transaction arises.

The amount outstanding in the Hedge Reserve at the close of the year is ₹ 381.64 Million (Debit Balance / Valuation Loss).

3 (f) The Equity Shares allotted on exercise of option to convert FCCBs by the Bondholders, and the 10,000,000 equity shares of ₹ 2/- each allotted as detailed in Note 2(d) and equity shares issued and allotted on conversion of warrants , if any, before the record date/ book closure for dividend would rank pari passu with the existing share capital reflected in Note 2 in all respect including dividend declared for the year. Dividend for the year has been provided for on 232,794,316 equity shares of ₹ 2/- each at the rate recommended by the Board of Directors on the basis of equity shares issued and allotted up to 27th May, 2012.

However, as the Company is unable to estimate further conversions upto the record date set for determining the said eligibility, any further amounts required to be distributed as dividend will be adjusted against the balance in the Profit and Loss account carried forward to the subsequent financial year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

4 Long-term borrowings:

	Non-Current		Current maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Secured:				
(i) Debentures [see Note 4(a)]:				
3,500 - 10.75 % Redeemable Non-Convertible Debentures	3,500.00	3,500.00	-	-
1,760 - 10.75 % Redeemable Non-Convertible Debentures	1,760.00	1,760.00	-	-
2,500 - 11.95 % Redeemable Non-Convertible Debentures	2,500.00	2,500.00	-	-
(ii) Term loans:				
From Banks:				
Foreign Currency Term Loans :-				
From Bank of India, London [see Note 4(b)-I]	-	111.53	127.23	111.52
From Credit Agricole Corporate & Investment Bank, Singapore [see Note 4(b)-II]	1,781.15	2,230.50	763.35	-
Rupee Term Loans :-				
From Axis Bank [see Note 4(c)]	291.68	205.56	38.88	19.44
	9,832.83	10,307.59	929.46	130.96
Less: Shown under "Other current liabilities" [see Note 10]	-	-	(929.46)	(130.96)
	9,832.83	10,307.59	-	-
Unsecured:				
(i) Foreign Currency Convertible Bonds (FCCB) [see Note 4(d)]:				
USD 40.0 million (Previous year: USD 40.0 million) 0% Tranche A FCCBs (Redeemed on April 28, 2012)	-	1,784.40	2,035.60	-
USD 39.9 million (Previous year: USD 39.9 million) 0% Tranche B FCCBs (Redeemable on April 28, 2013)	2,030.51	1,779.94	-	-
(ii) Term loans from Banks:				
Foreign Currency Term Loans [see Note 4(e)]	4,071.20	-	-	-
(iii) Sales tax deferral liability:				
under Government of Maharashtra Package Scheme of Incentives [see Note 4(f)]	69.44	69.44	-	-
	6,171.15	3,633.78	2,035.60	-
Less: Shown under "Other current liabilities" [see Note 10]	-	-	(2,035.60)	-
	6,171.15	3,633.78	-	-
Total	16,003.98	13,941.37	-	-

4 (a) Debentures:

The Company has issued the following secured redeemable non-convertible debentures:

(i) 3,500 - 10.75% Redeemable Secured Non-Convertible Debentures Seventeenth Series of ₹ 1,000,000/- each redeemable @ 25.00% on 22nd March, 2015; @ 50.00% on 22nd September, 2014; & @ 25.00% on 22nd March, 2014.

Above Debentures are secured by a (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, Jalgaon 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 & fixtures etc., as described in Debenture Trust - cum -Mortgage Deed dated 14th December, 2009.

(ii) 1,760 - 10.75 % Redeemable Secured Non-Convertible Debentures Eighteenth Series of ₹ 1,000,000/- each redeemable at 35.00% on 28th April, 2016; @ 35.00% on 28th April, 2015; & @ 30.00% on 28th April, 2014.

Above Debentures are secured by a (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, Satara and Jalgaon with negative lien on properties situated at Jejuri and Baramati as described in schedule-I as per Debenture Trust-cum-Mortgage Deed dated 28th June, 2010 and (ii) First pari-passu Charge in favour of the Trustees on moveable properties, present & future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated 28th June, 2010.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

4 (a) Debentures (contd.):

(iii) 2,500 - 11.95 % Redeemable Secured Non-Convertible Debentures Sixteenth Series of ₹ 1,000,000/- each redeemable at 33.34% on 5th January, 2017; @ 33.33% on 5th January, 2016; & @ 33.33% on 5th January, 2015.

Above Debentures are secured by a (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, Jalgaon 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 & fixtures etc., as described in Debenture Trust-cum - Mortgage Deed dated April 30, 2009.

4 (b) Foreign Currency Term Loans:

I. From Bank of India, London

Balance outstanding USD 2.50 million (Previous year USD 5.00 million)

Secured By (i) First charge by way of Hypothecation of the whole of the movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, whether installed or not and whether now lying loose or in cases or now lying or stored in or about or shall from time to time during the continuance of the security be brought into or upon or be stored or be in or about all the factories, premises and godowns situate at Mundhwa, District Pune; Chakan, District Pune; Vaduth, District Satara; Village Kusumbe, District Jalgaon, all in the state of Maharashtra or wherever else the same may be or be held by any party to the order of disposition or in the course of transit or on high seas or on order, or delivery, howsoever and wheresoever in the possession and either by way of substitution or addition except specific movable plant and machinery consisting of Wind Energy converter of 600 K.V. 7 Nos at Village Boposhi, District Satara, exclusively hypothecated to Standard Chartered Bank, as described under the Deed of Hypothecation dated 17th March, 2005 and; (ii) Equitable Mortgage by deposit of title deeds of Immovable properties situate at Village Mundhwa, Pune; Village Vaduth, Taluka and District Satara; Village Kusumbe Khurd, Taluka and District Jalgaon and Village Chakan, Pune all in the state of Maharashtra, together with all buildings and structures thereon and all Plant and Machinery attached to the earth or permanently fastened to anything attached to the earth, as described under Memorandum of Entry dated 17th March, 2005.

II. From Credit Agricole Corporate & Investment Bank, Singapore

Balance outstanding USD 50 million (Previous year USD 50 million)

Secured By First Pari passu charge over present and future movable fixed assets viz. Plant and Machinery, Computers, Furnitures and Fixtures, whether installed or not and whether now lying loose or in cases or otherwise or being on or upon or at any time, hereafter being on or upon about the premises and godowns at Mundhwa, Pune; Village Kuruli, Chakan; Taluka Khed, District Pune; Village Vaduth, Taluka & District Satara and at Baramati, Pune or anywhere else.

Repayable in 6 equal yearly installments from date of its' origination, i.e. 14th October, 2012, along with interest of 3M Libor + 280 bps p.a.

4 (c) Rupee Term Loans:

From Axis Bank

Balance outstanding ₹ 330.56 million (Previous year ₹ 225 million)

Above loan is to be secured against (i) First pari-passu charge on the Company's immovable properties, present & future Situate at Mundhwa, Chakan, Satara and Jalgaon with negative lien on properties situated at Jejuri and Baramati and (ii) First pari-passu Charge on moveable properties, present & future including Land & Building.

Repayable in 18 equal half yearly installments from date of its' origination i.e. 20th March, 2012 along with interest of Base Rate + 2% p.a.

4 (d) Foreign Currency Convertible Bonds:

The Company had issued Foreign Currency Convertible Bonds (FCCB) in two tranches aggregating USD 79.90 million, detailed in the table below, to finance Capital Expenditure and Global Acquisitions. The said bonds are optionally convertible into GDR/ Equity Shares to be exercised at any time during the exercise period at a pre determined initial price subject to adjustments upon occurrence of certain events.

However, the Company has option to redeem the balance of the above Bonds if such balance is less than 10% in aggregate of principal amount of such tranche of bonds originally issued in respect of each tranche, during the redemption exercise period in the manner specified in the offering circular at a premium so as to provide a predetermined yield to the Bondholders.

The Company also has the option to call the Bondholders of Tranche A & Tranche B to mandatorily convert the Bonds into Equity Shares if the Market Price on the specified date provided the holder a gain of at least a 30% over the Early Redemption amount.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

4 (d) Foreign Currency Convertible Bonds (contd.):

The following table sets out the parameters associated with each Tranche of Bonds issued as discussed above.

Tranche	Amount USD Million	Face Value USD	Coupon Interet Rate % p.a.	Holders option to Convert			Company's option for Early Redemption			Maturity	
				Exercise period		Initial Price per Share ₹	Exercise Period		Gross Yeild to Bond holders	Date	Price % of Face Value
				From	To		From	To			
A#	40.00	100,000	-	08-Jun-06	18-Apr-12	604.03	28-Apr-09	18-Apr-12	6.00%	28-Apr-12	142.576%
B	39.90	100.000	-	08-Jun-06	18-Apr-13	690.32	28-Apr-09	18-Apr-13	6.50%	28-Apr-13	156.481%

Tranche A of the above FCCBs amounting to USD 40.00 Million outstanding as at April 26, 2012 were redeemed on April 27, 2012 along with the redemption premium amounting to USD 17.03 Million. The premium on redemption aggregating ₹ 994.06 Million, (including withholding Tax amounting to ₹ 98.96 Million) since crystalised has been adjusted to securities premium account, net of deferred tax asset amounting to ₹ 322.52 million, in terms of Section 78(2) (d) of the Companies Act, 1956.

Due to variables currently indeterminate, the premium on actual redemption for Tranche B is not computable and hence will be recognised if and as and when the redemption option is exercised, as a charge to the securities premium account in terms of Section 78(2)(d) of the Companies Act,1956.

The Company has been legally advised by an eminent law firm that the above mentioned Convertible Bonds issued upon terms and conditions set out in the offering circular dated 19th April, 2005, would be outside the purview of Section 117 (C) of the Companies Act, 1956 as regards creation of Debenture Redemption Reserve. The Auditors have relied upon the said legal opinion.

4 (e) Term Loans from Banks:

Foreign Currency Term Loans on Syndicated basis

Balance outstanding USD 80 million (Previous year NIL)

Repayable in 3 half yearly installments from date of its' origination i.e. 31st October, 2016, along with interest of 6M Libor + 280 bps p.a.

4 (f) Deferred payment liabilities:

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Ltd. under Section 392 and 394 of the Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto. Consequently sales tax deferral liability represents net liability to the Company after such pass on aggregating to ₹ 821 million (Previous year ₹ 845 million).

5 Deferred tax liabilities (Net):

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
DEFERRED TAX LIABILITIES :		
On account of timing difference in		
A] Depreciation and Amortisation	**1,816.99**	1,774.73
B] Voluntary Retirement Scheme	**(3.69)**	(2.85)
Total Deferred Tax Liabilities	**1,813.30**	1,771.88
DEFERRED TAX ASSETS:		
On account of timing difference in		
A] Privilege Leave Encashment & Gratuity	**151.85**	153.53
B] Provision for Bad & Doubtful Debts and Advance	**13.73**	14.97
C] Disallowance u/s 43 B of I.T.Act,1961	**53.68**	47.19
D] Premium on Redemption of FCCB's [see Note 4(d)]	**322.52**	-
Total Deferred Tax Assets	**541.78**	215.69
NET DEFERRED TAX LIABILITY	**1,271.52**	1,556.19

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

6 Other Long Term Liability:

		Non-Current		Current	
		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
(i)	Others				
	Provision For V.R.S. Compensation	7.15	5.88	4.46	3.84
	Total	7.15	5.88	4.46	3.84

7 Long term provisions:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Provision for employee benefits		
Gratuity [see Note 36]	299.58	274.90
Total	299.58	274.90

8 Short-Term Borrowings:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Secured		
From Banks, 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.		
Working Capital Loans from Banks repayable on demand		
- Cash Credit @	170.36	146.35
- Preshipment Packing Credit-Foreign Currency $	593.36	472.85
	763.72	619.20
Unsecured		
From Banks		
Short Term Loans from Banks under a buyers line of credit for import of goods *	77.26	42.10
	77.26	42.10
Total	840.98	661.30

Rate of Interest

@ Ranges from 10.50% to 13.25% p.a.

$ Ranges from LIBOR + 230 bps to 310 bps p.a.

* Ranges from EURIBOR + 115 bps p.a.

9 Trade Payables:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Trade Payables	4,662.17	4,242.08
Acceptances	2,034.14	1,922.25
[see Note 9(a) for details of dues to micro & small enterprises]		
Total	6,696.31	6,164.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

9 Trade Payables (contd.):

9 (a) The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31-3-2012. The disclosure pursuant to the said Act is as under:

Particulars	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Principal Amount due to suppliers under MSMED Act, 2006	-	-
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	19.31	5.59
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	0.04	0.06
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.88	0.84

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.

10 Other current liabilities:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Current maturities of long-term borrowings [see Note 4]		
- Secured	929.46	130.96
- Unsecured	2,035.60	-
Creditors of Capital Goods	723.58	306.74
Premium on redemption of FCCB's [see Note 4(d)]	895.10	-
Interest accrued but not due on borrowings	217.34	203.54
Interest accrued and due on borrowings	0.01	-
Unclaimed dividends [see Note 10(a)]	24.06	14.00
Security Deposits	12.25	12.29
Fixed Deposits matured but unclaimed	0.20	0.35
Advance against Orders	227.56	133.61
Employee contributions & recoveries payable	33.19	36.16
Statutory dues Payable including Tax deducted at source	119.18	17.96
Provision For V.R.S.Compensation	4.46	3.84
Others	153.79	16.50
Total	5,375.78	875.95

10 (a) The amounts due for payment to Investor Education & Protection Fund under Section 205C of the Companies Act,1956 amounts to ₹ 0.01 Million, since paid (Previous year ₹ Nil).

11 Short term provisions:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
(i) Provision for employee benefits		
Leave Entitlement [see Note 36]	153.56	183.37
(ii) Others:		
Proposed Dividends	581.99	814.78
Provision for Tax on Proposed Dividend	94.41	132.18
Provision for Tax (Net of Tax paid in advance)	143.85	76.60
(iii) Provision for valuation losses of derivative instruments (Forward Contracts)	381.64	-
Total	1,355.45	1,206.93

Notes to financial statements for the year ended 31st March, 2012 (Contd.):

Note 12 Fixed Assets:

(₹ in Million)

Sr. No.	Particulars	Gross Block (a)						Accumulated Depreciation					Net Block	
		As at 31st March 2011	Additions	Disposals & Adjustment	Interest Cost	Exchange (Gain)/ Loss	As at 31st March 2012	As at 31st March 2011	Depreciation charge for the year	On disposals	As at 31st March 2012		As at 31st March 2012	As at 31st March 2011
a.	Tangible Assets													
	Land, Free hold (d)	166.04	9.98	-	-	-	176.02	-	-	-	-		176.02	166.04
	Land, Lease hold	86.77	-	0.99	-	-	85.78	-	-	-	-		85.78	86.77
	Buildings (b), (e)	2,437.71	32.93	-	-	107.99	2,578.63	379.60	73.95	-	453.55		2,125.08	2,058.11
	Plant and Machinery	23,365.40	1,700.72	85.74	30.98	446.47	25,457.83	10,286.21	1,809.88	78.48	12,017.61		13,440.22	13,079.19
	Office equipments	50.02	0.74	-	-	-	50.76	28.82	3.01	-	31.83		18.93	21.20
	Railway Sidings	0.45	-	-	-	-	0.45	0.43	-	-	0.43		0.02	0.02
	Electrical Installations	494.75	22.67	-	-	2.73	520.15	200.60	40.81	-	241.41		278.74	294.15
	Factory equipments	491.10	73.23	-	-	3.90	568.23	332.89	48.97	-	381.86		186.37	158.21
	Furniture and Fixtures	250.13	19.29	8.69	-	0.98	261.71	141.10	21.20	7.98	154.32		107.39	109.03
	Vehicles & Aircraft	2,168.05	37.38	18.72	-	-	2,186.71	574.80	135.41	15.45	694.76		1,491.95	1,593.25
	Power Line (f)	97.77	-	-	-	-	97.77	31.17	15.11	-	46.28	(g)	51.49	66.60
	Total	**29,608.19**	**1,896.94**	**114.14**	**30.98**	**562.07**	**31,984.04**	**11,975.62**	**2,148.34**	**101.91**	**14,022.05**		**17,961.99**	**17,632.57**
	Previous Year's Total	27,892.70	1,865.41	94.91	15.55	(70.56)	29,608.19	10,131.61	1,931.73	87.72	11,975.62		17,632.57	

NOTES:

(a) At cost, except lease hold land which is at cost less amounts written off.

(b) Buildings include premises on ownership basis in co-operative Societies ₹ 32.81 million and also cost of hangar jointly owned with other Companies ₹ 0.12 million.

(c) See Note 1 - clause 2 for accounting policy on Fixed Assets and Depreciation.

(d) Includes 25 acres land given on lease.

(e) Documents for the ownership premises at Sai Nagari & Surajban Apartments, Lullanagar at Pune, Antriksha Bhawan at New Delhi, Land at Keshavnager, Mundhawa and Lease deed for Land at Baramati & Jejuri still continue to be under execution.

(f) Cost incurred by the Company. Ownership vests with Maharashtra State Electricity Distribution Company Ltd.

(g) Represents amount amortised upto 31st March, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

13 Non-current investments:

			As at 31st March, 2012 ₹ in Million		As at 31st March, 2011 ₹ in Million
Trade Investments $					
Unquoted:					
- In Equity Shares					
In wholly owned subsidiaries:					
(i)	CDP-Bharat Forge GmbH				
	Subscription to the equity Share Capital	Euro 5,000,000	**287.98**		287.98
	Contribution to Capital Reserve Credited in favour of Bharat Forge Ltd. [see Note 13(a)]	Euro 52,464,428	**3,292.56**		3,292.56
				3,580.54	3,580.54
(ii)	Bharat Forge America Inc. [see Note 13(b)]	USD 21,596,597		**987.09**	987.09
(iii)	999,994 (999,994) BF Infrastructure Ltd.				
	Equity Shares	₹ 10/- each		**10.00**	10.00
(iv)	50,000 (--) BF Infrastructure Ventures Ltd.				
	Equity Shares	₹ 10/- each		**0.50**	-
(v)	50,000 (--) BF Power Equipment Ltd.				
	Equity Shares	₹ 10/- each		**0.50**	-
	Other subsidiaries, Joint Ventures where Company holds 51% of the Share Capital:				
(vi)	6,120,000 (6,120,000) BF-NTPC Energy Systems Ltd.				
	Equity Shares - Joint Venture company	₹ 10/- each		**63.24**	63.24
(vii)	18,889,121 (12,278,246) Kalyani ALSTOM Power Ltd.				
	Equity Shares	₹ 10/- each		**192.98**	126.87
	Others:				
(viii)	4,905,000 (3,005,000) Impact Automotive Solutions Pvt. Ltd @				
	Equity Shares	₹ 10/- each		**49.05**	30.05
(ix)	20,290,999 (18,559,345) Khed Economic Infrastructure Pvt. Ltd. *				
	Equity Shares	₹ 10/- each		**202.90**	185.59
(x)	70,927,496 (70,927,496) ALSTOM Bharat Forge Power Ltd. #				
	Equity Shares	₹ 10/- each		**732.88**	732.88
				5,819.68	5,716.26
	Less: Provision for diminution in the value of Investments			**704.16**	-
	Total			**5,115.52**	5,716.26

$ Refer Note 1 - Clause 6(a) for accounting policy.
@ Joint Ventures:- Company holds 50% of the Share Capital
* Company holds 5% of the share capital
# Joint Ventures:- Company holds 49% of the share capital

13 (a) Contribution to Capital Reserve Credited in favour of Bharat Forge Ltd.:

Contributions in to the Capital Reserves of CDP - Bharat Forge 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.

