BHARAT FORGE

innovation at the heart

50th annual report 2010.11

KALYANI

SECTORS

AUTOMOTIVE

POWER

OIL & GAS

RAILWAYS

MARINE

RENEWABLE ENERGY

AEROSPACE

CONSTRUCTION AND MINING

innovation at the heart

DATING BACK TO THE YEAR 288 BC, THE *"PEEPAL TREE"*, POPULARLY CALLED THE 'SACRED FIG', IS A SYMBOL OF ENLIGHTENMENT, KNOWLEDGE AND GROWTH.

UNDER THIS TREE WAS WHERE GAUTAM BUDDHA ATTAINED ENLIGHTENMENT, ATTACHING TO IT A METAPHOR FOR HAPPINESS, PROSPERITY, LONGEVITY AND GOOD LUCK.

ON THE 50TH YEAR OF BHARAT FORGE'S ANNUAL REPORT, WE CELEBRATE THIS INHERENT QUEST FOR KNOWLEDGE THAT HAS DRIVEN US ON THE PATH LEADING TO INNOVATION.

THE PEEPAL LEAF IS A REFLECTION OF OUR DIVERSIFICATION INTO VARIOUS SECTORS, REACHING OUT TO WORLD MARKETS AND DOING SO WITHOUT FORGETTING OUR RESPONSIBILITY TOWARDS A SUSTAINABLE FUTURE.

ONE HALF OF THE LEAF IS GREEN REPRESENTING OUR STRONG EMPHASIS ON GROWTH IN A NATURAL AND SYMBIOTIC MANNER, WHILE THE OTHER HALF IS WHITE, DEPICTING CLARITY OF LONG TERM VISION AND GROWTH, IN AN EVOLVED AND METHODOLOGICAL PROCESS DRIVEN MANNER FOR CONTINUOUS INNOVATION IN VARIOUS DOMAINS.

THE COMPANY HAS PUT IN PLACE A PROCESS TO FACILITATE & ENCOURAGE ENGINEERS TO BRING ABOUT INNOVATIVE IDEAS. IN 2011, THE COMPANY INITIATED SEVERAL NEW IDEAS, FEW OF WHICH WILL BE PATENTED.

WITH INNOVATION AT OUR HEART, WE CONTINUE OUR ENDEAVOR OF RISING THROUGH DIVERSIFICATION & MANUFACTURING HIGH QUALITY PRODUCTS THAT DRIVE CHANGE AND SUSTAINABILITY. WE ARE COMMITTED TO OUR PROMISE OF PUSHING FORWARD AND STRIVING TOWARDS GREATER HEIGHTS WITH EACH PASSING YEAR.

KALYANI

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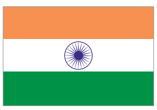
START UP & EARLY GROWTH 1961-1985



Incorporation of Bharat Forge Ltd.

1961

Commercial Production begins. Forge Shop - Hammer Technology.

1966

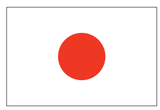
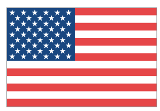
Exports into erstwhile USSR by winning a large contract for under carriage components.

1985

DOMESTIC GROWTH 1990-2001

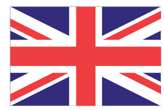
Technology Upgradation. Investment in state-of-the-art forging technology. Commissioning of 16000 MT press line.

1990


Major break through into Japan, USA and UK for critical supply of engine & chassis components.

1991



Commissioning of second 16000 MT press line.

First M&A - Acquired order book of Dana Kirkstall.

2001

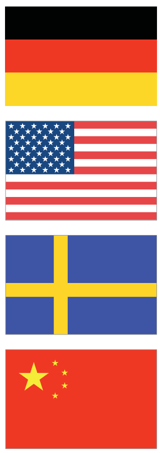
BUILDING A GLOBAL COMPANY

ACQUISITIONS ACROSS THE GLOBE

FOCUS ON EXPORTS 2002 - 2005

Investment of $ 80 million in Research & Development, Testing & Validation and state-of-the-art Heavy Duty Truck Crankshaft Machining facilities

2002



Established Global Manufacturing Footprint across Europe, North America & China through following acquisitions / JV.

CDP Bharat Forge

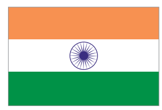
Bharat Forge Aluminiumtechnik

Bharat Forge America

Bharat Forge Kilsta

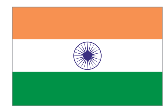
FAW Bharat Forge

2003–05



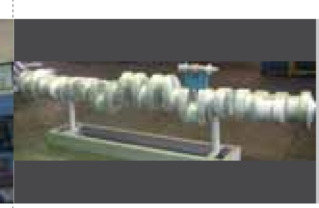
Investment of $ 100 million to set-up dedicated state-ot-the-art forging & machining facilities for non-auto.

2006



Centre for Advanced Manufacturing takes shape in Baramati.

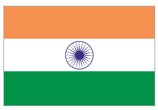
2007

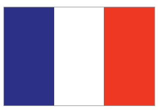


GLOBAL LEADERSHIP

FOCUS ON TECHNOLOGY & INNOVATION

FOCUS ON NON-AUTO 2006-2010





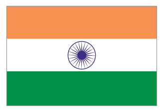
US $ 1 BILLION TARGET ACHIEVED

Bharat Forge signed an MOU with NTPC

Bharat Forge commissioned India's Largest Commercial Open Forging Press

Alstom and Bharat Forge form a JV in India to manufacture state-of-the-art super critical power plant equipment.

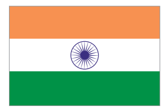
2008



Inauguration of Heavy Duty Crankshaft Forging & Machining Facility at Baramati.

Ground Breaking & Foundation Stone Laying Ceremony of the Alstom Bharat Forge JV manufacturing facility at Mundra.

2009



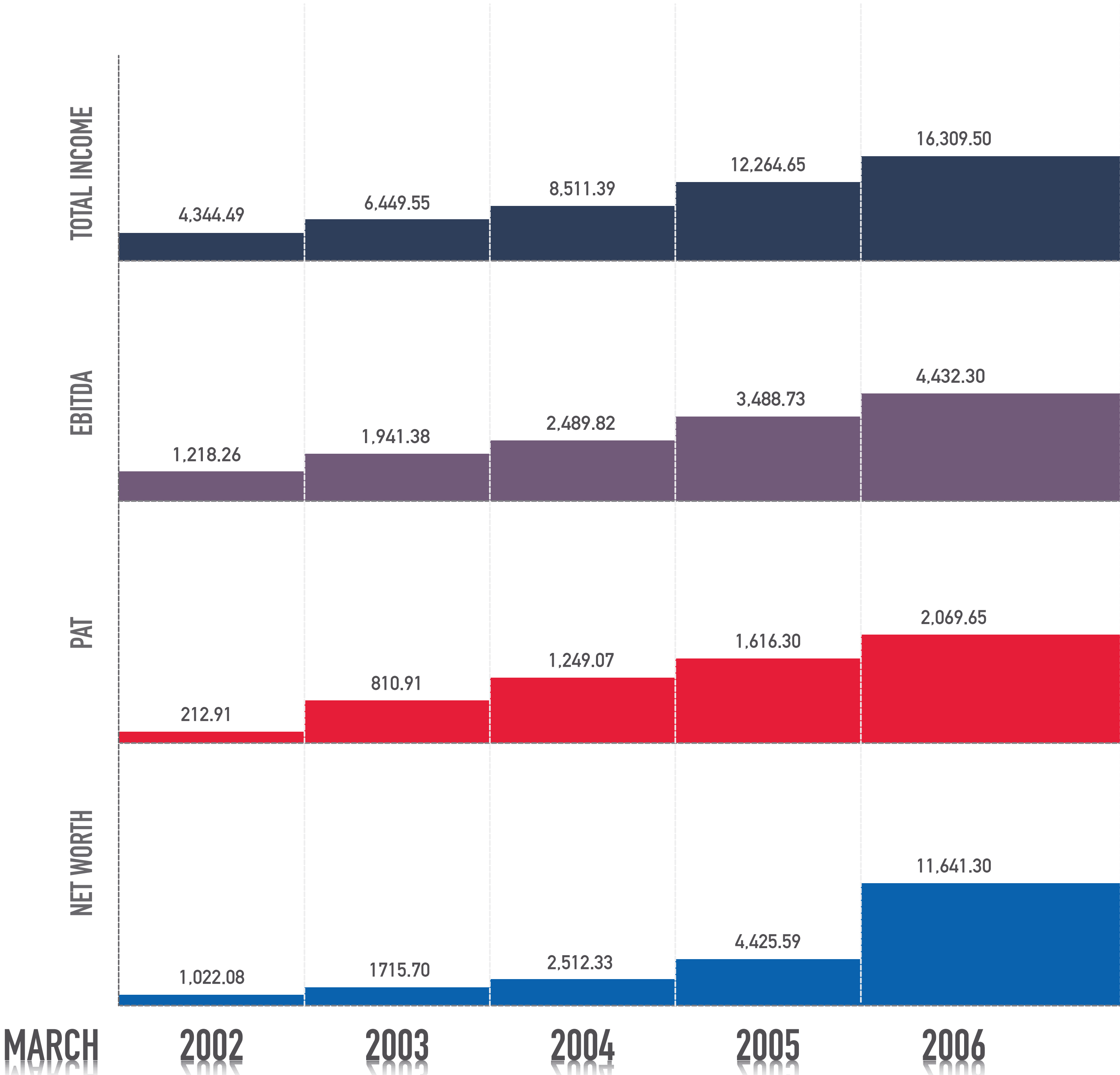
Inauguration of the Ring Rolling facility at Baramati.

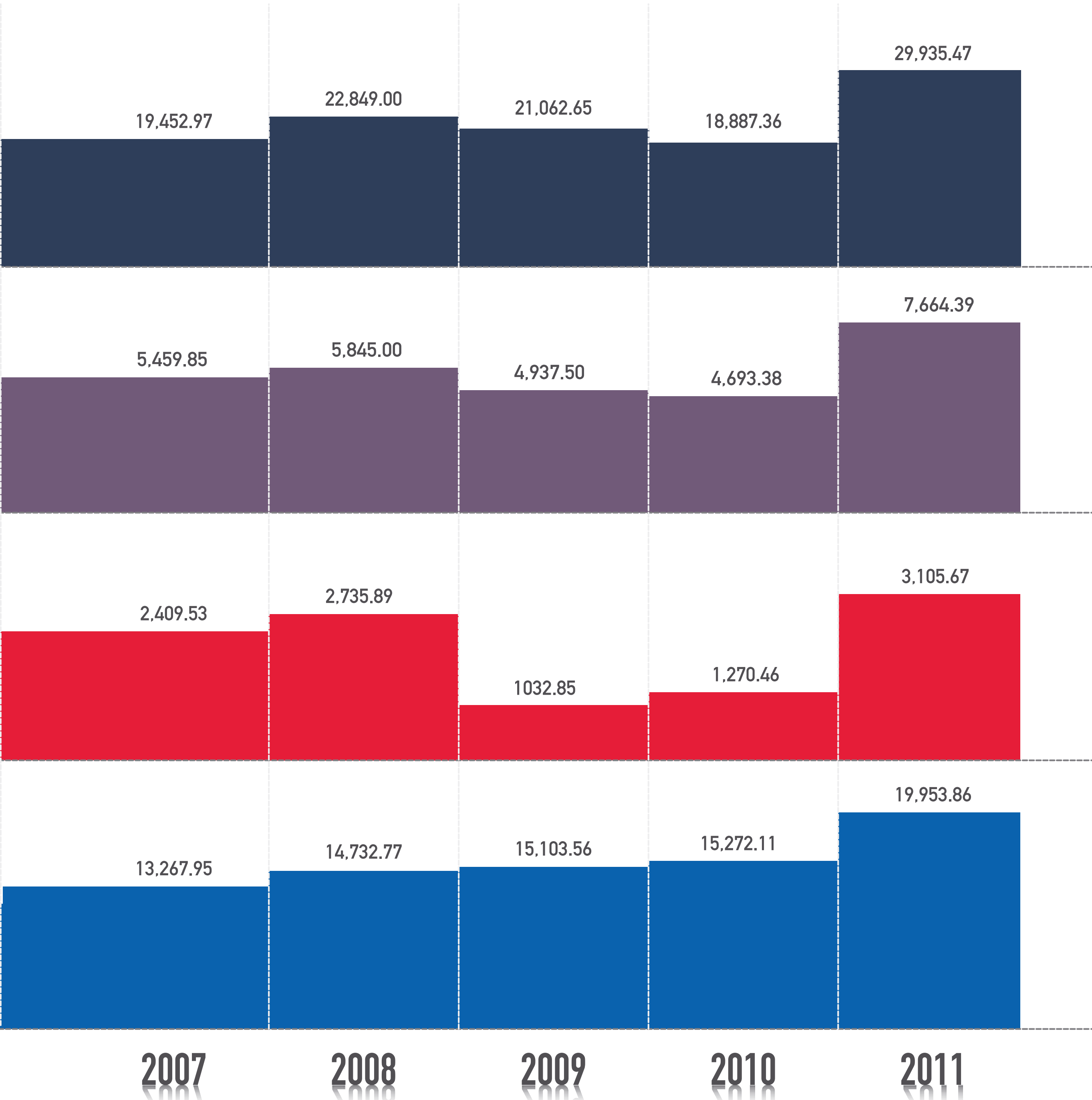
Ground Breaking & Foundation Stone Laying Ceremony of the Bharat Forge - NTPC Energy Systems Ltd. manufacturing facility at Solapur.

Establishment of Kalyani Centre for Technology & Innovation

2010

₹ IN MILLION


TOTAL INCOME
4,344.49
6,449.55
8,511.39
12,264.65
16,309.50
EBITDA
1,218.26
1,941.38
2,489.82
3,488.73
4,432.30
PAT
212.91
810.91
1,249.07
1,616.30
2,069.65
NET WORTH
1,022.08
1715.70
2,512.33
4,425.59
11,641.30
MARCH
2002
2003
2004
2005
2006



EBITDA before exceptional item of expenditure & exchange difference

highlights

FY11 CONSOLIDATED REVENUES AT US $1.13 BILLION.

STRONG GROWTH MOMENTUM IN BOTH DOMESTIC & GLOBAL OPERATIONS.

NON AUTO CONTRIBUTION AT 25% OF CONSOLIDATED BUSINESS.

ORDER BOOK OF AROUND US$ 1.40 BILLION IN THE CAPITAL GOODS BUSINESS IN A SHORT SPAN.

STRONGER BALANCE SHEET WITH IMPROVED DEBT EQUITY RATIO.

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. P. K. MAHESHWARI
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.

CITIBANK N.A.

STANDARD CHARTERED BANK

AXIS BANK LTD.

THE ROYAL BANK OF SCOTLAND N V

CREDIT AGRICOLE
Corporate & Investment Bank

AUDITORS

DALAL & SHAH
Chartered Accountants

INTERNAL AUDITORS

MAHAJAN & AIBARA
Chartered Accountants

REGISTERED OFFICE

BHARAT FORGE LIMITED
Mundhwa, Pune Cantonment,
Pune – 411 036, Maharashtra, India.
Phone: +91.20.2670 2476
Fax: +91.20.2682 2163
Email: info@bharatforge.com
Web: www.bharatforge.com

KALYANI

chairman's letter

"DIFFICULTIES ARE A PART OF LIFE... THOSE WITH CHARACTER AND RESOLVE CONFRONT THE DIFFICULTIES AND SOLVE THEM".

Dear Shareholder,

You would recall that the previous year, FY2010 was very difficult due to the economic aftermath of the global financial crisis. As a consolidated entity, your Company's total income had decreased by 30% to ₹ 33,787.11 million; profit before depreciation, interest and taxes had reduced by 38% to ₹ 3,895.99 million; and at the profit after tax (after minority interest) level, as a consolidated entity had losses of ₹ 634.22 million.

Even in such a difficult time, I believed in the core strengths of your Company. I recall my writing, "Difficulties are a part of life… Those with character and resolve confront the difficulties and solve them."

As your Company's chief fiduciary, I have the satisfaction to report that Bharat Forge confronted the difficulties and, to a large extent, solved them. Let me start with the consolidated performance:

» Total Income increased by 52.6% from ₹ 33,787.11 million in FY2010 to ₹ 51,544.41 million in FY2011.

» Operating profit before interest, taxes, depreciation and amortisation (PBDIT) increased by 118.7% from ₹ 3,895.99 million in FY2010 to ₹ 8,522.34 million in FY2011.

» PBDIT margin has increased from 11.5% in FY2010 to 16.5% in FY2011.

» Profit before taxes (PBT) before exceptional items increased from ₹ 141.81 million in FY2010 to ₹ 4,444.80 million in FY2011.

» Profit after taxes (PAT) after minority interest in FY2011 was ₹ 2,899.06 million.

» Return on Capital Employed (ROCE) increased by 10.8% from 3.7% in FY2010 to 14.5% in FY2011.

52.6%
INCREASE IN INCOME

118.7%
PBDIT GROWTH

4,445
PBT IN FY 2011 (₹ MILLION)

These are creditable results which make me believe that your Company is back on its path of rapid and profitable growth.

Today, I see Bharat Forge's businesses growing across each sector that it operates. Here are some facts:

Your Company's standalone operations out of India achieved a revenue growth of 58.5% over the previous year. The corresponding growth in PAT was 144.5%. Export business grew by nearly 73%. This performance has been due to the addition of new customers, strong performance of non-auto businesses, new product development and entry into newer geographies.

New facilities contributed significantly to the growth and contributed ₹ 4,273 million to revenues in FY2011, versus ₹ 1,907 million in FY2010. Bharat Forge's non-auto business has emerged as key element of its global revenues. In FY2011, it accounted for 25% of your Company's consolidated sales.

I am particularly happy with the turnaround of your Company's overseas subsidiaries in the course of FY2011. With 45% growth in the top-line, PBT of the overseas subsidiaries recovered from a loss of ₹ 2,454 million in calendar year 2009 to a profit of ₹ 34 million in 2010. Among these, the most stellar case of business turnaround was FAW Bharat Forge (Changchun) Company Limited (FAW-BF), the Company's joint venture in China. Up to 2009, it made losses. Thanks to strict cost controls, market penetration and significant productivity improvements, FAW-BF's top-line grew by 82%, and it registered a PBT of ₹168 million in 2010.

Let me now move on to your Company's capital goods businesses, which comprise two JVs with the French power major, Alstom, one JV with the National Thermal Power Corporation Limited (NTPC), and the newly formed Engineering Procurement and Construction (EPC) business.

There are two separate JVs with Alstom. In the first, BFL has 49% stake and is set up to manufacture turbine generators for supercritical thermal power plants. In the second JV, BFL has 51% stake, and focuses on the production of associated power generation auxiliaries.

Construction is in full swing to build a state-of-the-art plant spanning 120 acres at the SEZ in Mundra, in Gujarat. It will be India's largest integrated facility for the production of turbine, generators and auxiliaries, with a total annual manufacturing capacity of 5,000 MW of turbine generators. The estimated total investment is around ₹17,000 million.

I AM DELIGHTED TO INFORM YOU THAT EVEN AT AN EARLY STAGE, THE JV WITH ALSTOM HAS BEEN QUALIFIED AS THE LOWEST BIDDER TO SUPPLY 5 OF 11 SUPER CRITICAL TURBINE GENERATORS OF 660 MW EACH FOR NTPC. THIS IS THE LARGEST EVER POWER CONTRACT IN INDIA.

In the JV with NTPC, Bharat Forge has a 51% stake. The JV will manufacture balance of plant equipment for the power sector (thermal, hydro and nuclear). Its technology-intensive product range is intended to have wider application across other sectors like oil and gas, petrochemicals, steel and mining. The estimated total investment for this JV is around ₹ 2,000 million. In March 2010, the foundation stone of the manufacturing facility was laid at Solapur in Maharashtra.

In addition, your Company has launched a wholly-owned subsidiary to provide EPC services to power plants. The subsidiary has already assembled a team of more than 150 highly qualified people from the industry. It has already secured EPC work for three 150 MW power plants valued at ₹ 18,850 million including Bought Out Items (BOI) which have to be fully executed in 24 months.

Going forward, I see many more related business opportunities. In thermal, nuclear and renewable energy; in railways; in building aerospace components, to name a few. We are working on these and other areas. I will inform you of the progress once we get firm traction.

The clarion cry for FY2010 was "Raise Productivity; Cut Costs; Improve Efficiencies; and Ride the Storm". Those efforts are now bearing fruit. Not surprisingly, therefore, the theme for FY2011 is "Back to Profitable Growth". And if I could dare suggest a theme for FY2012 without being accused of making 'forward-looking' statements, it would be "Non-Linear Growth with New Businesses and New Customers". I look forward to it happening.

While, clearly, I am optimistic about the prospects of the Company in the medium terms, there are some macro concerns in the immediate future. To begin with, high inflation and interest rates are affecting growth in India. Already, GDP growth has dropped to 7.8% in Q4, FY2011 after four consecutive quarters of well over 8% growth. Globally, while growth is back even in advanced economies, there are worries with high sovereign debt and fiscal deficits. Last, but not the least, is the grave issue of rising commodity prices, especially of raw material and energy. For BFL, not only does this have a negative macro effect of demand contraction due to worsening consumer and business sentiments, but also increasing costs of key raw materials like steel and fuel. These are worrisome but I am confident that your Company is today geared to take on these challenges.

Your Company's employees across all ranks and geographies deserve high praise. They have shown what it takes — first to engineer a tough turnaround, and then to change gears to achieve rapid growth. My congratulations to all of them. And my thanks to you for your support.

BABA KALYANI
Chairman and Managing Director

P. K. MAHESHWARI
EXECUTIVE DIRECTOR

B. P. KALYANI
EXECUTIVE DIRECTOR

AMIT B. KALYANI
EXECUTIVE DIRECTOR

S. E. TANDALE
EXECUTIVE DIRECTOR

SUNIL K. CHATURVEDI
EXECUTIVE DIRECTOR

B. N. KALYANI
CHAIRMAN & MANAGING DIRECTOR

G. K. AGARWAL
DEPUTY MANAGING DIRECTOR

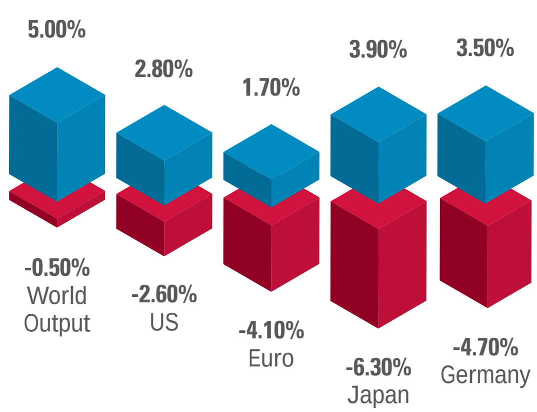
md&a

THE EXTERNAL ENVIRONMENT

2010-11 has reaffirmed the strength in the global economic recovery. In 2009, global output had reduced by 0.5%. Several major developed economies had witnessed a fall in economic output. Most of these developed economies bounced back in 2010 : USA grew by 2.8% in 2010 against (-) 2.6% in 2009; the Euro Zone grew by 1.7% in 2010 against (-) 4.1% in 2009; Japan grew by 3.9% in 2010 against (-) 6.3% in 2009. And, within the Euro Zone, Germany has staged a very strong recovery from (-) 4.7% in 2009 to 3.5% in 2010. This has contributed significantly to a recovery in world output growth to 5% in 2010 (see Chart A).

Chart A: Output Growth
Source: IMF estimates

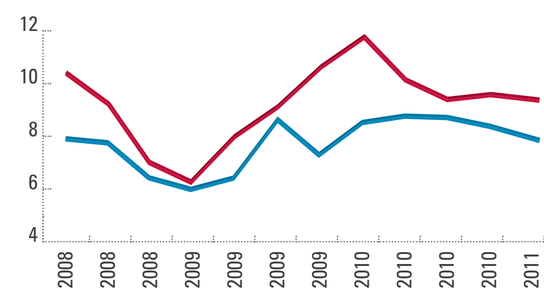
2009
2010



The developing and emerging economies also witnessed higher growth in economic output of 7.1% in 2010 against 2.6% in 2009. China and India recovered strongly and are well on their high growth trajectory. Chart B shows that from the third quarter of 2009, both China and India have registered strong growth rates with the trend continuing throughout 2010. Advanced estimates suggest that while China grew by around 10% in 2010, India will register a GDP growth of 8.5% in 2010-11.

Chart B: Real GDP Growth (%)
Source: CSO, India and National Bureau of Statistics, China

China
India



While growth is back, there are some concern areas. An environment of rising global demand, supply side constraints and increased speculative activities have led to sharp increases in commodity prices — such as crude oil, minerals and metals and food. With higher consumer and producer price inflation in all key emerging markets, especially India and China, it is not surprising that the central banks have raised interest rates and tightened money supply to curtail excess demand. This development carries two risks. First, is that the higher cost of finance may affect consumer demand. Second, is that it might impede future investments leading to slowing down of economic growth. In addition to these issues, higher input costs are exerting pressure on profit margins.

BUSINESS PERFORMANCE – AN OVERVIEW

In FY2006, BFL set out on a new growth path where it focused on aggressively developing its industrial sector components business and chalked out a large investment plan to develop dedicated facilities in Baramati, Satara and Pune. In the automotive forgings business, it planned to further grow and consolidate its position by increasing customer base and penetrating deeper into global markets through its Indian and overseas operations.

However, the Company was severely impacted by the global economic turmoil in 2008. BFL responded to the market adversities by looking inwards and reorienting its business focus. The Company recalibrated its business strategy and focused on streamlining operations to create a leaner and more cost efficient enterprise that could generate profits by operating at lower levels of capacity utilisation. And, in FY2011, with much of the strategic initiatives of FY2006 and the restructuring post 2008 firmly in place, Bharat Forge leveraged the revival across its target markets to deliver strong results across its business platforms.

Key highlights of this performance are:

» The standalone operations out of India recorded 58.5% growth in revenues and a 144.5% growth in PAT.

» Export growth of 72.6% was higher than the underlying market growth. The export growth was driven by new customer additions, strong performance of non auto, new product developments and entry into newer geographies.

» The Non-Auto business increased by 89.2% with major ramp up in the new facilities. The new facilities contributed ₹ 4,273 million to revenues against ₹ 1,907 million in FY2010 – growth of 124.1%.

» With the Non-Auto business gaining traction, it has emerged as key component for BFL's global business and accounts for 25% of the Company's consolidated sales in FY2011.

» The overseas subsidiaries witnessed a strong revival. With 45.2% growth in total income, PBT has turned around from a loss of ₹ 2,454 in CY2009 to a profit of ₹ 34 million in CY2010.

» The major development in the overseas subsidiaries business is the turnaround of FAW-BF – the JV in China. Total Income increased by 82.0% and the JV registered a PBT of ₹ 168 million in CY2010 against losses in previous years.

» The Capital goods business has also gained traction with both the JV with Alstom and the EPC business making their first successful bids.