13 (b) Bharat Forge America Inc.:

Bharat Forge America Inc. (BFA), a wholly owned subsidiary has registered losses which have substantially eroded its Net worth. The auditors of the BFA have, given current adverse conditions prevailing in the American auto industry, disclaimed

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

13 (b) Bharat Forge America Inc. (contd.):

expression of any opinion on the validity of the assumption of going concern, the basis on which the financial statements have been prepared. Given the uncertainties in the American economy and its further impact on the auto industries slow revival, the Company has, as a matter of prudence, tested the investment in BFA for impairment / diminution with reference to the value of assets. Accordingly the Company has provided for impairment aggregating ₹ 704.16 Million during the year which has been recognised as an exceptional item in the statement of profit and loss.

14 Long-term loans and advances:

	Non-Current		Current	
	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Unsecured, considered good (unless otherwise stated):				
Capital Advances	1,119.13	826.57	-	-
Security Deposits	298.15	293.74	-	-
Loans and advances to related parties: [see Note 40]				
Loan to wholly owned subsidiaries	1,211.97	1,067.02	-	-
Amount recoverable from wholly owned subsidiaries	591.39	403.30	-	-
Trade Advances to Other Companies	425.00	425.00	-	-
Other loans and advances:				
Loan to a company [see Note 14(a)]	309.09	309.09	-	-
Loan to employees	21.36	21.30	-	-
Advance Income Tax (Net of provision for Tax)	59.50	96.19	-	-
Total	4,035.59	3,442.21	-	-

14 (a) Loan to a company:

Interest free loan of ₹ 309.09 million given to a Company which has given an undertaking to hold the shares solely for the purpose and obligations of the "BFL Executives Welfare and Share Option Trust" in terms of clause (b) of the proviso to Section 77(2) of the Companies Act, 1956, which in the opinion of an eminent Counsel, obtained by a Group Company, falls within the purview of the said proviso to the above mentioned section.

15 Other non-current assets:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Others:		
Unsecured, considered good		
Export incentives receivable	198.09	144.58
Fixed Deposits with Banks (more than 12 months maturity) [see Note 19]	500.03	200.03
Certified emission reduction units receivable	-	7.76
	698.12	352.37
Debts due by related parties:		
Unsecured, considered good		
Interest receivable on loan given to Subsidiary	89.93	64.98
	89.93	64.98
Total	788.05	417.35

16 Current investments:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
(i) Investments in Mutual Funds [see Note 16(a)]	3,666.67	2,426.25
(ii) Share Application Money	66.11	1.00
Total	3,732.78	2,427.25

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

16 (a) Investments in Mutual Funds: *

		Current Portion	
		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Current Investments :			
In Mutual Fund Units at Cost:			
Quoted:			
-	(4,950,000.000) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series CT -Growth	-	49.50
5,000,000.000	(-) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series EK - Growth	50.00	-
5,448,168.000	(-) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series EU - Growth	54.48	-
5,000,000.000	(-) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 23 - Growth	50.00	-
3,000,000.000	(-) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 25 - Growth	30.00	-
5,000,000.000	(-) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 31 - Growth	50.00	-
-	(5,000,000.000) Units of ₹ 10 each of DSP BlackRock FMP - 12M Series 13 - Growth	-	50.00
5,000,000.000	(-) Units of ₹ 10 each of DSP BlackRock FMP - Series 23 12M - Growth	50.00	-
5,000,000.000	(-) Units of ₹ 10 each of DSP BlackRock FMP - Series 32 12M - Growth	50.00	-
-	(12,433,908.947) Units of ₹ 10 each of HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Growth	-	267.39
-	(5,005,983.682) Units of ₹ 10 each of IDFC Fixed Maturity Plan 100 Days Series - 1 - Dividend	-	50.06
-	(5,000,000.000) Units of ₹ 10 each of IDFC Fixed Maturity Plan 100 Days Series - 3 - Growth	-	50.00
-	(5,000,000.000) Units of ₹ 10 each of IDFC Fixed Maturity Plan Yearly Series - 41 - Growth	-	50.00
3,000,000.000	(-) Units of ₹ 10 each of IDFC Fixed Maturity Plan - Yearly Series 62 - Growth	30.00	-
2,000,000.000	(-) Units of ₹ 10 each of IDFC Fixed Maturity Plan - Yearly Series 64 - Growth	20.00	-
-	(5,117,560.000) Units of ₹ 10 each of Kotak FMP 6 M Series - 11 - Growth	-	51.17
-	(5,012,499.828) Units of ₹ 10 each of Reliance Fixed Horizon Fund - XIX - Series 8 - Growth	-	50.12
	carried over	384.48	618.24

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

16 (a) Investments in Mutual Funds (contd.): *

		Current Portion	
		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
	brought over	384.48	618.24
5,001,689.000	(-) Units of ₹ 10 each of SBI Debt Fund Series - 180 Days - 22 - Growth	50.02	-
5,000,000.000	(-) Units of ₹ 10 each of SBI Debt Fund Series - 180 Days - 23 - Growth	50.00	-
	Total (A)	484.50	618.24
Unquoted:			
43,027.927	(-) Units of ₹ 1,000 each of Axis Liquid Fund - Institutional - Growth	51.11	-
-	(5,407,453.949) Units of ₹ 10 each of Birla Sun Life Floating Rate Fund - Long Term -Institutional - Growth	-	62.50
-	(4,329,524.807) Units of ₹ 10 each of Birla Sun Life Savings Fund - Institutional- Growth	-	80.71
1,065,974.572	(-) Units of ₹ 100 each of Birla Sun Life Cash Plus - Institutional Premium - Growth	182.97	-
-	(2,050,969.101) Units of ₹ 10 each of Canara Robeco Treasury Advantage Fund - Super Institutional - Growth	-	30.42
-	(3,175,608.210) Units of ₹ 10 each of DWS Treasury Fund Cash - Institutional Plan - Growth	-	34.66
1,094,372.307	(-) Units of ₹ 100 each of DWS Insta Cash Plus Fund - Super Institutional Plan - Growth	152.46	-
17,350,953.794	(-) Units of ₹ 10 each of HDFC Liquid Fund Premium Plan - Growth	372.66	-
-	(10,217,981.272) Units of ₹ 10 each of ICICI Prudential Banking and PSU Debt Fund Premium Plus - Daily Dividend	-	102.91
-	(623,576.200) Units of ₹ 100 each of ICICI Prudential Flexible Income Plan Premium- Growth	-	113.94
-	(1,127,132.918) Units of ₹ 100 each of ICICI Prudential Floating Rate Plan D - Growth	-	163.83
3,258,411.150	(-) Units of ₹ 100 each of ICICI Prudential Liquid Super Institutional Plan - Growth	516.37	-
-	(9,322,365.113) Units of ₹ 10 each of IDFC Money Manager Fund -Treasury Plan - Super Institutional Plan C - Growth	-	108.51
26,893.161	(-) Units of ₹ 1,000 each of IDFC Cash Fund Super Institutional Plan C - Growth	35.06	-
3,557,256.413	(-) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Growth	52.68	-
-	(13,095,398.933) Units of ₹ 10 each of Kotak Floater Long Term - Growth	-	203.94
	carried over	1,363.31	901.42

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

16 (a) Investments in Mutual Funds (contd.): *

		Current Portion	
		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
	brought over	1,363.31	901.42
-	(4,214,697.688) Units of ₹ 10 each of Kotak Flexi Debt Scheme Institutional - Growth	-	50.91
9,910,443.237	(-) Units of ₹ 10 each of Kotak Liquid (Institutional Premium) - Growth	215.54	-
-	(9,549,799.05) Units of ₹ 10 each of Reliance Liquid Fund - Cash Plan - Growth	-	151.67
34,471,742.496	(-) Units of ₹ 10 each of Reliance Liquidity Fund - Growth	556.56	-
-	(3,015,446.650) Units of ₹ 10 each of SBI-SHF-Ultra Short Term Fund - Institutional Plan-Growth	-	38.57
89,198.368	(-) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Super Institutional Plan - Growth	150.30	-
2,266,520.137	(-) Units of ₹ 10 each of Sundaram Money Fund Super Institutional - Growth	51.23	-
-	(3,544,486.987) Units of ₹ 10 each of Tata Floater Fund - Growth	-	51.94
73,949.190	(-) Units of ₹ 1,000 each of Tata Liquid Super High Investment Fund - Appreciation	146.36	-
-	(11,253,380.354) Units of ₹ 10 each of Templeton Floating Rate Income Fund Super Institutional Option - Growth	-	151.73
-	(8,091,661.755) Units of ₹ 10 each of Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	-	102.38
133,735.300	(-) Units of ₹ 1,000 each of Templeton India Treasury Management Account -Super Institutional Plan - Growth	213.32	-
-	(233,442.181) Units of ₹ 1,000 each of UTI Floating Rate Fund - Short Term Plan - Institutional - Growth	-	257.97
-	(76,903.407) Units of ₹ 1,000 each of UTI Treasury Advantage Fund - Institutional Plan (Growth Option)	-	101.42
276,043.307	(-) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth Option	485.55	-
	Total (B)	3,182.17	1,808.01
	Total (A+B)	3,666.67	2,426.25

	Book Value as at		Market Value as at #	
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
Quoted	484.50	618.24	493.77	621.17
Unquoted	3,182.17	1,808.01		
Total	3,666.67	2,426.25		

Included in Market value at NAV as on 31st March, 2012 & 31st March, 2011 respectively, as there was no trade for the schemes, hence, quotations are not available.

* Refer Note 1 - clause 6(b) of Accounting Policy.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
17	**Inventories: ***		
(i)	Stores, Spares & Loose Tools	832.26	745.77
(ii)	Raw Materials and components	933.92	873.89
(iii)	Work-in-progress	1,681.49	1,693.52
(iv)	Finished goods	172.71	54.58
(v)	Die Blocks & Die & Tool Steel	378.93	340.57
(vi)	Dies & Dies under Fabrication	1,005.38	957.39
(vii)	Scrap	26.65	18.62
	* See Note 1- Clause 3 for Accounting policy on valuation of Inventories.		
	Total	5,031.34	4,684.34

		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
18	**Trade Receivables:**		
	Trade receivables [Net of Bills Discounted with Banks] [see Note 31(i)]		
	Unsecured, considered good unless stated otherwise:		
(i)	Outstanding for a period exceeding six months from the date they are due for payment	145.13	118.05
	considered doubtful	9.91	9.91
	Less: Provision for doubtful debts	9.91	9.91
		-	-
		145.13	118.05
(ii)	Others	4,766.62	4,195.16
	Total	4,911.75	4,313.21

19 Cash & Bank Balances:

		Non-Current		Current	
		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
(i)	**Cash & Cash Equivalents**				
a.	Cash on hand	-	-	0.64	0.79
b.	Remittance In Transit	-	-	-	2.92
c.	Balances with Banks - in Cash Credit & Current Accounts	-	-	154.88	102.44
d.	Balances with Banks - in Fixed Deposits within 3 months maturity	-	-	880.00	-
e.	Investments in Mutual Funds	-	-	580.30	1,054.68
		-	-	1,615.82	1,160.83
(ii)	**Other Bank Balances**				
a.	Balances with banks				
	This includes:				
	Earmarked Balances (on unclaimed dividend accounts)	-	-	24.42	14.57
	Fixed Deposits (more than 3 months & less than 12 months maturity)	-	-	3,746.00	1,145.00
	Fixed Deposits (more than 12 months maturity)	500.03	200.03	-	-
		500.03	200.03	3,770.42	1,159.57
	Less: Shown under Other non-current assets [see Note 15]	(500.03)	(200.03)	-	-
	Total	-	-	5,386.24	2,320.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

20 Short-term loans and advances:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Short-term loans and advances		
Unsecured, considered good		
Loans and advances to related parties:		
Amount recoverable from other subsidiaries	58.47	297.52
Others:		
Advances To Suppliers	261.67	253.24
Balances with Customs, Central Excise Departments etc.	329.72	376.17
Prepaid Expenses	154.29	117.76
Advance payments, Others recoverable in cash or in kind or for value to be received	137.66	288.89
Tax & Duty Credits receivables	1,692.76	791.17
	2,576.10	1,827.23
Doubtful	32.42	36.24
Less: Provision for doubtful advance	32.42	36.24
	-	-
Total	2,634.57	2,124.75

21 Other current assets:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Other Current Assets:		
Export incentives receivable	641.27	720.21
Interest receivable	115.64	13.29
Energy Credit receivable-Windmills	36.34	44.48
Interest accrued on Cumulative Fixed Deposits	0.01	0.01
Total	793.26	777.99

22 Revenue from Operations:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Revenue from operations:		
Sale of products [Net of returns, rebates etc.]	34,997.77	28,005.56
Sale of Manufacturing scrap	2,063.99	1,675.60
Sale of services		
Job Work Receipts	387.95	281.57
	37,449.71	29,962.73
Less: Excise duty	1,683.23	1,528.88
	35,766.48	28,433.85
Other operating revenues:		
Export Incentives	987.35	880.84
Die Design and Preparation Charges	97.71	155.35
Sale of Electricity - Windmills	8.20	-
	1,093.26	1,036.19
Revenue from operations (Net) **Total**	36,859.74	29,470.04

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

22 (a) Details of Sales:

Class of Manufacturing Goods		For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
(i)	Steel Forging	13,849.79	12,505.31
(ii)	Finished Machined Crankshaft	8,526.31	6,978.62
(iii)	Front Axle Assembly & Components	3,484.48	2,568.57
(iv)	General Engineering Equipments	65.62	23.10
(v)	Manufacturing Scrap	1,876.01	1,523.69
(vi)	Aluminium Road Wheel	542.03	164.58
(vii)	Finished Machined Crankshaft at Chakan	1,258.12	1,030.10
(viii)	Front Axle Assembly & Components at Chakan	442.28	435.37
(ix)	Transmission Parts	706.15	606.51
(x)	Steel Forgings at Baramati	1,013.42	655.23
(xi)	Machined Components at Baramati	3,232.71	1,583.43
(xii)	Ring Rolling at Baramati	769.56	359.34
(xiii)	Others	1,093.26	1,036.19
	Total	36,859.74	29,470.04

23 Other Income:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Interest Income:		
Interest on Deposits etc.	260.65	89.63
Interest on Loans to Subsidiary	33.36	22.05
Dividend Income from Investment in Mutual Funds, Current Investments	221.26	142.71
Net gain / (loss) on sale of investments	38.27	52.13
Gain on Foreign Exchange Fluctuation	76.50	-
Miscellaneous Receipts	19.55	135.54
Bad debts recovered	-	0.10
Surplus on Sale of Assets	6.36	-
Provision for Doubtful Debts and advances written back	3.81	-
Provisions no longer required	1.20	19.82
Sale of Certified Emission Reduction Units	-	3.45
Total	660.96	465.43

24 Cost of materials consumed:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Raw Materials & Components consumed	16,147.93	13,377.38
Die Blocks, Die & Tools Steel Consumed	348.27	284.14
Total	16,496.20	13,661.52

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

24 (a) Details of Raw Materials & Components Consumption:

Particulars	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Raw Materials & Components consumed:		
Carbon & Alloy Steel	15,863.80	13,008.75
Components	284.13	368.63
Total	16,147.93	13,377.38

24 (b) Imported and Indigenous Raw Materials Consumption (including components):

Particulars	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Percentage	₹ in Million	Percentage	₹ in Million
Imported	2.72	438.51	3.77	504.92
Indigenous	97.28	15,709.42	96.23	12,872.46
Total	100.00	16,147.93	100.00	13,377.38

24 (c) In furnishing information under Note 24 (b), the view has been taken that particulars are required only in respect of items that are incorporated in the Finished Goods produced and not for such material used for maintenance of Plant & Machinery.

25 Changes in inventories of finished goods, work-in-progress:

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
(Increase) / Decrease in Stocks:				
Stocks at Close:				
Work-in-progress	1,681.49		1,693.52	
Finished Goods	172.71		54.58	
Dies and Dies under fabrication	1,005.38		957.39	
Scrap	26.65		18.62	
		2,886.23		2,724.11
Less: Stocks at Commencement:				
Work-in-progress	1,693.52		1,401.85	
Finished Goods	54.58		59.37	
Dies and Dies under fabrication	957.39		887.20	
Scrap	18.62		17.37	
		2,724.11		2,365.79
Total		(162.12)		(358.32)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

26 Employee benefits expense:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
(a) Salaries, wages and bonus (including Managing & Whole Time Director's Remuneration)	2,127.86	1,725.18
(b) Contributions to -		
(i) Provident fund	60.88	52.08
(ii) Superannuation scheme	30.48	27.53
(iii) Other fund / scheme	47.02	39.42
(iv) Gratuity fund	84.36	103.45
(c) Staff welfare expenses	191.95	157.11
Total	2,542.55	2,104.77

27 Finance costs:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Interest expense	1,121.01	1,101.70
Other borrowing costs	1.51	-
Foreign exchange fluctuation to the extent considered as a borrowing cost	205.02	-
Interest on bills discounting	177.11	112.72
Total	1,504.65	1,214.42

28 Depreciation and amortization expense:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Depreciation on Tangible Assets [see Note 12]	2,148.34	1,931.73
Amount Written off against Lease hold Land	0.99	0.95
Total	2,149.33	1,932.68

29 Other expenses:

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Stores, Spares & Tools consumed		2,033.05		1,572.84
Octroi duty		53.20		45.50
Machining charges		782.85		549.05
Power, Fuel & Water	3,232.67		2,455.40	
Less: Credit for Energy Generated	51.82		35.00	
		3,180.85		2,420.40
Building Repairs & Road Maintenance		28.24		38.14
Machinery Repairs		370.26		292.90
Rent		6.61		6.23
Rates & Taxes (including Wealth Tax)		31.03		35.08
Insurance (Including Key Man Insurance)		31.21		23.09
carried over		6,517.30		4,983.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

29 Other expenses (contd.):

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
brought over		6,517.30		4,983.23
Commission & Discount		151.41		139.89
Donations : Others		45.70		67.01
Packing Material		636.06		442.83
Freight Forwarding charges etc.		325.80		269.39
Directors' Fees and Travelling Expenses		2.03		3.17
Commission to Directors other than Managing and Whole Time Directors		12.00		9.00
Loss on assets sold, discarded & scrapped (Net)		-		0.40
EVRS Compensation		7.09		5.05
Provision for doubtful debts and advances		-		13.12
Bad debts, irrecoverable advances and sundry balances written off		24.82		23.50
Loss on Foreign Exchange Fluctuations other than those covered under finance cost		-		41.21
Payment to Auditors:				
As Auditor:				
Audit Fee	6.50		5.50	
Tax Audit Fee	0.50		0.50	
For Review of Quarterly Results, Financial Statements & Certification Work	1.90		1.65*	
* (Excludes ₹1.5 million adjusted in Share issue expenses)				
Reimbursement of expenses	0.36		0.35	
		9.26		8.00
Miscellaneous Expenses including Travelling expenses, Printing, Stationery, Postage, Telephones, Bank charges etc.		1,090.49		901.46
Less: Expenses capitalised		6.61		0.44
Total		8,815.35		6,906.82

Other Disclosures:

	As at 31st March, 2012	As at 31st March, 2011
	₹ in Million	₹ in Million
30 Computation of Earnings Per Share (EPS)		
Computation of Profit (Numerator)		
Net Profit attributable to Shareholders as at 31st March	3,620.73	3,108.25
Computation of Weighted Average Number of Shares (Denominator)	Nos.	Nos.
Number of Shares outstanding at the Beginning of the year	232,794,316	222,652,271
Weighted average Shares against Equity Shares issued to QIB	-	9,260,274
Weighted average Shares against Conversion of FCCBs during the year	-	138,932
Adjusted Weighted Average number of Equity Shares	232,794,316	232,051,477
Computation of EPS - Basic (in ₹) As at 31st March	15.55	13.39

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

30 Computation of Earnings Per Share (EPS) (contd.):

	As at 31st March, 2012	As at 31st March, 2011
	₹ in Million	₹ in Million
Computation of Profit (Numerator)		
Net Profit attributable to Shareholders as at 31st March	3,620.73	3,108.25
Computation of Weighted Average Number of Shares (Denominator)	Nos.	Nos.
Number of Shares outstanding at the Beginning of the year	232,794,316	222,652,271
Weighted average Shares against Equity Shares issued to QIB	-	9,260,274
Weighted average Shares against Conversion of FCCBs during the year	-	138,932
Weighted average Shares outstanding on account of issue of warrants considered dilutive	288,209	4,964,898
Adjusted Weighted Average number of Equity Shares	233,082,525	237,016,375
EPS - Diluted - (in ₹) As at 31st March	15.53	13.11

(₹ in Million)

31 Contingent Liabilities not provided for in respect of :	As at 31st March, 2012	As at 31st March, 2011
(i) Sales Bills Discounted	7,222.08	4,911.08
Of Which:		
Bills since realised	2,410.02	1,739.26
Matured, Overdue & outstanding since close of the period	-	-
(ii) Guarantees given by the Company on behalf of other companies Balance Outstanding	1,996.82	1,845.43
(Maximum Amount)	(2,193.50)	(2,025.61)
(iii) Claims against the Company not acknowledged as Debts- to the extent ascertained	140.48	142.00
(iv) Excise/Service Tax Demands - matters under dispute	180.37	184.65
(v) Customs Demands - matters under dispute	50.97	50.97

32 (i) Commitments:

The Company has imported capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of Duty on an understanding to fulfill quantified exports against which remaining future obligation aggregates USD 13.91 Million, over a period of next five years, while maintaining average export of USD 157.49 Million per annum. Minimum Export obligation to be fulfilled by the Company under the said scheme by 31st March, 2012, has been fulfilled. Non fulfillment of the balance of such future obligations, in the manner required, if any entails options / rights to the Government to confiscate Capital Goods imported under the said Licenses and other penalties under the above referred scheme.

(ii) Performance Guarantees:

Alstom Bharat Forge Power Limited (a 49:51 Joint Venture between Bharat Forge Limited and Alstom Power Holdings S.A.) (JV) has won a contract (Contract) for supply of 2 sets of 660 MW super-critical Turbine Generators (TG) and related auxiliary items from NTPC Ltd. for its power project at Solapur, Maharashtra. The contract was signed between the JV and NTPC on the 8th May, 2012.

In terms of bid conditions agreed between JV and NTPC - both the promoters of the JV have signed a Deed of Joint Undertaking (DJU) for successful performance of the contract with a limit on their joint and several exposure at USD 244 million.

In this connection Bharat Forge Limited has also submitted Bank Guarantee to NTPC Ltd. for approximately ₹83.3 million for its respective share.

(iii) Estimated value of contracts remaining to be executed on Capital Accounts and not provided for, net of advances.	1,554.49	1,739.15

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

(₹ in Million)

	F.Y. 2011-12	F.Y. 2010-11
33 C.I.F. Value of Imports:		
(i) Raw materials and Components for Manufacturing	**472.12**	448.18
(ii) Die Blocks, Die Steel, Tool Steel & Spares	**715.26**	498.54
(iii) Capital Goods	**1,311.16**	448.98
In furnishing information under Note 33, the view has been taken that particulars are required only in respect of items that are incorporated in the Finished Goods produced and not for such material used for maintenance of Plant & Machinery.		
34 (a) Expenditure in foreign currency:		
(i) Interest (Including Capitalised ₹149.77 million, Previous year ₹9.55 million)	**300.75**	122.94
(ii) Legal and Professional fees	**84.99**	31.16
(iii) Commission and discount	**140.64**	126.13
(iv) Interest on Bills Discounting	**158.68**	82.35
(v) Freight Forwarding Charges etc.	**2.39**	0.81
(vi) Foreign Travel Expenses	**31.83**	34.09
(vii) Aircraft Expenses, Net	**65.64**	56.40
(viii) Service charges paid to deputed employees	**49.69**	51.43
(ix) Share issue expenses (Adjusted against Securities Premium Account)	**-**	3.82
(x) Other matters	**90.24**	79.85
34 (b) Earnings in foreign currency:		
F.O.B. value of exports	**17,309.92**	12,110.34
Insurance and freight on Exports	**457.28**	347.62
Tooling Charges	**37.17**	84.75
Sale of Certified Emission Reduction Units	**-**	3.45
Interest received on Fixed Deposits / Others	**0.02**	0.70
Interest on Loan to Subsidiary	**33.36**	22.05
Guarantee commission	**4.48**	-
35 (a) Exchange difference Gain/(Loss) on account of fluctuations in foreign currency rates:		
(i) Relating to Exports during the year as a part of Sales	**173.04**	250.61
(ii) Other foreign exchange gains / (losses) recognised on settlement / revolarisation of Borrowings		
(a) Adjusted to the Cost of Plant & Machinery / CWIP [See Note 3(d)]	**(588.23)**	34.88
(b) Treated as FCMITDA [See Note 3(d)]	**(28.32)**	4.44
(iii) Recognised in the Profit and Loss Account:		
(a) on settlement / revolarisation of current assets	**96.25**	(26.59)
(b) on settlement / revolarisation of current liabilities	**(19.68)**	(14.89)
(c) to the extent regarded as an adjustment to finance cost	**(205.02)**	-
(d) Others	**(0.07)**	0.27

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

35 (b) Foreign Exchange Derivatives and Exposures not hedged at close of the year

i) Foreign Exchange Derivatives/ Exposures

(Foreign Currency in Million)

Nature of Instrument	Currency	Sale / Purchase	March 31, 2012	March 31, 2011
Forward Contracts	USD	Sale	**150.50**	73.00
	EURO	Sale	**60.50**	26.00
	GBP	Sale	**8.00**	4.50

All forward contracts stated above were for the purpose of hedging.

ii) On 5th August, 2009, the Company has entered into a Cross Currency Swap (CCS) for a period of five years by converting a Long Term Rupee NCD liability of ₹250 million (out of 10.75% XVth Series NCD of ₹2,500 million) into an equivalent USD liability at the prevailing spot rate. Under this structure, the Company will receive a fixed interest coupon on a quarterly basis on the rupee amount swapped and will pay floating rate interest (which is subject to a cap) on the USD notional amount. On maturity of the swap, the Company will pay the contracted USD loan liability at prevailing rate and receive the original rupee amount swapped.

iii) Exposure not hedged:

(Foreign Currency in Million)

Particulars	Currency	Sale/Purchase	March 31, 2012	March 31, 2011
Receivables	USD	Sale	**14.07**	18.36
	EURO	Sale	**7.75**	6.51
	GBP	Sale	**0.85**	1.54
	JPY	Sale	**52.91**	28.36
Payables	USD	Purchase	**0.50**	0.68
	EURO	Purchase	**5.23**	3.81
	GBP	Purchase	**0.01**	0.03
	JPY	Purchase	**676.60**	219.21
	SEK	Purchase	**0.10**	0.02
Loan	USD	Term Loan/ Buyers Credit	**212.40**	134.90
	EURO	Buyers credit	**1.14**	0.66
Bank Deposits	USD	Deposit	**0.06**	0.06
	EURO	Deposit		
Loan to Subsidiary	USD		**22.15**	22.15
	EURO		**1.25**	1.25
Other Receivables	USD		**0.89**	0.81
	EURO		**0.63**	0.40
Other Payables	USD		**0.82**	0.48
	EURO		**0.01**	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

36 Liability for employee benefit has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (revised) the details of which are as hereunder:

Funded Scheme:

(₹ in Million)

		As at 31st March, 2012 Gratuity	As at 31st March, 2011 Gratuity
(i)	**Amount to be recognised in Balance Sheet**		
	a. Present value of Funded obligations	**536.44**	486.01
	b. Fair value of Plan Assets	**236.86**	211.11
	c. Net liability / (Asset) recognised in the Balance Sheet	**299.58**	274.90
	Amounts In Balance Sheet		
	Liability	**299.58**	274.90
	Asset	**-**	-
	Net Liability	**299.58**	274.90
(ii)	**Amount to be Recognised in the Statement of Profit & Loss**		
	a. Current Service Cost	**39.60**	34.52
	b. Interest on Defined Benefit Obligations	**36.71**	30.30
	c. Expected Return on Plan Assets	**(19.24)**	(17.44)
	d. Net Actuarial Losses/ (Gains) Recognised in year	**27.29**	56.07
	Total, included in "Employee Benefits Expense"	**84.36**	103.45
(iii)	**Change in Defined Benefit obligation and reconciliation thereof**		
	a. Opening Defined Benefit obligation	**486.01**	411.14
	b. Interest Cost	**36.71**	30.30
	c. Current service cost	**39.60**	34.52
	d. Actuarial Losses/ (Gain)	**28.38**	55.48
	e. Benefits Paid	**(54.26)**	(45.43)
	f. Closing Defined Benefit obligation	**536.44**	486.01
(iv)	**Change in the fair value of Plan Assets and the reconciliation thereof**		
	a. Opening Fair Value of Plan Assets	**211.11**	193.39
	b. Add: Expected return on Plan Assets	**19.24**	17.44
	c. Add / (Less) : Actuarial Losses / (Gains)	**1.10**	(0.58)
	d. Add : Contributions by employer	**59.67**	46.29
	e. Less: Benefits Paid	**(54.26)**	(45.43)
	f. Closing Fair value of plan Assets	**236.86**	211.11
(v)	**Principal Actuarial Assumptions**		
	Discount Rate	**8.50%**	8.00%
	Expected Rate of Return on Assets (p.a)	**9.00%**	9.00%
	Salary Escalation Rate	**6.00%**	6.00%

Unfunded Schemes:

(₹ in Million)

Particulars	As at 31st March, 2012 Compensated Absences	As at 31st March, 2011 Compensated Absences
Present value of unfunded obligations	**153.56**	183.37
Expenses recognised in Profit and Loss Account		
Discount Rate	**8.50%**	8.00%
Salary Escalation Rate %	**6.00%**	6.00%

Experience History:

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010
Present Value of Obligation	**536.44**	486.01	411.14
Plan Assets	**236.86**	211.11	193.39
Surplus / (Deficit)	**(299.58)**	(274.90)	(217.75)
Experience adjustments on plan liabilities (loss)/gain	**(2.69)**	(59.59)	2.94
Experience adjustments on plan assets (loss)/gain	**1.10**	(0.58)	1.18

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

37 Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit aggregating to ₹ 3,250.00 million (Previous Year ₹ 3,250 .00 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. Amount outstanding ₹ 711.05 million (Previous Year ₹ 856.83 million)

38 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. These are generally in nature of operating lease / leave and license, disclosure required as per Accounting Standard 19 with regard to the above is as under:

i) Payment under operating lease / leave and license for period
   1) Not later than one year ₹ 4.09 million
   2) Later than one year but not later than five years ₹ 1.63 million
   3) Later than five years ₹ 0.81 million

ii) There are no transactions in the nature of sub-lease.

iii) Payments recognised in the Profit and Loss Account for the year ended 31st March, 2012 ₹ 5.54 million

iv) Period of agreement is generally for three years and renewable at the option of the Lessee.

39 Segment information based on consolidated financial statements has been disclosed in a statement annexed thereto. Primary Segments have been determined by the management in light of the dominant source and nature of risks and returns of the consolidated group and relied upon by the auditors.

40 Related Party disclosures have been set out in a separate statement annexed to this Note. The related parties, as defined by Accounting Standard 18 'Related Party Disclosures' issued by The Companies Accounting Standard Amendment Rules, 2006, in respect of which the disclosures have been made, have been identified on the basis of disclosures made by the key managerial persons and taken on record by the Board.

41 Expenditure on Research & Development:

Particulars	F.Y. 2011-12 ₹ in Million	F.Y. 2010-11 ₹ in Million
A. On Revenue Account :		
Manufacturing Expenses:		
Stores, Spares & Tools consumed	**2.66**	3.30
Building Repairs & Machinery Repairs	**0.96**	0.88
Payments to & Provision for Employees:		
Salaries, Wages, Bonus, Allowances etc.	**39.92**	23.44
Contribution to Provident & Other Funds & Schemes	**5.33**	3.42
Other Expenses:		
Legal & Professional charges	**1.78**	1.84
Membership Fees	**0.01**	0.76
EDP Expenses	**12.39**	4.21
Other Expenses	**11.13**	23.55
Total	**74.18**	61.40
B. On Capital Account	**14. 71**	13.84
Total Research & Development Expenditure (A + B)	**88.89**	75.24

42 Information on Joint Ventures is set out in a separate statement annexed to this Note.

43 Figures less than ₹ 5,000/- have been shown at actuals in bracket as the figures have been rounded off to the nearest second decimal to millions.

44 The financial statements for the year ended 31 March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451
Mumbai: 28th May, 2012

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

AJAY SHARMA
Company Secretary

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Annexure referred to in Note No. 40 of Notes forming part of Financial Statements:

Disclosure of Transactions with Related Parties as required by Accounting Standard 18:

(₹ in Million)

Sr. No.	Related Party	F.Y. 2011-12		F.Y. 2010-11	
		Transaction value	Closing Balance	Transaction value	Closing Balance
A.	**Subsidiaries:**				
1	**Purchase of goods:**				
	Bharat Forge Kilsta AB	-	-	8.47	-
	Others	-	0.18	0.20	0.18
	Total	-	0.18	8.67	0.18
2	**Sale of goods:**				
	Bharat Forge America Inc.	-	-	36.00	36.00
	Bharat Forge International Ltd.	2,098.66	1,506.64	-	-
	Bharat Forge Kilsta AB	625.96	502.23	109.09	80.19
	Others	0.03	0.03	-	-
	Total	2,724.65	2,008.90	145.09	116.19
3	**Reimbursement of expenses paid:**				
	CDP Bharat Forge GmbH	45.19	42.68	7.81	1.00
	Bharat Forge America Inc.	50.25	0.56	72.83	-
	Bharat Forge Scottish Stampings Ltd.	53.52	9.94	14.86	7.03
	Bharat Forge Kilsta AB	1.79	8.39	3.01	6.79
	Others	5.15	0.06	0.06	0.06
	Total	155.90	61.63	98.57	14.88
4	**Reimbursement of expenses received:**				
	Bharat Forge Kilsta AB	63.06	156.32	10.61	102.16
	Bharat Forge International Ltd.	71.13	21.26	-	-
	Others	0.31	8.76	-	8.68
	Total	134.50	186.34	10.61	110.84
5	**Finance provided:**				
	a) Investments				
	CDP Bharat Forge GmbH	-	3,580.54	66.68	3,580.54
	Bharat Forge America Inc.	-	282.93	88.88	987.09
	Kalyani ALSTOM Power Ltd.	66.11	192.98	96.96	126.87
	Others	66.11	140.35	13.04	74.24
	Total	132.22	4196.80	265.56	4,768.74
	b) Loan				
	CDP Bharat Forge GmbH	144.95	1,211.97	602.99	1,067.02
	Total	144.95	1,211.97	602.99	1,067.02
	c) Advance				
	CDP Bharat Forge GmbH	7.73	7.73	-	-
	Bharat Forge Scottish Stampings Ltd.	-	-	198.85	198.85
	Total	7.73	7.73	198.85	198.85

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Annexure referred to in Note No. 40 of Notes forming part of Financial Statements:

Disclosure of Transactions with Related Parties as required by Accounting Standard 18 (Contd.) :

(₹ in Million)

Sr. No.	Related Party	F.Y. 2011-12		F.Y. 2010-11	
		Transaction value	Closing Balance	Transaction value	Closing Balance
6	**Interest on loan given:**				
	CDP Bharat Forge GmbH	33.36	89.93	22.05	64.98
	Total	33.36	89.93	22.05	64.98
7	**Expenses:**				
	BF Infrastructure Ltd.	-	308.14	308.14	308.14
	BF Infrastructure Ventures Ltd.	188.12	283.25	95.13	95.13
	Others	-	-	2.22	2.22
	Total	188.12	591.39	405.49	405.49
B.	**Associates / Joint Ventures:**				
1	**Purchase of goods:**				
	Kalyani Carpenter Special Steels Ltd.	10,611.88	3,062.70	8,480.02	3,274.39
	Kalyani Steels Ltd.	4,318.08	1,012.24	3,832.75	830.67
	Total	14,929.96	4,074.94	12,312.77	4,105.06
2	**Sale of goods:**				
	Kalyani Carpenter Special Steels Ltd.	1,699.58	507.13	1,743.67	451.61
	Automotive Axle Ltd.	10.59	-	30.68	-
	Total	1,710.17	507.13	1,774.35	451.61
3	**Receiving of services:**				
	BF Utilities Ltd.	278.00	35.20	106.73	(83.13)
	Kalyani Carpenter Special Steels Ltd.	35.73	8.32	24.18	7.62
	Automotive Axle Ltd.	220.78	52.13	175.85	40.10
	Total	534.51	95.65	306.76	(35.41)
4	**Reimbursement of expenses paid:**				
	Automotive Axle Ltd.	5.85	5.85	0.29	-
	Technica U.K. Ltd.	-	-	4.23	0.30
	Kalyani Steels Ltd.	-	-	17.63	-
	Total	5.85	5.85	22.15	0.30
5	**Reimbursement of expenses received:**				
	Kalyani Carpenter Special Steels Ltd.	129.31	10.99	81.02	25.76
	Others	8.97	2.25	5.27	0.71
	Total	138.28	13.24	86.29	26.47
6	**Finance provided:**				
	a) Investments:				
	Impact Automotive Solutions Pvt. Ltd.	19.00	49.05	30.05	30.05
	ALSTOM Bharat Forge Power Ltd.	-	732.88	474.24	732.88
	Total	19.00	781.93	504.29	762.93
	b) Advance:				
	Kalyani Carpenter Special Steels Ltd.	-	50.00	-	50.00
	Kalyani Steels Ltd.	-	375.00	-	375.00
	BF Utilities Ltd.	-	200.00	-	200.00
	Total	-	625.00	-	625.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Annexure referred to in Note No. 40 of Notes forming part of Financial Statements:

Disclosure of Transactions with Related Parties as required by Accounting Standard 18 (Contd.) :

(₹ in Million)

Sr. No.	Related Party	F.Y. 2011-12		F.Y. 2010-11	
		Transaction value	Closing Balance	Transaction value	Closing Balance
7	**Interest on loan given:**				
	Kalyani Carpenter Special Steels Ltd.	5.00	-	5.01	1.25
	Kalyani Steels Ltd.	20.87	-	22.50	5.55
	Total	25.87	-	27.51	6.80
8	**Advance received:**				
	Automotive Axle Ltd.	72.16	72.16	-	-
	Total	72.16	72.16	-	-
C.	**Key Management Personnel:**				
1	**Receiving of services:**				
	Mr. B. N. Kalyani	99.65	57.00	73.70	35.00
	Mr. A. B. Kalyani	34.89	15.00	28.68	11.00
	Mr. G. K. Agarwal	35.31	15.00	29.06	11.00
	Mr. S. E.Tandale	25.89	17.00	17.14	10.00
	Mr. S. K. Chaturvedi	22.38	7.00	22.59	9.00
	Others	35.58	19.00	30.72	16.00
	Total	253.70	130.00	201.89	92.00
2	**Dividend paid:**				
	Mr. A. B. Kalyani	1.75	-	0.35	-
	Others	0.22	-	0.04	-
	Total	1.97	-	0.39	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Annexure referred to in Note No. 40 of Notes forming part of Financial Statements:

Disclosure of Transactions with Related Parties as required by Accounting Standard 18 (Contd):

Note : Names of the related parties and description of relationship

Sr. No.	Particulars	Name of the Party
1	Subsidiary Companies	CDP Bharat Forge GmbH
		Bharat Forge Beteiligungs GmbH
		Bharat Forge America Inc.
		Bharat Forge Holding GmbH
		Bharat Forge Aluminiumtechnik GmbH & Co. KG
		Bharat Forge Aluminiumtechnik Verwaltungs GmbH
		Bharat Forge Hong Kong Ltd.
		Bharat Forge Kilsta AB
		Bharat Forge Scottish Stampings Ltd.
		FAW Bharat Forge (Changchun) Co. Ltd.
		Bharat Forge Daun GmbH
		BF New Technologies GmbH
		Bharat Forge International Ltd.
		BF NTPC Energy Systems Ltd.
		Kalyani ALSTOM Power Ltd.
		BF Infrastructure Ltd.
		BF Infrastructure Ventures Ltd.
		BF Power Equipment Ltd.
2	Associates / Joint Ventures	Kalyani Carpenter Special Steels Ltd.
		Kalyani Steels Ltd.
		BF Utilities Ltd.
		Automotive Axle Ltd.
		Technica U.K. Ltd.
		ALSTOM Bharat Forge Power Ltd.
		Impact Automotive Solutions Pvt. Ltd.
		David Brown Bharat Forge Gear Systems India Ltd.
3	Key Management Personnel	Mr. B. N. Kalyani
		Mr. A. B. Kalyani
		Mr. G. K. Agarwal
		Mr. P. K. Maheshwari
		Mr. B. P. Kalyani
		Mr. S. E.Tandale
		Mr. S. K. Chaturvedi

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Annexure referred to in Note No. 42 of Notes forming part of Financial Statements:

Information on Joint Ventures:

(₹ in Million)

Sr. No.	Name of the Company	Country of Incorporation	Percentage of ownership / interest	
(1)	**Alstom Bharat Forge Power Limited**	**India**	**49%**	49%
			As at 31st, March, 2012	As at 31st, March, 2011
	(i) Share of the Company in the contingent liabilities incurred by jointly controlled entity		**-**	-
	(ii) Share of the Company in capital commitments which have been incurred jointly with the revenue		**-**	-
	(iii) Interest in Assets, Liabilities, Income & Expenditure with respect to Jointly controlled entities are as below:			
	Equity & Liabilities:			
	Shareholders' funds		**505.41**	610.96
	Non-current liabilities		**279.69**	1.95
	Current liabilities		**144.45**	73.36
	Assets:			
	Fixed assets (Net)		**0.44**	0.10
	Capital work-in-progress		**322.05**	213.73
	Preoperative Expenses pending allocation		**49.06**	23.51
	Deferred tax assets (Net)		**9.18**	5.45
	Long term loans & advances		**436.87**	153.15
	Current assets		**111.95**	290.33
			F.Y. 2011-12	F.Y. 2010-11
	Income:			
	Other Income		**2.58**	10.41
	Expenses:			
	Purchases of Stock-in-Trade		**4.66**	-
	Changes in inventories of finished goods, work-in-progress		**(93.28)**	-
	Employee benefits expense		**119.63**	39.10
	Other expenses		**80.80**	75.08
	Provision for taxation			
	Deferred tax		**(3.73)**	(5.45)
(2)	**Impact Automotive Solutions Private Limited**	**India**	**50%**	50%
			As at 31st, March, 2012	As at 31st, March, 2011
	(i) Share of the Company in the contingent liabilities incurred by jointly controlled entity		**-**	-
	(ii) Share of the Company in capital commitments which have been incurred jointly with the revenue		**-**	-
	(iii) Interest in Assets, Liabilities, Income & Expenditure with respect to Jointly controlled entities are as below:			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Annexure referred to in Note No. 42 of Notes forming part of Financial Statements:

Information on Joint Ventures (contd.):

(₹ in Million)

Sr. No.	Name of the Company	Country of Incorporation	Percentage of ownership / interest	
			As at 31st, March, 2012	As at 31st, March, 2011
	Equity & Liabilities:			
	Shareholders' funds		**38.48**	29.73
	Current liabilities		**6.08**	2.81
	Assets:			
	Fixed assets (Net)		**0.15**	-
	Capital work-in-progress		**22.92**	12.96
	Long term loans & advances		**6.09**	2.67
	Current assets		**15.40**	16.91
			F.Y. 2011-12	F.Y. 2010-11
	Income:			
	Other Income		**0.60**	0.28
	Expenses:			
	Other expenses		**10.85**	0.52
	Provision for taxation			
	Current tax		**-**	0.08
(3)	**David Brown Bharat Forge Gear Systems India Limited**	**India**	**50%**	
	(became a joint venture w.e.f. 13th June, 2011)			
			As at 31st, March, 2012	
	(i) Share of the Company in the contingent liabilities incurred by jointly controlled entity		**-**	
	(ii) Share of the Company in capital commitments which have been incurred jointly with the revenue		**-**	
	(iii) Interest in Assets, Liabilities, Income & Expenditure with respect to Jointly controlled entities are as below:			
	Equity & Liabilities:			
	Shareholders' funds		**(1.67)**	
	Current liabilities		**3.67**	
	Assets:			
	Long term loans & advances		**1.75**	
	Current assets		**0.25**	
			F.Y. 2011-12	
	Income:			
	Other Income		**-**	
	Expenses:			
	Other expenses		**1.92**	

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT FORGE LIMITED

The Board of Directors of Bharat Forge Limited

1. We have audited the attached consolidated balance sheet of Bharat Forge Limited (the "Company") and its subsidiaries, its jointly controlled entities and associate company; hereinafter referred to as the "Group" (refer Note 30(i)) to the attached consolidated financial statements) as at 31st March 2012, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of (i) 7 subsidiaries and 1 jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs 27,695.08 million as at 31st March 2012, total revenue of Rs. 28,317.50 million, net loss of Rs 246.85 million and net cash flows amounting to Rs (38.06) million for the year then ended; and (ii) 1 associate company which constitute net loss of Rs 3.18 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We have relied on the unaudited Financial Statements of ALSTOM Bharat Forge Power Ltd (ABFPL), which constitutes total assets of Rs 929.55 million as at March 31, 2012, total revenue of Rs. 2.58 million, net loss of Rs 105.55 million and net cash flows amounting to Rs (274.19) million for the year then ended. These unaudited financials statements have been approved by the Board of Directors of ABFPL and have been furnished to us by the Management and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on such approved unaudited Financial Statements.
5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
6. Without qualifying our opinion, we draw your attention to the following emphasis of matter paragraph included in the audit reports of:
   i) Bharat Forge America Inc. vide report dated 30th April, 2012 issued by an Independent Firm of Accountants, reproduced by us as under:

      "As discussed in the Note 36 B (Reference to Consolidated Financial Statements under this report), the Company and its operations continue to be affected by industry conditions, which indicate that the company may be unable to continue to act as a going concern. Management's future plans in response to these conditions are described in Note 36 B. The accompanying financial statements do not include any adjustments that might be necessary should the company be unable to continue as a Going concern."

   ii) Bharat Forge Scottish Stampings Limited (BFSSL), a wholly owned subsidiary of CDP BF, vide report dated 11th May, 2012 issued by an Independent Firm of Accountants, reproduced by us as under:

      "In forming our opinion on the financial statements, which are not qualified, we have considered the adequacy of the disclosure made in Note 36 (C). 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. The financial statements of Bharat Forge Scottish Stampings Limited have not been prepared on a going concern assumption."
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;
   (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Dalal & Shah
Firm Registration Number:102021W
Chartered Accountants

Anish Amin
Partner
Membership Number 40451

Mumbai
28th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012:

(₹ in Million)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	**465.68**	465.68
(b) Reserves and surplus	3	**21,373.27**	19,063.77
		21,838.95	19,529.45
(2) Share application money pending allotment		**63.52**	-
(3) Minority Interest		**1,957.20**	1,542.14
(4) Non-current liabilities			
(a) Long-term borrowings	4	**19,208.93**	15,145.17
(b) Deferred tax liabilities (Net)	5	**885.59**	1,320.57
(c) Other long term liabilities	6	**7.15**	5.88
(d) Long-term provisions	7	**847.58**	802.77
		20,949.25	17,274.39
(5) Current liabilities			
(a) Short-term borrowings	8	**4,980.52**	3,720.34
(b) Trade payables	9	**11,343.15**	9,709.20
(c) Other current liabilities	10	**10,522.59**	3,553.23
(d) Short-term provisions	11	**1,686.84**	1,419.33
		28,533.10	18,402.10
TOTAL		**73,342.02**	56,748.08
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	**26,209.56**	24,466.17
Share in Tangible assets of Joint Venture		**0.46**	0.10
(ii) Intangible assets		**172.59**	126.66
(iii) Capital work-in-progress		**4,334.79**	1,405.99
Share in Capital work-in-progress of Joint Venture		**344.97**	226.69
(iv) Intangible assets under development		**507.64**	350.48
Share in Preoperative Expenses pending allocation of Joint Venture		**49.06**	23.50
(b) Goodwill arising on Consolidation		**32.49**	34.28
(c) Non-current investments	13	**203.20**	187.26
(d) Long-term loans and advances	14	**5,111.45**	3,251.11
(e) Other non-current assets	15	**706.26**	369.96
		37,672.47	30,442.20
(2) Current assets			
(a) Current investments	16	**3,666.67**	2,426.25
(b) Inventories	17	**12,228.47**	8,114.94
(c) Trade receivables	18	**8,133.63**	7,538.57
(d) Cash and Bank Balances	19	**6,717.75**	3,964.16
(e) Short-term loans and advances	20	**2,738.30**	1,941.61
(f) Other current assets	21	**2,184.73**	2,320.35
		35,669.55	26,305.88
TOTAL		**73,342.02**	56,748.08
Summary of significant accounting policies followed by the Company	1		

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

Mumbai: 28th May, 2012

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

AJAY SHARMA
Company Secretary

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012:

(₹ in Million)

Particulars			Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
I.	**Sales (Gross)**			**63,143.39**	51,214.93
	Less: Excise duty			**1,683.23**	1,528.88
				61,460.16	49,686.05
	Other Operating Revenue			**1,330.45**	1,183.45
	Revenue from operations (Net)		22	**62,790.61**	50,869.50
II.	**Other income**		23	**893.12**	674.89
III.	**Total Revenue (I + II)**			**63,683.73**	51,544.39
IV.	**Expenses:**				
	Cost of materials consumed		24	**31,245.47**	24,990.87
	Changes in inventories of finished goods, work-in-progress		25	**(2,116.78)**	(723.12)
	Employee benefits expense		26	**7,899.81**	6,458.50
	Finance costs		27	**1,837.44**	1,534.23
	Depreciation and amortization expense		28	**3,018.48**	2,550.46
	Other expenses		29	**15,800.96**	12,291.15
	Total expenses (IV)			**57,685.38**	47,102.09
V.	**Profit before exceptional item and tax (III-IV)**			**5,998.35**	4,442.30
VI.	**Exceptional item of expenditure**		33	**-**	77.12
VII.	**Profit before tax (V - VI)**			**5,998.35**	4,365.18
VIII.	**Profit / (Loss) from Associate**			**(3.18)**	0.98
IX.	**Tax expense:**				
	(1)	Current tax		**1,870.81**	902.39
		Share in Current tax of Joint Venture		**-**	0.08
	(2)	Deferred tax		**(70.97)**	502.22
		Share in Deferred tax of Joint Venture		**(3.73)**	(5.45)
	(3)	(Excess) / Short provision for taxation and tax payments		**-**	(2.58)
				1,796.11	1,396.66
X.	**Profit /(Loss) for the year from continuing operations (VII+VIII-IX)**			**4,199.06**	2,969.50
XI.	**Minority Interest**			**68.58**	67.86
XII.	**Profit /(Loss) for the year after Minority Interest (X-XI)**			**4,130.48**	2,901.64
XIII.	**Earnings per equity share: (in ₹) (Nominal value per Share ₹ 2/-)**		37		
	(1)	Basic		**17.74**	12.41
	(2)	Diluted		**17.72**	12.15
Summary of significant accounting policies followed by the Company			1		

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

Mumbai: 28th May, 2012

AJAY SHARMA
Company Secretary

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012:

(₹ in Million)

Particulars			2011-12	2010-11
A	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	Profit before tax		**5,995.17**	4,368.66
	Add /(Less) : Share of (Profit)/Loss in Associate		**3.18**	(0.98)
			5,998.35	4,367.68
	Adjustments For :			
	Interest / Depreciation / Other Non Cash Expenses			
	i) Depreciation and amortisation		**3,017.49**	2,548.18
	ii) Loss on assets sold,demolished, discarded		**3.32**	28.18
	iii) Provision for doubtful debts & advances		**7.59**	45.93
	iv) Excess/(Short) provision for Taxation and tax refunds		**-**	(19.53)
	v) Bad debts, irrecoverable advances and sundry balances written off		**24.82**	24.41
	vi) Proportionate deferred revenue expenses written off		**7.09**	5.05
	vii) Interest paid		**1,837.44**	1,529.36
	viii) Exchange Loss		**-**	(5.81)
		TOTAL	**4,897.75**	4,155.77
	Interest / Dividend / Other Income Adjustments			
	i) Interest Received		**(286.60)**	(121.91)
	ii) Dividend		**(221.16)**	(142.71)
	iii) Profit on sale of investments		**(38.27)**	(52.13)
	iv) Surplus on sale of assets		**(11.40)**	(31.75)
	v) Provisions no longer required		**(39.72)**	(42.76)
	vi) Provision for doubtful debts & advances written back		**(3.81)**	(0.10)
		TOTAL	**(600.96)**	(391.36)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**10,295.14**	8,132.09
	Changes in Working Capital			
	(Increase) / Decrease in Current Assets :			
	i) Inventories		**(4,113.53)**	(1,540.43)
	ii) Sundry debtors		**(623.66)**	(2,519.06)
	iii) Other assets & loans & advances		**(1,125.94)**	(2,185.42)
			(5,863.13)	(6,244.91)
	Increase / (Decrease) in Current Liabilities :			
	i) Other long term liabilities		**4,375.42**	2,154.85
			4,375.42	2,154.85
		TOTAL	**(1,487.71)**	(4,090.06)
	CASH GENERATED FROM OPERATIONS		**8,807.43**	4,042.03
	Direct taxes paid		**(1,710.46)**	(567.11)
	CASH FROM OPERATING ACTIVITIES		**7,096.97**	3,474.92
	Less: Minority Interest		**68.58**	67.86
	NET CASH FROM OPERATING ACTIVITIES	**(A)**	**7,028.39**	3,407.06

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012:

(₹ in Million)

Particulars			2011-12	2010-11
B	**CASH FLOW FROM INVESTMENT ACTIVITIES:**			
i)	(Increase)/Decrease in current Investments		**(1,240.42)**	(328.62)
ii)	Investment in Joint ventures		**(0.02)**	258.62
iii)	Investment in Associates, Subsidiaries & Equity Shares		**(19.10)**	(5.68)
iv)	Capital expenditure		**(12,520.42)**	(5,089.26)
v)	Sale proceeds of assets / adjustments to gross block		**2,683.85**	864.02
vi)	Interest Capitalised		**22.44**	10.21
vii)	Non Operating Income		**546.03**	316.75
viii)	Goodwill on Consolidation		**1.79**	(29.74)
		TOTAL	**(10,525.85)**	(4,003.70)
	NET CASH USED IN INVESTING ACTIVITIES	**(B)**	**(10,525.85)**	(4,003.70)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**			
	Increase / (Decrease) in Share Capital / Borrowings			
i)	Share Capital		**-**	20.28
ii)	Long Term Borrowing		**2,381.12**	1,145.93
iii)	Fixed deposits, unsecured loan		**5,710.65**	(5,251.03)
iv)	Cash credit & other borrowings from banks		**501.97**	564.17
		TOTAL	**8,593.74**	(3,520.65)
	Adjustments to net worth			
i)	Foreign Currency Translation Reserve		**138.49**	423.78
ii)	Capital Subsidy		**171.58**	-
iii)	Minority interest		**415.06**	759.44
iv)	Debenture Issue Expenses		**-**	(19.51)
v)	Share Issue Expenses		**-**	(90.05)
vi)	Share Premium		**-**	2,754.28
vii)	Warrant Application Money		**-**	13.00
viii)	Adjustment on adoption of International Financial Reporting Standards / Others		**46.67**	22.68
ix)	Share application money pending allotment		**63.52**	-
		TOTAL	**835.32**	3,863.62
	Interest Paid			
i)	Interest Paid		**(1,812.83)**	(1,476.29)
ii)	Capitalised		**(22.44)**	(10.21)
		TOTAL	**(1,835.27)**	(1,486.50)
	Dividend		**(1,342.74)**	(272.22)
	NET CASH USED IN FINANCING ACTIVITIES	**(C)**	**6,251.05**	(1,415.75)
	Net change in cash and cash equivalents	**(A+B+C)**	**2,753.59**	(2,012.39)
	Cash and cash equivalents as at 01.04.11 (opening balance) *		**3,964.16**	5,976.55
	Cash and cash equivalents as at 31.03.12 (closing balance) *		**6,717.75**	3,964.16

* Includes Earmarked balances with bank (against unclaimed dividend) ₹ 24.42 million (previous year ₹ 14.57 million)

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

Mumbai: 28th May, 2012

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

AJAY SHARMA
Company Secretary

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1 a) The consolidated financial statements are prepared on the following basis:

i) The Consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard AS 21 "Consolidated Financial Statements," Accounting Standard AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard AS 27 "Financial Reporting of Interest in Joint Ventures".