Having pursued a strategy of derisking its business by organic and inorganic growth, Bharat Forge has evolved and is attracting global attention to its engineering and innovation capabilities that provides solutions across components business and capital goods space to customers across various sectors.

Today, the company can be categorized as components business addressing automotive and industrial sectors & capital goods business, focussed on the power sector through Joint Ventures with Global leaders. The Automotive components business is catered to from both the Indian as well as from the global subsidiaries while the supply of components to industrial sectors is primarily catered to by the Indian operations.

The financial results tell the complete story. And, it clearly reflects the fact that BFL is well back on a new growth trajectory.

CONSOLIDATED FINANCIAL REVIEW

Table 1 gives the abridged profit and loss account for Bharat Forge, as a consolidated entity, and table 2 gives the key financial ratios.

Consolidated Financial Highlights

» Total Income increased by 52.6% from ₹ 33,787.11 million in FY2010 to ₹ 51,544.41 million in FY2011.

» Operating profit before interest, taxes, depreciation and amortisation (PBDIT) increased by 118.7% from ₹ 3,895.99 million in FY2010 to ₹ 8,522.34 million in FY2011.

» PBDIT margin has increased from 11.5% in FY2010 to 16.5% in FY2011.

» Profit before taxes (PBT) before exceptional items increased from ₹ 141.81 million in FY2010 to ₹ 4,444.80 million in FY2011.

» Profit after taxes (PAT) after minority interest increased from losses to ₹ 2,899.06 million in FY2011.

» Return on Capital Employed (ROCE) increased from 3.7% in FY2010 to 14.5% in FY2011.

» Return on Net Worth (RONW) was 14.8% in FY2011.

» Diluted earnings per share (EPS) increased from (-) ₹ 3.07 in FY2010 to ₹ 12.15 in FY2011.

On 20 April 2010, BFL redeemed US$131.5 million of FCCBs, which includes principal of US$ 102.3 million and redemption premium of US$ 29.2 million. The redemption premium had been provided for as of 31 March 2010 and is reflected in the results of FY2010. With this repayment, the Company has significantly reduced its debt. Subsequent to the FCCB redemption, in last week of April 2010, BFL raised capital of around ₹ 448 crores through the Qualified Institutional Placement (QIP) route. The fund raising involved a mix of debt amounting to ₹ 176 crores by way of Non Convertible debentures and issue of 10 million Equity shares at ₹ 272 with warrants attached. The warrants have an exercise price of ₹ 272 and are outstanding as of March 31, 2011. These funds are being used for investment in the new business forays in the non-automotive and capital goods sectors.

The accrual generated in FY2011 coupled with the fund raising and debt repayment have resulted in a reduction in consolidated gross debt equity ratio from 1.54 as on 31 March 2010 to 0.97 as on 31 March 2011 and net debt equity ratio from 1.05 as on 31 March 2010 to 0.72 as on 31 March 2011. Clearly, with the performance in FY2011, BFL has emerged with a much stronger balance sheet, which can be further leveraged, if required, for pursuing another round of aggressive growth.

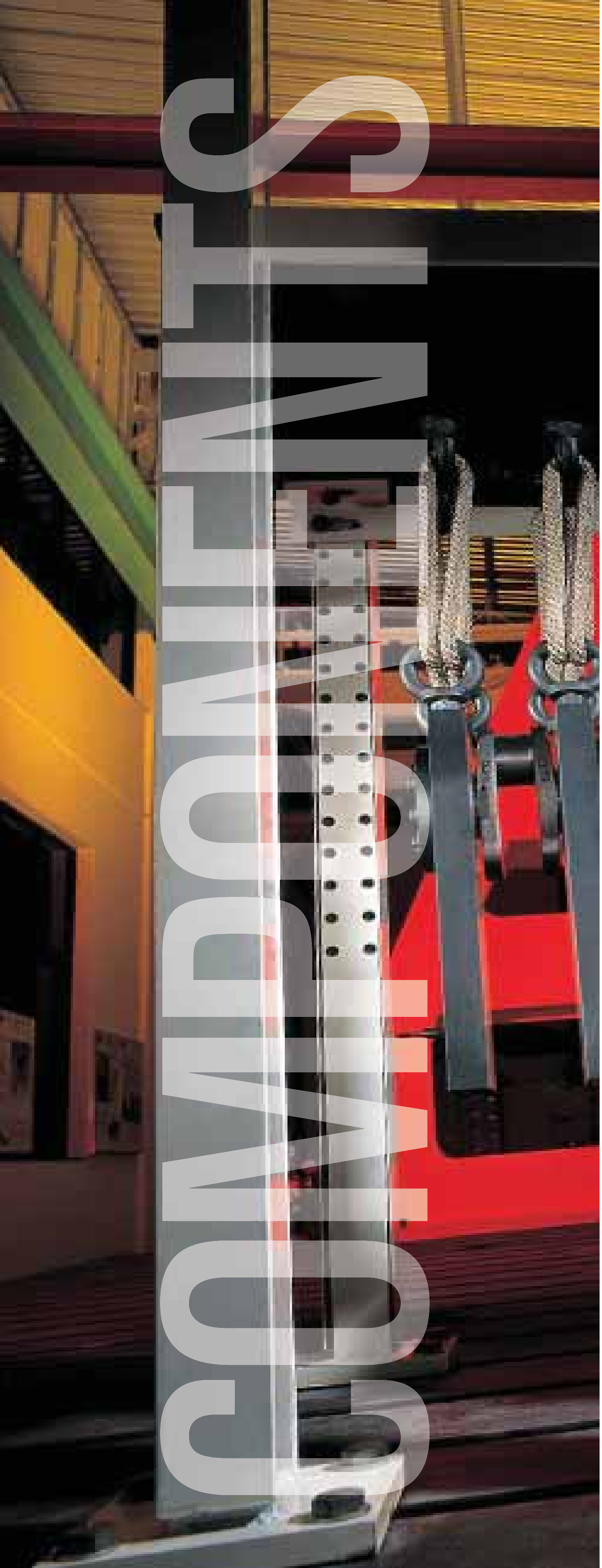
Table 1: Abridged Consolidated Profit & Loss Statement (₹ Millions)

	Particulars	FY2011	FY2010
1	Sales & Operating Income	52,401.83	34,147.91
2	Excise Duty	1,528.88	871.96
3	Net Sales (1 - 2)	50,872.95	33,275.95
4	Other Income	671.46	511.16
5	Total Income (3+ 4)	51,544.41	33,787.11
6	Raw Materials and Components	24,215.84	16,326.66
7	Manufacturing Expenses	9,047.98	5,902.88
8	Employee Costs	6,364.95	5,238.50
9	Other Expenses	3,393.30	2,423.08
10	Total Expenses	43,022.07	29,891.12
11	PBDIT (5 - 10)	8,522.34	3,895.99
12	Depreciation and Amortisation	2,548.18	2,451.16
13	PBIT (11 – 12)	5,974.16	1,444.83
14	Interest	1,529.36	1,303.02
15	PBT before Exceptional Items (13-14)	4,444.80	141.81
16	Net Restructuring & Redundancy Cost and Customer claims	(77.12)	(742.14)
17	Exchange Gain/(Loss)	-	(45.05)
18	PBT after exceptional items (15-16+17)	4,367.68	(645.38)
19	Tax Expenses	1,401.74	118.98
20	PAT (18-19)	2,965.94	(764.36)
21	Share of Profits in Associate Companies	0.98	(1.62)
22	Less: Minority Interest	67.86	(131.76)
23	PAT after share of profits in Associate Companies & Minority Interest (20+21-22)	2,899.06	(634.22)
24	Basic Earnings per Share in ₹	12.41	(3.07)
25	Diluted Earnings per Share in ₹	12.15	(3.07)

Table 2: Key Ratios (Consolidated)

Particulars	FY2011	FY2010
PBDIT / Total Income	16.5%	11.5%
PBIT / Total Income	11.6%	4.3%
PBT before Exceptional Items/ Total Income	8.6%	0.4%
PBT / Total Income	8.5%	-1.9%
PAT after minority interest / Total Income	5.6%	-1.9%
ROCE	14.5%	3.7%
RONW	14.8%	-4.3%

ROCE = PBIT/ Capital Employed
RONW = PAT after Minority Interest/Net Worth



COMPONENTS BUSINESS PERFORMANCE: FY 2011

BFL's standalone business includes the automotive and the non-automotive businesses that operate out of the Indian facilities at Mundhwa (in Pune), Satara, Chakan and Baramati. The major highlights of the stand-alone business in FY2011 are:

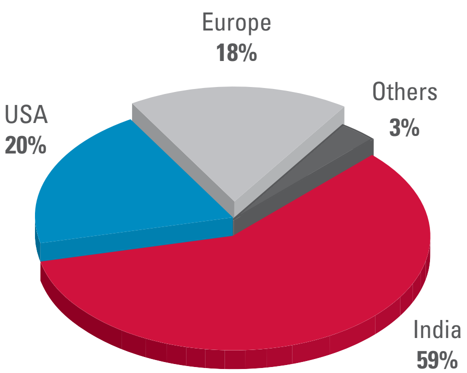
- SHIPMENT TONNAGE INCREASED SIGNIFICANTLY – A GROWTH OF 47.5% TO 188,166 MT.
- DOMESTIC REVENUES CONTINUED TO GROW AT A RAPID PACE – AN INCREASE OF 50.3% TO ₹ 17,278 MILLION IN FY2011.
- SIGNIFICANT REVIVAL IN EXPORTS – AN INCREASE OF 72.6% TO ₹ 12,195 MILLION IN FY2011.
- MAJOR TRACTION IN NON-AUTO SALES, BOTH DOMESTIC AND EXPORTS – AN INCREASE OF 89.2% TO ₹ 9,770 MILLION IN FY2011.
- NEW FACILITIES CONTRIBUTED ₹ 4,273 MILLION TO REVENUES AGAINST ₹ 1,907 MILLION IN FY2010.

In terms of sales, as chart C shows India remains the largest market with 59% share of total stand-alone revenues. The other major markets are USA (20% share of stand-alone sales) and Europe (18% share of stand-alone sales). While domestic sales increased by a healthy 50.4%, sales to USA increased by 44.5% in FY2011. There been a major revival in the European market, where sales grew by 89.7%, which has contributed to an increase in its share in total sales from 15% in FY2010 to 18% in FY2011.

Across these markets, BFL is active in the automotive and non-automotive sectors. Non-auto sales increased rapidly, both in the domestic Indian market as well as exports. Consequently, as chart D shows its share in total stand-alone sales increased from 30% in FY2010 to 37% in FY2011. Clearly, the non-auto segment has emerged as a significant contributor to the Company's growth.

Chart C: Stand-Alone Sales (Geographic Distribution)

FY2011



FY2010

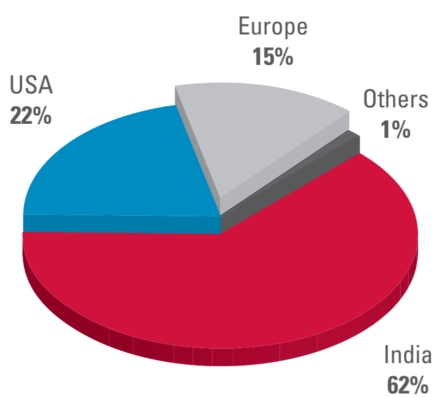
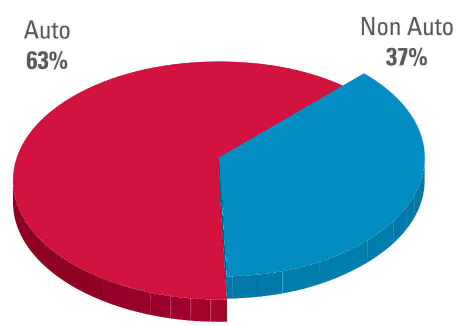
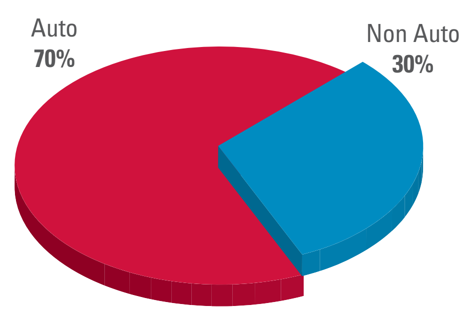


Chart D: Stand-Alone Sales (Auto & Non-Auto)

FY2011



FY2010



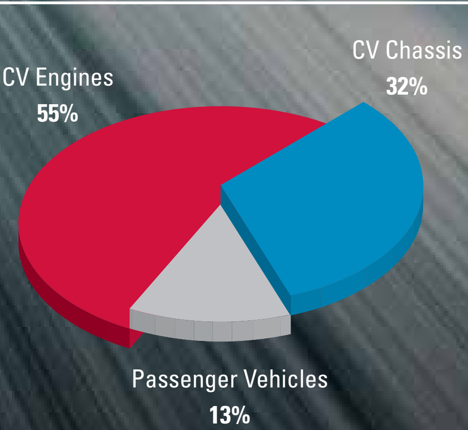
AUTOMOTIVE BUSINESS

BHARAT FORGE'S STAND-ALONE AUTOMOTIVE BUSINESS MANUFACTURES ENGINE AND CHASSIS COMPONENTS SUCH AS CRANKSHAFTS AND AXLE BEAMS FOR COMMERCIAL VEHICLES (CV) AND COMPONENTS FOR PASSENGER VEHICLES.

Chart E gives a share of the different product segments in BFL's stand-alone sales for FY2011

CV engines has the largest share of 55%;
CV chassis parts follows with a share of 32%;
while Passenger Vehicles has a share of 13%

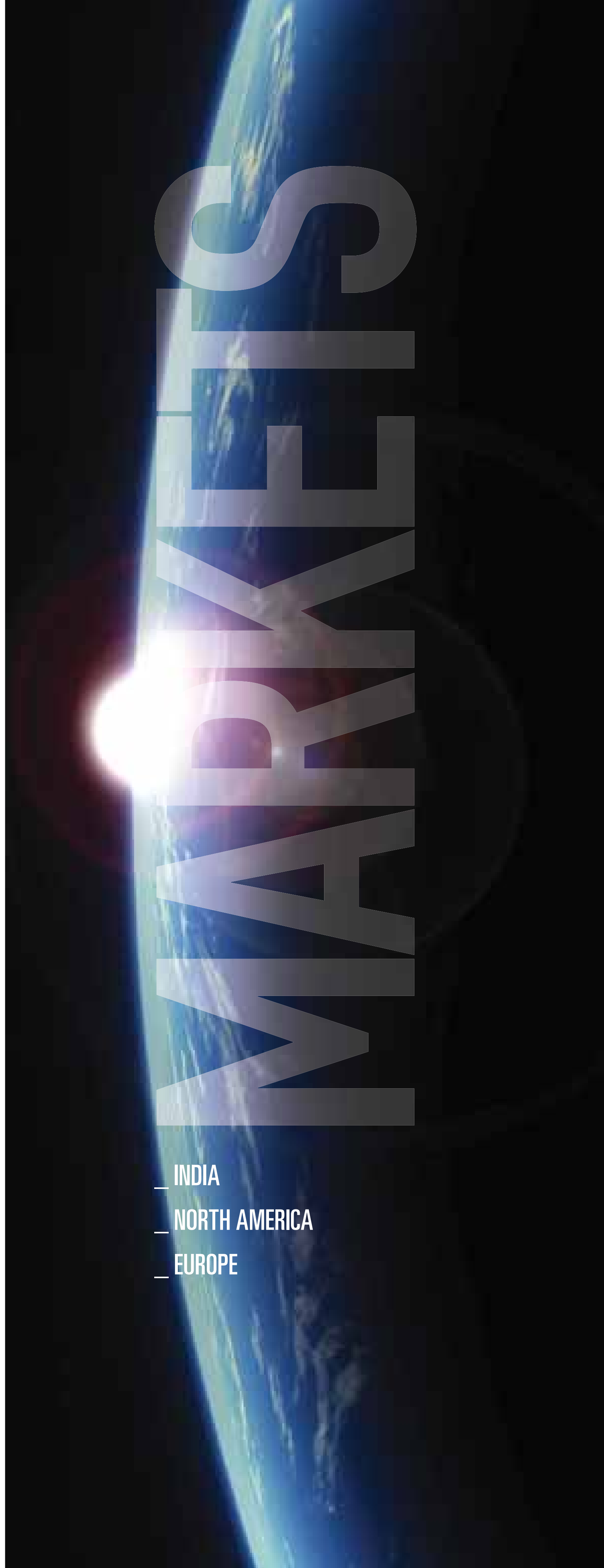
Chart E: Share in Total Standalone Portfolio: FY2011



By leveraging its strong existing customer relations and aggressively penetrating new markets, BFL registered strong increase in sales from the automotive vertical across domestic and export market.

While much of this growth was in line with the improved growth seen in the Company's different markets, BFL also managed to gain some market share. The financial crisis and subsequent poor performance of some of the peers have put limitations on their ability to ramp up production and product up-gradations. This helped BFL's competitive positioning as the Company continues to invest in improving and upgrading its products. A case in point is when some national governments introduced more stringent emission norms that required an up-gradation in certain components, BFL was much better prepared in terms of its product offerings and aggressively gained market share. In addition, the Company's full service and co-development capabilities have resulted in establishing long term customer relationships, which is being leveraged for developing business across the globe. In the aftermath of the global crisis, there is emphasis on creating lower capital intensive businesses. This has contributed to a trend towards de-integration of OEM facilities resulting in increased scope for outsourcing components.

Let us look at some of the developments in the Company's key markets during FY2011.



INDIA

The Indian automobile industry continued to grow at a rapid pace in FY2011. The total automobile market, comprising passenger cars, utility vehicles and commercial vehicles, registered a growth of 28% in production (see Table 3). Driven by 38% growth in Medium and Heavy CVs, the total CV market grew by 33% in FY2011. This is one of the highest growth rates registered by CVs in India in the last decade. In another significant development, there has been an increase in sales of heavier duty CVs, which have more axles and therefore more forged parts. Passenger car production has also increased by 28%. While, traditionally most passenger cars used castings instead of forgings, progressively due to emission norms and more advanced turbocharged engines, more forgings are being used. BFL has a strong market positioning in these parts, which it leveraged well in FY2011.

Going forward, given the increase in oil prices and interest rates one expects some slowdown in growth rates witnessed last year.

Table 3: India Production Data

Particulars	Apr-Mar 11	Apr-Mar 10	YoY %
LCV's	408,193	317,423	28.6%
M&HCV's	344,542	250,133	37.7%
Total CV Market	752,735	567,556	32.6%
Passenger Cars	2,668,720	2,084,528	28.0%
Utility Vehicles	318,576	272,883	16.7%
Total Auto Market	3,740,031	2,924,967	27.9%
Source: SIAM			

NORTH AMERICA

In line with macro-economic growth, the North American automobile market witnessed a revival in FY2011. In Calendar Year (CY) 2010, total automobile production increased by 39%. Passenger vehicles, which had seen a sharp drop in production in CY2009, registered 29% growth in CY2010, while LCVs recorded a growth of 48% and M&HCV production increased by 20% in CY2010. BFL exports mainly to the M&HCV segment with a specific focus on chassis and engine components in Class 8 commercial vehicles. Class 8 commercial vehicles production has increased by 27% from 118,000 in CY2009 to 154,000 in CY 2010. However, the numbers are still below the 212,000 levels seen in CY2007 and the 376,000 seen in CY 2006, which was the peak production just prior to the economic crisis of 2008. The movement in North American Class 8 production volume is shown in the graph below

In USA, the average age of CV fleets is fairly high and as witnessed in FY2011, there has been an increase in demand driven by old fleet replacement. New emission norms and stress of fuel efficiencies have also contributed to increased demand for forgings. The stimulus based economic growth continues to positively affect demand of automobiles. BFL leveraged these opportunities and automotive exports to USA increased more than the underlying market growth.

Chart F: North American class 8 Production ('000)
Source: ACT Research

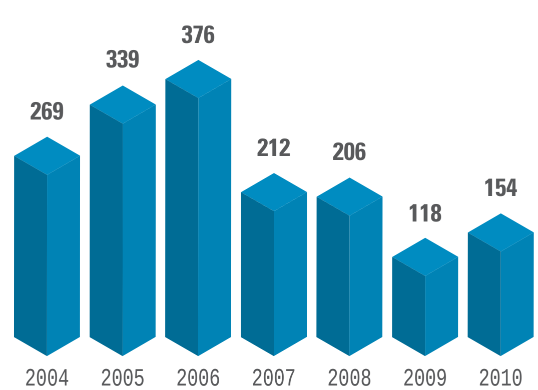


Table 4: North American Automobile Production			
Particulars	Jan - Dec 10	Jan - Dec 09	YoY %
Passenger Vehicles	5,091,235	3,960,731	28.5
LCV's	6,817,203	4,597,495	48.3
M&HCV's	242,251	202,739	19.5
Total	12,150,689	8,760,965	38.7
Source: Ward's Auto			

EUROPE

While there have been some positive signals, total automobiles sales decreased by 2% in CY2010. Most of the de-growth is due to the 5 % fall in sales of passenger cars, which is the largest segment with a share of over 77% in total vehicles sales. Much of this decrease was on account of the phased removal of scrappage incentives. On the other hand CV sales rebounded strongly especially in the second half of CY2010 with total sales increasing by 8%. Within this segment, LCV sales grew by 9%, MCVs by 4%, and BFL's primary market HCV's grew by 8%. Table 5 lists the data.

Table 5: Automobile Sales in Europe			
Particulars	Jan - Dec 10	Jan - Dec 09	YoY %
Passenger Cars	13,785,698	14,499,059	-4.9%
LCV	1,542,834	1,415,369	9.0%
MCV	293,011	282,424	3.7%
Commercial Vehicles	1,835,845	1,697,793	8.1%
HCV	175,233	162,504	7.8%
Total	17,632,621	18,057,149	-2.4%
Source: ACEA			

Even then, the HCV sales in CY2010 are less than half the sales recorded in the year immediately before the crisis of 2008. The Company increased sales especially in the HCV segment and grew its automotive exports to Europe significantly.

MANUFACTURING UPDATE, STAND-ALONE - AUTOMOTIVE

Backed by a full service supply capability and dual-shore manufacturing model, Bharat Forge provides end-to-end solutions from product conceptualization to designing and finally manufacturing, testing and validation. The Company's competitive edge is it's forging and machining capabilities coupled with a huge repository of knowledge enabling it to develop products swiftly.

Apart from the regular efforts at improving yields and efficiencies, specific emphasis was laid during FY2011 to integrate all the different processes required in the complete forging operation into a continuous line. This initiative is being undertaken in a phased manner. In the process, the aim is to reduce work in progress inventory and to automate certain downstream processes to rationalise manpower.

While in the last few years, the focus was on rationalising operations to break-even at lower levels of capacity utilisation, with growing demand, there is now a need to add certain specific capacities to the automotive operations. The company is therefore expanding capacity by setting up an press line and is expected to be operational by April 2012.

In addition, with the growing demand for machined products, there was a need to augment machining capacity. Consequently, investments have been committed to enhance machining capacity. The first step is to increase machining capacity from about 880,000 crankshafts to 1.2 million crankshafts annually.

This capacity expansion requires investment of around ₹ 3,000 million in a phased manner over the next 2 years.

NON-AUTOMOTIVE BUSINESS

WHILE BFL ALREADY HAD SOME NON-AUTO BUSINESS IN THE PAST, IT WAS IN FY2006 THAT THE COMPANY DECIDED TO MAKE A FOCUSED FORAY INTO THIS SEGMENT BY INVESTING SIGNIFICANTLY IN NEW CAPACITES AND PROMOTING NEW BUSINESS DEVELOPMENT. FIVE YEARS SINCE THEN, THE COMPANY HAS FOCUSED ON ADDRESSING NEW MARKETS AND SEGMENTS, INCREASING VALUE ADDITION AND DEVELOPING NEW CUSTOMER RELATIONS GLOBALLY.

The Heavy Forge Division II comprising 4,000 MT press at Mundhwa and complementary machining capacity at Satara had been commissioned in August 2008, while the 80 MT hammer and its machining capacity, which is part of the Centre for Advanced Manufacturing (CAM) at Baramati was commissioned in March 2009. In January 2010, the ring rolling facility was commissioned at Baramati. Consequently, by the beginning of FY2011, the capacity expansion for the Company's aggressive non-automotive foray was firmly in place.

With the enhanced capabilities, the Company has extended its business domain to oil and gas to railways, marine, power (thermal, wind and nuclear), construction and mining. Its customer base has increased from less than 15 in FY2006 to over 30 in FY2011. In this way, BFL has significantly increased its potential market size.

TOTAL STAND ALONE NON-AUTO SALES HAS INCREASED BY 89.2% FROM ₹ 5,164 MILLION IN FY2010 TO ₹ 9,770 MILLION IN FY2011. WITH THIS GROWTH, NON-AUTO SALES HAVE RECORDED 27% CAGR FROM ₹ 2, 943 MILLION REGISTERED IN FY2006.

Essentially, there are two distinct markets for the non-automotive components business. First, there is the domestic market where the course of the business will be driven by increased infrastructure spends in the country, which is essential to sustain a high level of growth over a period of time. Planning Commission of India estimated an investment in infrastructure of approximately US$ 500 billion between 2007 and 2012. While there are certainly implementation issues regarding this plan, it is for sure that India will need a certain level of infrastructure and BFL is well positioned to leverage the opportunities from such development. In the domestic market, BFL is targeting the railway, marine and power segments.

In the export markets, there has been an increase in demand in the oil and gas segment primarily due to increased activities in shale oil explorations in North America. Also in an environment of very high oil prices, several renewable sources of power generation such as wind & hydro are becoming viable. There has been considerable traction in the export markets across sectors such as oil and gas, construction equipments, railways and marine. BFL is also actively exploring the aerospace segment both domestic and exports.

During FY2011, non-auto growth was driven primarily by:

» New customer additions

» Increased value addition of critical components

» Expansion of product portfolio with existing customers

Going forward, all efforts will be focused on developing both domestic and export markets by tapping into the respective infrastructure development plays.

As a continuation of BFL's strategy to diversify into non auto business sectors and provide world class technology to the fast growing core infrastructure market in India, the company has entered in to a 50:50 Joint Venture with David Brown Group, UK based gear box manufacturer. The Joint Venture will manufacture gear boxes for various industries, supplying both new build gearboxes and comprehensive aftermarket services to high growth, high demand sectors including power, mining, defence, wind, rail and steel. This Joint venture will increase traction in the non auto business with the demand for forgings in gearboxes being catered to by Heavy Forge Division at Pune and Centre for Advanced Manufacturing, Baramati.

STAND-ALONE: FINANCIAL REVIEW

Table 6 enumerates the stand-alone financial performance of Bharat Forge (which encompasses its Indian operations).
Table 7 reflects the consequent key financial ratios of the stand-alone entity.