Despite that Financial Statements of the Subsidiaries have been prepared by applying principles of International Financial Reporting Standard (for CDP Bharat Forge GmbH and its subsidiaries), under US GAAP (for Bharat Forge America Inc) and under UK GAAP (for Bharat Forge International Limited), these Consolidated financial statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by the Accounting Standard AS 21 "Consolidated Financial Statements" issued by the Companies Accounting Standard Amendment Rules, 2006.

ii) The operations of the subsidiaries are not considered as an integral part of the operations of the parent. Hence, all Monetary and Non Monetary Assets and Liabilities have been translated at the exchange rate prevailing at the close of the subsidiaries financial year (i.e. 31st December, 2011). Income and Expenditure have been translated at the daily average rate of exchange prevailing for the subsidiaries financial year. Translation losses and gains on the above are carried to Foreign Currency Translation Reserve for future adjustments. Foreign Exchange rates so applied are adjusted for any subsequent material fluctuations as compared to rates prevailing on 31st March, 2012.

iii) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items assets, liabilities, income and expenses after eliminating intra- group balances and intra-group transactions resulting in unrealized profits and losses.

The excess or deficit of parent's portion of equity in subsidiary companies over its carrying cost on investments in subsidiary companies, if any, is treated as a capital reserve or goodwill respectively.

iv) For calendar year 2011, CDP Bharat Forge GmbH and its wholly owned subsidiaries have prepared their consolidated accounts by applying principles of IFRS. Bharat Forge America Inc has prepared their financial statements under US GAAP. Bharat Forge International Limited has prepared their financial statements under UK GAAP. No adjustments have been made to the financial statements of the Subsidiaries on account of diverse accounting policies followed by them under respective GAAPs. However the diverse accounting policies followed by the subsidiaries to the extent they could materially impact these consolidated financial statements have been detailed in Note below. Since these do not have material financial impact, the same have not been given effect to in the Consolidated Financial Statements.

v) The financial statements are prepared on the following basis:

a) The financial statements in respect of overseas subsidiary companies (other than Bharat Forge International Limited) are drawn for the year ended 31st December, 2011, whereas the financial statements of the company are drawn for the year ended 31st March, 2012. The effect of significant transactions and other events that occur between 1st January, 2012 and 31st March, 2012 are considered in the consolidated financial statements if it is of material nature.

b) Notes of these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosures. Practical considerations made it desirable to exclude Notes to Financial Statements, which in the opinion of the management, could be better viewed, when referred from the individual Financial statements of Bharat Forge Ltd.

c) Consolidated Financial Statement include the results of Bharat Forge International Limited and David Brown Bharat Forge Gear Systems India Limited consolidated for the first time since these companies have become a subsidiary, Joint Venture of the Company. Hence the previous year figures are not strictly comparable with those of current year.

d) Summary of significant accounting policies followed by the Company:

Significant Accounting Policies followed by Bharat Forge Limited are annexed to the independent Financial Statements. Due to inherent diversities in the legal and regulatory environment governing accounting principles, the accounting policies would be better understood when referred from the individual Financial Statements.

However 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 CDP Bharat Forge GmbH (CDP BF), Bharat Forge Kilsta (BFK), FAW Bharat Forge (Changchun) Company Limited (FAW BF) and Bharat Forge America Inc (BFA)**

Dies are considered as Fixed Assets and amortised by scheduled depreciation with reference to an assumed economic life as against the parents accounting policy to treat them as a 'Inventory' under 'Current Asset' and amortise the cost, as

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

'manufacturing expenses' on the basis of actual usage. Since both methods are acceptable basis of making estimates of economic life, there is no financial impact.

ii) **Employee benefits Pension**

In case of CDP Bharat Forge GmbH and its subsidiaries, the service cost / interest cost for pension are debited to Profit and Loss account and actuarial gains and losses are charged to Reserves. The amount credited to the reserves for calendar year 2011 is Euro 248k (gross of tax). This is in contrast to the practice followed by the parent where the difference between actuarial valuation is charged to Profit and Loss account. This dieversed accounting policy does not have a material impact on the profit for the year.

iii) 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 Ltd. which determines on the basis of weighted average.

iv) Depreciation:

In case of Bharat Forge America Inc, depreciation expense on production related assets is calculated by units of production method. This is in contrast to the practice followed by the parent 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.

v) Revenue Recognition

In case of Bharat Forge Infrastructure Limited, construction revenue and costs are recognised by reference to the stage of completion of the construction activity at the Balance Sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

2 Share Capital:

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Authorised				
Equity Shares of ₹ 2/- each	300,000,000	600.00	300,000,000	600.00
Cumulative Preference Shares of ₹ 10/- each	43,000,000	430.00	43,000,000	430.00
Unclassified Shares of ₹ 10/- each	2,000,000	20.00	2,000,000	20.00
Issued				
Equity Shares of ₹ 2/- each	232,970,666	465.94	232,970,666	465.94
Subscribed & Paid up				
Equity Shares of ₹ 2/- each fully paid	232,794,316	465.59	232,794,316	465.59
Add: Forfeited Equity Shares (amount paid up)	172,840	0.09	172,840	0.09
Total	232,967,156	465.68	232,967,156	465.68

2 (a) Reconciliation of the shares outstanding at the beginning and at the end of the year:

Equity Shares	As at 31st March, 2012		As at 31st March, 2011	
	Number	₹ in Million	Number	₹ in Million
Shares outstanding at the beginning of the year	232,794,316	465.59	222,652,271	445.31
Conversion of FCCBs into Equity Shares	-	-	142,045	0.28
Shares Issued to Qualified Institutional Buyers	-	-	10,000,000	20.00
Shares outstanding at the end of the year	232,794,316	465.59	232,794,316	465.59

2 (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 dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

2 (c) Details of shareholders holding more than 5% of the aggregate shares in the Company:

	Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Equity Shares				
(1)	Kalyani Investment Company Limited	**31,656,095**	**13.60**	31,656,095	13.60
(2)	KSL Holdings Private Limited	**23,142,870**	**9.94**	23,142,870	9.94
(3)	Sundaram Trading And Investment Pvt. Limited	**20,986,337**	**9.01**	20,986,337	9.01
(4)	Life Insurance Corporation Of India	**-**	**-**	20,809,384	8.94

2 (d) Shares reserved for issue on account of:

		Equity Shares Reserved
(i)	Warrants issued with option to subscribe [see Note 2(e)(i)]	6,500,000
(ii)	The issue of Foreign Currency Convertible Bonds optionally convertible at an initial price specified in offering circular. As the initial price is subject to adjustments specified in the offering circular and hence inability to assess the proportion of conversion, no amounts have been shown under issued Equity Share Capital, in respect of Equity shares reserved for issued on exercise of conversion by bondholders [see Note 4(e)]	-
(iii)	2,340 Equity shares of ₹ 2/- each out of the previous issue of Equity Shares on a Right basis together with 234 detachable warrants entitled to subscription of 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

2 (e) Terms of securities convertible into equity shares:

(i) The Company 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 28th April, 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. The subscription money received on issue of warrants has been credited to Capital Reserve as the same is not refundable / adjustable. Out of the funds raised, ₹ 2,365 million has been temporarily deployed in Fixed Deposits with Banks and in Mutual Funds and the Balance has been utilised towards the object of the issue.

2 (f) Other information:

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 U.S.$ 27.50 per GDR (including premium). GDRs outstanding at the close of the year are 9,200. The Funds raised has been utilised towards the object of the issue.

3 Reserve & Surplus:

		As at 31st March, 2012		As at 31st March, 2011
		₹ in Million	₹ in Million	₹ in Million
(i)	Capital Reserves			
	(1) Special Capital Incentive			
	(Under the 1988 Package Scheme of Incentives)			
	As per Last Account		**2.50**	2.50
	(2) Capital Surplus arising from early retirement of Sales			
	tax deferral liability/ Loan under Package Scheme of Incentives of Government of Maharashtra			
	As per Last Account	**52.64**		61.28
	Less: Transfer to General Reserve	**8.64**		8.64
		44.00		52.64
	carried over		**2.50**	2.50
	carried over	**44.00**		52.64

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

		As at 31st March, 2012		As at 31st March, 2011
		₹ in Million	₹ in Million	₹ in Million
	brought over		2.50	2.50
	brought over	44.00		52.64
(3)	Subsidy for setting up new Industrial Unit			
	As per Last Account	-		-
	Add: Availed during the year	34.08		-
	Closing Balance	34.08		-
			78.08	52.64
(4)	Subsidy for Capital Investment		137.50	-
(5)	Warrants subscription money		13.00	13.00
			231.08	68.14
(ii)	Capital Redemption Reserve			
	As per Last Account		300.00	300.00
(iii)	Securities Premium Account			
	As per Last Account	8,661.66		6,016.94
	Add: On allotment of:			
	- 142,045 Equity Shares on conversion of FCCBs	-		54.28
	- 10,000,000 Equity Shares to Qualified Institutional Buyers (QIB)	-		2,700.00
		8,661.66		8,771.22
	Less: Premium on redemption of Foreign Currency Convertible Bonds in terms of Section 78 of the Companies Act,1956, net of deferred tax assets of ₹ 322.52 million [see Note 4(e)]	671.54		-
	Less: Premium Utilised for Share Issue expenses	-		90.05
	Less: Premium Utilised for Debenture issue expenses in terms of Section 78 of the Companies Act, 1956 (Net of Tax of ₹ 9.71 Million)	-		19.51
	Closing Balance		7,990.12	8,661.66
(iv)	Debenture Redemption Reserve			
	As per Last Account	631.74		232.32
	Add: Set aside during the year	408.60		399.42
	Closing Balance		1,040.34	631.74
(v)	General Reserve			
	As per Last Account	1,528.56		1,208.92
	Add: Transfer from Capital Reserve	8.64		8.64
	Add: Set aside during the year	362.10		311.00
	Closing Balance		1,899.30	1,528.56
(vi)	Foreign Currency Monetory Item Translation Difference Account (FCMITDA)			
	As per Last Account	-		12.28
	Add: Arising during the year	(60.74)		-
	Less: Adjusted during the year	32.42		12.28
	Closing Balance		(28.32)	-
(vii)	Hedge Reserve			
	As per Last Account	13.98		171.52
	Add: Arising during the year	(884.72)		69.33
	Less: Adjusted during the year	489.10		226.87
	Closing Balance		(381.64)	13.98
	carried over		11,050.88	11,204.08

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

		As at 31st March, 2012		As at 31st March, 2011
		₹ in Million	₹ in Million	₹ in Million
	brought forward		11,050.88	11,204.08
(viii)	Foreign Currency Translation Reserve		528.07	389.58
(ix)	Surplus in statement of Profit and Loss			
	As per Last Account		7,470.11	6,225.28
	Add: Net Profit for the year		4,130.48	2,901.64
	Add: Other Changes		46.67	22.68
	Less: Expenditure on start up activities		-	22.11
	Less: Appropriations			
	- Transfer to Debenture Redemption Reserves	408.60		399.42
	- Transfer to General Reserves	362.10		311.00
	- Interim Dividend	349.19		-
	- Final Dividend	581.99		814.78
	- Tax on Interim Dividend	56.65		-
	- Tax on Final Dividend	94.41		132.18
		1,082.24		946.96
			1,852.94	1,657.38
	Closing Balance		9,794.32	7,470.11
	Total		21,373.27	19,063.77

4 Long-term borrowings:

	Non-Current		Current maturities	
	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Secured				
(i) Debentures [see Note 4(a)]				
3,500 - 10.75 % Redeemable Non-Convertible Debentures	3,500.00	3,500.00	-	-
1,760 - 10.75 % Redeemable Non-Convertible Debentures	1,760.00	1,760.00	-	-
2,500 - 11.95 % Redeemable Non-Convertible Debentures	2,500.00	2,500.00	-	-
(ii) Term loans				
From Banks				
Foreign Currency Term Loans :-				
From Bank of India, London [see Note 4(b)-I]	-	111.53	127.23	111.52
From Credit Agricole Corporate & Investment Bank, Singapore [see Note 4(b)-II]	1,781.15	2,230.50	763.35	-
From Hypo Vereins Bank [see Note 4(b)-III]	135.08	-	19.30	-
From ICICI Bank, New York [see Note 4(b)-IV]	225.95	264.98	76.33	-
From ICICI Bank, Frankfurt [see Note 4(b)-V]	411.61	507.24	137.27	-
From Unicredit Bank, Germany [see Note 4(b)-VI]	15.58	-	3.86	-
From Unicredit Bank, Germany [see Note 4(b)-VII]	17.42	-	5.26	-
From Bank of Communication [see Note 4(b)-VIII]	830.10	383.56	-	-
Rupee Term Loans :-				
From Axis Bank [see Note 4(c)-I]	291.68	205.56	38.88	19.44
From Axis Bank [see Note 4(c)-II]	109.60	-	-	-
Share in Loan from ICICI Bank of Joint Venture [see Note 4(c)-III]	274.40	-	-	-
carried over	11,852.57	11,463.37	1,171.48	130.96

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

	Non-Current		Current maturities	
	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
brought over	11,852.57	11,463.37	1,171.48	130.96
(iii) Finance Lease [see Note 4(d)]	804.81	48.02	211.11	16.49
	12,657.38	11,511.39	1,382.59	147.45
Less: Shown under Other Current Liabilities [see Note 10]	-	-	(1,382.59)	(147.45)
	12,657.38	11,511.39	-	-
Unsecured				
(i) Foreign Currency Convertible Bonds (FCCB) [see Note 4(e)]				
USD 40.0 million (Previous year: USD 40.0 million) 0% Tranche A FCCBs (Redeemed on April 28, 2012)	-	1,784.40	2,035.60	-
USD 39.9 million (Previous year: USD 39.9 million) 0% Tranche B FCCBs (Redeemable on April 28, 2013)	2,030.51	1,779.94	-	-
(ii) Term loans from Banks				
Foreign Currency Term Loans **[see Note 4(f)]**	4,071.20	-	-	-
Rupee Term Loan From Axis Bank	380.40	-	-	0.93
(iii) Sales tax deferral liability				
under Government of Maharashtra Package Scheme of Incentives [see Note 4(g)]	69.44	69.44	-	-
	6,551.55	3,633.78	2,035.60	0.93
Less: Shown under Other Current Liabilities [see Note 10]	-	-	(2,035.60)	(0.93)
	6,551.55	3,633.78	-	-
TOTAL	19,208.93	15,145.17	-	-

4 (a) Debentures:

The Company has issued the following secured redeemable non-convertible debentures:

(i) 3,500 - 10.75 % Redeemable Secured Non-Convertible Debentures Seventeenth Series of ₹ 1,000,000/- each redeemable @ 25.00% on 22nd March, 2015; @ 50.00% on 22nd September, 2014; & @ 25.00% on 22nd March, 2014.

Above Debentures are secured by a (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, Jalgaon 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 & fixtures etc, as described in Debenture Trust - cum -Mortgage Deed dated December 14, 2009.

(ii) 1,760 - 10.75 % Redeemable Secured Non-Convertible Debentures Eighteenth Series of ₹ 1,000,000/- each redeemable at 35.00% on 28th April, 2016; @ 35.00% on 28th April, 2015; & @ 30.00% on 28th April, 2014.

Above Debentures are secured by a (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, Satara and Jalgaon with negative lien on properties situated at Jejuri and Baramati as described in schedule-I as per Debenture Trust-cum-Mortgage Deed dated 28th June,2010 and (ii) First pari-passu Charge in favour of the Trustees on moveable properties, present & future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated 28th June, 2010.

(iii) 2,500 - 11.95 % Redeemable Secured Non-Convertible Debentures Sixteenth Series of ₹ 1,000,000/- each redeemable at 33.34% on 5th January, 2017; @ 33.33% on 5th January, 2016; & @ 33.33% on 5th January, 2015.

Above Debentures are secured by a (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, Jalgaon 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 & fixtures etc, as described in Debenture Trust-cum - Mortgage Deed dated April 30, 2009.

4 (b) Foreign Currency Term Loans:

I. From Bank of India, London

Balance outstanding USD 2.50 million (Previous year USD 5.00 million)

Secured By (i) First charge by way of Hypothecation of the whole of the movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movables , both present and future , whether installed or not

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

and whether now lying loose or in cases or now lying or stored in or about or shall from time to time during the continuance of the security be brought into or upon or be stored or be in or about all the factories, premises and godowns situate at Mundhwa, District Pune; Chakan, District Pune; Vaduth, District Satara; Village Kusumbe, District Jalgaon, all in the state of Maharashtra or wherever else the same may be or be held by any party to the order of disposition or in the course of transit or on high seas or on order, or delivery, howsoever and wheresoever in the possession and either by way of substitution or addition except specific movable plant and machinery consisting of Wind Energy converter of 600 K.V. 7 Nos at Village Boposhi, District Satara, exclusively hypothecated to Standard Chartered Bank, as described under the Deed of Hypothecation dated 17th March, 2005 and; (ii) Equitable Mortgage by deposit of title deeds of Immovable properties situate at Village Mundhwa, Pune; Village Vaduth, Taluka and District Satara ; Village Kusumbe Khurd, Taluka and District Jalgaon and Village Chakan, Pune all in the state of Maharashtra, together with all buildings and structures thereon and all Plant and Machinery attached to the earth or permanently fastened to anything attached to the earth, as described under Memorandum of Entry dated 17th March, 2005.