Table 6: Abridged Stand Alone Profit & Loss Statement (₹ Millions)

Particulars		FY2011	FY2010
1	Sales & Operating Income	31,002.37	19,435.94
2	Excise Duty	1,528.88	871.96
3	Net Sales (1 - 2)	29,473.49	18,563.98
4	Other Income	461.98	323.38
5	Total Income (3+ 4)	29,935.47	18,887.36
6	Raw Materials and Components	13,303.30	8,224.13
7	Manufacturing Expenses	4,918.83	3,160.64
8	Employee Costs	2,012.77	1,435.66
9	Other Expenses	2,077.39	1,373.55
10	Total Expenses	22,312.29	14,193.98
11	PBDIT (5 - 10)	7,623.18	4,693.38
12	Depreciation and Amortisation	1,932.68	1,644.39
13	PBIT (11 – 12)	5,690.50	3,048.99
14	Interest	1,214.42	1,027.72
15	PBT before Exceptional Items (13 – 14)	4,476.08	2,021.27
16	Exchange Gain/(Loss)	-	(214.10)
17	PBT after exceptional items (15+16)	4,476.08	1,807.17
18	Tax Expenses	1,370.41	536.71
19	PAT (17-18)	3,105.67	1,270.46
20	Basic Earnings per Share in ₹	13.39	5.71
21	Diluted Earnings per Share in ₹	13.11	5.71

Table 7: Key Ratios (Stand-alone)

Particulars	FY2011	FY2010
PBDIT / Total Income	25.5%	24.8%
PBIT / Total Income	19.0%	16.1%
PBT Before Exceptional Item / Total Income	15.0%	10.7%
PAT / Total Income	10.4%	6.7%
ROCE	15.7%	8.7%
RONW	15.6%	8.3%

ROCE: PBIT/ Capital Employed
RONW: PAT/Net Worth

Stand-Alone Financial Highlights

- » Total Income increased by 58.5% from ₹ 18,887.36 million in FY2010 to ₹ 29,935.47 million in FY2011.
- » Operating profit before interest, taxes, depreciation and amortisation (PBDIT) increased by 62.4% from ₹ 4,693.38 million in FY2010 to ₹7, 623.18 million in FY2011.
- » The EBITDA margin has increased from 24.8% in FY2010 to 25.5% in FY2011.
- » PBT before Exceptional item increased by 121.4% from ₹ 2,021.27 million in FY2010 to ₹ 4,476.08 million in FY2011.
- » PAT increased by 144.5% to ₹ 3,105.67 million in FY2011.
- » ROCE increased from 8.7% in FY2010 to 15.7% in FY2011; RONW was 15.6% in FY2011.

In the standalone business, in a concerted way, there were further efforts to compress working capital. This, coupled with better utilisation of assets has reduced interest as a ratio to total income from 5.4% in FY2010 to 4.1% in FY2011.

GLOBAL SUBSIDIARIES

The global subsidiaries are part of the aggressive acquisition led growth pursued since 2005. The Companies that form a part of the global subsidiaries vertical are – CDP Bharat Forge and BF-AT in Germany; BF Kilsta in Sweden; BF America in USA; and FAW-BFL JV in China. Most of the businesses in this portfolio primarily service the global automotive industry. Having said so, there are some sales to the non-auto segment as well, but volumes are quite low.

There has been a significant improvement in performance of the global subsidiaries in the backdrop of:

» Increase in market demand mainly in the CV sector.

» Restructuring of subsidiaries in 2009 resulting in lowering break-even levels.

» Continued cost reduction and cost rationalization programmes.

» Increase in average capacity utilization across companies in CY2010.

The summarised profit and loss for BFL's global subsidiaries is given in table 8

Table 8: Abridged Profit and Loss for BFL's global subsidiaries (₹ Million)

Particulars	CY 2010	CY 2009
Total Income	21,632	14,899
EBITDA	1,040	(800)
% to Total Income	4.8%	-5.4%
PBT before exceptional items	111	(1,712)
% to Total Income	0.5%	-11.5%
Exceptional Items		
Restructuring and Redundancy Cost	(77)	(742)
PBT after Exceptional Items	34	(2,454)
% to Total Income	0.2%	-16.5%

With a 45.2% growth in total income, operating profits or EBIDTA has turned around from losses of ₹ 800 million in CY2009 to profits of ₹ 1,040 million in CY2010. PBT has also turned around from a loss of ₹ 2,454 in CY2009 to a profit of ₹ 34 million in CY2010.

In terms of individual businesses, CDP BF and BF AT in Germany saw an improvement in capacity utilisation, which contributed to higher operating profits (EBIDTA). BF Kilsta, which primarily caters to the Commercial Vehicle segment, witnessed good improvement in performance on the back of the bounce back in the underlying markets.

BF America, the erstwhile Federal Forge continued to be in losses. However, there were some positive developments. A successful agreement was reached with United Auto Workers (UAW) on manpower rationalisation and the plant is in the process of being refurbished. In the year, one did witness an improved financial performance.

In CY2010, the highlight in terms of the successful turnaround story has been that of the Joint Venture in China – FAW BF.

The salient features of FAW-BF's financial performance are:

» Total Income increased by 82.0% to ₹ 6,030 million in CY2010.

» EBIDTA has turned around from loss of ₹ 103 million in CY2009 to ₹ 365 million in CY2010.

» PBT was ₹ 168 million in CY2010.

In the years since setting up of FAW-BF, lot of effort was put to streamline the manufacturing processes. These included focused initiatives on new product development, manpower rationalisation and asset utilization. Much of the implementation also included regular visits by cross functional teams from India. In CY2010, these efforts have started bearing fruit on the ground. The internal improvements helped significantly enhance capacity utilisation to effectively service the Chinese automobile market, which grew at a rapid pace.

Table 9: Vehicle Production in China

Particulars	Jan - Dec 10	Jan - Dec 09	YoY %
Passenger Vehicles	13,886,703	10,364,242	34.0%
Commercial Vehicles	4,356,151	3,399,466	28.1%
Total	18,242,854	13,763,708	32.5%
Source: CAAM			

Table 9 shows that driven by 34% growth in passenger vehicles and 28% growth in production of CVs, total vehicle production in China increased by 33% in CY2010.

Broadly, there were four factors that contributed to this turnaround. These include:

» Improvement in capacity utilization to about 60% for CY2010.

» Successful new product development and new customers.

» Rationalization and strict control on costs.

» Productivity improvement and benchmarking of best practices followed in BF Group.

Going forward, BFL expects the Chinese operations to continue to grow in an environment of strong domestic demand coupled with productivity improvements and continued cost reduction initiatives.

CAPITAL GOODS

After having created a strong foundation in providing solutions for high performance, innovative, safety & critical components to automotive & industrial sectors, BFL decided to further go up the value chain and forayed into the capital goods sector in FY2007. A robust capital goods sector is essential for supporting India's over 8% economic growth on a sustained basis. While the economic imperative is apparent, the capital goods sector remains largely underdeveloped in India.

The capital goods sector is vast, so it was important to focus on particular segments where BFL could build its competitive advantage. Given its component manufacturing competencies and the perceived market opportunities, BFL had decided to first concentrate on the power segment.

Even at today's demand levels, India remains highly power deficient. With the economy growing on a sustained basis at over 8%, power generation and distribution has to be significantly enhanced throughout the country to bridge the demand supply gap. Consequently, the power sector is witnessing major investments for thermal, hydro and nuclear power generation. As of March 2011, India had an installed power capacity of 174 GW. As per the XIth Five Year Plan (2007-2012), during 2011-12, an additional 22 GW is supposed to come on stream. And, the XIIth Five Year Plan (2012-17) proposes to add another 100GW of power capacity in India.

On evaluating the power sector, BFL identified certain critical gaps. First, there were issue with the timely availability of some specific components like turbines, generators and pipes of a certain standard of quality. Second, there were problems with on time delivery of projects, which were direct consequences of poor capabilities of EPC services in the country.

BFL's capital goods businesses focused on addressing these gaps. The Company has adopted a mixed strategy that involves developing its own expertise and also aligning with specialised global majors through Joint Venture (JV) agreements. BFL has entered in to two Joint Ventures, with Alstom and with NTPC.

AS OF NOW, THE CAPITAL GOODS DIVISION HAS AN ORDER BOOK OF ₹62,000 MILLION AND IT IS FOCUSED ON RAPIDLY GROWING ITS BUSINESS.

JV WITH ALSTOM

This includes two separate JVs: the first where BFL has 49% stake and will manufacture turbine generators for supercritical thermal power plants; and the second JV where BFL has 51% stake which will focus on manufacture of associated auxiliaries. The JVs will design, engineer and manufacture turbine and generator-islands of the 600 MW to 800 MW supercritical range, with a total capacity of 5 GW per annum.

Construction work is on in full swing for state-of-the-art integrated plant set up over 120 acres at the SEZ in Mundra (Gujarat). It will be the largest integrated facility for turbine, generators and auxiliaries manufacturing in the country. The facility will have a total capacity of manufacturing 5,000 MW of Turbine Generators annually. The estimated total investment is around ₹ 17,000 million, with BFL equity share being ₹ 3,000 million.

Order Book

In a significant development, the JV has emerged as the lowest bidder for the supply of 5 super critical turbine generator of 660 MW each for NTPC. BFL's value of work is estimated at ₹ 44,000 million in this contract, which is the largest ever power contract in India. The JV is also pursuing other IPP orders including a 9x800 NTPC bulk tender.

JV WITH NTPC

BF-NTPC Energy Systems Limited (BFNESL), is a JV with NTPC Ltd, India's largest power generation company, where BFL has 51% stake. In March 2010, the JV made a beginning with the laying of the foundation stone of its manufacturing facility at Solapur in south-eastern Maharashtra. The JV has been set up to primarily manufacture Balance of Plant (BOP) equipment for the power sector (thermal, hydro and nuclear) with a technology-intensive product range that should have wider application across other sectors like oil and gas, petrochemicals, steel and mining. Four specific products have been identified for development through this JV. This includes high pressure pumps, high pressure valves, critical piping and castings for turbine casings. The estimated total investment for this Joint Venture is around ₹ 2,000 million with BFL equity share being ₹ 500 million.

The JV has started dialogue for valves, casting and pipe manufacturing. At the moment the BFNESL organisational ramp-up is in progress.

EPC (ENGINEERING PROCUREMENT AND CONSTRUCTION)

To address the gap in the EPC space, BFL has launched a wholly owned subsidiary to provide EPC services to power plants. The focus here has been on creating an organisation. The subsidiary has already assembled a team of more than 150 highly qualified people from the industry who have a combined experience of 1,100 man years.

Order Book

With the organisation well in place, the subsidiary has secured orders worth ₹ 18,850 million, which is EPC work for 3X150 MW power plants to be delivered in 24 months.

HUMAN RESOURCE (HR)

Nurturing and developing human resource has been a major source of creating competitive advantage at Bharat Forge. Over the years, company has maintained consistency in its efforts in training and developing its human resource with a view to face the competition.

THROUGH ITS DIFFERENT INITIATIVES, BHARAT FORGE HAS CREATED A POOL OF COMPETENT MANPOWER. DURING FY2011, THE FOCUS ON LEARNING AND DEVELOPMENT WAS STRENGTHENED ACROSS THE COMPANY.

The second batch of the M.Tech programme started their classes at IIT, Mumbai during FY 2011.

The learning initiatives with BITS, Pilani and Warwick University, UK continued during the year. BFL has now established its new R&D center – Kalyani Center for Technology and Innovation. This is now functional and all activities related to R&D are now efficiently conducted at this new place. In the next 2-3 yrs, there are plans to increase efforts in organizing different types of technical laboratories in this centre.

The ongoing initiative called 'Talent Pipeline Development Program' for entry level engineering students in collaboration with engineering colleges from rural parts continued during FY2011. During the year, faculty members from these colleges were also given technical orientation under the 'Train the Trainer Program'. Special initiative to train operative level employees under the trade 'Forger and Heat Treater ' was introduced with the help of ITI ,Khed Dist. - Pune

INFORMATION TECHNOLOGY (IT)

In FY2011, as planned, BFL successfully upgraded its SAP system to version ECC 6.0. This was done seamlessly without affecting any business process in a record 45 day timeline. The Company also implemented SAP Solution manager to control and manage SAP landscape effectively. As a part of the process, BFL also revamped entire infrastructure related to SAP.

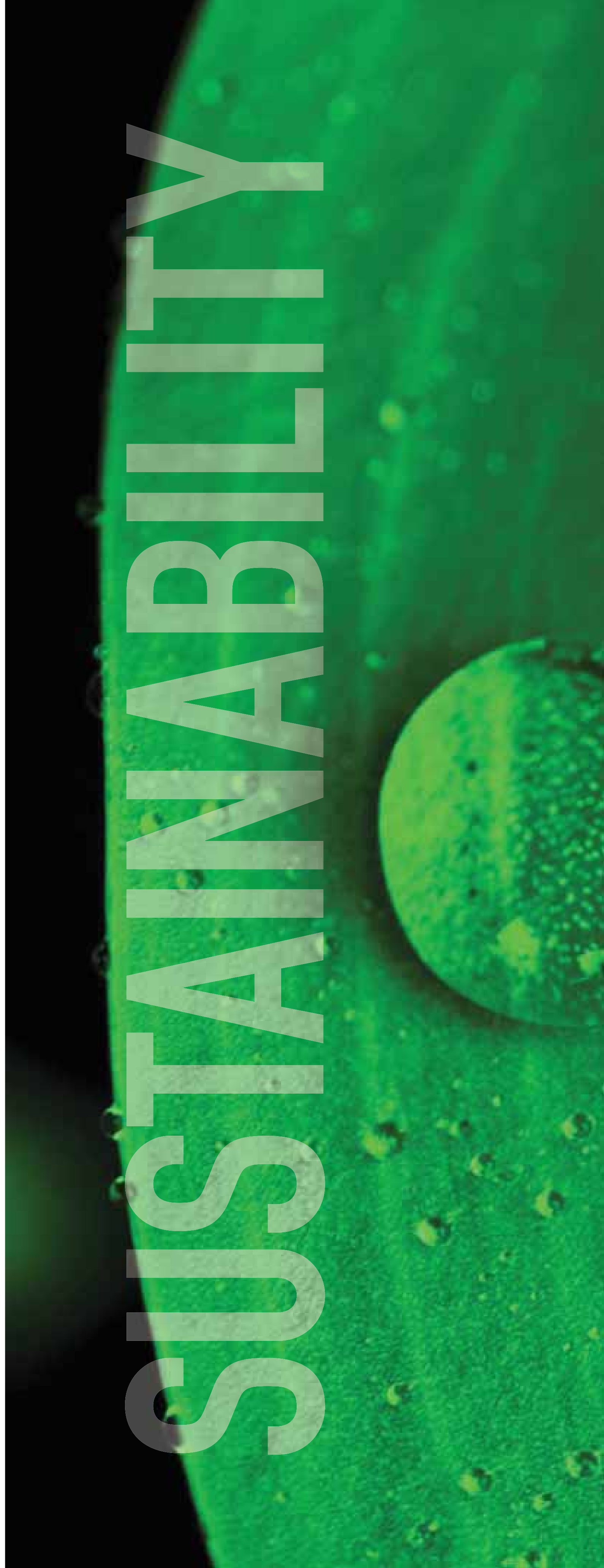
In 2010, the Company got the prestigious CIO100 award for agile IT from the International Data Group (IDG). This was in recognition of the dynamic architecture built on the concept of server and storage virtualization keeping information security and agility as the base requirement.

Going forward, the company is in the process of executing following initiatives:

» The production scheduling solution to address supply chain related issued on the shop floor. This will help BFL to create total visibility on the shop floor and address the need of constraint based planning.

» Establish near-site Disaster Recovery solution to ensure availability in case of a Disaster.

» Build new IT data center to address growing need of computing power SAP Document Management Solution to manage the commercials documents effectively.



CORPORATE SOCIAL RESPONSIBILITY (CSR) & ENVIRONMENT

Bharat Forge has always been recognized as a responsible corporate citizen. We care for the well being of the society. CSR represents an interesting evolution and culmination of philanthropy and ethics. Specifically, corporate philanthropy has evolved from the monetary donation and donation in kind to charitable organizations because "it's the right thing to do" to more strategic philanthropy where donations are focused on a theme that has some relationship to the company's core business.

Bharat Forge has adopted a CSR vision given below, which will be the cornerstone for all CSR initiatives of the Company.

BFL's CSR Vision:

"AT BHARAT FORGE, WE BELIEVE THAT AS A CORPORATE CITIZEN, WE SHOULD RECIPROCATE TO THE SOCIETY THAT HAS GIVEN US SO MUCH. WE ARE THEREFORE, MORALLY COMMITTED TO ADDRESS THE ISSUES RELATED TO WOMEN, CHILDREN AND SENIOR CITIZENS IN THE FIELD OF EDUCATION, ENVIRONMENT, HEALTH AND HYGIENE FOR BUILDING A HEALTHY SOCIETY."

Our motto is:

We are concerned about our society - C.O.N.C.E.R.N.: Caring & Obliging Nature, Children, Elderly & Reaching to the Needy entities of society to which we belong.

Educational Initiatives:

To bridge the gap between academics & Industry, BFL has decided to be industry partner to different engineering colleges. We deliver teaching expertise, coaching & training to the educational institutes. The Talent Pipeline Programme is a part of educational initiatives. The students from different engineering colleges in and around Pune are selected. The students are trained & educated at BFL and later they are selected as Graduate Engineer Trainees [GETs].

BFL has been doing significant contribution in the field of education by starting an Industrial Training Institute (ITI) at Khed. It has also adopted two Industrial Training Institute's i.e. ITI Bhor & ITI Malegaon, Taluka Baramati in order to uplift the standard of education and infrastructure of the institutes.

Pratham Pune Education Foundation:

Bharat Forge continues to support Pratham Pune Education Foundation. It provides primary education to children in the age group of 3-14, belonging to the most underprivileged sections of the local community.

Bharat Forge will always be committed to undertake the efforts for wellbeing of society & continue to look after the matters of C.O.N.C.E.R.N

Community Development:

The Company runs three community development centres. The beneficiaries are employees' wives and children. Vocational training and income generating activities for women, such as providing stitched uniforms and gloves to Bharat Forge, and Personality Development Programmes for women and children are the important activities.

Employee Initiative:

Employee Initiative activities started in year 2010. Employees from across departments have formed their teams & have chosen areas of interest. They spend quality time with the inmates of different institutes & NGOs.

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 transactions 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

As discussed, Bharat Forge's operations and markets are spread across Asia Pacific (including India), Europe and the US. More than 50% of consolidated revenues come from the US and Europe. Many of these developed economies have survived through large government interventions. 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. Already, Bharat Forge has restructured itself to operate in a subdued market environment at lower capacity utilisation levels and continues to explore new markets in terms of product, geography, customers and application. There is also the threat of a political backlash from these advanced countries, where regulatory mechanisms may promote products produced domestically and restrict imports. Having said so, the wide diversified business model is a hedge against market risk itself.

Currency Risk

With significant exports and international business, Bharat Forge is exposed to global currency fluctuations. The Company also has foreign currency debts, although this exposure has been reduced by repaying the FCCB debt. 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 aggressive growth by leveraging it's relatively under leveraged balance sheet. Given inflation rates and the prevailing tight monetary policy in India, the new loans could have significantly 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 if macro-economic fundamentals deteriorate. 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, on a case to case basis if the situation arises, some asset and investment restructuring may need to be undertaken.

OUTLOOK

FY2011 has seen the Company consolidate its recovery. With the focus on operations restructuring and optimal utilisation of facilities in India and at the subsidiaries, BFL has emerged from the downturn a structurally better equipped entity. With market demand showing secular growth, the Company is well positioned to leverage its internal cost advantages to generate greater growth and profits.

In FY2011, global subsidiaries have registered a remarkable turnaround in performance and were close to breaking even. The Company is confident of the future of these entities and believes with some effort these companies, as a block will generate returns in the near future. In the automotive business, BFL's main addressable segment in USA & Europe, the Heavy truck segment will continue to grow, with volumes still way below the pre-crisis peaks. In India CV growth will be lower than the last two years, but the base market has grown and BFL will have a competitive edge with newer more technically advance models being launched.

The Company believes in the infrastructure led-growth of India; and it 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 year. The capital goods business with strong focus on the Indian power sector has scope for rapid incremental growth in the coming years.

Bharat Forge, with its technology, scale, global reach, capability and cost structure, will have opportunities to consolidate its global leadership position. With a strong India presence and lean overseas subsidiaries, BFL believes it is back on growth path and is fairly optimistic about its prospects in FY2012.

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.

KALYANI

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

As on March 31 2011, Bharat Forge's Board comprised Seventeen Directors. The Board consists of the Seven 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

In 2010-11, the Board of the Company met 5 (five) times on May 22, 2010, July 26, 2010, September 10, 2010, October 23, 2010 and January 22, 2011. The maximum gap between any two Board meetings was less than four months.

Directors' Attendance Record and Directorships

Table 1 gives the details:

Table 1: Composition of the Board of Directors

Name of the Director	Category	Attendance Particulars			No. of other Directorships and Committee Membership(s) / Chairmanship(s) in other Indian public companies		
		Number of Board Meetings		Last AGM	Other Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
		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	5	Yes	NIL	NIL	NIL
Mr. P.G. Pawar	Independent	5	5	Yes	5	1	2
Dr. Uwe Loos	Independent	5	3	Yes	NIL	NIL	NIL
Mr. P.C. Bhalerao	Non-Executive	5	4	Yes	3	2	NIL
Mrs. Lalita D. Gupte	Independent	5	4	Yes	4	1	1
Mr. P.H. Ravikumar	Independent	5	4	Yes	8	5	2
Mr. Alan Spencer	Independent	5	4	Yes	NIL	NIL	NIL
Mr. Naresh Narad	Independent	5	5	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	12	4	NIL
Mr. B.P. Kalyani	Executive	5	5	Yes	NIL	NIL	NIL
Mr. S.E. Tandale	Executive	5	5	Yes	NIL	NIL	NIL
Mr. P.K. Maheshwari	Executive	5	5	Yes	5	NIL	2
Mr. Sunil K. Chaturvedi	Executive	5	5	Yes	5	NIL	NIL

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 two percent or more of the block of voting shares.
» is 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 updates.
- Capital budgets and any updates.
- Quarterly results for the company and operating divisions or 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 Board level, 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.
- Details of any joint venture or collaboration agreement.
- 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 is 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.

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.

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 2010-11.

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2011 is set forth in Table 2 on the opposite page.

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 Company's 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.

Table 2: Remuneration paid or payable to Directors for the year ended 31 March 2011 and relationship with each other

Name of the Director	Relationship with other Directors*	Sitting Fees** (In ₹)	Salary and Perquisites (In ₹)	Provident Fund and Superannuation Fund (In ₹)	Commission *** (In ₹)	Total **** (In ₹)
Mr. B.N. Kalyani (Chairman and Managing Director)	Father of Mr. Amit B. Kalyani	NA	32,217,416	6,483,484	35,000,000	73,700,900
Mr. S.M. Thakore	None	30,000	NA	NA	950,000	980,000
Mr. S.D. Kulkarni	None	70,000	NA	NA	1,200,000	1,270,000
Mr. P.G. Pawar	None	55,000	NA	NA	1,200,000	1,255,000
Dr. Uwe Loos	None	15,000	NA	NA	600,000	615,000
Mr. P.C. Bhalerao	None	55,000	NA	NA	1,200,000	1,255,000
Mrs. Lalita D. Gupte	None	20,000	NA	NA	900,000	920,000
Mr. P.H. Ravikumar	None	40,000	NA	NA	950,000	990,000
Mr. Alan Spencer	None	20,000	NA	NA	600,000	620,000
Mr. Naresh Narad	None	25,000	NA	NA	700,000	725,000
Dr. T. Mukherjee	None	20,000	NA	NA	700,000	720,000
Mr. G.K. Agarwal	None	NA	15,471,055	2,592,000	11,000,000	29,063,055
Mr. Amit B. Kalyani	Son of Mr. B.N. Kalyani	NA	15,121,213	2,556,290	11,000,000	28,677,503
Mr. B.P. Kalyani	None	NA	6,049,595	976,703	9,000,000	16,026,298
Mr. S.E. Tandale	None	NA	6,119,547	1,018,379	10,000,000	17,137,926
Mr. P.K. Maheshwari	None	NA	6,638,565	1,057,703	7,000,000	14,696,268
Mr. Sunil K. Chaturvedi	None	NA	11,754,590	1,830,339	9,000,000	22,584,929

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 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 Chairman and other relevant factors.

KALYANI

COMMITTEES OF THE BOARD

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, 2011, 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 and
Mr. P.C. Bhalerao.

All members of the Audit Committee have accounting, economic and financial management expertise. Annual General Meeting (AGM) held on July 26, 2010 was attended by the Chairman of the Committee, Mr. P.G. Pawar to answer shareholders' queries.

The Committee met 5 (five) times on May 22, 2010, July 26, 2010, September 10, 2010, October 23, 2010 and January 22, 2011. The maximum gap between any two meetings was less than four months. Table 3 below gives attendance record.

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. Beejal Desai Sr. Vice President (Legal) & Company Secretary, is the Secretary to the Committee.

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 (II) (D) and (E) of the listing agreement as follows:

» Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

» Recommending to the Board, the appointment, re-appointment, replacement or removal of the statutory auditor and 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 Director's Responsibility Statement to be included in the Board's report in terms of Clause (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.

Table 3: Attendance record of Audit Committee members for 2010-11

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	5
Mr. S.M. Thakore	Independent	Member	5	3
Mr. P.H. Ravikumar	Independent	Member	5	4
Mr. P. C. Bhalerao	Non-executive	Member	5	4

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 the 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, in case the same is existing.

» 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 qualification, experience & background, etc. of the candidate.

» 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 Audit Committee is empowered, pursuant to its terms of reference, to:

a. investigate any activity within its terms of reference and to seek any information it requires from any employee and;

b. obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary.

» 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.

» The appointment, removal and terms of remuneration of the chief internal auditor.

» In addition, the Audit Committee of the company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies, 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 on an arm's length basis along with management's justification for the same and,

» Carry out any other function as is mentioned in the terms of reference of the Audit Committee.

SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Committee specifically looks into redressing grievances of shareholders and investors such as transfer of securities, issue of duplicate certificates, non-receipt of Annual Report and non-receipt of declared dividends and interest on matured debentures. 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. The Committee comprises three members; Mr. S.D. Kulkarni (Chairman), Independent Director, Mr. B.N. Kalyani (Managing Director) and Mr. P.C. Bhalerao (Non-executive Director). The Committee met twice during the year on October 23, 2010 and January 22, 2011. Table 4 below gives the details of attendance.

Table 4: Attendance record of Shareholders'/Investors' Grievances Committee for 2010-11

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	1

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 & Managing Director and Executive Directors, paid in the form of commission, is disclosed in Table 2. Detailed terms of appointment of the Chairman & Managing Director and the Executive Directors are governed by Board and shareholders' resolutions.

SHARES AND 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, 2011.

Table 5: Details of the shares and convertible instruments* held by the Non-Executive Directors as on 31 March 2011

Name of the Director	Category	Number of shares held
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 31 March 2011.

SUBSIDIARY COMPANIES

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 prescribed limit. Thus, these subsidiaries are out of the scope of the above definition.

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 discussions 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 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") its management staff. The Company Secretary is the compliance officer under the Code responsible for complying with the procedures, monitoring adherance to the rules for the prevention.

CEO/ CFO Certification

The Chief Executive Officer and Chief Financial Officer 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:

DR. UWE LOOS
MRS. LALITA D. GUPTE
MR. ALAN SPENCER
MR. SUNIL KUMAR CHATURVEDI
MR. B.P. KALYANI

DR. UWE LOOS

Dr. Uwe Loos (64) is a graduate Engineer with Ph.D.

Other Directorships

Member of Advisory Board of CDP Bharat Forge GmbH, Bharat Forge Aluminiumtechnik GmbH & Co. KG, Bharat Forge Daun GmbH and Member of Supervisory Board of Dorma GmbH, Rodenstock GmbH, OPEL GmbH and KUKA AG.

***Committee Memberships** - NIL

Dr. Uwe Loos does not hold Shares of the Company and is not related to any Director.

MRS. LALITA D. GUPTE

Mrs. Lalita D. Gupte (62) holds a Bachelor's Degree in Economics and a Master's Degree in Business Management. She is the former Joint Managing Director of ICICI Bank Ltd.

Other Directorships

ICICI Venture Funds Management Co. Ltd., Godrej Properties Ltd., Kirloskar Brothers Ltd., HPCL-Mittal Energy Ltd., Swadhaar Finserve Pvt. Ltd., Nokia Corporation and ALSTOM.

***Committee Memberships**

Member of Audit Committee of Godrej Properties Ltd.; Chairperson of Audit Committee of HPCL-Mittal Energy Ltd.;
Mrs. Lalita D. Gupte does not hold Equity Shares of the Company and is not related to any Director.

MR. ALAN SPENCER

Mr. Alan Spencer (77) is M.A. from Balliol College, Oxford. He has vast knowledge and experience of the Automotive industry, being associated with Ford Motors Company for 38 years.

Other Directorships
RABA, Hungary and NEFAZ, Russia

***Committee Memberships -** NIL

Mr. Alan Spencer does not hold Shares of the Company and is not related to any Director.

MR. SUNIL KUMAR CHATURVEDI

Mr. Sunil Kumar Chaturvedi (48) joined Indian Admistrative Services, Government of India, in August, 1988 and worked in various capacities till January, 2008. He is a Chartered Accountant.
He is responsible for Capital Goods Division of the Company.

Other Directorships

BF-NTPC Energy Systems Ltd., Alstom Bharat Forge Power Ltd., BF Infrastructure Ltd., BF Infrastructure Ventures Ltd., BF Power Equipment Ltd. and Kalyani Mining Ventures Pvt. Ltd.

***Committee Memberships -** NIL

Mr. Sunil Kumar Chaturvedi does hold Equity Shares of the Company and is not related to any Director.

MR. B.P. KALYANI

Mr. B.P. Kalyani (48) is B.E. (Prod. Engg.), M.B.A., M.S. (Mech. Engg.) and is the Executive Director of the Company with effect from 23 May, 2006. Mr. B.P. Kalyani has served with the Company for 27 years. He is responsible for Close Die Forging Division (CDFD).

Other Directorships: Kalyani Software Pvt. Ltd.

***Committee Memberships -** NIL

Mr. B.P. Kalyani holds 3,130 Equity Shares of the Company and is not related to any Director.

***Note:**
As per clause 49 of the Listing Agreement, Membership / Chairmanship of Audit Committee and Shareholders’ Grievance Committee have 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 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 sent an e-mail to the shareholders whose e-mail IDs are available with the Company for sending the documents such as notices for general meetings, Financial Statements, Annual Reports etc. including Annual Report for the year ended March 31, 2011 in electronic form.

Corporate Filing and Dissemination System (CFDS)

The CFDS portal jointly owned, managed and maintained by BSE and 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.

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. Details are given in the section on shareholder information. The Company Secretary of the Company is the Compliance Officer.

Designated Exclusive email-id

The Company has also designated the email-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 look after share transfers. All share transfer work is carried out in-house by the Secretarial Department and there are no Registrars and Share Transfer Agents.

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 Exchange Board of India, the Company has submitted at the end of every quarter a certificate, of Reconciliation of Share Capital Audit reconciling the total shares held by both the depositories NDSL and CDSL and in physical form duly certified by a qualified 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 Meetings.

DETAILS OF NON-COMPLIANCE

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

GENERAL BODY MEETINGS

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

Table 6: Details of last three Annual General Meetings

Financial year	Date	Time	Venue	Special Resolutions Passed
2007-08	August 6, 08	1.30 pm	Regd. office of the Company	1 *
2008-09	July 24, 09	10.00 am	Regd. office of the Company	1 **
2009-10	July 26, 10	10.00 am	Regd. office of the Company	None

* Under Section 81 of the Companies Act, 1956 to create, issue, offer and allot Non-convertible debentures secured or unsecured with detachable warrants convertible into equity share of the Company on Rights basis to the shareholders.

** 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).

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date: August 10, 2011
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 2011, results were announced on:

- » July 26, 2010: First quarter
- » October 23, 2010: Half yearly
- » January 22, 2011: Third quarter
- » May 24, 2011: Annual

BOOK CLOSURE

The books will be closed from August 6, 2011 to August 10, 2011 (both days inclusive) as annual closure for the Annual General Meeting.

DIVIDEND

Equity Shares: The Board has recommended a Dividend of ₹ 3.50 per equity share of ₹ 2/- each (175%) for the year ended March 31, 2011 and would be payable on and from August 26, 2011.

Dividend declared by the Company for the last 5 Years

Financial Year	Dividend declared on	Dividend per Share*
2009-10	July 26, 2010	₹ 1.00
2008-09	July 24, 2009	₹ 1.00
2007-08	August 6, 2008	₹ 3.50
2006-07	July 24, 2007	₹ 3.50
2005-06	July 29, 2006	₹ 3.00

*Share of paid-up value of ₹ 2/- per share

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 in April 2006 are listed on the Singapore Exchange Ltd. (SGX-ST).

11.95% Secured Redeemable Non-convertible Debentures of ₹ 250 crores issued on January 1, 2009 are listed on National Stock Exchange of India Ltd.

10.75% Secured Redeemable Non-convertible Debentures of ₹ 350 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., (a) 10,000,000 equity shares of ₹ 2/- each, at a price of ₹ 272 per equity share for an aggregate amount of ₹ 2,720,000,000 (inclusive of premium) and (b) 6,500,000 Warrants at a price of ₹ 2/- per warrant for an aggregate amount of ₹ 13,000,000. Every warrant is exchangeable for 1 equity share of ₹ 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 ₹ 272/- per equity share are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Pune Stock Exchange Limited (c) 1,760 Non-Convertible Debentures of face value of ₹ 1,000,000 at a coupon rate of 10.75% per annum for an aggregate amount of ₹ 1,760,000,000 are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

STOCK DATA

Table 7 below gives the monthly high and low prices and volumes of Bharat Forge Ltd. (Bharat Forge) Equity Shares at Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE) for the year 2010-11.

Table 7: High and Low Prices and Trading Volumes at the BSE and NSE

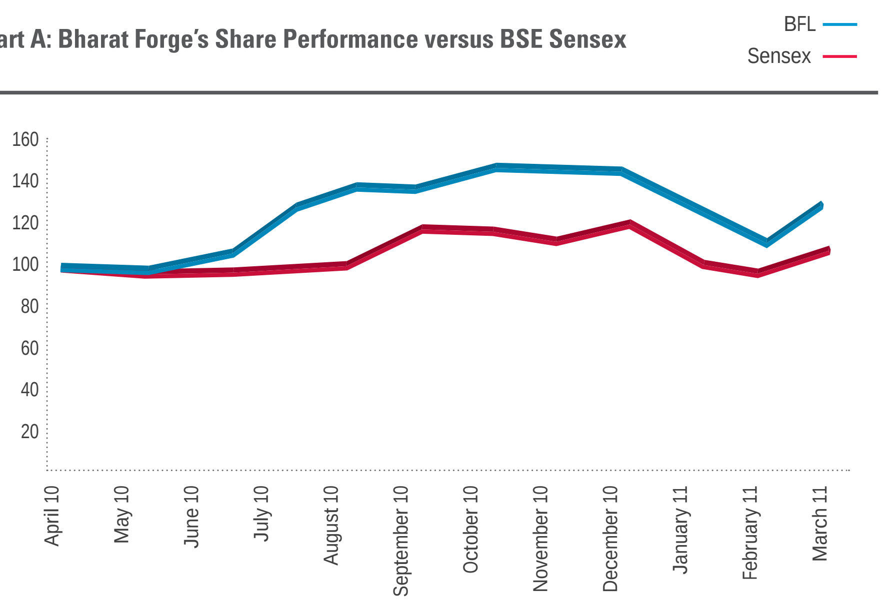
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
Apr-10	284.00	237.50	1,726,046	284.00	254.10	11,585,974
May-10	280.45	247.00	1,937,895	281.90	248.05	10,624,468
Jun-10	299.00	253.70	2,564,811	298.95	253.00	9,953,369
Jul-10	341.30	284.15	4,142,946	341.55	283.90	17,942,807
Aug-10	362.75	323.80	2,439,889	364.00	323.25	10,270,853
Sep-10	374.45	350.05	1,571,226	375.00	350.00	9,634,155
Oct-10	390.00	362.10	2,040,934	391.45	362.00	10,328,733
Nov-10	393.10	351.05	1,329,559	393.55	351.10	7,425,577
Dec-10	412.90	355.25	1,515,090	413.00	355.25	8,981,415
Jan-11	389.90	323.10	1,112,424	389.60	323.45	6,973,398
Feb-11	345.40	298.15	1,916,364	345.95	298.10	12,546,527
Mar-11	352.00	297.00	1,281,995	355.00	307.50	8,182,642

* Price 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 versus BSE Sensex



Note:
Share prices of Bharat Forge and BSE Sensex have been indexed to 100 as on first working day of financial year 2010-11 i.e. April 1, 2010.

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

Bharat Forge has no share transfer agents. Securities of the Company are transferred in-house by the Secretarial Department of the company. Bharat Forge's equity shares are traded in 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 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.

As of the date of this Report, There are no legal proceedings against Bharat Forge on any share transfer matter. Table 8 below gives details about the nature of complaints received and resolved by the Company:

Table 8: Number and nature of complaints received and redressed during the year 2010-11

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	NIL	NIL
Non-receipt of Dividend	2	2
Non-receipt of Sub-divided Shares	NIL	NIL

SHAREHOLDING PATTERN

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

Table 9: Pattern of shareholding by ownership as on 31 March 2011

Category	No. of shares held	Share holding %
Promoters	97,902,170	42.06
Financial Institutions	21,871,738	9.40
Mutual Funds (including Unit Trust of India)	15,076,833	6.48
Insurance Companies	8,561,637	3.68
Nationalised Banks	325,286	0.14
Foreign Institutional Investors	28,822,481	12.38
Bodies Corporate	24,385,822	10.48
Non Resident Indians	608,573	0.26
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	22,232	0.00
Indian Public	35,217,544	15.12
Total	232,794,316	100.00

Table 10: Pattern of shareholding by share class as on 31 March 2011

Shareholding class	Number of share-holders	Number of shares held	Share holding %
1 to 5,000	58,967	15,755,071	6.77
5,001 to 10,000	532	3,759,109	1.61
10,001 to 20,000	210	2,979,884	1.28
20,001 to 30,000	77	1,888,370	0.81
30,001 to 40,000	39	1,364,802	0.59
40,001 to 50,000	26	1,192,956	0.51
50,001 to 100,000	61	4,384,433	1.88
100,001 and above	136	201,469,691	86.55
Total	60,048	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 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.

DEMATERIALISATION

The Company's Equity Shares are under compulsary demat trading. As on March 31, 2011, dematerialized shares accounted for 52.82% (50.56% upto March 31, 2010) of total Equity. The details of dematerialisation are given in Table 11 below.

Table 11: Dematerialisation of Shares

Sr. No.	Electronic/Physical	Mode of Holding %
1	NSDL	49.74
2	CDSL	3.08
3	Physical	47.18
	Total	100.00

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 ₹ 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, 2010, inter-alia the following securities were allotted under the QIP issue:

» 10,000,000 equity shares at a price of ₹ 272/- per equity share for an aggregate amount of ₹ 2,720,000,000 (Rupees Two Hundred and Seventy Two crore) inclusive of premium.

» 6,500,000 Warrants at a price of ₹ 2/- per warrant for an aggregate amount of ₹ 13,000,000 (Rupees One crore and Thirty Lac). Warrants are exchangeable for 1 equity share for every warrant during the warrant exercise period at the warrant exercise price of ₹ 272/- per share.

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
2008-09	NIL	NIL
2009-10	NIL	NIL
2010-11	NIL	NIL

* Details given in the previous paragraphs.

Notes :

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

2) On April 28, 2010, 10,000,000 equity shares of ₹ 2/- each have been allotted to Qualified Institutional Buyers and QIP issue and paid up equity share capital increased to ₹ 465.588 million.

PLANT LOCATIONS

» Mundhwa, Pune Cantonment, Pune – 411 036

» Gat 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: +91-20–2670 2476
Fax: +91-20–2682 2163
Email: secretarial@bharatforge.com

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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

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 2010-11 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 2010–11 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: 24 May, 2011

TO THE MEMBERS OF BHARAT FORGE LIMITED
CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on March 31, 2011.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for examination and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

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

For Dalal & Shah
Chartered Accountants
Firm Registration No. : 102021W

ANISH AMIN
Partner
Membership No. 40451

Mumbai: 24 May, 2011

Directors' Report for the year ended March 31, 2011:

To,

The Members,

Your Directors have pleasure in presenting the Fiftieth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2011.

1. PERFORMANCE OF THE COMPANY:

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

2010-11	2009-10	% Increase
₹ 29,935 million	₹ 18,887 million	58.49

During the year under review, the total income of the Company was ₹ 29,935 million (₹ 18,887 million) representing increase of 58.49%.

The Company saw strong revival of demand both in domestic and export markets and was able to respond promptly by ramping up supplies. New capacities created at Baramati with 80 M-T Hammer and heavy duty machining line for crankshafts became fully operational and contributed significantly to Company's growth.

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

2010-11	2009-10	2008-09	2007-08
₹ 12,195 million	₹ 7,066 million	₹ 10,024 million	₹ 9,610 million

During the year under review, Exports turnover of the Company was ₹ 12,195 million, (₹ 7,109 million) represents increase of 71.54%.

On the global front, there was consistent and progressive QoQ recovery over FY 2009 levels in Europe and North America. This applied to the Automotive Sector, though, lower than previous peaks scaled earlier in FY 2006-07. These sectors are of vital importance for the Company as such, the revival augured well. The Company was also able to enhance its market share in the period through a stable and reliable performance for its customers. Additionally, the Company's strong focus for foray in Non-Automotive segments helped to augment growth opportunities. Overall, Company has been able to post strong results as a result of above factors. Performance of overseas operations has also improved in the review period due to the strong sustainability measures initiated in FY 2009.

The Company continues to successfully secure new business and growth opportunities in varied industrial sectors – automotive as well as non-automotive.

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

(₹ in million)

	Current Year	Previous Year
Profit for the year before Taxation	4,476.08	1,807.17
Provision for Taxation		
Current including Wealth Tax & FBT	879.21	603.30
- Deferred	491.20	(66.59)
Net Profit	3,105.67	1,270.46
Balance of Profit from Previous Year	6,833.23	6,167.51
	9,938.90	7,437.97
Add/(Less): Tax Refunds and Excess Provisions net of prior year items	2.58	0.43
Profit available for appropriation	9,941.48	7,438.40
APPROPRIATIONS:		
Proposed dividend on Equity Shares	814.78	232.79
Tax on above dividend	132.18	38.66
Debenture Redemption Reserve	399.42	206.22
Transfer to General Reserve	311.00	127.50
Surplus retained in Profit & Loss Account	8,284.10	6,833.23

2. DIVIDEND:

Your Directors recommend a Dividend of ₹ 3.50 per equity share of ₹ 2/- each (175%) for the year ended March 31, 2011.

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.

Directors' Report for the year ended March 31, 2011 (Contd.):

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 view of the unprecedented downturn in the automotive sectors across the globe, during year 2010-11, the Company had carried the process of restructuring and rightsizing the operations of its wholly owned subsidiaries to adopt for lower market volumes. This along with improvement in market conditions has resulted in turnaround of operations of overseas subsidiaries and they have achieved overall breakeven performance for the calendar year 2010. Company's initiatives in capital goods sector and EPC activities are in start up phase and will be fully operational by 2013.

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 not been prepared 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 achievement of considerable saving in wage cost following negotiations with Union, new business initiatives with widening customer base and product portfolio, a very tight control on costs etc. It is expected that these steps, along with the support provided by the Company would enable BFA to revive the operations. Hence, the accounts of BFA have been prepared on the 'going concern' basis.

A significant portion of the consolidated revenues is generated by the subsidiary companies. Detailed analysis of the working of the subsidiary companies appears in the Management Discussion and Analysis.

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 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 to the Balance Sheet, the copies of the Balance Sheets, Profit and Loss Accounts, Directors' Reports and Auditors' Reports and other documents required to be attached under Section 212(1) of the Act 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. (Formerly, Lucrest Limited), Hong Kong

xi) FAW Bharat Forge (Changchun) Company Ltd., China

xii) BF New Technologies GmbH, Germany and

xiii) Bharat Forge International Ltd., UK

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.

Directors' Report for the year ended March 31, 2011 (Contd.):

7. CAPACITY EXPANSION AND NON-AUTO BUSINESS:

Members are aware of the expansion plans undertaken at Company's factories at Mundhwa, Baramati and Satara. Current status of implementation is as under:

A. BARAMATI:

80 M-T counterblow hammer for production is fully established. Order inflow is satisfactory.

Machining line for upto 3 meter long crankshaft is also fully operational. Capacity is now being expanded to take care of growing market requirements.

First line of medium duty crankshaft machining in Baramati is now fully productionized. Additional investment of ₹ 150 crore is being made in expanding machining line further for crankshaft machining.

Ring Rolling Mill is also now fully operational and has become a supplier of critical rings for different customers specially for Gear Box manufacturers.

B. MUNDHWA / SATARA:

New vertical heat treatment facility for manufacture of Turbine and Generator Rotors alongwith thermo stability test facility was commissioned. With the help of machining facilities installed at Satara, the Company is now supplying Turbine and Generator Rotors in fully machined condition.

8. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs):

A. CONVERSION OF FCCBs:

On April 9, 2010, holders of 1,250 FCCBs (Tranche 2) of US $ 1,000 each have exercised to convert the same into equity shares. In consequence of the above, 142,045 equity shares of ₹ 2/- each were issued and allotted by the Company and the same have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and Pune Stock Exchange Limited effective from May 10, 2010, May 3, 2010 and May 4, 2010 respectively.

B. REDEMPTION:

FCCBs (Tranche 1 & Tranche 2) aggregating US $ 131,487,592.50 (includes principal of US $ 102,250.00 and redemption premium of US $ 29,237,592.50) were redeemed on April 20, 2010, in terms of Offering Circular dated April 15, 2005.

In 2005, the Company had issued the said FCCBs, optionally convertible into GDRs / Equity Shares, in 2 tranches aggregating US $ 120 million mainly to finance capital expenditure and global acquisitions. Out of FCCBs of US $ 120 million, US $ 17.750 million were converted into GDRs / Equity Shares during the tenure of FCCBs.

9. QIP ISSUE:

Pursuant to authorization given by the members by postal ballot on February 27, 2010, the QIP Committee of Directors, issued and allotted the following securities on April 28, 2010:

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

>> 6,500,000 warrants at a price of ₹ 2/- per warrant for an aggregate amount of ₹ 13,000,000. Every warrant is exchangeable for 1 equity share of ₹ 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 ₹ 272/- per equity share.

>> 1,760 Non-Convertible Debentures of face value of ₹ 1,000,000/- each at a coupon rate of 10.75% per annum for an aggregate amount of ₹ 1,760,000,000.

Above equity shares and warrants are listed on Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and Pune Stock Exchange Ltd.

As a result of the above, the paid up capital of the Company has increased by 10,000,000 equity shares and now stands at 232,794,316 equity shares of ₹ 2/- each.

Non-convertible Debentures are listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

The proceeds of the QIP issue will be utilized for long term funding requirements and any other uses as may be permissible under applicable law.

10. TERM DEPOSITS:

As on March 31, 2011, 26 Depositors having deposits aggregating to ₹ 350,000 did not collect the amounts due. However, as of May 24, 2011, 2 deposits aggregating to ₹ 30,000 were transferred to Investor Education and Protection Fund (IEPF) as per requirements of law. Presently, the Company does not accept/renew deposits.

11. 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, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Directors' Report

Directors' Report for the year ended March 31, 2011 (Contd.):

and Accounts are being sent to the shareholders and others entitled thereto excluding the statement giving particulars of employees under Section 217(2A) of the Act.

Any shareholder interested in obtaining such particulars, may write to the Company Secretary at the Registered Office of the Company.

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

The particulars as required to be disclosed pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, forming part of the Report is also annexed hereto.

13. DIRECTORS:

In terms of provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Uwe Loos, Mrs. Lalita D. Gupte, Mr. Alan Spencer, Mr. Sunil Kumar Chaturvedi and Mr. B.P. Kalyani, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

14. 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 accounts for the financial year ended March 31, 2011, 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, 2011 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, 2011 on a 'going concern' basis.

15. AUDITORS AND AUDITORS' REPORT:

M/s. Dalal & Shah, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from M/s. Dalal & Shah, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by Auditors in this 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.

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.

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. 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 executive, officers, workers and staff of the Company resulting in the successful performance of the Copmpany during the year.

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 24, 2011

Directors' Report for the year ended March 31, 2011 (Contd.):

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 FINANCIAL YEAR ENDED 31ST MARCH, 2011:

I. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken:

i) Maintain unity power factor for Bharat Forge plant.

ii) Measuring and controlling air-fuel ratio with PLC of fuel fired furnace.

iii) To get the energy benefits from individual line compressor, compressor off time increased by using additional reservoir.

iv) Energy saving by optimum utilization of the furnaces.

v) OEE (Overall Equipment Effectiveness) improvement of each unit.

vi) Use of Re-generative Burner Technology.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

i) Conversion of more furnaces to Re-generative Burners.

ii) Energy saving through recuperative system.

iii) Energy saving through Natural Gas against Oil & LPG.

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

Lower energy consumption.

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

(A) Power & Fuel consumption for the period 1st April, 2010 to 31st March, 2011

		2010-11	2009-10
1	**Electricity:**		
	(a) **Purchased:**		
	Units (KWH in Thousand)	202,592	152,334
	Total Amount (₹ in million)	1,110.11	841.73
	Rate/(₹/KWH)	5.48	5.53
	(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
4	**Others:**		
	i) Fuel Oil:		
	Qty. (KL)	34,221	24,031
	Total cost (₹ in million)	995.04	588.98
	Rate (₹/KL)	29,077	24,509
	ii) LPG:		
	Qty. (Kgs. in thousand)	7,127	5,701
	Total Cost (₹ in million)	303.11	202.10
	Rate (₹/Kg.)	42.53	35.45

(B) Consumption per unit of production:

		2010-11	2009-10
1	Steel Forgings (Unit: MT)		
	Electricity (Unit – KWH)	745	845
	Fuel Oil (KL)	0.178	0.183
	LPG (Kgs.)	37	43
2	Crankshafts and others (Unit: Nos.)		
	Electricity (Unit – KWH)	63	68
3	General Engineering and Material Handling Equipments (Unit – Nos.)		
	Electricity (Unit – KWH)	50,325	143,214

Directors' Report for the year ended March 31, 2011 (Contd.):

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) Studies on effect of heat treatment parameters on residual stress and quench cracking.
      ii) Effect of nitride layer on wear life of hot forging dies.
      iii) Effect of strain rate on hot rolling and grain size control of austenitic stainless steels like 304, 316 and 321.
      iv) Control of oxide inclusion cleanliness during ESR of martensitic and PH stainless steels.
      v) CFD modeling of vertical quenching of Rotor Shaft.
      vi) Design of Regenerative Burner System for forging furnace.
      vii) Effects of strain, strain rate and temperature on deformation of Inconel-718 Super Alloy.
      viii) Effects of sulphide inclusions on mechanical properties.
      ix) Fatigue strength of crankshaft.
      x) Mathematical modeling of die wear in hot forging.
      xi) Simulation study on solidification defects like segregation cavities in ingot cast products in steel 20 to 35 MT ingots.
   b) Benefits derived as a result of the above R&D:
      Customers' satisfaction and new business opportunities because of cost, quality and speed.
   c) Future Plan of Action:
      i) An improved combination of magnetic permeability, strength and impact properties by heat treatment.
      ii) Simulation of heat treatment process for optimum properties of forging parts.
      iii) Technology development on aerospace forging parts.
      iv) Mathematical model development for crankshaft bending rigidity and bending stresses at critical regions.
   d) Expenditure on R&D:

Sr. No.	Particulars	(₹ in million)
i)	Capital	13.84
ii)	Recurring	61.40
iii)	Total R&D expenditure	75.24
iv)	TOTAL TURNOVER	29,935
v)	Total R&D expenditure as a percentage of total turnover	0.25%

2. Technology Absorption, Adaptation and Innovation:
   a) Efforts, in brief, made towards technology absorption, adaptation and innovation:
      i) Technology development on Ti-Al6-V4 material for aerospace requirements.
      ii) Development of Rotor Shafts for steam turbine applications.
      iii) Development of fatigue testing with different load ratios.
   b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.:
      i) New processes developed.
      ii) 'First Time Quality' with reduced development cycle time for new part development.
      iii) 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 trials were conducted and results 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:
   - The Company has recovered the entire contraction in order book in the previous year. Infact the Company has posted strong growth in exports revenues despite the fact that its traditional markets have not returned to their previous peaks of Y 2006-08.
   - The Company has gained market shares in certain segments as well as won awards of new business. This applies to both, automotive and non-automotive sectors.
   - The Company continues its relentless focus on growing its non-automotive business such as Energy, Mining, Construction, Infrastructure, Railways, Marine, Oil & Gas etc.
   - The Company continues to focus on enhancing its ability for value addition through technology upgradation and innovation – for existing and new customers in varied business sectors.

b) Total foreign exchange earning and outgo for the financial year is as follows:
   i) Total Foreign Exchange earning : ₹ 1,984.68 million.
   ii) Total Foreign Exchange outgo : ₹ 12,568.91 million.

For and on behalf of the
Board of Directors

B. N. KALYANI
Chairman & Managing Director

Mumbai: May 24, 2011

Auditors' Report for the year ended 31st March, 2011:

REPORT OF THE AUDITORS' TO THE MEMEBERS

1. We have audited the attached Balance Sheet of **BHARAT FORGE LIMITED** (the "Company") as at 31st March, 2011, and the related Profit and Loss Account 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 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, 2011;

      (ii) in the case of the Profit and Loss Account, 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: May 24, 2011

Auditors' Report for the year ended 31st March, 2011 (Contd.):

ANNEXURE TO AUDITORS' REPORT:

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, 2011:

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.