II. From Credit Agricole Corporate & Investment Bank, Singapore

Balance outstanding USD 50 million (Previous year USD 50 million)

(Secured By First Pari passu charge over present and future movable fixed assets viz. Plant and Machinery, Computers, Furnitures and Fixtures, whether installed or not and whether now lying loose or in cases or otherwise or being on or upon or at any time, hereafter being on or upon about the premises and godowns at Mundhwa, Pune; Village Kuruli, Chakan; Taluka Khed, District Pune; Village Vaduth, Taluka & District Satara and at Baramati, Pune or anywhere else.)

Repayable in 6 equal yearly instalments from date of its' origination, i.e. 14th October 2012, along with interest of 3M Libor + 280 bps p.a.

III. From Hypo Vereins Bank, Germany

Balance outstanding Euro 2.25 million (Previous year NIL)

(Secured By charge over specific machinery of the Company located at Brand Erbisdorf, Germany

Repayble in 24 equal quarterly installments starting from June 2012, along with interest of 3M Euribor + 310 bps p.a.

IV. From ICICI Bank, New York

Balance outstanding USD 5.94 million (Previous year USD 5.94 million)

(Secured By charge over all assets of the Company located at Lansing, USA)

Repayble in 4 equal annual installments starting from November 2012, along with interest of 6M Libor + 400 bps p.a.

V. From ICICI Bank, Frankfurt

Balance outstanding Euro 8 million (Previous year Euro 8 million)

(Secured By charge over assets of the Company located at Karlskoga, Sweden)

Repayble in 4 equal annual installments starting from September 2012, along with interest of Euribor + 310 bps p.a.

VI. From Unicredit Bank, Germany

Balance outstanding Euro 0.28 million (Previous year NIL)

(Secured By charge over specific assets of the Company located at Brand Erbisdorf)

Repayble in 60 equal monthly installments starting from August 2011, along with interest of 5.95% p.a.

VII. From Unicredit Bank, Germany

Balance outstanding Euro 0.33 million (Previous year NIL)

(Secured By charge over specific assets of the Company located at Brand Erbisdorf)

Repayble in 60 equal monthly installments starting from January 2011, along with interest of 5.63% p.a.

VIII. From Bank of Communication, China

Balance outstanding RMB 99.50 million (Previous year NIL)

(Secured By charge over fixed assets of the Company located at Changchun, China)

Repayble in 6 semi annual installments starting from June 2014, along with interest of 7.755% p.a.

4 (c) Rupee Term Loans:

I. From Axis Bank

Balance outstanding ₹ 330.56 million (Previous year ₹ 225 million)

Above loan is to be secured against (i) First pari-passu charge on the Company's immovable properties, including Land & Building, present & future situated at Mundhwa, Chakan, Satara and Jalgaon with negative lien on properties situated at Jejuri and Baramati and (ii) First pari-passu Charge on moveable properties, present & future.

Repayable in 18 equal half yearly instalments from date of its' origination i.e. 20th March, 2012 along with interest of Base Rate + 2% p.a.

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

II. From Axis Bank and ICICI Bank

Balance outstanding ₹ 109.60 million (Previous year NIL)

Secured By charge over movable fixed assets and current assets of the Company

Repayble in 32 equal quarterly installments starting from 30 September 2014, along with interest of Base rate + 220 bps p.a.

III. From ICICI Bank and Axis Bank share of Joint Venture

Balance outstanding ₹ 274.40 million (Previous year NIL)

Secured By charge over all fixed assets and second charge on current assets of the Company

Repayble in 32 equal quarterly installments starting from 30 September, 2014, along with interest of base rate + 220 bps p.a.

4 (d) Finance Lease:

Particualrs	31-Mar-12		31-Mar-11	
	Minimum Payments	Present value of MLP	Minimum Payments	Present value of MLP
Within one year	274.48	211.11	18.66	16.49
After one year but not more than five years	919.22	804.81	50.71	48.02
More than five years	-	-	-	-
Total Minimum Lease Payments (MLP)	1,193.70	1,015.92	69.37	64.51
Less: Finance charges	177.78	-	4.86	-
Present value of Minimum Lease Payments	1,015.92	1,015.92	64.51	64.51

4 (e) Foreign Currency Convertible Bonds:

The Company had issued Foreign Currency Convertible Bonds (FCCB) in two tranches aggregating USD 79.90 million, detailed in the table below, to finance Capital Expenditure and Global Acquisitions. The said bonds are optionally convertible into GDR/ Equity Shares to be exercised at any time during the exercise period at a pre determined initial price subject to adjustments upon occurrence of certain events.

However, the Company has option to redeem the balance of the above Bonds if such balance is less than 10% in aggregate of principal amount of such tranche of bonds originally issued in respect of each tranche, during the redemption exercise period in the manner specified in the offering circular at a premium so as to provide a predetermined yield to the Bondholders.

The Company also has the option to call the Bondholders of Tranche A & Tranche B to mandatorily convert the Bonds into Equity Shares if the Market Price on the specified date provided the holder a gain of atleast a 30% over the Early Redemption amount.

The following table sets out the parameters associated with each Tranche of Bonds issued as discussed above.

Tranche	Amount USD Million	Face Value USD	Coupon Interet Rate % p.a.	Holders option to Convert			Company's option for Early Redemption			Maturity	
				Exercise period		Initial Price per Share ₹	Exercise Period		Gross Yield to Bond holders	Date	Price % of Face Value
				From	To		From	To			
# A	40.00	100,000	-	08-Jun-06	18-Apr-12	604.03	28-Apr-09	18-Apr-12	6.00%	28-Apr-12	142.576%
B	39.90	100.000	-	08-Jun-06	18-Apr-13	690.32	28-Apr-09	18-Apr-13	6.50%	28-Apr-13	156.481%

Tranche A of the above FCCBs amounting to USD 40.00 Million outstanding as at April 26, 2012 were redeemed on April 27, 2012 along with the redemption premium amounting to USD 17.03 Million. The premium on redemption aggregating ₹ 994.06 Million, (including withholding Tax amounting to ₹ 98.96 Million) since crystalised has been adjusted to securities premium account, net of deferred tax asset amounting to ₹ 322.52 million, in terms of Section 78(2)(d) of the Companies Act, 1956.

Due to variables currently indeterminate, the premium on actual redemption for Tranche B is not computable and hence will be recognised if and as and when the redemption option is exercised, as a charge to the securities premium account in terms of Section 78(2)(d) of the Companies Act,1956.

The Company has been legally advised by an eminent law firm that the above mentioned Convertible Bonds issued upon terms and conditions set out in the offering circular dated 19th April, 2005, would be outside the purview of Section 117 (C) of the Companies Act, 1956 as regards creation of Debenture Redemption Reserve. The Auditors have relied upon the said legal opinion.

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

4 (f) Term Loans from Banks:

I. Foreign Currency Term Loans on Syndicated basis

Balance outstanding USD 80 million (Previous year NIL)

Repayable in 3 half yearly instalments from date of its origination i.e. 31st October, 2016, along with interst of 6M Libor + 280 bps p.a.

II. Rupee Term Loan from Axis Bank and ICICI Bank

Balance outstanding ₹ 380.40 million (Previous year NIL)

Repayble in 32 equal quarterly installments starting from 30 September 2014, along with interest of Base rate + 220 bps p.a.

4 (g) Deferred payment liabilities:

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Ltd. under section 392 and 394 of the Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto. Consequently sales tax deferral liability represents net liability to the Company after such pass on aggregating to ₹ 821 million (Previous year ₹ 845 million).

5 Deferred tax liabilities (Net):

	As at 31st March, 2012	As at 31st March, 2011
	₹ in Million	₹ in Million
DEFERRED TAX LIABILITIES :		
On account of timing difference in		
A] Depreciation and Amortisation	**1,817.79**	1,774.95
B] Voluntary Retirement Scheme	**(3.69)**	(2.85)
Total Deferred Tax Liabilities	**1,814.10**	1,772.10
Share in Deferred Tax Liabilities of Joint Venture	**9.18**	5.45
DEFERRED TAX ASSETS:		
On account of timing difference in		
A] Privilege Leave Encashment & Gratuity	**151.85**	153.53
B] Provision for Bad & Doubtful Debts and Advance	**13.73**	14.97
C] Disallowance u/s 43 B of I.T.Act,1961	**53.68**	47.19
D] Premium on Redemption of FCCB's [see Note 4(e)]	**322.52**	-
Total Deferred Tax Assets	**541.78**	215.69
Net Deferred Tax Asset / (Liability) related to subsidiaries and Joint Ventures of the Company	**395.91**	241.29
NET DEFERRED TAX LIABILITY	**885.59**	1,320.57

6 Other Long Term Liability:

		Non-Current		Current	
		As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
		₹ in Million	₹ in Million	₹ in Million	₹ in Million
(i)	Others				
	Provision For V.R.S. Compensation	**7.15**	5.88	**4.46**	3.84
	Total	**7.15**	5.88	**4.46**	3.84

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

7 Long term provisions:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Provision for employee benefits		
Gratuity	300.41	274.97
Share in Gratuity of Joint Venture	2.45	0.77
Leave Entitlement	0.89	-
Share in Leave Entitlement of Joint Venture	2.84	1.18
Superannuation	477.00	429.50
Jubilee Provision	36.84	33.15
Early Retirement	27.15	63.20
Total	847.58	802.77

8 Short-Term Borrowings:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Secured:		
From Banks, 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.		
Working Capital Loans from Banks repayable on demand		
- Cash Credit @	1,766.08	1,384.62
- Preshipment Packing Credit-Foreign Currency $	593.36	472.85
	2,359.44	1,857.47
Unsecured:		
From Banks		
Short Term Loans from Banks under a buyers line of credit for import of goods *	77.26	42.10
Short term Loans from Banks	2,543.82	1,820.77
	2,621.08	1,862.87
Total	4,980.52	3,720.34

Rate of Interest

@ Ranges from 10.50% to 13.25% p.a.

$ Ranges from LIBOR + 230 bps to 310 bps p.a.

* Ranges from EURIBOR + 115 bps p.a.

9 Trade Payables:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Trade Payables	9,309.01	7,786.95
Acceptances	2,034.14	1,922.25
Total	11,343.15	9,709.20

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
10 Other current liabilities:		
Current maturities of long-term borrowings [see Note 4]		
- Secured	1,382.59	147.45
- Unsecured	2,035.60	0.93
Creditors for Capital Goods	2,854.33	1,826.07
Share in Creditors of Capital Goods of Joint Venture	91.16	45.36
Creditors for Expenses	342.63	58.11
Share in Creditors for Expenses of Joint Venture	0.84	-
Creditors for Supply	40.30	-
Creditors for Services	6.59	1.64
Share in Creditors for Services of Joint Venture	31.60	-
Income billed not accrued	871.56	-
Premium on redemption of FCCB's	895.10	-
Interest accrued but not due on borrowings	232.77	207.95
Interest accrued and due on borrowings	0.01	0.22
Share in Interest accrued and due on borrowings of Joint Venture	1.62	
Unclaimed dividends [see note 10(a)]	24.06	14.00
Security Deposits	12.25	12.29
Fixed Deposits matured but unclaimed	0.20	0.35
Advance against Orders	263.95	146.62
Employee contributions & recoveries payable	33.19	36.16
Share in Employee contributions & recoveries payable of Joint Venture	14.10	5.88
Other Payable related to Employees	150.27	205.35
Statutory dues Payable including Tax deducted at source	169.50	73.62
Share in Statutory dues Payable including Tax deducted at source of Joint Venture	6.95	5.98
Provision For V.R.S. Compensation	4.46	3.84
Others	1,054.00	742.57
Share in Others of Joint Venture	2.96	18.84
Total	10,522.59	3,553.23

10 (a) The amounts due for payment to Investor Education & Protection Fund under section 205C of the Companies Act,1956 amounts to ₹ 0.01 Milliion, since paid (Previous year ₹ Nil).

11 Short term provisions:	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
(i) Provision for employee benefits:		
Gratuity	0.24	-
Share in Gratuity of Joint Venture	0.20	0.06
Leave Entitlement	366.21	356.62
Share in Leave Entitlement of Joint Venture	0.65	0.04
Employee related benefits	43.65	19.98
(ii) Others		
Proposed Dividends	581.99	814.78
Provision for Tax on Proposed Dividend	94.41	132.18
Provision for Tax (Net of Tax paid in advance)	217.85	95.65
Share in Provision for Tax (Net of Tax paid in advance) of Joint Venture	-	0.02
(iii) Provision for valuation losses of derivative instruments (Forward Contracts)	381.64	-
Total	1,686.84	1,419.33

Consolidated Notes to financial statements for the year ended 31st March, 2012 (Contd.)

12 Fixed Assets

(₹ in Million)

Sr. No.	Particulars	Gross Block						Accumulated Depreciation				Net Block	
		As at 31st March 2011	Additions	Disposals & Adjustment	Interest Cost	Exchange (Gain)/Loss	As at 31st March 2012	As at 31st March 2011	Depreciation charge for the year	On disposals & Recoupments	As at 31st March 2012	As at 31st March 2012	As at 31st March 2011
a.	**Tangible Assets**												
	Land, Free hold	395.55	12.53	-	-	15.20	**423.28**	-	-	-	**-**	**423.28**	395.55
	Land, Lease hold	351.23	-	0.99	-	13.24	**363.48**	2.29	3.44	-	**5.73**	**357.75**	348.94
	Buildings	3,874.23	172.89	8.34	-	277.00	**4,315.78**	762.13	135.73	(40.07)	**937.93**	**3,377.85**	3,112.10
	Plant and Machinery	33,249.59	2,980.53	2,348.52	30.98	1,507.97	**35,420.55**	16,361.82	2,249.66	10.88	**18,600.60**	**16,819.95**	16,887.77
	Plant and Machinery Leased	86.72	1,368.62	-	-	7.74	**1,463.08**	23.57	23.80	(4.35)	**51.72**	**1,411.36**	63.15
	Dies & Fixtures	890.56	131.05	73.09	-	123.39	**1,071.91**	89.07	22.05	(15.86)	**126.98**	**944.93**	801.49
	Office equipment	50.73	4.41	-	-	-	**55.14**	14.87	3.75	-	**18.62**	**36.52**	35.86
	Share in Office Equipment of Joint Venture	0.08	0.04	-	-	-	**0.12**	-	0.03	-	**0.03**	**0.09**	0.08
	Railway Sidings	0.45	-	-	-	-	**0.45**	0.43	-	-	**0.43**	**0.02**	0.02
	Electrical Installations	494.75	23.02	-	-	2.73	**520.50**	200.60	40.81	-	**241.41**	**279.09**	294.15
	Electrical Installations Leased	-	13.24	-	-	-	**13.24**	-	0.39	(0.04)	**0.43**	**12.81**	-
	Factory equipment	491.11	73.23	-	-	3.90	**568.24**	332.89	48.97	-	**381.86**	**186.38**	158.22
	Furniture and Fixtures	262.06	23.36	8.69	-	1.88	**278.61**	146.98	22.53	7.33	**162.18**	**116.43**	115.08
	Share in Furniture and Fixtures of Joint Venture	0.02	0.36	-	-	-	**0.38**	-	0.02	-	**0.02**	**0.36**	0.02
	Vehicles & Aircraft	2,234.11	46.17	28.18	-	7.20	**2,259.30**	633.37	142.21	15.89	**759.69**	**1,499.61**	1,600.74
	Other Equipments	2,128.59	327.67	20.50	-	181.18	**2,616.94**	1,542.45	246.78	(135.61)	**1,924.84**	**692.10**	586.14
	Power Line	97.77	-	-	-	-	**97.77**	31.17	15.11	-	**46.28**	**51.49**	66.60
	Temporary Structure	0.38	-	-	-	-	**0.38**	0.02	0.36	-	**0.38**	**-**	0.36
b.	**Intangible Assets**	363.09	87.27	9.47	-	43.83	**484.72**	236.85	61.20	(15.50)	**313.55**	**171.17**	126.24
	Software	4.81	1.63	-	-	0.68	**7.12**	4.39	0.65	(0.66)	**5.70**	**1.42**	0.42
	Total	**44,975.83**	**5,266.02**	**2,497.78**	**30.98**	**2,185.94**	**49,960.99**	**20,382.90**	**3,017.49**	**(177.99)**	**23,578.38**	**26,382.61**	**24,592.93**
	Previous Year's Total	41,339.94	2,630.78	293.80	15.55	1,283.36	**44,975.83**	17,266.74	2,549.51	(566.65)	20,382.90	24,592.93	

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

13 Non-current investments:

	As at 31st March, 2012 ₹ in Million		As at 31st March, 2011 ₹ in Million
Trade Investments			
Unquoted			
In Equity Shares:			
In Joint Ventures	**0.30**		0.28
In Associates	**-**		1.39
In Others	**202.90**		185.59
		203.20	187.26
Total		**203.20**	187.26

14 Long-term loans and advances:

	Non-Current		Current	
	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	**As at 31st March, 2012 ₹ in Million**	As at 31st March, 2011 ₹ in Million
Unsecured, considered good (unless otherwise stated):				
Capital Advances	**3,581.74**	2,035.73	**-**	-
Share in Capital Advances of Joint Venture	**322.33**	60.65	**-**	-
Security Deposits	**300.41**	294.71	**-**	-
Share in Security Deposits of Joint Venture	**7.27**	2.95	**-**	-
Loans and advances to related parties:				
Trade Advances to Other Companies	**425.00**	425.00	**-**	-
Other loans and advances:				
Retention Money	**81.12**	-	**-**	-
Loan to a company	**309.09**	309.09	**-**	-
Balances with Customs, Central Excise Departments etc.	**1.23**	1.50	**-**	-
Loan to employees	**21.36**	21.30	**-**	-
Advance Income Tax (Net of provision for Tax)	**59.50**	96.62	**-**	-
Share in Advance Income Tax (Net of provision for Tax) of Joint Venture	**-**	1.04	**-**	-
Others	**2.40**	2.52	**-**	-
Total	**5,111.45**	3,251.11	**-**	-

15 Other non-current assets:

	Non-Current	
	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Others		
Unsecured, considered good		
Export incentives receivable	**198.09**	144.58
Fixed Deposits with Banks (more than 12 months maturity) [see Note 19]	**500.03**	200.03
Unamortized Loan arrangement costs	**8.14**	4.50
Certified emission reduction units receivable	**-**	7.76
Others	**-**	13.09
Total	**706.26**	369.96

16 Current investments:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
(i) Investments in Mutual Funds	**3,666.67**	2,426.25
Total	**3,666.67**	2,426.25