Auditors' Report for the year ended 31st March, 2011 (Contd.):

(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, 2011 which have not been deposited on account of a dispute, are as follows:

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	41.66	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	3.69	2005-2011	High Court

10. The Company has no accumulated losses as at 31st March, 2011 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 during the year.

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. As per the records produced to us for our verification and the information and explanations given to us, in our opinion, the Company has maintained proper records of transactions and contracts entered into for investing temporarily idle funds in investments in units of Mutual Funds, into which timely entries have been made. The said investments have been held by the Company in its own name.

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. 12 (a) (i), (ii) and (iii) in Schedule "K" to the Financial Statements.

20. The Management has disclosed the end use of money raised by way of Foreign Currency Convertible Bonds and Equity Shares evidencing Global Depository Receipts detailed in Note No. 18 in Schedule "K" and Foot Note A (iv) to Schedule "A" to the Financial Statements respectively, during the year, which have been verified by us.

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: May 24, 2011

Balance Sheet as at 31st March, 2011:

(₹ in Million)

	Schedule			As at 31st March, 2010
I. SOURCES OF FUNDS:				
1. Shareholders' Funds:				
(a) Share Capital	"A"	465.68		445.40
(b) Reserves and Surplus	"B"	19,488.18		14,826.71
			19,953.86	15,272.11
2. Loan Funds:				
(a) Secured Loans	"C"	11,057.75		9,221.39
(b) Unsecured Loans	"D"	3,676.23		9,306.33
			14,733.98	18,527.72
3. Foreign Currency Monetary Item Translation Difference Account (FCMITDA) (See Note 21)			-	12.28
4. Deferred Tax Adjustment: (See Note 13)				
(a) Deferred Tax Liabilities		1,771.88		1,734.82
(b) Deferred Tax Assets		(215.69)		(669.83)
			1,556.19	1,064.99
	Total		**36,244.03**	**34,877.10**
II. APPLICATION OF FUNDS:				
1. Fixed Assets:				
(a) Gross Block		29,608.19		27,892.70
(b) Less: Depreciation		11,975.62		10,131.61
(c) Net Block	"E"	17,632.57		17,761.09
(d) Capital Work-in-Progress		1,610.95		1,385.40
			19,243.52	19,146.49
2. Investments	"F"		9,198.19	7,209.47
3. Current Assets, Loans and Advances:	"G"			
(a) Inventories		4,684.34		3,947.98
(b) Sundry Debtors		4,197.02		3,071.68
(c) Cash and Bank Balances		1,465.76		4,934.99
(d) Other Current Assets		995.30		577.54
(e) Loans and Advances		7,525.03		5,583.84
		18,867.45		18,116.03
Less: Current Liabilities and Provisions:	"H"			
(a) Liabilities		6,908.05		7,031.83
(b) Provisions		4,157.08		2,563.06
		11,065.13		9,594.89
Net Current Assets			7,802.32	8,521.14
	Total		**36,244.03**	**34,877.10**
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	"K"			

As per our attached report of even date

For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451
Mumbai: May 24, 2011

BEEJAL DESAI
Company Secretary

Mumbai: May 24, 2011

On behalf of the Board of Directors
B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Profit and Loss Account for the year ended 31st March, 2011:

(₹ in Million)

	Schedule			Previous Year
INCOME:				
Sales, Gross	"I (a)"	29,962.73		18,916.89
Less: Excise Duty		1,528.88		871.96
Net Sales		28,433.85		18,044.93
Operating Income	"I (b)"	1,039.64		519.05
			29,473.49	18,563.98
Other Income	"I (c)"		461.98	323.38
			29,935.47	18,887.36
EXPENDITURE:				
Manufacturing and other expenses	"J"	23,526.71		15,435.80
Depreciation and amortisation	"J (a)"	1,932.68		1,644.39
			25,459.39	17,080.19
Operating Profit for the year before taxation			4,476.08	1,807.17
Provision for Taxation				
Current Tax (Including Wealth Tax ₹ 2.50 million Previous year ₹ 2.20 million)		879.21		603.30
Deferred Tax (See Note 13)		491.20		(66.59)
			1,370.41	536.71
Net Profit after taxation			3,105.67	1,270.46
As per last Account			6,833.23	6,167.51
			9,938.90	7,437.97
Adjustments relating to earlier years:				
Excess/ (Short) provision for taxation and tax payments			2.58	0.43
Profit available for Appropriation			9,941.48	7,438.40
APPROPRIATIONS:				
Debenture Redemption Reserve (See Note 19)			399.42	206.22
General Reserve			311.00	127.50
Proposed Dividend		814.78		232.79
Tax on Proposed Dividend		132.18		38.66
			946.96	271.45
Balance carried to Balance Sheet			**8,284.10**	**6,833.23**
Earning Per Share (See Note 20)				
(Face value of ₹ 2/- each)				
Basic			13.39	5.71
Diluted			13.11	5.71
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	"K"			

As per our attached report of even date

For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

On behalf of the Board of Directors
B. N. KALYANI
Chairman & Managing Director

ANISH AMIN
Partner
Membership No.40451
Mumbai: May 24, 2011

BEEJAL DESAI
Company Secretary

Mumbai: May 24, 2011

G. K. AGARWAL
Deputy Managing Director

KALYANI

Statement of Cash Flow for the year ended 31st March, 2011:

(₹ in Million)

Sr. No.	Particulars		2010-11	2009-10
A	CASH FLOW FROM OPERATING ACTIVITIES:			
	Profit before tax		4,476.08	1,807.17
	Adjustments For:			
	Interest / Depreciation / Other Non Cash Expenses:			
	i) Depreciation and amortisation		1,932.68	1,644.39
	ii) Amount written off against technical knowhow		-	2.10
	iii) Loss on assets sold, demolished, discarded (Net)		0.40	0.62
	iv) Adjustments in respect of earlier years -			
	- Excess / (short) provision for taxation and tax refunds		2.58	0.43
	v) Bad debts, irrecoverable advances and sundry balances written off		23.50	86.77
	vi) EVRS Compensation		5.05	4.34
	vii) Interest paid		1,214.42	1,027.72
	viii) Exchange Loss/(Gain)		23.56	(185.23)
	ix) Provision for Doubtful Debts & Advances		13.12	7.77
		Total	**3,215.31**	**2,588.91**
	Interest / Dividend / Other Income Adjustments:			
	i) Interest Received		(89.63)	(92.97)
	ii) Dividend		(142.71)	(75.14)
	iii) Profit on sale of investments		(52.13)	(61.74)
	iv) Provisions no longer required		(19.82)	(22.84)
	v) Bad debts recovered		(0.10)	-
		Total	**(304.39)**	**(252.69)**
	OPERATING CASH PROFIT BEFORE WORKING CAPITAL CHANGES		7,387.00	4,143.39
	Changes in Working Capital:			
	(Increase) / Decrease in Current Assets:			
	i) Inventories		(736.36)	(305.56)
	ii) Sundry debtors		(1,148.74)	(479.00)
	iii) Other current assets and loans and advances		(1,246.64)	299.92
			(3,131.74)	(484.64)
	Increase / (Decrease) in Current Liabilities:			
	Liabilities		(314.58)	2,087.81
			(314.58)	2,087.81
		Total	**(3,446.32)**	**1,603.17**
	CASH GENERATED FROM OPERATIONS		3,940.68	5,746.56
	Direct taxes paid		(530.77)	(415.76)
	NET CASH FROM OPERATING ACTIVITIES	(A)	3,409.91	5,330.80

Statement of Cash Flow for the year ended 31st March, 2011 (Contd.):

(₹ in Million)

Sr. No.	Particulars		2010-11	2009-10
B	CASH FLOW FROM INVESTMENT ACTIVITIES:			
	i) Investment in Subsidiary Companies		(805.44)	(1,058.99)
	ii) (Increase) / Decrease in Investment in Mutual funds		(1,183.28)	(2,297.65)
	iii) Share Application money		-	(50.49)
	iv) Capital expenditure		(2,025.37)	(1,163.97)
	v) Interest Capitalised		10.21	25.84
	vi) Sale proceeds of assets		5.84	3.59
	vii) Loan to Wholly Owned Subsidiaries		(632.36)	-
	viii) Non Operating Income - Interest, Dividend, etc.		284.47	229.85
	ix) Project Expenses		-	(78.91)
		Total	**(4,345.93)**	**(4,390.73)**
	NET CASH USED IN INVESTING ACTIVITIES	(B)	(4,345.93)	(4,390.73)
C	CASH FLOW FROM FINANCING ACTIVITIES:			
	Increase / (Decrease) in Share Capital / Borrowings:			
	i) Share Capital		20.28	-
	ii) Secured loans - Term Loans		1,868.22	2,308.08
	iii) FCCBs, Fixed deposits and other unsecured loans		(5,648.23)	862.17
	iv) Cash credit & other borrowings from banks		(19.87)	(1,458.92)
		Total	**(3,779.60)**	**1,711.33**
	Adjustments to net worth			
	i) Debenture Issue Expenses		(19.51)	(27.09)
	ii) Share Issue Expenses		(90.05)	-
	iii) Share Premium		2,754.28	-
	iv) Warrant Subscription Money		13.00	-
		Total	**2,657.72**	**(27.09)**
	Interest Paid:			
	i) Interest Paid		(1,128.90)	(1,069.64)
	ii) Capitalised		(10.21)	(25.84)
		Total	**(1,139.11)**	**(1,095.48)**
	Dividend including tax thereon		(272.22)	(260.86)
	NET CASH USED IN FINANCING ACTIVITIES	(C)	(2,533.21)	327.90
	Net change in cash and cash equivalents	(A+B+C)	(3,469.23)	1,267.97
	Cash and cash equivalents as at 01.04.10 (Opening balance)		4,934.99	3,667.02
	Cash and cash equivalents as at 31.03.11 (Closing balance)		1,465.76	4,934.99

As per our attached report of even date

For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451
Mumbai: May 24, 2011

BEEJAL DESAI
Company Secretary

Mumbai: May 24, 2011

On behalf of the Board of Directors
B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Schedule "A" to "K" annexed to and forming part of the Financial Statements for the year ended 31st March, 2011:

(₹ in Million)

Schedule "A" Share Capital:				As at 31st March, 2 010
Authorised:				
300,000,000	Equity Shares of ₹ 2/- each		600.00	600.00
43,000,000	Cumulative Preference Shares of ₹ 10/- each		430.00	430.00
2,000,000	Unclassified Shares of ₹ 10/- each		20.00	20.00
			1,050.00	1,050.00
Issued:				
232,970,666	222,828,621 Equity Shares of ₹ 2/- each		465.94	445.66
			465.94	445.66
Subscribed:				
232,794,316	222,652,271 Equity Shares of ₹ 2/- each fully paid		465.59	445.31
172,840	Add: Forfeited Equity Shares (amount paid up)		0.09	0.09
		Total	**465.68**	**445.40**

Notes: Of the above Shares:

A Prior to Sub-division of Share Capital:

(i) 47,600 Equity Shares of ₹ 10/- each were issued as fully paid up for consideration other than cash, pursuant to a contract.

(ii) 8,682,500 Equity Shares of ₹ 10/- each were issued as fully paid Bonus Shares by way of capitalisation of Share Premium Account and Reserves.

(iii) 1,568,600 Equity Shares of ₹ 10/- each were issued at a premium of ₹ 186.93 per share, under Senior Executives Stock-Cum-Share Option Scheme.

(iv) 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 (GDRs) (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.

(v) The Company had also issued Foreign Currency Convertible Bonds (FCCBs) optionally convertible at an initial price specified in offering circular (see note 18). As the initial price is subject to adjustments specified in the offering circular and inability to assess the proportion of conversion, no amounts have been shown under issued Equity Share Capital, in respect of Equity Shares deemed to be issued on exercise of conversion by bondholders.

B Subsequent to Sub-division of the Equity Share Capital:

(i) 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 pending adjudication of title to the pre right holding.

(ii) 142,045 Equity Shares of ₹ 2/- each were issued and allotted on 9th April, 2010 at a premium of ₹ 382.12 per share on Conversion of U.S.$ 1,250,000 0.50% Foreign Currency Convertible Bonds (FCCBs) Tranche-2 in terms of Offering Circular dated 15th April, 2005.

(iii) The Company issued and allotted to Qualified Institutional Buyers (QIB), 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 (NCDs) of a face value of ₹ 1,000,000/- each 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.

Schedule "B" Reserves and Surplus:

(₹ in Million)

				As at 31st March, 2 010
Capital Reserve:				
i) Special Capital Incentive				
(Under the 1988 Package Scheme of Incentives)				
As per last Account		2.50		2.50
ii) Capital Surplus arising from early retirement of				
Sales tax deferral liability/ Loan under package				
Scheme of Incentive of Government of Maharashtra				
As per last Account	61.28			69.92
Less: Transferred to General Reserve	8.64			8.64
		52.64		61.28
iii) Warrants subscription money (See foot note B(iii) to Schedule "A")		13.00		-
			68.14	63.78
Capital Redemption Reserve Account:				
As per last Account			300.00	300.00
Securities Premium Account:				
As per last Account		6,016.94		7,019.35
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		-
		8,771.22		7,019.35
Less: Premium on Redemption of Foreign Currency Convertible				
Bonds (FCCBs) in terms of Section 78 of the Companies Act,1956		-		975.32
Less: Share Issue Expenses		90.05		-
Less: Debenture Issue Expenses				
in terms of Section 78 of the Companies Act,1956				
(Net of Tax of ₹ 9.71 million)		19.51		27.09
			8,661.66	6,016.94
Debenture Redemption Reserve:				
As per last Account		232.32		26.10
Set aside during the year (See Note 19)		399.42		206.22
			631.74	232.32
General Reserve:				
As per last Account		1,208.92		1,072.78
Add: Transferred from Capital Reserve		8.64		8.64
		1,217.56		1,081.42
Add: Set aside from Profit & Loss Account		311.00		127.50
			1,528.56	1,208.92
Hedge Reserve (See Note 23):				
As per last Account		171.52		-
Add: Arising during the year		69.33		171.52
		240.85		171.52
Less: Adjusted during the year		226.87		-
			13.98	171.52
Surplus as per Annexed Account:				
Surplus as per Annexed Account			8,284.10	6,833.23
Total			**19,488.18**	**14,826.71**

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Schedule "C" Secured Loans:

(₹ in Million)

				As at 31st March, 2 010
Debentures:				
2,500	11.95% Redeemable Secured Non-Convertible Debentures (2009-2017)			
	Sixteenth Series of ₹ 1,000,000/- each For Security (See Note 12(a)(i))		2,500.00	2,500.00
3,500	10.75% Redeemable Secured Non-Convertible Debentures (2009-2015)			
	Seventeenth Series of ₹ 1,000,000/- each For Security (See Note 12(a)(ii))		3,500.00	3,500.00
1,760 (-)	10.75% Redeemable Secured Non-Convertible Debentures (2010-2016)			
	Eighteenth Series of ₹ 1,000,000/- each For Security (See Note 12(a)(iii))		1,760.00	-
Foreign Currency Term Loans:				
	From Bank of India, London (See Note 12 (b)(i))		223.05	336.82
	From Credit Agricole Corporate & Investment Bank, Singapore (See Note 12 (b)(ii))		2,230.50	2,245.50
Rupee Term Loan:				
	From Axis Bank (See Note 12 (c))		225.00	-
Others:				
	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.			
	Cash Credit	146.35		108.80
	Preshipment Packing Credit-Foreign Currency	472.85		530.26
	Interest accrued and due on above	-		0.01
			619.20	639.07
	Total		**11,057.75**	**9,221.39**

Schedule "D" Unsecured Loans:

Foreign Currency Convertible Bonds (FCCBs) (See Note 18)			
0.5% Tranche 1 FCCBs, outstanding U.S.$ Nil (previous year U.S. $ 43.5 million) (Redeemed during the year on 20th April, 2010)	-		1,953.58
0.5% Tranche 1 FCCBs, outstanding U.S.$ Nil (previous year U.S. $ 60.0 million) (Redeemed during the year on 20th April, 2010)	-		2,694.60
0% Tranche A FCCBs, outstanding U.S. $ 40.0 million	1,784.40		1,796.40
0% Tranche B FCCBs, outstanding U.S. $ 39.9 million	1,779.94		1,791.91
		3,564.34	8,236.49
Sales tax deferral liability under Government of Maharashtra Package Scheme of Incentives (See Note 11)		69.44	69.44
Short Term Loans from Banks under a buyers line of Credit for import of goods, etc.		42.10	-
Fixed Deposits matured but unclaimed		0.35	0.40
Short Term Borrowings by Issue of " Commercial Papers " by the Company (Maximum Balance outstanding during the year ₹ 1,000 million)		-	1,000.00
Total		**3,676.23**	**9,306.33**

Schedule "E" Fixed Assets:

(₹ in Million)

Sr. No.	PARTICULARS	GROSS BLOCK (a)				DEPRECIATION					NET BLOCK	
		As At 31/03/2010	Additions & Adjustments	Deductions	As At 31/03/2011	Upto 31/03/2010	Recoup-ments & Adjust-ments	For the year	Upto 31/03/2011		As At 31/03/2011	As At 31/03/2010
1	Land, Free hold (d)	166.04	-	-	166.04	-	-	-	-		166.04	166.04
2	Land, Lease hold (e)	87.72	-	0.95	86.77	-	-	-	-		86.77	87.72
3	Buildings (b) (e)	2,172.66	265.05	-	2,437.71	311.06	-	68.54	379.60		2,058.11	1,861.60
4	Plant & Machinery	22,132.65	1,308.89	76.14	23,365.40	8,753.04	73.60	1,606.77	10,286.21		13,079.19	13,379.61
5	Railway Sidings	0.45	-	-	0.45	0.43	-	-	0.43		0.02	0.02
6	Electrical Installations	330.25	164.50	-	494.75	173.09	-	27.51	200.60		294.15	157.16
7	Factory Equipments	476.32	14.69	-	491.01	275.66	-	57.14	332.80		158.21	200.66
8	Engineering Instruments	0.09	-	-	0.09	0.09	-	-	0.09		-	-
9	Furniture & Fittings	225.78	24.66	0.31	250.13	119.56	0.13	21.67	141.10		109.03	106.22
10	Office Equipments	48.45	1.57	-	50.02	25.51	13.99	3.31	14.83		35.19	22.94
11	Vehicles & Aircraft	2,154.52	31.04	17.51	2,168.05	457.11	-	131.68	588.79		1,579.26	1,697.41
12	Power Line (f)	97.77	-	-	97.77	16.06	-	15.11	31.17	(g)	66.60	81.71
	Total	**27,892.70**	**1,810.40**	**94.91**	**29,608.19**	**10,131.61**	**87.72**	**1,931.73**	**11,975.62**		**17,632.57**	**17,761.09**
	Previous Year's Total	26,840.19	1,100.21	47.70	27,892.70	8,530.71	42.54	1,643.44	10,131.61		17,761.09	

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 30 in Schedule "K" to the Financial Statements - Accounting Policy -2.

(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, 2011.

(h) Additions include interest capitalised aggregating ₹ 15.55 million (Previous year ₹ 14.90 million).

(i) Additions include (gains) / losses on fluctuations of foreign exchange rates in respect of foreign currency borrowings consequent to amendment to AS-11 aggregating ₹ (70.56) million.

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Schedule “F” Investments; at Cost:

(₹ in Million)

	Face Value				As at 31st March, 2010
Trade					
Long Term					
In Equity Shares:					
In wholly owned subsidiaries:					
Unquoted:					
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.	Euro 52,464,428	3,292.56			3,225.88
	(Euro 51,370,428)				
			3,580.54		3,513.86
ii) Bharat Forge America Inc.	U.S.$ 21,596,597		987.09		898.21
	(U.S.$ 19,596,597)				
iii) 999,994 (–) BF Infrastructure Ltd.					
Equity Shares	₹ 10 each		10.00		-
Other subsidiaries:					
Unquoted:					
iv) 6,120,000 (1,071,000) BF-NTPC					
Energy Systems Ltd.					
Equity Shares- Joint Venture Company	₹ 10 each		63.24		10.71
v) 12,278,246 (2,991,146) Kalyani					
ALSTOM Power Ltd.					
Equity Shares -	₹ 10 each		126.87		29.91
				4,767.74	4,452.69
Others:					
Unquoted:					
vi) 3,005,000 (–) Impact Automotive					
Solutions Pvt. Ltd.					
Equity Shares -	₹ 10 each		30.05		-
vii) 18,559,345 (15,000,000) Khed Economic					
Infrastructure Pvt. Ltd.					
Equity Shares	₹ 10 each		185.59		150.00
viii) 70,927,496 (25,864,646)					
ALSTOM Bharat Forge Power Ltd.					
Equity Shares- Joint Venture Company	₹ 10 each		732.88		258.64
				948.52	408.64
	carried over			5,716.26	4,861.33

Schedule "F" Investments; at Cost (Contd.):

(₹ in Million)

				As at 31st March, 2010
Others:	brought over		5,716.26	4,861.33
Current Investments				
In Mutual Funds:				
Quoted: #				
4,950,000.00	(–) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series CT - Growth	49.50		-
5,072,726.00	(–) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 5 - Dividend Payout	50.73		-
5,002,525.00	(–) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 6 - Dividend Payout	50.03		-
5,000,000.00	(–) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 7 - Dividend Payout	50.00		-
5,179,723.00	(–) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 10 - Growth	51.80		-
5,000,000.00	(–) Units of ₹ 10 each of DSP BlackRock FMP - 3M Series 27 - Dividend Payout	50.00		-
5,000,000.00	(–) Units of ₹ 10 each of DSP BlackRock FMP - 3M Series 28 - Dividend Payout	50.00		-
5,000,000.00	(–) Units of ₹ 10 each of DSP BlackRock FMP - 3M Series 29 - Dividend Payout	50.00		-
5,000,000.00	(–) Units of ₹ 10 each of DSP BlackRock FMP - 3M Series 30 - Growth	50.00		-
5,000,000.00	(–) Units of ₹ 10 each of DSP BlackRock FMP - 3M Series 32 - Growth	50.00		-
5,000,000.00	(–) Units of ₹ 10 each of DSP BlackRock FMP - 12M Series 13 - Growth	50.00		-
5,000,860.00	(–) Units of ₹ 10 each of DWS Fixed Term Fund - Series 79 - Dividend Payout	50.01		-
12,433,908.95	(20,099,032.00) Units of ₹ 10 each of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	267.39		405.65
5,005,983.68	(–) Units of ₹ 10 each of IDFC Fixed Maturity Plan 100 Days Series - 1 - Dividend	50.06		-
5,000,000.00	(–) Units of ₹ 10 each of IDFC Fixed Maturity Plan 100 Days Series - 3 - Growth	50.00		-
5,000,844.18	(–) Units of ₹ 10 each of IDFC Fixed Maturity Plan Quarterly Series - 62 - Dividend	50.01		-
5,000,000.00	(–) Units of ₹ 10 each of IDFC Fixed Maturity Plan Yearly Series - 41 - Growth	50.00		-
5,117,560.00	(–) Units of ₹ 10 each of Kotak FMP 6 M Series - 11 - Growth	51.17		-
5,001,722.39	(–) Units of ₹ 10 each of Reliance Fixed Horizon Fund - XVIII - Series 2 - Dividend	50.02		-
		1,170.72		405.65
	carried over		5,716.26	4,861.33

Schedule "F" Investments; at cost (Contd.):

(₹ in Million)

				As at 31st March, 2010
	brought over		5,716.26	4,861.33
		1,170.72		405.65
5,000,000.00	(–) Units of ₹ 10 each of Reliance Fixed Horizon Fund - XVIII - Series 6 - Growth	50.00		-
5,012,499.83	(–) Units of ₹ 10 each of Reliance Fixed Horizon Fund - XIX - Series 8 - Growth	50.12		-
5,000,000.00	(–) Units of ₹ 10 each of Religare FMP Series V Plan C 3 Months Plan - Dividend	50.00		-
5,000,000.00	(–) Units of ₹ 10 each of Religare FMP Series V Plan F 91 Days - Growth	50.00		-
5,001,689.00	(–) Units of ₹ 10 each of SBI Debt Fund Series - 90 Days - 38 - Dividend	50.02		-
5,004,213.00	(–) Units of ₹ 10 each of SBI Debt Fund Series - 90 Days - 39 - Dividend	50.04		-
5,000,000.00	(–) Units of ₹ 10 each of SBI Debt Fund Series - 90 Days - 40 - Growth	50.00		-
5,165,065.00	(–) Units of ₹ 10 each of Tata Fixed Maturity Plan Series 28 Scheme A - Dividend	51.65		-
5,037,503.00	(–) Units of ₹ 10 each of Tata Fixed Maturity Plan Series 28 Scheme B - Dividend	50.37		-
Unquoted:				
5,407,453.95	(–) Units of ₹ 10 each of Birla Sun Life Floating Rate Fund - Long Term - Institutional - Growth	62.50		-
3,977,345.04	(–) Units of ₹ 10 each of Birla Sun Life Quarterly Interval Fund - Series 4 - Growth	50.00		-
4,329,524.81	(11,757,826.50) Units of ₹ 10 each of Birla Sun Life Savings Fund - Institutional- Growth	80.71		205.50
2,050,969.10	(–) Units of ₹ 10 each of Canara Robeco Treasury Advantage Fund - Super Institutional - Growth	30.42		-
3,175,608.21	(–) Units of ₹ 10 each of DWS Treasury Fund Cash - Institutional Plan - Growth	34.66		-
-	(5,060,496.15) Units of ₹ 10 each of DWS Ultra Short Term Fund - Institutional - Growth	-		54.78
10,217,981.27	(–) Units of ₹ 10 each of ICICI Prudential Banking and PSU Debt Fund Premium Plus - Daily Dividend	102.91		-
623,576.20	(1,227,282.44) Units of ₹ 100 each of ICICI Prudential Flexible Income Plan Premium- Growth	113.94		210.15
1,127,132.92	(–) Units of ₹ 100 each of ICICI Prudential Floating Rate Plan D - Growth	163.83		-
		2,261.89		876.08
	carried over		5,716.26	4,861.33

Schedule "F" Investments; at Cost (Contd.):

(₹ in Million)

				As at 31st March, 2010
	brought over		5,716.26	4,861.33
		2,261.89		876.08
9,322,365.11	(23,795,664.67) Units of ₹ 10 each of IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth	108.51		259.74
13,095,398.93	(10,444,965.24) Units of ₹ 10 each of Kotak Floater Long Term - Growth	203.94		152.60
4,214,697.69	(9,042,507.08) Units of ₹ 10 each of Kotak Flexi Debt Scheme Institutional - Growth	50.91		102.41
-	(10,136,427.31) Units of ₹ 10 each of LICMF Savings Plus Fund - Growth Plan	-		148.34
9,549,799.05	(–) Units of ₹ 10 each of Reliance Liquid Fund-Cash Plan-Growth	151.67		-
-	(204,395.49) Units of ₹ 1,000 each of Reliance Money Manager Fund- Institutional Option-Growth Plan	-		256.43
3,015,446.65	(8,588,228.65) Units of ₹ 10 each of SBI-SHF-Ultra Short Term Fund- Institutional Plan-Growth	38.57		103.01
3,544,486.99	(10,579,247.27) Units of ₹ 10 each of Tata Floater Fund-Growth	51.94		145.27
11,253,380.35	(–) Units of ₹ 10 each of Templeton Floating Rate Income Fund Super Institutional Option - Growth	151.73		-
8,091,661.76	(4,220,264.02) Units of ₹ 10 each of Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	102.38		50.00
233,442.18	(–) Units of ₹ 1,000 each of UTI Floating Rate Fund - Short Term Plan - Institutional - Growth	257.97		-
76,903.41	(164,763.79) Units of ₹ 1,000 each of UTI Treasury Advantage Fund - Institutional Plan (Growth Option)	101.42		203.77
			3,480.93	2,297.65
			9,197.19	7,158.98
	Share Application Money		1.00	50.49
	Total		**9,198.19**	**7,209.47**

	Cost		Market Value	
	As at 31st March		As at 31st March #	
	2011	2010	2011	2010
Quoted	1,622.92	405.65	1,633.36	405.74
Unquoted	7,574.27	6,753.33		
Total	**9,197.19**	**7,158.98**		

Included in Market value at NAV as on 31st March, 2011 & 31st March, 2010 respectively, as there was no trade for the schemes, hence, quotations are not available.