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
17	**Inventories:**		
(i)	Stores, Spares & Loose Tools	1,146.58	954.52
(ii)	Raw Materials and components	2,889.64	2,390.96
(iii)	Work-in-progress	3,403.61	2,768.53
(iv)	Finished goods	2,016.75	684.35
(v)	Die Blocks & Die & Tool Steel	378.93	340.57
(vi)	Dies & Dies under Fabrication	1,005.38	957.39
(vii)	Scrap	26.65	18.62
(viii)	Project Work in Progress	1,267.63	-
	Share in Project Work in Progress of Joint Venture	0.02	-
	Share in Construction contracts in progress of Joint Venture	93.28	-
	Total	12,228.47	8,114.94
18	**Trade Receivables:**		
	Trade receivables [Net of Bills Discounted with Banks]		
	Unsecured, considered good unless stated otherwise:		
(i)	Outstanding for a period exceeding six months from the date they are due for payment	215.31	120.60
	Considered doubtful	9.91	9.91
	Less: Provision for doubtful debts	9.91	9.91
		-	-
		215.31	120.60
(ii)	Others	7,918.32	7,417.97
	Total	8,133.63	7,538.57

19 Cash & Bank Balances:

		Non-Current		Current	
		As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
(i)	**Cash & Cash Equivalents**				
a.	Cash on hand	-	-	0.86	1.20
b.	Remittance In Transit	-	-	-	2.92
c.	Balances with Banks - in Cash Credit & Current Accounts	-	-	1,423.55	1,176.31
	Share in Balances with Banks - in Cash Credit & Current Accounts of Joint Venture	-	-	16.12	1.98
d.	Balances with Banks - in Fixed Deposits within 3 months maturity	-	-	880.00	-
e.	Investments in Mutual Funds	-	-	580.30	1,054.68
		-	-	2,900.83	2,237.09
(ii)	**Other Bank Balances**				
a.	Balances with banks				
	This includes:				
	Earmarked Balances (on unclaimed dividend accounts)	-	-	24.42	14.57
	carried over	-	-	2,900.83	2,237.09
	carried over	-	-	24.42	14.57

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

	Non-Current		Current	
	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
brought over	-	-	2,900.83	2,237.09
brought over	-	-	24.42	14.57
Fixed Deposits (more than 3 months & less than 12 months maturity)	-	-	3,792.50	1,418.00
Share in Fixed Deposits (more than 3 months & less than 12 months maturity) of Joint Venture	-	-	-	294.50
Fixed Deposits (more than 12 months maturity)	500.03	200.03	-	-
	500.03	200.03	3,816.92	1,727.07
Less: Shown under "Other non current assets" [see Note 15]	(500.03)	(200.03)	-	-
Total	-	-	6,717.75	3,964.16

20 Short-term loans and advances:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Short-term loans and advances		
Unsecured, considered good		
Others		
Advances to suppliers	268.68	253.24
Balances with Customs, Central Excise Departments etc.	361.24	387.18
Share in Balances with Customs, Central Excise Departments etc. of Joint Venture	11.69	5.41
Prepaid Expenses	143.10	119.61
Share in Prepaid Expenses of Joint Venture	115.12	92.50
Advance payments Others recoverable in cash or in kind or for value to be received	139.23	292.50
Share in Advance payments Others recoverable in cash or in kind or for value to be received of Joint Venture	6.48	-
Tax & Duty Credits receivables	1,692.76	791.17
	2,738.30	1,941.61
Doubtful	32.42	36.24
Less:Provision for doubtful advance	32.42	36.24
	-	-
Total	2,738.30	1,941.61

21 Other current assets:

	As at 31st March, 2012 ₹ in Million	As at 31st March, 2011 ₹ in Million
Export incentives receivable	641.27	720.21
Expenditure on Project Pending Allocation	311.57	406.87
Interest receivable	121.96	17.54
Share in Interest receivable of Joint Venture	-	0.43
Energy Credit receivable-Wind Mill	36.34	44.48
Miscelleneous Expenditure to the extent not written off	277.33	-
Interest accrued on Cumulative Fixed Deposits	0.01	0.01
Deferred Financing Charges	4.62	7.55
Others	791.63	1,123.26
Total	2,184.73	2,320.35

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

22 Revenue from Operations:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
(a) Revenue from operations		
Sale of products [Net of returns, rebates etc.]	**59,189.46**	48,210.78
Sale of Manufacturing scrap	**3,565.98**	2,722.58
Job Work Receipts	**387.95**	281.57
	63,143.39	51,214.93
Less: Excise duty	**1,683.23**	1,528.88
	61,460.16	49,686.05
(b) Other operating revenues		
Export Incentives	**987.35**	880.84
Die Design and Preparation Charges	**334.90**	302.61
Sale of Electricity - Windmill	**8.20**	-
	1,330.45	1,183.45
Total	**62,790.61**	50,869.50

23 Other Income:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Interest on Deposits etc.	**283.42**	111.20
Share in Interest on Deposits etc. of Joint Venture	**3.18**	10.69
Dividend Income from Investment in Mutual Funds, Current Investments	**221.26**	142.71
Net gain / (loss) on sale of investments	**38.27**	52.13
Gain on Foreign Exchange Fluctuation	**77.42**	73.14
Miscellaneous Receipts	**214.64**	206.96
Bad debts recovered	**-**	0.10
Surplus on Sale of Assets	**11.40**	31.75
Provision for Doubtful Debts and advances written back	**3.81**	-
Provisions no longer required	**39.72**	42.76
Sale of Certified Emission Reduction Units	**-**	3.45
Total	**893.12**	674.89

24 Cost of materials consumed:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Raw Materials & Components consumed	**30,042.28**	24,033.08
Die Blocks, Die & Tools Steel Consumed	**1,198.53**	957.79
Share in Project Material & Errection Service of Jont Venture	**4.66**	-
Total	**31,245.47**	24,990.87

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

25 Changes in inventories of finished goods, work-in-progress:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
(Increase) / Decrease in Stocks:		
Stocks at Close:		
Work-in-Progress	3,403.61	2,768.53
Finished Goods	2,016.75	684.35
Dies and Dies under facbriction	1,005.38	957.39
Scrap	26.65	18.62
Share in Construction contracts in progress of Joint Venture	93.28	-
	6,545.67	4,428.89
Less: Stocks at Commencement:		
Work-in-Progress	2,768.53	2,362.12
Finished Goods	684.35	439.08
Dies and Dies under facbriction	957.39	887.20
Scrap	18.62	17.37
	4,428.89	3,705.77
Total	(2,116.78)	(723.12)

26 Employee benefits expense:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
(a) Salaries, wages and bonus (including Managing & Whole Time Directors' Remuneration)	6,027.41	4,993.15
Share in Salaries, wages and bonus (including Managing & Whole Time Directors' Remuneration) of Joint Venture	100.75	36.19
(b) Contributions to -		
(i) Provident fund	62.03	52.28
Share in Provident fund of Joint Venture	3.81	0.57
(ii) Superannuation scheme	30.48	27.53
(iii) Other fund / scheme	1,305.44	993.68
(iv) Gratuity fund	84.71	103.52
(c) Staff welfare expenses	270.11	249.24
Share in Staff welfare expenses of Joint Venture	13.23	2.34
Share in Other Personnel expenses of Joint Venture	1.84	-
Total	7,899.81	6,458.50

27 Finance costs:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Interest expense	1,475.22	1,416.64
Other borrowing costs	2.22	4.87
Foreign exchange fluctuation to the extent considered as a borrowing cost	182.89	-
Discounting charges	177.11	112.72
Total	1,837.44	1,534.23

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

28 Depreciation and amortization expense:

	For the year ended 31st March, 2012 ₹ in Million	For the year ended 31st March, 2011 ₹ in Million
Depreciation on Tangible Assets [see Note 12]	3,012.48	2,547.21
Share in Depreciation on Tangible Assets of Joint Venture	0.05	-
Amortization on intangible assets	4.96	2.30
Amount Written off against Lease hold Land	0.99	0.95
Total	3,018.48	2,550.46

29 Other expenses:

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Stores, Spares & Tools consumed		2,988.13		2,270.37
Octroi duty		53.20		45.50
Machining charges		2,423.21		1,626.01
Power, Fuel & Water	5,122.77		4,092.85	
Less: Credit for Energy Generated	51.82		35.00	
		5,070.95		4,057.85
Building Repairs & Road Maintenance		67.60		78.31
Share in Building Repairs & Road Maintenance of Joint Venture		0.02		0.33
Machinery Repairs		1,146.64		902.11
Other Manufacturing expenses		166.34		130.06
Rent		153.07		133.90
Share in Rent of Joint Venture		38.16		19.38
Rates & Taxes (including Wealth Tax)		44.62		50.32
Share in Rates & Taxes (including Wealth Tax) of Joint Venture		0.29		0.01
Insurance (Including Key Man Insurance)		85.66		73.62
Commission & Discount		159.30		139.89
Donations : Others		45.70		67.02
Packing Material		636.06		442.83
Freight Forwarding charges etc.		845.93		644.73
Directors' Fees and Travelling Expenses		2.03		3.17
Commission to Directors other than Managing and Whole Time Directors		12.00		9.00
Loss on assets sold, discarded & scrapped (Net)		3.32		28.18
EVRS Compensation		7.09		5.05
Provision for doubtful debts and advances		7.59		46.83
Bad debts, irrecoverable advances and sundry balances written off		24.82		23.50
Loss on Foreign Exchange Fluctuations other than those covered under finance cost		10.46		-
carried over		13,992.19		10,797.97

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
brought over		13,992.19		10,797.97
Payment to Auditors				
As Auditor:				
Audit Fee	25.26		21.65	
Share in Audit Fee of Joint Venture	0.25		-	
Tax Audit Fee	0.91		0.97	
For Review of Quarterly Results, Financial Statements &				
Certification Work	1.90		1.65*	
* (Excludes ₹ 1.5 million adjusted in Share issue expenses)				
Other Services	5.83		7.57	
Reimbursement of expenses	1.43		1.29	
		35.58		33.13
Miscellaneous Expenses including Travelling expenses, Printing,				
Stationery, Postage, Telephones, Bank charges etc.		2,088.91		1,657.06
Share in Miscellaneous Expenses including Travelling expenses, Printing, Stationery, Postage, Telephones, Bank charges etc. of Joint Venture		54.84		55.89
Less: Expenses capitalised		370.56		252.90
Total		15,800.96		12,291.15

30 i) The consolidated financial statements include results of all the subsidiaries of Bharat Forge Limited and interalia their Subsidiaries & associates. The names, country of incorporation or residence, proportion of ownership interest and reporting dates are as under:

Subsidiaries :

Name of the company	Country of Incorporation	Parent's ultimate holding as on 31st March, 2012	Financial year ends on
CDP Bharat Forge GmbH:	Germany	100%	31/Dec/11
and its wholly owned subsidiary:			
i. Bharat Forge Holding GmbH: and its wholly owned subsidiary:	Germany	100%*	31/Dec/11
- Bharat Forge Aluminiumtechnik GmbH & Co KG: and its wholly owned subsidiary:	Germany	100%*	31/Dec/11
- Bharat Forge Aluminiumtechnik Verwaltungs GmbH	Germany	100%*	31/Dec/11
ii. Bharat Forge Beteiligungs GmbH: and its wholly owned subsidiary:	Germany	100%*	31/Dec/11
a. Bharat Forge Kilsta AB Sweden and its wholly owned subsidiary:	Sweden	100%*	31/Dec/11
- Bharat Forge Scottish Stampings Ltd.	Scotland	100%*	31/Dec/11
b. Bharat Forge Hong Kong Limited and its Joint Venture Subsidiary:	Hong Kong	100%*	31/Dec/11
- FAW Bharat Forge (Changchun) Company Ltd.	China	52%*	31/Dec/11
c. Bharat Forge International Limited	U.K.	100%*	31/Mar/12
iii. Bharat Forge Daun GmbH	Germany	100%*	31/Dec/11

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Name of the company	Country of Incorporation	Parent's ultimate holding as on 31st March, 2012	Financial year ends on
iv. BF New Technologies GmbH	Germany	100%*	31/Dec/11
Bharat Forge America Inc.	U.S.A.	100%	31/Dec/11
BF NTPC Energy Systems Limited.	India	51%	31/Mar/12
BF Infrastructure Limited	India	100%	31/Mar/12
BF Infrastructure Ventures Limited	India	100%	31/Mar/12
BF Power Equipments Limited	India	100%	31/Mar/12
Kalyani ALSTOM Power Limited	India	51%	31/Mar/12
* held through subsidiaries			

Associate:

Name of the company	Country of Incorporation	Parent's ultimate holding as on 31st March 2012	Financial year ends on
Tecnica UK Limited (shares held through subsidiary)	U.K.	30%	31/Dec/11

Joint Venture:

Name of the company	Country of Incorporation	Parent's ultimate holding as on 31st March, 2012	Financial year ends on
ALSTOM Bharat Forge Power Limited	India	49%	31/Mar/12
Impact Automotive Solutions Private Limited	India	50%	31/Mar/12
David Brown Bharat Forge Gear Systems India Limited	India	50%	31/Mar/12

ii) CDP Bharat Forge GmbH has, through a 35% equity participation positioned itself to exercise significant influence over Talbahn GmbH a Company which manages infrastructure facilities. Since there are no significant transactions and consequently the financial impact on the consolidated group financial statements being negligible, the same has not been consolidated.

iii) The company considers Kalyani Carpenter Special Steels Ltd. (KCSSL) as its associate by virtue of its ability to exercise significant influence over the financial and operating policies and decisions of the KCSSL despite the company not holding any part of the Equity Share Capital and hence would not have any financial implications in these consolidated Financial statements.

31 The subsidiaries have not reported any transactions with related parties, other than with the consolidated Group. Hence disclosures in this regard are fairly reflected in the Statement of Related Party Transactions annexed to the independent financial statements of Bharat Forge Ltd. and those made by the Joint Venture subsidiary FAW Bharat Forge (Changchun) company Ltd. which are attached hereto.

32 Consolidated amount of bank guarantees issued by Bankers on behalf companies as on 31st March 2012 ₹ 1 570.35 million.

33 Exceptional item of expenditure includes one time bonus of ₹ 52.10 million paid to workers of Bharat Forge America Inc. for obtaining a wage decrease of approximately 30% for each of the next three years and expenses of ₹ 25.02 million incurred towards transfer of business from Bharat Forge Scottish Stampings Limited to Bharat Forge Kilsta AB.

34 Consolidated Contingent liability not provided for :

The subsidiaries have not reported any contingent liabilities which are not provided for and outstanding at the close of their financial year. Hence, the contingent liabilities not provided for in respect of the parent are representative of the consolidated group and can be directly viewed in the independent financial statements of the parent.

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

35 Consolidated Capital commitments to the extent not provided for, net of advances as at 31st March, 2012

In respect of the Company and its subsidiaries ₹ 11,044.46 million. (previous year ₹ 1,951.62 million)

In respect of share in joint ventures which have been incurred jointly with other venturers ₹ 1,841.59 million. (previous year NIL)

36 Significant notes to financial statements of subsidiaries which provide a better understanding to these financial statements

A) FAW Bharat Forge (Changchun) Company Limited

FAW Bharat Forge (Changchun) company Ltd. owes the investor, China FAW Group Corporation, RMB 22,837,620 towards the rent payable for land use right.

B) Bharat Forge America Inc (BFA)

The financial statements of BFA have been prepared with the assumption of continuation of the Company as a going concern. This is based on the fact that despite continued losses and an unprecedented downturn in the automotive sector in BFA's principal market, viz., North America, the Management of BFA believes that there is an opportunity for it to continue its operations as a going concern. To realize this opportunity, its management is working on an action plan that includes:

1. BFA has changed its cost structure through recent union negotiations and capital investments. As a result of the revised wage structure, BFA has been able to price their products more competitively.
2. Management of BFA is in the process of negotiating price increases with several customers.
3. BFA is making efforts to expand its sales base among a larger group of customers and into new segments of the parts market in an effort to maintain more stable profitability and production levels with less reliance on one single customer. BFA has also incurred significant investment to launch new products
4. BFA is also evaluating various strategic restructuring options to accelerate improvement in financial performance Further, the management of BFA has carried out an impairment test on the assets of BFA as per US GAAP which were subjected to the audit procedures by their auditors. As per the result of this test, there was no impairment in the value of its assets which was required to be recognized in the consolidated Profit and Loss account.

C) Bharat Forge Scottish Stampings Limited (BFSSL)

Basis of preparation

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. Accordingly, the financial statements of BFSSL have not been prepared on a going concern basis.

D) On 28th December, 2011 a Public Interest Litigation (PIL) in the form of a Writ Petition was filed in the High Court of Gujarat at Ahmedabad, against 11 parties including Alstom Bharat Forge Power Limited (ABFPL). The grievances stated in the Writ Petition relate to environmental clearances for Mundra Port and Special Economic Zone Ltd. and the Company's factory in Mundra under Environmental Impact Assessment Notification 2006 ('EIA Notification') read with provisions under Environment (Protection) Act, 1986. The matter was heard on 12th April, 2012 and on 9th May, 2012 the Division Bench of the Hon'ble High Court of Gujarat pronounced the following judgment with respect to the issues under consideration:

1. The first issue related as to whether the company individual environmental clearance under the EIA Notification considering their proposed activities. The Hon'ble Court has answered this issue in favour of ABFPL confirming that the individual units do not require individual environmental clearance under the respective EIA Notification from MoEF.
2. The second issue related as to whether in the absence of Mundra Port and Special Economic Zone Ltd (MPSEZ) having environmental clearance the individual unit (ABFPL) falling under the MPSEZ can continue with the construction activities. The Hon'ble Court has answered this question in the negative and has directed the 11 parties (including the company) to immediately stop any/all construction activities on the land allotted to them until MPSEZ obtains requisite environmental clearance.

   On 25th October, 2011 the Company had already received confirmation from the Ministry of Environment & Forests that its activities in Mundra do not attract the provisions of EIA Notification 2006. Presently, the Company does not expect any material impact of this disruption in meeting its business commitments.