NOTES:

1) Contributions into 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.

Schedule "F" Investments; at Cost (Contd.):

2. Mutual Fund units purchased and sold during the year ended as on 31.03.2011 (₹ in Million)

Name of Scheme	Units Purchased	Purchase Value
AIG Quarterly Interval Fund Series I - Institutional Dividend Reinvestment	51,536.772	51.54
Axis Liquid Fund - Institutional Daily Dividend Reinvestment	50,099.172	50.10
Birla Sun Life Savings Fund- Institutional - Daily Dividend Reinvestment	18,346,316.873	183.59
Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend - Reinvestment	15,247,875.949	152.52
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	53,002,601.378	531.06
Birla Sun Life Ultra Short Term Fund - Institutional Daily Dividend	52,991,332.726	530.20
Birla Sun Life Ultra Short Term Fund - Institutional - Growth	14,465,042.522	160.00
Birla Sun Life Interval Income Fund - Institutional - Quarterly - Series 1 - Dividend	5,156,015.848	51.56
Birla Sun Life Short Term FMP - Series 6 Dividend - Payout	0.002	-
Birla Sun Life Short Term FMP Series 10 - Growth	0.638	-
Birla Sun Life Short Term Opportunities Fund - Institutional Weekly Dividend	5,081,783.178	50.85
Birla Sun Life Floating Rate Fund - Long Term - Institutional Weekly Dividend	16,236,400.887	162.45
Birla Sun Life Short Term FMP - Series 3 - Dividend Payout	5,106,171.939	51.06
Birla Sun Life Short Term FMP - Series 5 - Dividend Payout	0.677	-
BNP Paribas Money Plus Institutional Plan - Daily Dividend	15,015,697.626	150.20
BNP Paribas Overnight Fund - Institutional Daily Dividend	4,999,131.657	50.01
BNP Paribas Fixed Term Fund - Series 18C - Dividend on Maturity	5,000,000.000	50.00
BNP Paribas Fixed Term Fund - Series 17D - Dividend on Maturity	5,000,000.000	50.00
BNP Paribas Fixed Term Fund - Series 19E - Dividend on Maturity	5,000,000.000	50.00
Canara Robeco Liquid Super Institutional - Daily Dividend - Reinvestment Fund	4,973,115.216	50.00
Canara Robeco Treasury Advantage Super Institutional Daily - Dividend Fund	10,534,754.594	130.71
DSP BlackRock FMP - 3M Series 18 - Dividend Payout	4,998,700.338	50.00
DSP BlackRock FMP - 3M Series 19 - Dividend Payout	5,000,000.000	50.00
DSP BlackRock FMP - 3M Series 21 - Dividend Payout	5,000,000.000	50.00
DSP BlackRock FMP - 3M Series 22 - Dividend Payout	5,000,000.000	50.00
DSP BlackRock FMP - 3M Series 23 - Dividend Payout	5,000,000.000	50.00
DSP BlackRock FMP - 3M Series 24 - Dividend Payout	5,000,000.000	50.00
DSP BlackRock FMP - 3M Series 25 - Dividend Payout	5,000,000.000	50.00
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	351,805.617	351.92
DSP BlackRock Floating Rate Fund - Institutional Plan - Daily Dividend	201,580.293	201.69
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	20,111,719.971	201.48
DWS Insta Cash Plus Fund - Super Institutional Plan - Daily Dividend - Reinvestment	33,239,173.493	333.40
DWS Treasury Fund Cash - Institutional Plan - Daily Dividend - Reinvestment	8,424,212.758	84.66
Fidelity Fixed Maturity Plan - Series IV - Plan B - Dividend Payout	5,000,000.000	50.00
Fidelity FMP Series 4 - Plan C - Dividend Payout	5,000,000.000	50.00
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	150,520,886.242	1,509.95
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	55,602,282.091	1,132.07
HDFC FMP 35D August 2010 (1) - Dividend - Series XIV- Dividend Payout	5,000,000.000	50.00
HDFC FMP 100D August 2010 (2) - Series XIV- Growth	5,000,000.000	50.00
HDFC FMP 100D November 2010(1) - Series XVII - Dividend	5,000,000.000	50.00

Schedule “F” Investments; at Cost (Contd.):

2. Mutual Fund units purchased and sold during the year ended as on 31.03.2011 (Contd.): (₹ in Million)

Name of Scheme	Units Purchased	Purchase Value
HDFC FMP 100D October 2010 (1) - Growth - Series XIV	5,000,000.000	50.00
HDFC FMP 100D September 2010 (2) - Dividend - Series XIV - Dividend Payout	5,035,158.348	50.35
HDFC FMP 35D September 2010 (1) - Dividend - Series XIV- Dividend Payout	5,000,000.000	50.00
HDFC Liquid Fund Premium Plan - Daily Dividend - Reinvestment	32,415,620.985	397.41
HDFC Liquid Fund- Premium Plus Plan - Growth	69,398,123.574	1,301.90
ICICI Prudential Interval Fund II Quarterly Interval Plan A - Institutional Dividend		
Reinvestment	5,164,910.468	51.65
ICICI Prudential Interval Fund II Quarterly Interval Plan B - Institutional Dividend		
Reinvestment	5,147,141.858	51.47
ICICI Prudential Liquid Super Institutional Plan - Daily Dividend	1,008,459.865	100.87
ICICI Prudential Flexible Income Plan Premium - Growth	5,811,555.309	1,004.04
ICICI Prudential Floating Rate Fund Plan D - Daily Dividend Reinvestment	1,637,936.899	163.83
ICICI Prudential Interval Fund II Quarterly Interval Plan C - Institutional Dividend		
Reinvestment	6,099,733.749	61.00
ICICI Prudential Interval Fund Quarterly Interval Plan 1 - Institutional - Cumulative	5,000,000.000	50.00
ICICI Prudential Interval Fund Quarterly Interval Plan 1 - Institutional - Dividend	5,164,614.357	51.65
ICICI Prudential Interval Fund V-Monthly Interval Plan A - Institutional Dividend	5,040,379.976	50.40
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	7,737,839.855	818.16
ICICI Prudential Liquid Super Institutional Plan Premium - Daily Dividend	2,578,082.469	257.87
ICICI Prudential Liquid Super Institutional Plan - Growth	6,635,426.245	913.19
ICICI Prudential Banking and PSU Debt Fund Premium Plus - Growth	4,804,597.038	50.00
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Growth	4,156,504.642	60.01
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Daily Dividend	31,473,411.872	315.21
IDFC Savings Advantage Fund - Plan A - Growth	68,969.053	90.00
IDFC FMP - Quarterly Series 61 - Dividend	5,000,000.000	50.00
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	56,164,391.663	561.78
IDFC Cash Fund - Super Institutional Plan C - Growth	5,326,799.126	60.00
IDFC Money Manager Fund -Treasury Plan- Super Inst Plan C - Daily Dividend	35,017,058.423	350.22
IDFC Money Manager Fund -Treasury Plan- Super Inst Plan C - Growth	11,836,116.507	131.71
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend Reinvestment	4,992,207.419	50.00
JM Money Manager Fund Super Plus Plan- Daily Dividend Reinvestment	5,001,699.420	50.04
Kotak Liquid (Institutional Premium) - Growth	10,672,244.693	200.00
Kotak Liquid (institutional Premium) - Daily Dividend	20,541,335.876	251.18
Kotak Floater Long Term - Daily Dividend	35,163,332.214	354.44
Kotak Flexi Debt Scheme Institutional - Growth	17,572,773.893	200.03
Kotak Flexi Debt Scheme Institutional - Daily Dividend	30,482,173.509	306.27
Kotak Quarterly Interval Plan Series 4 - Dividend	5,000,000.000	50.00
Kotak Quarterly Interval Plan Series 5 - Dividend	5,000,000.000	50.00
Kotak Quarterly Interval Plan Series 6 - Dividend	5,000,000.000	50.00
Kotak Quarterly Interval Plan Series 7 - Dividend	4,999,750.012	50.00
Kotak Quarterly Interval Plan Series 8 - Dividend	5,117,477.346	51.18
Kotak FMP Series 31 - Dividend	5,000,000.000	50.00

Schedule "F" Investments; at Cost (Contd.):

2. Mutual Fund units purchased and sold during the year ended as on 31.03.2011 (Contd.): (₹ in Million)

Name of Scheme	Units Purchased	Purchase Value
Kotak Quarterly Interval Plan Series 10 - Dividend	5,192,423.617	51.92
LIC NOMURA MF Liquid Fund - Dividend Plan	27,324,494.171	300.03
LIC NOMURA MF Savings Plus Fund - Daily Dividend Plan	30,097,252.630	300.97
Reliance Fixed Horizon Fund - XV Series 1- Growth Plan	5,000,000.000	50.00
Reliance Quarterly Interval Fund - Series III - Institutional - Dividend Plan	5,998,511.106	60.01
Reliance Liquid Fund - Cash Plan - Daily Dividend Option	22,611,788.737	251.93
Reliance Quarterly Interval Fund - Series II -Institutional - Growth Plan	7,821,604.836	100.82
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	657,286.804	658.19
Reliance Money Manager Fund - Institutional Option - Growth Plan	815,000.130	1,031.09
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	28,482,249.393	284.97
Reliance Liquidity Fund - Growth Option	68,286,093.106	957.62
Religare Fixed Maturity Plan - Series - IV Plan A (3 months) - Dividend	1,000,000.000	10.00
Religare Fixed Maturity Plan - Series - IV Plan C (3 months) - Dividend	6,000,000.000	60.00
Religare Liquid Fund - Super Institutional - Daily Dividend	9,993,217.560	100.01
Religare Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10,033,293.303	110.45
SBI Magnum Insta Cash Fund - Daily Dividend Reinvestment	5,973,566.413	100.06
SBI Premier Liquid Fund - Super Institutional - Daily Dividend	59,877,485.995	600.72
SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend	50,826,411.199	508.57
SBI Debt Fund Series - 90 Days - 36 - Dividend	5,000,000.000	50.00
Tata Floater Fund-Daily Dividend Reinvestment	45,362,952.998	455.24
Tata Fixed Income Portfolio Fund Scheme A2 - Institutional Monthly Interval Plan -		
Dividend Payout	5,164,548.918	51.65
Tata Fixed Income Portfolio Fund Scheme A3 - Institutional Monthly Interval Plan -		
Dividend Payout	12,499,999.970	125.00
Tata Fixed Income Portfolio Fund Scheme B2 - Institutional - Dividend Reinvestment	5,059,585.204	50.66
Tata Liquid Super High Investment Fund - Daily Dividend	384,262.944	428.27
Templeton India Treasury Management Account - Super Institutional Plan-Growth	109,237.160	150.00
Templeton India Treasury Management Account - Super Institutional Plan -		
Daily Dividend Reinvestment	49,973.812	50.01
Templeton Floating Rate Income Fund - Super Institutional Option -		
Daily Dividend Reinvestment	15,145,100.448	151.73
Templeton India Ultra Short Bond Fund - Super Institutional Plan - Growth	12,602,999.647	150.02
Templeton India Ultra Short Bond Fund - Super Institutional Plan -		
Daily Dividend Reinvestment	10,226,678.505	102.39
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment	631,287.707	631.42
UTI Treasury Advantage Fund - Institutional Plan - Growth Option	120,207.121	150.00
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	737,644.834	751.99
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Reinvestment	307,735.698	307.97
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan IV -		
Institutional Dividend Plan - Reinvestment	5,078,595.100	50.79
UTI Fixed Income Interval Fund - Quarterly Plan Series -III - Institutional Dividend		
Plan - Reinvestment	5,083,671.050	50.84

Schedule "G" Current Assets, Loans and Advances:

(₹ in Million)

				As at 31st March, 2 010
a) Inventories, as valued and certified by the Chairman & Managing Director:				
Stores, Spares and Loose Tools (at cost)*		745.77		649.03
Die Blocks & Die & Tool Steel (at cost)		340.57		372.24
Raw Materials & Components (at cost)*		873.89		560.92
Work-in-Progress (at lower of cost or estimated realisable value)		1,693.52		1,401.85
Finished Goods (at lower of cost or selling price)		54.58		59.37
Dies (at cost, less amortisation) & Dies under fabrication*		957.39		887.20
Scrap (at estimated realisable value)		18.62		17.37
(*) Slow moving and obsolete Inventory is valued at cost or			4,684.34	3,947.98
Estimated realisable value, whichever is lower				
b) Sundry Debtors, Unsecured (unless otherwise stated):				
(Net of Bills Discounted with Banks) (See Note 1 A (a))				
(i) Over six months:				
Good		366.32		614.59
Doubtful	9.91			9.91
Less: Provision	9.91			9.91
		-		-
		366.32		614.59
(ii) Other, Good		3,830.70		2,457.09
			4,197.02	3,071.68
c) Cash and Bank Balances:				
Cash on Hand		0.79		0.62
Remittance in Transit		2.92		-
Bank Balances:				
With Scheduled Banks:				
In Cash Credit and Current Accounts	116.97			135.03
In Fixed Deposits	1,345.03			4,799.29
Interest funded on Cumulative Fixed Deposits	0.01			0.01
	1,462.01			4,934.33
With Other Banks:				
In current account:				
J.P.Morgan Chase Bank, New York				
(maximum balance outstanding during the year				
₹ 0.04 million, Previous year ₹ 0.04 million)	0.04			0.04
		1,462.05		4,934.37
			1,465.76	4,934.99
d) Other Current Assets:				
Interest receivable		13.29		21.53
Interest on Loan to Subsidiary		64.98		42.93
Energy Credit receivable-Wind Mill		44.48		1.93
Certified Emission Reduction Units receivable		7.76		8.64
Export incentives receivable		864.79		502.51
			995.30	577.54
	carried over		11,342.42	12,532.19

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Schedule "G" Current Assets, Loans and Advances (Contd.):

(₹ in Million)

					As at 31st March, 2 010
brought over				11,342.42	12,532.19
e) Loans and Advances, Unsecured, Good:					
(Unless otherwise stated)					
Loan to Wholly Owned Subsidiaries:					
CDP Bharat Forge GmbH, (Maximum balance outstanding					
during the year ₹ 1,067.02 million, Previous year ₹ 658.70 million)			1,067.02		464.03
Amounts Recoverable from other Subsidiaries			817.01		98.32
Loan to a Company (See Note 16)			309.09		309.09
Advances recoverable in cash or in kind or for value to be					
received (See Note 15):					
Good		1,963.61			1,596.43
Doubtful Advances	36.24				23.12
Less: Provision	36.24				23.12
		-			-
			1,963.61		1,596.43
Expenditure to date on projects pending adjustment on					
completion/conclusion			16.04		285.91
Security Deposit for Supply/ Purchase of Power			211.45		211.45
Balances with Customs, Central Excise Departments etc.			376.17		375.04
MAT credit available for Set off			-		157.40
Tax paid in advance			2,764.64		2,086.17
				7,525.03	5,583.84
Total				**18,867.45**	**18,116.03**

Schedule "H" Current Liabilities and Provisions:

(a) Liabilities:					
Acceptances			1,922.25		1,887.99
Sundry Creditors (See Note 17)					
Dues to Micro and Small Enterprises		-			0.78
Dues to Other than Micro and Small Enterprises		4,634.65			3,643.22
			4,634.65		3,644.00
Premium on Redemption of FCCBs (See Note 18)			-		1,305.53
Advance against Orders			133.61		61.52
Unclaimed Dividends			14.00		14.77
Interest accrued but not due on loans			203.54		118.02
				6,908.05	7,031.83
(b) Provisions:					
For Long Term Employee Benefits (See Note 24)			458.27		409.27
For Taxation			2,751.85		1,882.34
For Proposed Dividend			814.78		232.79
For Tax on Proposed Dividend			132.18		38.66
				4,157.08	2,563.06
Total				**11,065.13**	**9,594.89**

Schedule "I" Sales, Operating & Other Income:

(₹ in Million)

				Previous year
(a)	**Sales:**			
	Sales (Net of returns, rebates etc.)	28,005.56		17,749.70
	Job Work Receipts	281.57		143.74
	Sale of Manufacturing scrap	1,675.60		1,023.45
			29,962.73	18,916.89
(b)	**Operating Income:**			
	Export Incentives	880.84		419.59
	Die Design and Preparation Charges	155.35		95.15
	Sale of Certified Emission Reduction Units	3.45		4.31
			1,039.64	519.05
(c)	**Other Income:**			
	Dividend Income from Investment in Mutual Funds, Current Investments	142.71		75.14
	Profit on Sale of Non Trade, Current Investments	52.13		61.74
	Interest on Loans to Subsidiary	22.05		10.14
	Interest on Deposits etc.:			
	(Gross, tax deducted ₹ 3.95 million, Previous year ₹ 7.93 million)	89.63		92.97
	Miscellaneous Receipts	135.54		60.55
	Bad debts recovered	0.10		-
	Provisions no longer required	19.82		22.84
			461.98	323.38
	Total		**31,464.35**	**19,759.32**

Schedule "J" Manufacturing and Other Expenses:

					Previous year
(1)	**Materials:**				
	Raw Materials & Components consumed		13,377.38		8,270.70
	Die Blocks, Die & Tools Steel Consumed		284.14		224.60
	Excise Duty on year end Inventory:				
	On Closing Stock	1.73			1.63
	Less: On Opening Stock	1.63			1.27
			0.10		0.36
	(Increase) / Decrease in Stocks:				
	Stocks at Close:				
	Work-in-Progress	1,693.52			1,401.85
	Finished Goods	54.58			59.37
	Die Room Inventory	957.39			887.20
	Scrap	18.62			17.37
		2,724.11			2,365.79
	Less: Stocks at Commencement:				
	Work-in-Progress	1,401.85			1,141.21
	Finished Goods	59.37			80.11
	Die Room Inventory	887.20			856.32
	Scrap	17.37			16.62
		2,365.79			2,094.26
			(358.32)		(271.53)
	carried over			13,303.30	8,224.13

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Schedule “J” Manufacturing and Other Expenses (Contd.):

(₹ in Million)

					Previous year
		brought forward		13,303.30	8,224.13
(2)	Manufacturing Expenses:				
	Stores, Spares & Tools consumed		1,572.84		977.37
	Octroi duty		45.50		18.99
	Machining charges		549.05		297.28
	Power, Fuel & Water	2,455.40			1,675.29
	Less: Credit for Energy Generated	35.00			31.36
			2,420.40		1,643.93
	Building Repairs & Road Maintenance		38.14		11.60
	Machinery Repairs		292.90		211.47
				4,918.83	3,160.64
(3)	Payments to & Provisions for Employees:				
	Salaries, Wages, Bonus, Allowances etc.		1,633.18		1,219.02
	Contribution to Provident & Other Funds and Schemes		222.48		84.16
	Welfare Expenses		157.11		132.48
				2,012.77	1,435.66
(4)	Other Expenses:				
	Rent		6.23		13.56
	Rates & Taxes		32.58		15.40
	Insurance (including Key Man Insurance)		23.09		24.45
	Commission & Discount		139.89		108.36
	Interest & Finance Charges:				
	Interest:				
	On Debentures, including Bonds	840.42			520.87
	On Fixed Loans	97.63			73.02
	Others	163.65			266.01
		1,101.70			859.90
	Discounting charges	112.72			167.82
			1,214.42		1,027.72
	Miscellaneous Expenses including Travelling expenses,				
	Printing, Stationery, Postage, Telephones, Bank charges etc.		909.36		648.96
	Donations:				
	Maharashtra Pradesh Congress Committee (Political party)	-			10.00
	Others	67.01			38.60
			67.01		48.60
	Loss on Foreign Exchange Fluctuations other than				
	those covered under Note 21		41.21		214.10
	Freight Forwarding charges etc.		712.22		362.97
	Royalty		-		8.13
	Directors’ Fees and Travelling Expenses		3.17		3.31
			3,149.18		2,475.56
		carried over		20,234.90	12,820.43

Schedule "J" Manufacturing and Other Expenses (Contd.):

(₹ in Million)

			Previous year
brought forward		20,234.90	12,820.43
	3,149.18		2,475.56
Managing and Whole Time Directors' Commission	92.00		39.00
Commission to Directors other than Managing and Whole Time Directors	9.00		4.00
Loss on assets sold, discarded & scrapped (Net)	0.40		0.62
Bad debts, irrecoverable advances and sundry balances written off	23.50		86.77
Provision for doubtful debts and advances	13.12		7.77
Amount written off against Technical Know-how	-		2.10
EVRS Compensation	5.05		4.34
		3,292.25	2,620.16
		23,527.15	15,440.59
Less: Expenses capitalised		0.44	4.79
Total		**23,526.71**	**15,435.80**

Schedule "J (a)" Depreciation and Amortisation:

Depreciation	1,931.73	1,643.44
Amount Written off against Lease hold Land	0.95	0.95
Total	**1,932.68**	**1,644.39**

Schedule "K" Notes forming part of the Financial Statements:

(₹ in Million)

	As at 31st March, 2011	As at 31st March, 2010
1. A. Contingent Liabilities not provided for in respect of:		
(a) Sales Bills Discounted	4,911.08	3,799.81
of which:		
Bills since realised	1,739.26	904.16
Matured, Overdue & outstanding since close of the period	-	-
(b) Guarantees given by the Company on behalf of other companies:		
Balance Outstanding	1,845.43	570.09
(Maximum Amount)	(2,025.61)	(830.94)
(c) Claims against the Company not acknowledged as Debts - to the extent ascertained	142.00	147.49
(d) Disputed Income Tax matters	-	104.32
(e) Excise/Service Tax Demands - matters under dispute	184.65	281.85
(f) Customs Demands - matters under dispute	50.97	322.15

B. 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 147.02 million, over a period of next five years, while maintaining average export of USD 159.54 million per annum. Minimum Export obligation to be fulfilled by the Company under the said scheme by 31st March, 2011, 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 Licences and other penalties under the above referred scheme.

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Schedule "K" Notes forming part of the Financial Statements (Contd.):

(₹ in Million)

	As at 31st March, 2011	As at 31st March, 2010
2. Estimated value of contracts remaining to be executed on Capital Accounts and not provided for, net of advances	1,739.15	431.88
	2010-11	2009-10
3. Payments to Auditors:		
(i) As Auditors	5.50	4.50
(ii) In other capacity:		
(a) For Tax Audit	0.50	0.50
(b) For Review of Quarterly Results, Financial Statements and Certification work	3.15	3.78
	9.15	8.78
(iii) For expenses	0.35	0.53
	9.50	9.31
4. C.I.F. Value of Imports:		
(i) Raw materials and Components for Manufacturing	448.18	319.98
(ii) Die Blocks, Die Steel, Tool Steel & Spares	498.54	338.81
(iii) Capital Goods	448.98	218.67
5. (a) Expenditure in foreign currency:		
(i) Interest	122.94	166.10
(including Capitalised ₹ 9.55 million, Previous year ₹ 25.84 million)		
(ii) Royalty (Net of tax)	-	7.32
(iii) Legal and Professional fees	31.16	40.64
(including Capitalised ₹ Nil million, Previous year ₹ 0.40 million)		
(iv) Commission and discount	126.13	98.65
(v) Interest on Bills Discounting	82.35	84.61
(vi) Freight Forwarding Charges etc.	0.81	86.28
(vii) Foreign Travel Expenses	34.09	29.83
(including Capitalised ₹ Nil million, Previous year ₹ 0.71 million)		
(viii) Aircraft Expenses	56.40	67.66
(ix) Service charges paid to deputed employees	51.43	39.25
(x) Share issue expenses	3.82	-
(Adjusted against Securities Premium Account)		
(xi) Other matters	79.85	48.51
(b) Earnings in foreign currency:		
F.O.B. value of exports	12,110.34	6,996.69
Insurance and freight on Exports	347.62	294.76
Tooling Charges	84.75	68.93
Sale of Certified Emission Reduction Units	3.45	4.31
Interest received on Fixed Deposits	0.70	9.58
Interest on Loan to Subsidiary	22.05	10.14
6. (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"	250.61	126.08
(ii) Other foreign exchange gains / (losses) recognised on settlement of Borrowings:		
(a) Adjusted to the Cost of Plant & Machinery / CWIP (See Note 21)	34.88	1,021.28
(b) Treated as FCMITDA (See Note 21)	4.44	321.93

Schedule "K" Notes forming part of the Financial Statements (Contd.):

(₹ in Million)

	2010-11	2009-10
(iii) Recognised in the Profit and Loss Account:		
(a) on settlement / revolarisation of current assets	(26.59)	(219.07)
(b) on settlement / revolarisation of current liabilities	(14.89)	5.00
(c) Others	0.27	(0.03)

6. (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, 2011	March 31, 2010
Forward Contracts	USD	Sale	73.00	68.00
	EURO	Sale	26.00	26.80
	GBP	Sale	4.50	0.25
	USD	Purchase	-	100.00

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 NCDs 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, 2011	March 31, 2010
Receivables	USD	Sale	18.63	13.16
	EURO	Sale	6.51	6.45
	GBP	Sale	1.54	1.12
	JPY	Sale	28.36	-
Payables	USD	Purchase	0.68	0.50
	EURO	Purchase	3.81	0.80
	GBP	Purchase	0.03	-
	JPY	Purchase	219.21	256.06
	SEK	Purchase	0.02	0.13
Loan	USD	Term Loan/Buyers Credit	134.90	137.40
	EURO	Buyers Credit	0.66	-
Bank Deposits	USD	Deposit	0.06	4.26
	EURO	Deposit	-	1.55
Loan to Subsidiary	USD		22.15	10.00
	EURO		1.25	2.25
Other Receivables	USD		0.81	0.81
	EURO		0.40	0.64
Other Payables	USD		0.48	32.23

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Schedule "K" Notes forming part of the Financial Statements (Contd.):

7. Details of Raw Materials & Components Consumption:

(a) Raw Materials and Components consumed:

	2010-11		2009-10	
	Qty.	(₹ in Million)	Qty.	(₹ in Million)
Carbon & Alloy Steel	247,919 M.T.	13,008.75	179,352 M.T.	8,085.61
Components		368.63		185.09
Total		13,377.38		8,270.70

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

	2010-11		2009-10	
	(₹ in Million)	Percentage	(₹ in Million)	Percentage
Imported	504.92	3.77	310.33	3.75
Indigenous	12,872.46	96.23	7,960.37	96.25
Total	13,377.38	100.00	8,270.70	100.00

(c) In furnishing information under Note 4(i) and 7(a), 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.

			(₹ in Million)
8. Managerial Remuneration:		2010-11	2009-10
(a) Computation of Net Profit in accordance with			
Section 198(1) and Section 349 of Companies Act, 1956			
Profit as per Profit and Loss Account		3,105.67	1,270.46
Add: Managing Directors' and whole time			
Directors' Remuneration including perquisites	201.89		122.20
Directors' Commission	9.00		4.00
Provision for Taxation	1,370.41		536.71
		1,581.30	662.91
		4,686.97	1,933.37
Less: Provisions no longer required		19.82	22.84
Profit on which Commission is payable		4,667.15	1,910.53
Directors' Commission @ 1% on ₹ 4,667.15 Million		46.67	19.11
Maximum as determined by the Board of Directors		9.00	4.00
Managing Director's and Whole time Directors' commission			
Maximum Remuneration which can be paid for the year @ 10% on ₹ 4,667.15 million		466.72	191.05
Less: Remuneration (excluding commission) already paid		109.89	83.20
Balance available for paying as commission		356.83	107.85
Maximum as determined by the Board of Directors:			
Mr. B. N. Kalyani		35.00	15.00
Mr. A. B. Kalyani		11.00	4.75
Mr. G. K. Agarwal		11.00	4.75
Mr. P. K. Maheshwari		7.00	3.00
Mr. B. P. Kalyani		9.00	3.00
Mr. S. E. Tandale		10.00	4.50
Mr. S. K. Chaturvedi		9.00	4.00
		92.00	39.00

Schedule "K" Notes forming part of the Financial Statements (Contd.):

Managerial Remuneration (Contd.):

(b) Details of Payments and Provisions on Account of Remuneration to Managerial personnel included in Profit and Loss Account are as under:

(₹ in Million)

	2010-11								2009-10
	Chairman & Managing Director	Deputy Managing Director	Whole-Time Directors						
	Mr.B. N. Kalyani	Mr.G.K. Agarwal	Mr.A.B. Kalyani	Mr. P.K. Maheshwari	Mr. B.P. Kalyani	Mr. S. E. Tandale	Mr. S.K. Chaturvedi	Total	Total
Salary	24.01	9.60	9.47	3.92	3.62	3.77	6.78	61.17	50.20
House Rent Allowance	-	4.80	4.73	1.96	1.81	1.88	4.07	19.25	8.15
Commission on Profits (Provision)	35.00	11.00	11.00	7.00	9.00	10.00	9.00	92.00	39.00
Contribution to:									
Provident Fund	2.88	1.15	1.14	0.47	0.43	0.45	0.81	7.33	6.02
Superannuation Fund	3.60	1.44	1.42	0.59	0.54	0.57	1.02	9.18	7.52
Other Perquisites	6.21	0.27	0.12	0.43	0.31	0.14	0.33	7.81	7.20
L.T.A.	2.00	0.80	0.80	0.33	0.31	0.33	0.58	5.15	4.11
Total	73.70	29.06	28.68	14.70	16.02	17.14	22.59	201.89	122.20

Notes:

i As employee wise break-up of liability for gratuity and leave entitlement, based on actuarial valuation is not ascertainable, the same has not been included in the above figures.

ii As the Chairman and Managing Director is also entitled to remuneration from Kalyani Carpenter Special Steels Limited, the same is restricted to the higher of the maximum remuneration permissible under Section 198 & 309 of the Companies Act, 1956 of either of the two Companies. The above remuneration is within the said limits.

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Schedule "K" Notes forming part of the Financial Statements (Contd.):

9. Licensed & Installed Capacity, Production, Stocks and Turnover:

(A) Licensed & Installed Capacity and Production:

Class of Goods		Unit	Licensed Capacity (a)		Installed Capacity (c)		Production (including Jobwork)	
			2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
(i)	Steel Forging	M.T.	320,000	320,000	300,000	300,000	182,387 (d)	128,463 (d)
(ii)	Finished Machined Crankshaft	Nos.	600,000	600,000	518,100	518,100	436,774	317,612
(iii)	Couplings	M.T.	600	600	600	600	-	-
(iv)	Front Axle Assembly & Components	Nos.	600,000	600,000	533,600	533,600	325,598	175,432
(v)	Well Head Assembly and Parts	Nos.	5,000	5,000	-	-	-	-
(vi)	Aluminium Road Wheel	Nos.	4,000	4,000	4,000	4,000	1,321	-
(vii)	General Engineering Equipments	Nos.	1,100 (b)	1,100 (b)	1,100	1,100	29	8
(viii)	Material Handling Equipments	Nos.	1,350 (b)	1,350 (b)	1,350	1,350	-	-
(ix)	Hydraulic & Mechanical Presses	Nos.	250	250	250	250	-	-
(x)	Bandsaw Machines for cutting metallic round and square bars	Nos.	50	50	50	50	-	-
(xi)	Front Axle Assembly at Dharwad	Nos.	50,000 (b)	50,000 (b)	-	-	-	-
(xii)	Finished Machined Crankshafts at Chakan	Nos.	300,000	300,000	241,500	241,500	160,967	108,074
(xiii)	Front Axle Assembly & Components at Chakan	Nos.	300,000	300,000	219,600	219,600	96,877	72,234
(xiv)	Transmission Parts	Nos.	3,000,000	3,000,000	2,041,000	2,041,000	1,861,051	1,496,568
(xv)	Seal Rings, Clamps & Hubs	Nos.	50,000	50,000	7,000	7,000	-	-
(xvi)	Rocker Arm Assembly	Nos.	100,000	100,000	-	-	-	-
(xvii)	Bonnets and Key Shaft	Nos.	50,000	50,000	-	-	-	-
(xviii)	Steel Forgings at Baramati	M.T.	48,000	48,000	47,250	47,250	6,565 (d)	2,701 (d)
(xix)	Machined Components at Baramati	Nos.	120,000	120,000	120,000	12,000	48,849	5,852
(xx)	Ring Rolling	M.T.	45,000	45,000	40,500	40,500	2,828	203

(a) Annual Capacity on maximum utilisation basis.

(b) Under Registration with Government Authority.

(c) Since the Company's installed capacity is dependent on Product mix, which in turn is decided on the basis of actual demand for various products from time to time, it is not feasible for the Company to give exact installed capacity. The Company has, however, indicated installed capacity on the basis of year's Product mix, as certified by the Chairman and Managing Director and being a technical matter, accepted by the Auditors as correct.

(d) Includes captive consumption 72 748 M.T. (2009-2010:47 285 M.T.) and Baramati 2 883 M.T. (2009-2010: 1 184 M.T.)

Schedule "K" Notes forming part of the Financial Statements (Contd.):

9. Licensed & Installed Capacity, Production, Stocks and Turnover (Contd.):

(B) Stocks and Turnover:

Class of Goods	Year	Stocks at Commencement		Stocks at Close		Turnover (including Jobwork for customers)		Sundries (a)
		Qty.	(₹ in Million)	Qty.	(₹ in Million)	Qty.	(₹ in Million)	Qty.
Manufacturing:								
(i) Steel	2010-11	279 M.T.	23.33	192 M.T.	21.10	109,726 M.T.	12,419.31	-
Forging	2009-10	549 M.T.	61.95	279 M.T.	23.33	81,366 M.T.	8,735.48	82 M.T.
(ii) Finished								
Machined	2010-11	1,094 Nos.	14.18	761 Nos.	9.04	437,039 Nos.	6,978.46	68 Nos.
Crankshaft	2009-10	281 Nos.	4.98	1,094 Nos.	14.18	316,663 Nos.	4,750.27	136 Nos.
(iii) Front Axle								
Assembly &	2010-11	1,871 Nos.	10.67	726 Nos.	3.25	326,741 Nos.	2,568.57	2 Nos.
Components	2009-10	775 Nos.	4.27	1,871 Nos.	10.67	174,302 Nos.	1,306.84	34 Nos.
(iv) General								
Engineering	2010-11	-	-	-	-	29 Nos.	23.10	-
Equipments	2009-10	-	-	-	-	8 Nos.	8.91	-
(v) Manufacturing	2010-11	928 M.T.	17.37	837 M.T.	18.62	87,527 M.T.	1,523.69	-
Scrap	2009-10	922 M.T.	16.62	928 M.T.	17.37	53,707 M.T.	945.97	-
(vi) Aluminium Road	2010-11	-	-	-	-	1,321 Nos.	164.58	-
Wheel	2009-10	-	-	-	-	-	-	-
(vii) Finished Machined	2010-11	354 Nos.	1.64	101 Nos.	0.73	161,224 Nos.	1,030.10	(4) Nos.
Crankshaft at Chakan	2009-10	210 Nos.	1.42	354 Nos.	1.64	107,930 Nos.	627.01	-
(viii) Front Axle Assembly &	2010-11	1,655 Nos.	4.95	-	-	98,532 Nos.	435.37	-
Components at Chakan	2009-10	-	-	1,655 Nos.	4.95	70,579 Nos.	289.39	-
(ix) Transmission	2010-11	-	-	-	-	1,861,051 Nos.	606.51	-
Parts	2009-10	-	-	-	-	1,496,568 Nos.	591.25	-
(x) Seal Rings,	2010-11	-	-	-	-	-	-	-
Clamps & Hubs	2009-10	-	-	-	-	-	-	-
(xi) Steel Forgings	2010-11	23 M.T.	3.11	-	-	3,701 M.T.	655.23	4 M.T.
at Baramati	2009-10	11 M.T.	1.94	23 M.T.	3.11	1,501 M.T.	293.58	4 M.T.
(xii) Machined Components	2010-11	30 Nos.	1.49	60 Nos.	3.72	48,813 Nos.	1,583.43	6 Nos.
at Baramati	2009-10	90 Nos.	5.55	30 Nos.	1.49	5,910 Nos.	430.19	2 Nos.
(xiii) Ring Rolling	2010-11	-	-	154 M.T.	16.74	2,674 M.T.	359.34	-
at Baramati	2009-10	-	-	-	-	188 M.T.	27.99	15 M.T.
(xiv) Others	2010-11	-	-	-	-	-	1,125.80	-
	2009-10	-	-	-	-	-	557.10	-
Total	2010-11		76.74		73.20		29,473.49	
	2009-10		96.73		76.74		18,563.98	

(a) Sundries includes utilised for samples.

Schedule "K" Notes forming part of the Financial Statements (Contd.):

10. The Equity Shares allotted on exercise of option to convert to FCCBs by the Bondholders, and the 10,000,000 equity shares of ₹ 2/- each allotted as detailed in footnote B(iii) to schedule 'A' 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 Schedule 'A' in all respect including dividend declared for the year. Accordingly, Dividend 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 23rd May, 2011.

    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.

11. 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 ₹ 845 million (Previous year ₹ 851 million).

12. (a) Non Convertible Debentures (NCDs):

    (i) 11.95 % Secured Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 1,000,000 each, aggregating ₹ 2,500,000,000/- (Rupees Two thousand five hundred million) were issued on private placement basis to Life Insurance Corporation of India. In terms of Debenture Trust-cum-Mortgage Deed dated April 30, 2009, NCDs are to be redeemed in three Annual installments starting at the end of sixth year from the date of allotment (viz. 5th January, 2009) i.e. @ 33.33% on 5th January, 2015, @ 33.33% on 5th January, 2016, and @ 33.34% on 5th January, 2017.

    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, both present and future, such as all plant and machinery, equipments, tools, furniture & fixtures etc. as described in Debenture Trust-cum-Mortgage Deed dated April 30, 2009.

    (ii) 10.75 % Secured Redeemable Non Convertible Debentures (NCDs) of face value of ₹ 1,000,000/- each, aggregating ₹ 3,500,000,000/- (Rupees Three thousand five hundred million) were issued on private placement basis to various debentureholders. In terms of Debenture Trust-cum-Mortgage Deed dated December 14, 2009, NCDs are to be redeemed in three installments starting at the end of 54th month i.e. on 22nd March, 2014, @ 25%, at the end of 60th month i.e. on 22nd September, 2014 @ 50% and at the end of 66th month i.e. 22nd March, 2015 @ 25%.

    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, both present and future, such as all plant and machinery, equipments, tools, furniture & fixtures etc, as described in Debenture Trust-cum-Mortgage Deed dated December 14, 2009.

    (iii) 10.75 % Secured Redeemable Non Convertible Debentures (NCDs) of face value of ₹ 1,000,000/- each, aggregating ₹ 1,760,000,000/- (Rupees One thousand seven hundred sixty million) were issued on private placement basis to Qualified Institutional Buyers, under QIP issue. In terms of Debenture Trust-cum-Mortgage Deed dated 28th June, 2010, NCDs are to be redeemed in three annual installments starting at the end of fourth year from the date of allotment (viz.28th April, 2010) i.e. @ 35% on 28th April, 2014, @ 35% on 28th April, 2015, and @ 30% on 28th April, 2016.

    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, both present and future, as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated 28th June, 2010.

    (b) Foreign Currency Loans:

    (i) Bank of India, London, Foreign Currency Term Loan; Balance outstanding USD 5.00 million (Previous year USD 7.50 million).

    (ii) Credit Agricole Corporate & Investment Bank, Singapore, Foreign Currency Term Loan; Balance outstanding USD 50 million (Previous year USD 50 million).

Schedule "K" Notes forming part of the Financial Statements (Contd.):

The loans at Sr. No (i) above is secured by:

1. 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 situated 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;
2. Equitable Mortgage by deposit of title deeds of immovable properties situated at Village Mundhwa, Pune; Village Vaduth, Tal. and Dist. Satara; Village Kusumbe Khurd, Tal. 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.

The loan at Sr. No. (ii) above is 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, Dist. Pune; Village Vaduth, Taluka & District Satara and at Baramati, Pune or anywhere else.

(c) Rupee Loans:

Axis Bank, Pune, Long Term Rupee Term Loan; Balance outstanding ₹ 225 million (Previous year ₹ Nil).

Above loan is to be secured against (i) First pari-passu charge on the Company's immovable properties, both present and 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, both present & future including Land & Building.

(d) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit aggregating to ₹ 3,250 million (Previous Year ₹ 3,250 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 ₹ 856.83 million (Previous Year ₹ 635.43 million).

13. The company has recognised Deferred Taxes, which result from timing difference between the Book Profits and Tax Profits for the year aggregating ₹ 491.20 million in the Profit and Loss Account, the details of which are as under:

(₹ in Million)

Particulars	Balance as at 31st March, 2010	Arising during the year	Balance as at 31st March, 2011
DEFERRED TAX LIABILITIES:			
On account of timing difference in:			
A] Depreciation and Amortisation	1,737.59	37.14	1,774.73
B] Voluntary Retirement Scheme	(2.77)	(0.08)	(2.85)
Total Deferred Tax Liabilities	1,734.82	37.06	1,771.88
DEFERRED TAX ASSETS:			
On account of timing difference in:			
A] Privilege Leave Encashment & Gratuity	138.38	15.15	153.53
B] Provision for Bad & Doubtful Debts and Advances	10.97	4.00	14.97
C] Disallowance u/s. 43 B of I.T. Act, 1961	35.35	11.84	47.19
D] Premium on Redemption of FCCBs	485.13	(485.13)	-
Total Deferred Tax Assets	669.83	(454.14)	215.69
NET DEFERRED TAX	1,064.99	491.20	1,556.19

Schedule "K" Notes forming part of the Financial Statements (Contd.):

14. Capital Work-in-Progress includes advances for supply of Capital Goods aggregating ₹ 826.57 million (Previous Year ₹ 345.94 million).

15. Advances recoverable in cash or in kind or for value to be received in schedule "G" includes:

    Loans aggregating ₹ 0.59 million (Previous year ₹ 0.77 million) granted to one executive who subsequently was, appointed as Whole Time Director of the Company. Maximum balance outstanding during the year ₹ 0.79 million (previous year ₹ 0.79 million).

16. 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.

17. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31-3-2011. The disclosure pursuant to the said Act is as under:

Particulars	₹ 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	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	0.06
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.84

Note: 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.

18. The Company had issued Foreign Currency Convertible Bonds (FCCBs) 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 GDRs/ 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 tranch of bonds originally issued in respect of each tranch, 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 Tranch of Bonds issued as discussed above:

Tranche	Amount USD Million	Face Value USD	Coupon Interest Rate % p.a.	Holders option to Convert			Company's option for Early Redemtion			Maturity	
				Excercise period		Intitial Price per Share ₹	Excercise 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%

Due to variables currently indeterminate, the premium on actual redemption for Tranche A & 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.

The unutilised amounts of money raised, as at 31st March, 2011 is ₹ Nil.

Schedule "K" Notes forming part of the Financial Statements (Contd.):

19. 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 year and proportionate amount for a period of 11 months for Debentures issued during the year.

20. Computation of Earnings Per Share (EPS):

(₹ in Million)

		As at 31st March, 2011	As at 31st March, 2010
Computation of Profit (Numerator)			
Net Profit		3,105.67	1,270.46
Add: Prior Period Adjustments		2.58	0.43
Net Profit attributable to Shareholders		3,108.25	1,270.89
Computation of Weighted Average Number of Shares (Denominator)		Nos.	Nos.
Number of Shares outstanding at the Beginning of the year		222,652,271	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		232,051,477	222,652,271
Computation of EPS - Basic (in ₹)	As at 31st March	13.39	5.71
EPS - Diluted - (in ₹)	As at 31st March	13.11	5.71

21. 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, as capital cost of acquisition of assets where they relate to acquisition of assets or to a Translation Reserve viz. "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA) in other cases. The amount so recognised as capital cost of acquisition of assets is to be depreciated over the balance life of the relevant assets and in case of the amount recognised in the FCMITDA is to be amortised, over the balance term of the monetary assets or liability, but not beyond 31st March, 2011.

    The Company had chosen to exercise this option in preparation of its financial statements from the year ended 31st March, 2009. Accordingly, Foreign exchange differences adjusted against the cost of the assets/ CWIP aggregates ₹ 34.88 million (gain), amount in "Foreign Currency Monetary Item Translation Difference Account " (FCMITDA) aggregates ₹ 4.44 million (gain) and amortised in the current year amounts to ₹ 39.20 million.

22. Bharat Forge America Inc. (BFA), a wholly owned subsidiary, has registered losses which have substantially eroded its Net worth. The Auditors of the Company have, given current adverse conditions prevailing in the American auto industry, disclaimed expression of any opinion on the validity of the assumption of going concern, the basis on which the financial statements have been prepared. In November 2010, the Management of BFA has successfully negotiated union contract resulting in considerable wage decrease for each of the next 3 years. This will help BFA in correcting the cost structure and targeting new business. Also, the Management of BFA, as at 31st December, 2010, has tested the assets for impairment, the results of which do not indicate any impairment losses and hence, the dimunition in the value of the Company's investment in this subsidiary is not considered to be of permanent nature.

23. 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 simpleforward 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 ₹ 13.98 million.

Schedule "K" Notes forming part of the Financial Statements (Contd.):

24. 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 Schemes: (₹ in Million)

		As at 31st March, 2011 Gratuity	As at 31st March, 2010 Gratuity
(i)	**Amount to be recognised in Balance Sheet:**		
	a. Present value of Funded obligations	486.01	411.14
	b. Fair value of Plan Assets	211.11	193.39
	c. Net Liability / (Asset) recognised in the Balance Sheet	274.90	217.75
	Amounts in Balance Sheet:		
	Liability	274.90	217.75
	Asset	-	-
	Net Liability	274.90	217.75
(ii)	**Amount to be Recognised in the Statement of Profit & Loss Account:**		
	a. Current Service Cost	34.52	28.10
	b. Interest on Defined Benefit Obligations	30.30	31.25
	c. Expected Return on Plan Assets	(17.44)	(16.11)
	d. Net Actuarial Losses/ (Gains) Recognised in year	56.07	(64.85)
	Total, included in "Payments to and Provisions for Employees"	103.45	(21.61)
(iii)	**Change in Defined Benefit obligation and reconciliation thereof:**		
	a. Opening Defined Benefit obligation	411.14	452.71
	b. Interest Cost	30.30	31.25
	c. Current service cost	34.52	28.09
	d. Actuarial Losses/ (Gain)	55.48	(63.66)
	e. Benefits Paid	(45.43)	(37.25)
	f. Closing Defined Benefit obligation	486.01	411.14
(iv)	**Change in the fair value of Plan Assets and the reconciliation thereof:**		
	a. Opening Fair Value of Plan Assets	193.39	181.97
	b. Add: Expected return on Plan Assets	17.44	16.11
	c. Add / (Less): Actuarial Losses / (Gains)	(0.58)	1.18
	d. Add: Contributions by employer	46.29	31.38
	e. Less: Benefits Paid	(45.43)	(37.25)
	f. Closing Fair value of plan Assets	211.11	193.39
(v)	**Principal Actuarial Assumptions:**		
	Discount Rate	8.00%	7.80%
	Expected Rate of Return on Assets (p.a.)	9.00%	9.00%
	Salary Escalation Rate	6.00%	6.00%

Unfunded Schemes:

Particulars	Compensated Absences	Compensated Absences
Present value of unfunded obligations	183.37	191.52
Expenses recognised in Profit and Loss Account		
Discount Rate	8.00%	7.80%
Salary Escalation Rate %	6.00%	6.00%

Experience History:

Particulars	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
Present value of Obligation	486.01	411.14	452.71
Plan Assets	211.11	193.39	181.97
Surplus (Deficit)	(274.90)	(217.75)	(270.74)
Experience adjustments on plan liabilities			
(loss)/gain	(59.59)	2.94	(56.84)
Experience adjustments on plan assets			
(loss)/gain	(0.59)	1.18	1.20

Schedule "K" Notes forming part of the Financial Statements (Contd.):

25. 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 licence, 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 ₹ 3.44 million.
        2) Later than one year, but not later than five years ₹ 0.89 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, 2011 ₹ 4.94 million.
    iv) Period of agreement is generally for three years and renewable at the option of the Lessee.
26. Information required in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached.
27. 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.
28. Related Party Disclosures have been set out in a separate statement annexed to this schedule. 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.
29. Expenditure on Research and Development: (₹ in Million)

	Particulars	2010-11	2009-10
A.	**On Revenue Account:**		
	Manufacturing Expenses:		
	Stores, Spares & Tools Consumed	3.30	1.49
	Building Repairs & Machinery Repairs	0.88	0.59
	Payments to & Provision for Employees:		
	Salaries, Wages, Bonus, Allowances etc.	23.44	14.49
	Contribution to Provident & Other Funds & Schemes	3.42	2.18
	Other Expenses:		
	Legal & Professional Charges	1.84	3.10
	Membership Fees	0.76	0.76
	EDP Expenses	4.21	0.82
	Other Expenses	23.55	5.12
	Total	61.40	28.55
B.	**On Capital Account:**	13.84	-
	Total Research & Development Expenditure (A+B)	**75.24**	**28.55**

30. Significant accounting policies followed by the Company are as stated in the statement annexed to this schedule.
31. 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.
32. Previous financial year's figures have been regrouped wherever necessary to make them comparable with those of the current year.

For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451
Mumbai: May 24, 2011

BEEJAL DESAI
Company Secretary

Mumbai: May 24, 2011

On behalf of the Board of Directors
B.N. KALYANI
Chairman & Managing Director

G.K. AGARWAL
Deputy Managing Director

Annexure referred to in Note No. 28 of Notes forming part of Financial Statements:
Disclosure of Transactions with Related Parties as required by Accounting Standard 18:

(₹ in Million)

Sr. No.	Particulars	Year	Subsidiary Company	Associates	Key Management Personnel
1.	Purchase of goods	2010-11	8.67	8,480.02	-
		2009-10	-	5,407.99	-
2.	Sale of goods	2010-11	145.09	1,743.67	-
		2009-10	-	1,049.02	-
3.	Rendering of services	2010-11	-	-	201.89
		2009-10	-	-	122.20
4.	Sale of Sales Tax Entitlement	2010-11	-	-	-
		2009-10	-	-	-
5.	Reimbursement of Expenses Paid	2010-11	98.55	4.23	-
		2009-10	37.02	4.32	-
6.	Reimbursement of Expenses Received	2010-11	10.61	86.29	-
		2009-10	51.58	46.19	-
7.	Dividend Paid	2010-11	-	-	0.39
		2009-10	-	-	0.39
8.	Finance Provided:				
	- Investments	2010-11	265.56	504.29	-
		2009-10	831.19	258.64	-
	- Loan	2010-11	602.99	-	-
		2009-10	-	-	-
	- Advance	2010-11	198.85	-	-
		2009-10	-	-	-
9.	Interest on Loan given	2010-11	22.05	-	-
		2009-10	10.14	-	-
10.	Expenses	2010-11	405.49	-	-
		2009-10	5.87	-	-
11.	Balance Payable by BFL as on	31st March, 2011	-	3,274.68	92.00
		31st March, 2010	-	2,416.72	39.00
12.	Balance Receivable by BFL as on:				
	- Investments	31st March, 2011	4,768.74	762.93	-
		31st March, 2010	4,503.18	258.64	-
	- Loans	31st March, 2011	1,067.02	-	-
		31st March, 2010	464.03	-	-
	- Advance	31st March, 2011	198.85	-	-
		31st March, 2010	-	-	-
	- Other Receivable	31st March, 2011	682.43	472.02	-
		31st March, 2010	141.25	351.78	-

Annexure referred to in Note No. 28 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	Kalyani Carpenter Special Steels Limited
		Technica U.K. Limited
		ALSTOM Bharat Forge Power Limited
		Impact Automotive Solutions Pvt. 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

Annexure referred to in Note No. 30 in Schedule "K" Notes forming part of the Financial Statements: Statement on Significant Accounting Policies:

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 years.

   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.

Annexure referred to in Note No. 30 in Schedule “K” Notes forming part of the Financial Statements (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. 21 in Schedule “K” 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.

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

Annexure referred to in Note No. 30 in Schedule "K" Notes forming part of the Financial Statements (Contd.):

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.

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.

   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.

Annexure referred to in Note No. 30 in Schedule "K" Notes forming part of the Financial Statements (Contd.):

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 Assets:

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.