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

37 Computation of Earnings Per Share (EPS)

		As at 31st March, 2012	As at 31st March, 2011
Computation of Profit (Numerator)		₹ in Million	₹ in Million
Net Profit		4,130.48	2,901.64
Less: Prior Period Adjustments		-	22.11
Net Profit attributable to Shareholders as at 31st March		4,130.48	2,879.53
Computation of Weighted Average Number of Shares (Denominator)		Nos.	Nos.
Number of Shares outstanding at the Beginning of the year		232,794,316	222,652,271
Weighted average Shares against Equity Shares issued to QIB		-	9,260,274
Weighted average Shares against Conversion of FCCB's during the year		-	138,932
		232,794,316	232,051,477
Computation of EPS - Basic (in ₹)	As at 31st March	17.74	12.41
		₹ in Million	₹ in Million
Computation of Profit (Numerator)			
Net Profit		4,130.48	2,901.64
Less: Prior Period Adjustments		-	22.11
Net Profit attributable to Shareholders as at 31st March		4,130.48	2,879.53
Computation of Weighted Average Number of Shares (Denominator)		Nos.	Nos.
Number of Shares outstanding at the Beginning of the year		232,794,316	222,652,271
Weighted average Shares against Equity Shares issued to QIB		-	9,260,274
Weighted average Shares against Conversion of FCCB's during the year		-	138,932
Weighted average Shares on account of issue of warrants considered dilutive		288,209	4,964,898
Adjusted Weighted Average number of Equity Shares		233,082,525	237,016,375
EPS - Diluted - (in ₹)	As at 31st March	17.72	12.15

38 The financial statements for the year ended 31 March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financials for the year ended 31 March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

In terms of our Report of even date
For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

Mumbai: 28th May, 2012

On behalf of the Board of Directors

B. N. KALYANI
Chairman & Managing Director

AJAY SHARMA
Company Secretary

G. K. AGARWAL
Deputy Managing Director

Mumbai: 28th May, 2012

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18:

FAW Bharat Forge (Changchun) Company Limited:

(₹ In Million)

		2011-12		2010-11	
Name of Related Parties	Nature of Transaction	Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
Axle Branch Company FAW Jiefang Automobile Co., Ltd	Forging Sales	-	7.72	2.00	2.43
	Procurement of semi finished products	-	-	-	-
Changchun Gear Factory of FAW CAR Co., Ltd	Forging Sales	62.94	18.87	79.08	20.23
China FAW Group Corporation (FAW)	Testing Service	-	-	0.42	-
Purchase Centre of FAW	Procurement of section steel	-	0.62	1.11	0.52
Warehouse Centre of FAW	Transportation Service	17.76	4.10	16.74	8.71
FAW Jiefang Automobile Co., Ltd (Procurement Division)	Forging Sales	2,550.07	339.39	2,187.46	283.04
	Procurement of section steel	6.74	7.57	108.04	9.17
	Material Sales	6.60	-	-	-
	Procurement of finished products	-	-	2.08	-
FAW Jiefang Automobile Co., Ltd Transmission Company	Forging Sales	120.89	35.34	224.87	56.28
FAW Power Energy Branch Company	Labor Service	-	-	-	-
FAW Power Energy Branch Company	Procurement of Energy	512.97	81.62	513.89	-
	Forging Sales	0.07	-	0.26	-
FAW Volkswagen Automobile Co., Ltd	Forging Sales	0.12	18.44	14.38	25.25
	Network Rental Fee	0.05	-	0.04	-
FAW Jiefang Automotive company Ltd. Special Vehicle Branch	Accounts Receivable	-	10.32	-	-
FAW Import & Exports Corporation	Procurement of section steel	-	-	-	-
FAW Shangdong Refitted Automobile Factory	Account Receivable	-	-	-	1.64
FAW Special Purpose Auto Co., Ltd	Forging Sales	-	-	0.96	11.34
FAW Foundry Co., Ltd. Foundry Model Tooling Plant	Forging Sales	0.14	-	20.41	-
	Procurement of Die	1.76	25.75	6.49	23.14
	Labour Service	0.20	-	-	-
Harbin Light--duty truck Factory of FAW	Forging Sales	41.33	23.88	118.57	29.44
Inspection Center of FAW	Testing Service	1.86	2.05	1.37	1.41
Qiming Information Technology Co., Ltd	Procurement of software	6.47	0.65	4.52	4.57
	Web Services	-	-	1.20	-
Technical Center of FAW	Forging Sales	4.32	0.13	58.02	-
Technical Center of FAW	Waste Sales	-	-	-	-
Wuxi Diesel Oil Branch Company of FAW Jiefang Automobile Co Ltd	Forging Sales	-	0.97	-	0.81
Engine Branch Company of FAW Jiefang Automobile Co Ltd	Forging Sales	3.65	0.60	-	-
Tianjin FAW XIALI Autombile Co Ltd	Forging Sales	15.99	1.05	-	-

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18 (contd.):

ALSTOM Bharat Forge Power Ltd.:

List of Related Parties	
Parties with whom control exists	
ALSTOM	Parent Company
ALSTOM Holdings	Holding Company
ALSTOM Power Holding SA	(Holding Company)
Other Related parties with whom transactions have taken place during the year	
ALSTOM Projects India Limited	Associate Company
ALSTOM Power SA	Associate Company
ALSTOM Technology Ltd.	Associate Company
ALSTOM (Switzerland) Limited	
ALSTOM Power Systems SA	
Alstom S & E Africa (Pty)	
Key Management Personnel (KMP)	
Mr. Babasaheb Neelkanth Kalyani	Chairman & Director
Mr. Philippe Joubert	Director, Resigned w.e.f. 1st February, 2012
Mr. Guy Chardon	Director, Resigned w.e.f. 28th September, 2011
Mr. Andreas Lusch	Director, Appointed on 28th September, 2011
Mr. Sunil Kumar Chaturvedi	Director
Mr. S. Swaminathan	CEO & Managing Director, Resigned w.e.f. 1st July 2011
Mr. Jean-Pierre Fouilloux	Director, Appointed on 23rd, August,2011 & CEO & Managing Director, Resigned w.e.f. 3rd February, 2012

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18 (contd.):

ALSTOM Bharat Forge Power Ltd.:

Transactions with related parties during the year

(₹ In Million)

Particulars	Key Managerial Personnel		Holding Company		Joint Venture Company		Associates		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Contributions Equity Share Capital										
ALSTOM Power Holding SA	-	-	-	738.22	-	-	-	-	-	738.22
Reimbursement of expenses to										
Bharat Forge Limited	-	-	-	-	-	43.12	-	-	-	43.12
ALSTOM Power SA	-	-	0.92	-	-	-	-	0.50	0.92	0.50
ALSTOM Holdings	-	-	0.90	-	-	-	-	-	0.90	-
ALSTOM Projects India Limited	-	-	-	-	-	-	8.56	37.67	8.56	37.67
Rent & Maintenance expenses										
ALSTOM Projects India Limited	-	-	-	-	-	-	54.61	20.50	54.61	20.50
Reimbursement of salary & allowances										
ALSTOM Projects India Limited	-	-	-	-	-	-	44.56	45.04	44.56	45.04
IT Software / Licence Cost										
ALSTOM (SWITZERLAND) LTD	-	-	-	-	-	-	4.69	-	4.69	-
Purchase of Services For Projects										
ALSTOM Projects India Ltd	-	-	-	-	-	-	23.82	-	23.82	-

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18 (contd.):

ALSTOM Bharat Forge Power Ltd.:

Transactions with related parties during the year

(₹ In Million)

Particulars	Key Managerial Personnel		Holding Company		Joint Venture Company		Associates		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Technology License Fee Expenses										
ALSTOM Technology Ltd.	-	-	-	-	-	-	2.42	164.65	2.42	164.65
Outstanding Payable as at 31.03.2011										
ALSTOM Technology Ltd.	-	-	-	-	-	-	2.18	51.39	2.18	53.39
ALSTOM Power SA	-	-	-	-	-	-	0.50	0.50	0.50	0.50
ALSTOM Projects India Limited	-	-	-	-	-	-	49.91	28.57	49.91	28.57
ALSTOM Power Systems SA	-	-	-	-	-	-	0.92	-	0.92	-
ALSTOM (SWITZERLAND) LTD	-	-	-	-	-	-	0.99	-	0.99	-
ALSTOM Holdings	-	-	0.90	-	-	-	-	-	0.90	-
ALSTOM S & E Africa (Pty)	-	-	-	-	-	-	4.01	-	4.01	-
Remuneration to Key Managerial Personnel										
Mr. S. Swaminathan (CEO & Managing Director)	3.12	6.00	-	-	-	-	-	-	3.12	6.00
Mr. Jean-Pierre Fouilloux (CEO & Managing Director)	2.47	-	-	-	-	-	-	-	2.47	-

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18 (contd.):

BF-NTPC Energy Systems Limited:

List of Related Parties	
Key Management Personnel (KMP)	
Mr. Sunil Kumar Chaturvedi	Director
Mr. N.N Misra	Director
Mr. U.N. Khanna	Director
	(Till January 31, 2012)
Venturer Company	NTPC Limited

Transactions with related parties during the year:

(₹ in Million)

Particulars	Key Managerial Personnel		Joint Venture Company		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
A. Transactions during the year						
Addition to Land (Consultancy Services and Technical Specification)	-	-	1.31	1.31	1.31	1.31
NTPC Limited	-	-	1.31	1.31	1.31	1.31
Employee Benefit Expenses	3.79	1.89	-	-	3.79	1.89
U.N. Khanna	3.79	1.89	-	-	3.79	1.89
Equity Shares Capital Issued	-	-	-	48.51	-	48.51
NTPC Limited	-	-	-	48.51	-	48.51
Outstanding Balance at the Year End.						
Balance Payable	-	-	1.18	-	1.18	-
NTPC Limited	-	-	1.18	-	1.18	-
Share Capital	-	-	58.80	58.80	58.80	58.80
NTPC Limited	-	-	58.80	58.80	58.80	58.80

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18 (contd.):

Kalyani ALSTOM Power Ltd.:

Name of Related Parties	
Associate Company	ALSTOM Bharat Forge Power Ltd.
	ALSTOM Switzerland Ltd.
	ALSTOM Power Holding SA
	ALSTOM Technology Ltd.
	BF Infrastructure Limited
Key Management Personnel (KMP)	Mr. Abhijit Bhattacharya
	CEO and Managing Director
	(Till September 27,2011)
	Mr. Vijay Kumar Jain
	CEO and Managing Director
	(Till October 1, 2011)

Transactions with related parties during the year

(₹ in Million)

Particulars	Associated Company		Key Managerial Personnel		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Issue of Equity Share Capital						
ALSTOM Power Holding SA	63.52	117.97	-	-	63.52	117.97
Issue of Equity Share Capital						
ALSTOM Power Holding SA	63.52	-	-	-	63.52	-
Fund reimbursed/includes expenses incurred on behalf of the Company						
ALSTOM Power Holding SA	0.50	4.76	-	-	0.50	4.76
Remuneration						
Mr. Abhijit Bhattacharya	-	-	3.13	2.80	3.13	2.80
Mr. Vijay Kumar Jain	-	-	1.34	-	1.34	-
Purchase of Support and Technical services						
ALSTOM Switzerland Ltd.	7.62	5.77	-	-	7.62	5.77
Technology License Fee Installment						
ALSTOM Technology Ltd.	-	18.51	-	-	-	18.51
Balance Outstanding at year end						
ALSTOM Technology Ltd.	-	5.73	-	-	-	5.73
ALSTOM Switzerland Ltd.	-	5.77	-	-	-	5.77

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18 (contd.):

Impact Automotive Solutions Private Limited:

A. Name of Related Parties

Description of Relationship	Name of Related Parties
Investing parties or Venturers of whom the Company is a Joint Venture	1) KPIT Cummins Infosystems Limited
Note :- Related Parties have been identified by the Management.	

B. Details of Related Party Transactions During the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

(₹ in Million)

Particulars	KPIT Cummins Infosystems Limited
Reimbursement of Expenses	25.50
	(18.59)
Equitry Contribution	19.00
	(30.05)
Balances Outstanding at the end of the year:	
Other Current Liabilities	6.94
	(4.78)
Note :- Figures in Bracket relates to the Previous Year	

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Annexure referred to in Note No. 39 of Notes forming part of the Financial Statements

Segment Reporting as required by Accounting Standard 17:

₹ in Million

Sr. No.	Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
1	Segment Revenue		
	a Forgings	**62,580.08**	50,746.89
	b Gen. Engg. Trading etc.	**288.06**	189.17
	Total	**62,868.14**	50,936.06
	Less: Inter Segment Revenue- at cost	**77.53**	66.56
	Net Sales/Income from Operations	**62,790.61**	50,869.50
2	Segment Results		
	Profit/(Loss) (before tax and interest from each segment)		
	a Forgings	**10,773.68**	7,850.20
	b Gen.Engg.Trading etc.	**117.20**	43.50
	Total	**10,890.88**	7,893.70
	Less:		
	1 Interest	**1,837.44**	1,534.23
	2 Other un-allocable expenditure net of un-allocable income	**3,055.09**	1,917.17
	Total Profit Before Tax & Exceptional Items	**5,998.35**	4,442.30
	Exceptional items		
	- Manpower Redundancy cost	**-**	(77.12)
	Profit/(Loss) before Tax	**5,998.35**	4,365.18
3	Total carrying amount of segment assets		
	a Forgings	**54,256.07**	44,668.25
	b Gen.Engg.Trading etc.	**5,553.83**	3,010.39
	c Unallocable		
	- unutilised Fund raised during the year	**13,532.12**	9,069.44
	Total	**73,342.02**	56,748.08

NOTES TO CONSOLIDATED FINANCIALS STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (CONTD.):

Sr. No.	Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
4	Total amount of segment liabilities		
	a Forgings	**11,411.19**	11.712.18
	b Gen.Engg.Trading etc.	**5,017.54**	1,127.21
	c Unallocable	**4,569.81**	2,503.17
	Total	**20,998.54**	15,342.56
5	Capital Employed (Segment assets - Segment Liabilities)		
	a Forgings	**42,844.88**	32,956.07
	b Gen.Engg.Trading etc.	**536.29**	1,883.18
	c Unallocable (Assets-Liabilities)		
	- others including unutilised Fund temporarily deployed	**8,962.31**	6,566.27
	Total	**52,343.48**	41,405.52
6	Total cost incurred during the year to acquire segment assets		
	that are expected to be used during more than one period		
	a Forgings	**5,910.93**	3,025.31
	b Gen.Engg.Trading etc.	**64.84**	188.21
	c Unallocable	**1,507.17**	716.17
	Total	**7,482.94**	3,929.69
7	Depreciation		
	a Forgings	**2,507.51**	2,113.40
	b Gen.Engg.Trading etc.	**31.99**	28.11
	c Unallocable	**478.98**	408.95
	Total	**3,018.48**	2,550.46
8	Secondary information in respect of Geographical segment on		
	the basis of location of customers		
	a Within India	**19,512.71**	17,274.90
	b Outside India	**43,277.90**	33,594.60

The Company has identified its business segments as its primary reporting format which comprises of Forgings and General Engineering. The main segment is Forgings. All products made by the Company essentially emanate from forgings and therefore it is reported as an independent business segment. General Engineering is a fabrication unit which constitute a miniscule portion of the Company's activities. Above consolidated results for the year includes the result of subsidiary companies viz CDP Bharat Forge GmbH & its subsidisries, Bharat Forge America Inc.,U.S.A., BF NTPC Energy Systems Ltd.,Kalyani ALSTOM Power Ltd., BF Infrastructure Ltd., BF Infrastructure Ventures Ltd., BF Power Equipments Ltd. and share of Joint Venture Compamies viz. ALSTON Bharat Forge Power Ltd. Impact Automotive Solutions Pvt. Ltd. and David Brown Bharat Forge Gear Systems India Ltd.

Annex - 1

Summarized Statement of Financials of Subsidiary Companies in terms of Section 212 (8) of the Companies Act, 1956.

(₹ In Million)

Sr. No.	Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	Proposed Dividend
1	CDP Bharat Forge GmbH, Germany [1]	343.05	5,084.76	8,964.51	3,536.71	0.30	11,427.91	429.36	43.85	385.51	-
2	Bharat Forge Holding GmbH, Germany	1.72	148.06	427.92	278.14	-	59.74	57.08	11.74	45.34	-
3	Bharat Forge Aluminiumtechnik Gmbh & Co. KG, Germany	92.90	310.39	1,789.97	1,386.68	-	1,961.97	57.99	3.05	54.94	-
4	Bharat Forge Aluminiumtechnik Verwaltungs Gmbh & Co. KG, Germany	1.75	2.83	4.58	-	-	0.32	0.22	0.04	0.19	-
5	Bharat Forge America Inc., U.S.A.	-	102.09	954.19	852.10	-	1,255.00	(223.28)	-	(223.28)	-
6	Bharat Forge Beteiligungs GmbH, Germany	1.72	3,925.59	3,940.68	13.38	10.15	-	(12.39)	0.13	(12.52)	-
7	Bharat Forge Kilsta AB, Sweden [2]	143.66	254.38	3,915.70	3,517.67	-	7,294.63	(471.92)	(239.83)	(232.09)	-
8	Bharat Forge Scottish Stampings Ltd., Scotland [4]	429.52	(486.64)	171.88	229.00	-	91.47	(130.97)	-	(130.97)	-
9	Bharat Forge Hongkong Ltd., Hong Kong	2,211.30	(154.73)	2,058.35	1.78	-	-	(7.16)	-	(7.16)	-
10	FAW Bharat Forge (Changchun) Company Limited, China [3]	4,105.37	(989.40)	8,766.03	5,650.06	-	7,022.97	30.13	-	30.13	-
11	Bharat Forge Daun GmbH, Germany [1]	3.43	242.67	376.05	129.95	-	690.64	-	-	-	-
12	B F New Technologies GmbH, Germany [1]	1.72	106.35	133.52	25.45	-	0.01	-	-	-	-
13	BF NTPC Energy Systems Ltd. [3]	120.00	(52.02)	70.89	2.91	-	1.23	(24.85)	-	(24.85)	-
14	Kalyani ALSTOM Power Limited [3]	370.38	61.14	1,012.88	581.37	-	-	(38.91)	-	(38.91)	-
15	B F Infrastructure Limited	10.00	(2.20)	3,535.23	3,527.42	-	19.75	0.77	0.59	0.18	-
16	B F Infrastructure Ventures Limited	0.50	(0.32)	283.70	283.52	-	-	(0.28)	-	(0.28)	-
17	B F Power Equipments Limited	0.50	(0.27)	0.26	0.03	-	-	(0.23)	-	(0.23)	-
18	Bharat Forge International Limited, UK	5.33	(27.07)	1,688.11	1,709.84	-	913.97	(33.54)	(8.71)	(24.82)	-

Note: The above information has been drawn up to co-relate with the Consolidated Financial Statements.

1 Results of operations of Bharat Forge Daun GmbH and BF New Technologies GmbH has been transferred to CDP Bharat Forge GmbH as a result of Profit and Loss Pooling Agreement

2 Loss before tax includes depreciation on goodwill and write down of shares of 100% Subsidiary viz. Bharat Forge Scottish Stampings Ltd., which gets eliminated in the consolidated financial statements of Bharat Forge Kilsta AB.

3 Figures are as per Financial Statements & represent 100% of the Company's Financials before Minority Interest.

4 Loss before tax includes write down of advance given to Bharat Forge America Inc and profit on sale of equipment to Bharat Forge Limited, which gets eliminated in the Consolidated financials.

NOTES

DRIVING INNOVATION

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