Statement pursuant to part IV of schedule VI to the companies Act, 1956:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details:-

Registration No. - 1 2 0 4 6 State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 1 1

Date Month Year

II. Capital Raised during the Year - (Amount in ₹ '000)

Public Issue	NIL
Bonus Issue	NIL
GDRs, Warrants & FCCBs Conversion	284
Private Placement	20000

III. Position of Mobilisation and Deployment of Funds - (Amount in ₹ '000)

Total Liabilities	36244037
Total Assets	36244037

Sources of Funds:

Paid-up Equity Share Capital	465683
Reserves & Surplus	19488180
Paid-up Preference Share Capital	NIL
Secured Loans	11057751
Unsecured Loans	3676227
Deferred Tax Liability Net of Assets	1556196

Application of Funds:

Net Fixed Assets	19243518
Investments	9198188
Technical Know-How	NIL
Net Current Assets	7802331
Misc. Expenditure	NIL
Accumulated Losses	NIL

IV. Performance of Company - (Amount in ₹ '000)

Turnover	29935467
Total Expenditure	25459387
Profit Before Tax	4476080
Profit After Tax	3105670
Earning per Share in ₹	13.39
Dividend Rate %	175

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	73269099
Product Description	FORGING STEEL FORGING FORGE ARTICLES
Item Code No. (ITC Code)	84831099
Product Description	CRANKSHAFTS FINISHED MACHINED CRANKSHAFTS
Item Code No. (ITC Code)	87081090
Product Description	AXLES FRONT AXLE ASSEMBLY AND COMPONENTS OF MOTOR VEHICLE

On behalf of the Board of Directors

B.N. KALYANI
Chairman & Managing Director

BEEJAL DESAI
Company Secretary

G.K. AGARWAL
Deputy Managing Director

Mumbai: May 24, 2011

Auditors' Report for the year ended 31st March, 2011:

TO THE BOARD OF DIRECTORS OF
BHARAT FORGE LIMITED

REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 1(i) on Schedule 'L' to the attached consolidated financial statements) as at 31st March 2011, 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. The financial statements of CDP Bharat Forge GmbH and its subsidiaries, a subsidiary, whose consolidated financial statements for the year ended 31st December 2010 reflect total assets of EUR 258.02 million (previous year EUR 217.06 million), total revenues for the year of EUR 343.81 million (Previous year EUR 209.59 million), net profit of EUR 2.78 million (previous year net loss of EUR 24.34 million) and net cash outflows amounting to EUR 3.04 million (Previous year inflow of EUR 1.53 million) for the year ended 31st December 2010. This consolidated financial statement have been audited by independent firms of Accountants under the laws of the country of their incorporation, whose report has 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. Also, the financial statements of Bharat Forge America Inc., a subsidiary, whose financial statements for the year ended 31st December 2010 reflect total assets of US $ 16.67 million (Previous Year US $ 17.28 million) and total revenues of US $ 20.24 million (Previous Year US$ 20.54 million), net loss of US$ 4.60 million (previous year net loss of US$ 4.85 million) and total net cash inflows of US $ 0.36 million (Previous Year US$ 0.22 million). This financial statement have been audited by independent firms of Accountants under the laws of the country of their incorporation, whose report has 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.
5. We have audited the financial statements of BF-NTPC Energy Systems Limited, a subsidiary, whose financial statement for the year ended 31st March 2011 reflect total assets of ₹ 104.24 million (Previous year ₹ 129.50 million), total revenues of ₹ 3.47 million (Previous year ₹ Nil), net loss of ₹ 5.06 million (Previous Year ₹ Nil) and total net cash outflows are ₹ 41.18 million (Previous year inflow of ₹ 83.32 million)
6. We did not audit the financial statements of (i) 4 subsidiaries and 2 jointly controlled entities included in the consolidated financial statements, which constitute total assets of ₹ 3,304.81 million (Previous Year Nil) as at 31st March, 2011, total revenue of ₹ 73.75 million (Previous Year ₹ Nil), net loss of ₹ 233.32 million and net cash flows amounting to ₹ 886.31 million for the year then ended; and (ii) an associate company which constitute net profit of ₹ 0.98 million (previous Year net loss of ₹ 1.62 million) for the year ended 31st December, 2010. 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.
7. 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 211of the Companies Act, 1956.
8. Matters of Emphasis reported upon by the Auditors of Subsidiaries:
   i) The Auditors of Bharat Forge America Inc. have without qualifying their opinion, have emphasised a matter relating to threat to the Going Concern assumption in the audit report which is reproduced below:

      As discussed in the Note 11 B (Reference to Consolidated Financial Statements under this report), the North American automotive industry is experiencing significant financial difficulty and is projecting significantly lower production volumes than prior years. The Company and its operations continue to be affected by these industry conditions, which indicated 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 11 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) The Auditors of Bharat Forge Scottish Stampings Limited (BFSSL). a wholly owned subsidiary of CDP BF, have modified their opinion, have emphasized a matter in respect of the Going Concern assumption not being met in the audit report which is reproduced below:

      In forming our opinion on the financial statements, which are not qualified, we have considered the adequacy of the disclosure made in note 11 (C) (Reference to Consolidated Financial Statements under this report), 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.
9. 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 2011;
   (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: 24th May 2011

KALYANI

Consolidated Balance Sheet as at 31st March, 2011:

(₹ in Million)

	Schedule			As at 31st March, 2010
I. SOURCES OF FUNDS:				
1. Shareholders' Funds:				
(a) Share Capital	"A"	465.68		445.40
(b) Reserves and Surplus	"B"	19,063.77		14,184.56
			19,529.45	14,629.96
2. Loan Funds:				
(a) Secured Loans	"C"	13,411.74		11,713.64
(b) Unsecured Loans	"D"	5,537.93		10,812.93
			18,949.67	22,526.57
3. Minority Interest			1,542.14	782.70
4. Foreign Currency Monetary Item Translation Difference Account (FCMITDA)			-	12.28
5. Deferred Tax Adjustment:				
(a) Deferred Tax Liabilities		1,771.88		1,734.82
(b) Deferred Tax Assets		(445.86)		(895.63)
(c) Share in Deferred Tax Assets of Joint Venture		(5.45)		-
			1,320.57	839.19
Total			**41,341.83**	**38,790.70**
II. APPLICATION OF FUNDS:				
1. Fixed Assets:				
(a) Gross Block		44,975.83		41,339.94
(b) Less: Depreciation		20,382.90		17,266.74
(c) Net Block	"E"	24,592.93		24,073.20
(d) Capital work-in-progress		2,758.08		1,987.27
(e) Share in Capital work-in-progress of Joint Venture		287.36		-
(f) Share in Pre Operative Expenses pending allocation of Joint Venture		23.50		-
			27,661.87	26,060.47
2. Goodwill arising on Capital Consolidation			34.28	4.54
3. Investments	"F"		3,668.19	2,736.87
4. Current Assets, Loans and Advances:	"G"			
(a) Inventories		8,114.94		6,574.51
(b) Sundry Debtors		7,538.57		5,043.82
(c) Cash and Bank Balances		3,109.50		5,976.55
(d) Other Current Assets		1,960.88		1,371.69
(e) Loans and Advances		6,916.73		5,204.22
		27,640.62		24,170.79
Less: Current Liabilities and Provisions:	"H"			
(a) Liabilities		13,368.73		11,164.03
(b) Provisions		4,705.78		3,017.99
		18,074.51		14,182.02
Net Current Assets			9,566.11	9,988.77
5. Miscellaneous Expenditure:				
(to the extent not written off or adjusted)	"I"		411.38	0.05
Total			**41,341.83**	**38,790.70**
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	"L"			

As per our attached report of even date

For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451
Mumbai: May 24, 2011

BEEJAL DESAI
Company Secretary

Mumbai: May 24, 2011

On behalf of the Board of Directors
B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Consolidated Profit and Loss Account for the year ended 31st March, 2011:

(₹ in Million)

	Schedule			Previous Year
INCOME:				
Sales, Gross	"J (a)"	51,214.93		33,487.96
Less: Excise Duty		1,528.88		871.96
Net Sales		49,686.05		32,616.00
Operating Income	"J (b)"	1,186.90		659.95
			50,872.95	33,275.95
Other Income	"J (c)"		671.46	511.16
			51,544.41	33,787.11
EXPENDITURE:				
Manufacturing and other expenses	"K "	44,551.43		31,239.19
Depreciation and amortisation	"K (a) "	2,548.18		2,451.16
			47,099.61	33,690.35
Operating Profit for the year before Exceptional Item & Taxation			4,444.80	96.76
Exceptional Item of Expenditure (See Note 6)			(77.12)	(742.14)
Profit/(Loss) for the year before Income from Associate & Taxation			4,367.68	(645.38)
Income/(Loss) from Associate			0.98	(1.62)
Provision for Taxation:				
Current Tax (Including Wealth Tax ₹ 2.50 million				
Previous year ₹ 2.20 million)		904.89		522.37
Share in Current Tax of Joint Venture		0.08		-
Deferred Tax		502.22		(403.39)
Share in Deferred Tax of Joint Venture		(5.45)		-
			1,401.74	118.98
Net Profit/(Loss) after taxation			2,966.92	(765.98)
Less: Minority Interest			67.86	(131.76)
Net Profit after Minority Interest			2,899.06	(634.22)
As per last Account			5,642.15	6,930.52
			8,541.21	6,296.30
Adjustments relating to earlier years:				
Excess/ (Short) provision for taxation and tax payments			2.58	0.43
Pension Liabilities (Net of Deferred Tax)			-	(49.41)
Expenditure on Start up activities			(22.11)	-
Profit available for Appropriation			8,521.68	6,247.32
APPROPRIATIONS:				
Debenture Redemption Reserve			399.42	206.22
General Reserve			311.00	127.50
Proposed Dividend		814.78		232.79
Tax on Proposed Dividend		132.18		38.66
			946.96	271.45
Balance carried to Balance Sheet			**6,864.30**	**5,642.15**
Earning Per Share:				
(Face value of ₹ 2/-)				
Net Profit/(Loss) after Minority Interest			2,899.06	(634.22)
Prior period adjustments			(19.53)	(48.98)
Net Profit/(Loss) after Prior period adjustments			2,879.53	(683.20)
Basic			12.41	(3.07)
Diluted			12.15	(3.07)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	"L"			

As per our attached report of even date

For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451
Mumbai: May 24, 2011

BEEJAL DESAI
Company Secretary

Mumbai: May 24, 2011

On behalf of the Board of Directors
B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Consolidated Cash Flow Statement for the year ended 31st March, 2011:

(₹ in Million)

Sr. No.	Particulars		2010-11	2009-10
A	CASH FLOW FROM OPERATING ACTIVITIES:			
	Profit before tax		4,368.66	(647.00)
	Add/(Less): Share of (Profit)/Loss in Associate		(0.98)	1.62
			4,367.68	(645.38)
	Adjustments For:			
	Interest/Depreciation/Other Non Cash Expenses:			
	i) Depreciation and amortisation		2,548.18	2,451.16
	ii) Amount written off against technical know-how		-	2.10
	iii) Loss on assets sold, demolished, discarded		28.18	9.99
	iv) Provision for doubtful debts & advances		45.93	5.00
	v) Adjustments in respect of earlier years:			
	Excess/ (Short) provision for Taxation and tax refunds		(19.53)	(48.98)
	vi) Bad debts, irrecoverable advances and sundry balances written off		24.41	101.16
	vii) Proportionate deferred revenue expenses written off		5.05	4.34
	viii) Interest paid		1,529.36	1,303.02
	ix) Exchange Loss		(5.81)	(249.55)
		Total	**4,155.77**	**3,578.24**
	Interest/Dividend/Other Income Adjustments:			
	i) Interest Received		(121.91)	(111.33)
	ii) Dividend		(142.71)	(75.14)
	iii) Profit on sale of investments		(52.13)	(61.74)
	iv) Surplus on sale of assets		(31.75)	-
	v) Provisions no longer required		(42.76)	(82.56)
	vi) Provision for doubtful debts & advances written back		(0.10)	(28.43)
		Total	**(391.36)**	**(359.20)**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		8,132.09	2,573.66
	Changes in Working Capital:			
	(Increase)/Decrease in Current Assets:			
	i) Inventories		(1,540.43)	1,341.95
	ii) Sundry debtors		(2,519.06)	289.31
	iii) Other current assets and loans and advances		(2,185.42)	(3.56)
			(6,244.91)	1,627.70
	Increase/(Decrease) in Current Liabilities:			
	Liabilities		2,154.85	1,582.32
			2,154.85	1,582.32
		Total	**(4,090.06)**	**3,210.02**
	CASH GENERATED FROM OPERATIONS		4,042.03	5,783.68
	Direct taxes paid		(567.11)	(493.60)
	CASH FROM OPERATING ACTIVITIES		3,474.92	5,290.08
	Less: Minority Interest		67.86	(131.76)
	NET CASH FROM OPERATING ACTIVITIES	(A)	3,407.06	5,421.84

Consolidated Cash Flow Statement for the year ended 31st March, 2011 (Contd.):

(₹ in Million)

Sr. No.	Particulars			2010-11	2009-10
B	CASH FLOW FROM INVESTMENT ACTIVITIES:				
	i)	(Increase)/Decrease in Investment in Mutual funds		(1,183.28)	(2,297.65)
	ii)	Investment in Joint Ventures		258.62	(436.89)
	iii)	Investment in Associates, Subsidiaries & Equity Shares		(5.68)	-
	iv)	Capital expenditure		(5,089.26)	(1,350.10)
	v)	Sale proceeds of assets/adjustments to gross block		864.02	(274.54)
	vi)	Interest Capitalised		10.21	25.84
	vii)	Non Operating Income		316.75	248.21
	viii)	Project Expenses		-	(75.67)
	ix)	Goodwill on Consol		(29.74)	-
			Total	**(4,858.36)**	**(4,160.80)**
	NET CASH USED IN INVESTING ACTIVITIES		(B)	(4,858.36)	(4,160.80)
C	CASH FLOW FROM FINANCING ACTIVITIES:				
	Increase/(Decrease) in Share Capital/Borrowings:				
	i)	Share Capital		20.28	-
	ii)	Secured loans - Term Loans		1,145.93	3,399.34
	iii)	Fixed deposits, unsecured loan		(5,251.03)	567.95
	iv)	Cash credit, & other borrowings from banks		564.17	(2,086.84)
			Total	**(3,520.65)**	**1,880.45**
	Adjustments to net worth:				
	i)	Foreign Currency Translation Reserve		423.78	(287.61)
	ii)	Revaluation Reserve for Security Investment		-	24.23
	iii)	Minority interest		759.44	(171.13)
	iv)	Debenture Issue Expenses		(19.51)	(27.09)
	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		22.68	10.03
			Total	**3,863.62**	**(451.57)**
	Interest Paid:				
	i)	Interest Paid		(1,476.29)	(1,310.07)
	ii)	Capitalised		(10.21)	(25.84)
			Total	**(1,486.50)**	**(1,335.91)**
	Dividend			(272.22)	(260.86)
	NET CASH USED IN FINANCING ACTIVITIES		(C)	(1,415.75)	(167.89)
	Net change in cash and cash equivalents		(A+B+C)	(2,867.05)	1,093.15
	Cash and cash equivalents as at 01.04.10 (opening balance)			5,976.55	4,883.40
	Cash and cash equivalents as at 31.03.11 (closing balance)			3,109.50	5,976.55

As per our attached report of even date

For DALAL & SHAH
Firm Registration No. 102021 W
Chartered Accountants

ANISH AMIN
Partner
Membership No. 40451
Mumbai: May 24, 2011

BEEJAL DESAI
Company Secretary

Mumbai: May 24, 2011

On behalf of the Board of Directors
B. N. KALYANI
Chairman & Managing Director

G. K. AGARWAL
Deputy Managing Director

Schedule "A" to "L" annexed to and forming part of the Consolidated Financial Statements for the year ended on 31st March, 2011:

(₹ in Million)

Schedule "A" Share Capital:			As at 31st March, 2 010
Authorised:			
300,000,000	Equity Shares of ₹ 2/- each	600.00	600.00
43,000,000	Cumulative Preference Shares of ₹ 10/- each	430.00	430.00
2,000,000	Unclassified Shares of ₹ 10/- each	20.00	20.00
		1,050.00	1,050.00
Issued:			
232,970,666	222,828,621 Equity Shares of ₹ 2/- each	465.94	445.66
		465.94	445.66
Subscribed:			
232,794,316	222,652,271 Equity Shares of ₹ 2/- each fully paid	465.59	445.31
172,840	Add: Forfeited Equity Shares (amount paid up)	0.09	0.09
	Total	**465.68**	**445.40**

Notes: Of the above Shares:

A Prior to Sub-division of Share Capital:

(i) 47,600 Equity Shares of ₹ 10/- each were issued as fully paid up for consideration other than cash, pursuant to a contract.

(ii) 8,682,500 Equity Shares of ₹ 10/- each were issued as fully paid Bonus Shares by way of capitalisation of Share Premium Account and Reserves.

(iii) 1,568,600 Equity Shares of ₹ 10/- each were issued at a premium of ₹ 186.93 per share, under Senior Executives Stock-Cum Share Option Scheme.

(iv) 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 (GDRs) (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.

(v) The Company had also issued Foreign Currency Convertible Bonds (FCCBs) optionally convertible at an initial price specified in offering circular. As the initial price is subject to adjustments specified in the offering circular and inability to assess the proportion of conversion, no amounts have been shown under issued Equity Share Capital, in respect of Equity shares deemed to be issued on exercise of conversion by bondholders.

B Subsequent to Sub-division of the Equity Share Capital:

(i) 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 pending adjudication of title to the pre right holding.

(ii) 142,045 Equity Shares of ₹ 2/- each were issued and allotted on 9th April, 2010 at a premium of ₹ 382.12 per share on Conversion of U.S.$ 1,250,000 0.50% Foreign Currency Convertible Bonds (FCCBs) Tranche-2 in terms of Offering Circular dated 15th April, 2005.

(iii) The Company issued and allotted to Qualified Institutional Buyers (QIBs), 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 (NCDs) 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.

Schedule "B" Reserves and Surplus:

(₹ in Million)

				As at 31st March, 2 010
Capital Reserve:				
i) Special Capital Incentive (Under the 1988 Package Scheme of Incentives)				
As per last Account		2.50		2.50
ii) Capital Surplus arising from early retirement of				
Sales tax deferral liability/Loan under package				
Scheme of Incentive of Government of Maharashtra				
As per last Account	61.28			69.92
Less: Transferred to General Reserve	8.64			8.64
		52.64		61.28
iii) Warrants subscription money (See foot note B(iii) to Schedule "A")		13.00		-
			68.14	63.78
Capital Redemption Reserve Account:				
As per last Account			300.00	300.00
Securities Premium Account:				
As per last Account		6,016.94		7,019.35
On allotment of:				
142,045 Equity Shares of ₹ 2/- each on conversion of FCCBs		54.28		-
10,000,000 Equity shares ₹ 2/- each Qualified Institutional Buyers				
issue during the year		2,700.00		-
		8,771.22		7,019.35
Less: Premium on Redemption of Foreign Currency Convertible				
Bonds in terms of Section 78 of Companies Act, 1956		-		975.32
Less: Share Issue Expenses		90.05		-
Less: Debenture Issue Expenses				
in terms of Section 78 of the Companies Act, 1956				
(Net of Tax Asset of ₹ 9.71 million)		19.51		27.09
			8,661.66	6,016.94
Foreign Currency Translation Reserve:			389.58	(34.20)
Debenture Redemption Reserve:				
As per last Account		232.32		26.10
Set aside during the year		399.42		206.22
			631.74	232.32
General Reserve:				
As per last Account		1,792.05		1,645.88
Add: Transferred from Capital Reserve		8.64		8.64
		1,800.69		1,654.52
Add: Adjustments on adoption of International Financial Reporting				
Standards by Subsidiaries		22.68		10.03
Add: Set aside from Profit & Loss Account		311.00		127.50
			2,134.37	1,792.05
Hedge Reserve:				
As per last Account		171.52		-
Add: Arising during the year		69.33		171.52
		240.85		171.52
Less: Adjusted during the year		226.87		-
			13.98	171.52
Surplus as per Annexed Account:				
Surplus as per Annexed Account			6,864.30	5,642.15
Total			**19,063.77**	**14,184.56**

Schedule "C" Secured Loans:

(₹ in Million)

			As at 31st March, 2 010
Debentures:			
2,500 11.95% Redeemable Secured Non-Convertible Debentures (2009-2017) Sixteenth Series of ₹ 1,000,000/- each		2,500.00	2,500.00
3,500 10.75% Redeemable Secured Non-Convertible Debentures (2009-2015) Seventeenth Series of ₹ 1,000,000/- each		3,500.00	3,500.00
1,760 (-) 10.75% Redeemable Secured Non-Convertible Debentures (2010-2016) Eighteenth Series of ₹ 1,000,000/- each		1,760.00	-
Foreign Currency Term Loans:			
From Bank of India, London		223.05	336.82
From Credit Agricole Corporate & Investment Bank, Singapore		2,230.50	2,245.50
From ICICI Bank, New York		264.98	-
From Bank of India, New York		-	254.44
From Commerzbank AG		-	82.47
From ICICI Bank, Frankfurt		507.24	-
From Hypo Vereins Bank		-	3.03
From Bank of Communication		383.50	343.93
Rupee Term Loan:			
From Axis Bank		225.00	-
Short term Loan:			
From Bank of India, London		-	1,210.60
From Credit Agricole Corporate & Investment Bank, London		220.72	204.26
Others:			
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.			
Cash Credit	1,123.90		502.32
Preshipment Packing Credit-Foreign Currency	472.85		530.26
Interest accrued and due on above	-		0.01
		1,596.75	1,032.59
Total		**13,411.74**	**11,713.64**

Schedule "D" Unsecured Loans:

Foreign Currency Convertible Bonds (FCCBs):			
0.5% Tranche 1 FCCBs, outstanding U.S. $ Nil (previous year U.S. $ 43.5 million) (Redeemed during the year on 20th April, 2010)	-		1,953.58
0.5% Tranche 1 FCCBs, outstanding U.S. $ Nil (previous year U.S. $ 60.0 million) (Redeemed during the year on 20th April, 2010)	-		2,694.60
0% Tranche A FCCBs, outstanding U.S. $ 40.0 million	1,784.40		1,796.40
0% Tranche B FCCBs, outstanding U.S. $ 39.9 million	1,779.94		1,791.91
		3,564.34	8,236.49
Sales tax deferral liability under Government of Maharashtra Package Scheme of Incentives		69.44	69.44
Short Term Loans from Banks for Working Capital		1,821.70	1,506.60
Term Loans from Banks & Financial Institutions		40.00	-
Short Term Loans from Banks under a buyers line of Credit for import of goods, etc.		42.10	-
Fixed Deposits matured but unclaimed		0.35	0.40
Short Term Borrowings by issue of "Commercial Paper" by the Company (Maximum balance outstanding during the period ₹ 1,000 million)		-	1,000.00
Total		**5,537.93**	**10,812.93**

Schedule "E" Fixed Assets:

(₹ in Million)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Upto 31/03/2010	Additions During the Year and Foreign currency exchange rate adjustments	Deductions During the Year	As At 31/03/2011	Upto 31/03/2010	Recoupments & Foreign currency exchange rate adjustments	For the year	Upto 31/03/2011	As At 31/03/2011	As At 31/03/2010
1	Land, Free hold	326.33	69.22	-	395.55	-	-	-	-	395.55	326.33
2	Land, Lease hold	241.68	110.50	0.95	351.23	-	-	2.29	2.29	348.94	241.68
3	Buildings	3,482.74	391.49	-	3,874.23	615.14	(34.38)	112.61	762.13	3,112.10	2,867.60
4	Plant & Machinery	30,916.39	2,620.05	200.13	33,336.31	14,022.72	(443.21)	1,919.46	16,385.39	16,950.92	16,893.67
5	Dies & Fixtures	720.94	170.57	0.95	890.56	63.00	(2.87)	23.20	89.07	801.49	657.94
6	Railway Sidings	0.45	-	-	0.45	0.43	-	-	0.43	0.02	0.02
7	Electrical Installations	330.25	164.50	-	494.75	173.09	-	27.51	200.60	294.15	157.16
8	Factory Equipments	476.33	14.69	-	491.02	275.66	-	57.14	332.80	158.22	200.67
9	Engineering Instruments	0.09	-	-	0.09	0.09	-	-	0.09	-	-
10	Furniture & Fittings	235.82	26.55	0.31	262.06	123.80	0.18	23.36	146.98	115.08	112.02
10a	Share in Furniture & Fittings of Joint Venture	-	0.02	-	0.02	-	-	-	-	0.02	-
11	Office Equipments	48.45	2.28	-	50.73	25.51	13.98	3.34	14.87	35.86	22.94
11a	Share in Office Equipments of Joint Venture	-	0.08	-	0.08	-	-	-	-	0.08	-
12	Vehicles & Aircraft	2,203.23	49.21	18.33	2,234.11	490.36	(5.72)	137.29	633.37	1,600.74	1,712.87
13	Power Line	97.77	-	-	97.77	16.06	-	15.11	31.17	66.60	81.71
14	Intangible Assets	443.70	(80.61)	-	363.09	181.23	(21.44)	34.18	236.85	126.24	262.47
15	Software	4.83	(0.02)	-	4.81	3.02	0.06	1.43	4.39	0.42	1.81
16	Other Equipments	1,810.94	390.78	73.13	2,128.59	1,276.63	(73.25)	192.57	1,542.45	586.14	534.31
17	Temporary Structure	-	0.38	-	0.38	-	-	0.02	0.02	0.36	-
	Total	**41,339.94**	**3,929.69**	**293.80**	**44,975.83**	**17,266.74**	**(566.65)**	**2,549.51**	**20,382.90**	**24,592.93**	**24,073.20**
	Previous Year's Total	40,270.75	1,584.20	515.01	41,339.94	15,594.43	774.31	2,446.62	17,266.74	24,073.20	

Schedule “F” Investments:

(₹ in Million)

		As at 31st March, 2 010
Long Term:		
In Joint Ventures	0.28	258.90
In Associates	1.39	0.41
In Subsidiaries	-	29.91
In Equity Shares		
Others	185.59	150.00
In Mutual Fund Units	3,480.93	2,297.65
Total	**3,668.19**	**2,736.87**

Schedule “G” Current Assets, Loans and Advances:

a) Inventories, as valued and certified by the Chairman & Managing Director:				
Stores, Spares and Loose Tools (at cost) *		954.52		828.75
Die Blocks & Die & Tool Steel (at cost)		340.57		372.24
Raw Materials & Components (at cost) *		2,390.96		1,667.75
Work-in-Progress (at lower of cost or estimated realisable value)		2,768.53		2,362.12
Finished Goods (at lower of cost or selling price)		684.35		439.08
Dies (at cost, less amortisation) & Dies under fabrication *		957.39		887.20
Scrap (at estimated realisable value)		18.62		17.37
			8,114.94	6,574.51
(*) Slow moving and obsolete Inventory is valued at Cost or Estimated realisable value, whichever is lower				
b) Sundry Debtors, Unsecured: (unless otherwise stated) (Net of Bills Discounted with Banks):				
(i) Over six months:				
Good		399.01		647.54
Doubtful	18.04			105.54
Less: Provision	18.04			105.54
		-		-
		399.01		647.54
(ii) Other:				
Good		7,139.56		4,396.28
Doubtful	15.06			12.74
Less: Provision	15.06			12.74
		-		-
			7,538.57	5,043.82
c) Cash and Bank Balances:				
Cash on Hand		1.20		0.80
Share in Cash on Hand of Joint Venture		1.67		-
Remittance in Transit		2.92		-
Bank Balances:				
With Scheduled Banks:				
In Cash Credit and Current Accounts	369.10			219.21
Share in Cash Credit and Current Accounts of Joint Venture	0.29			-
In Fixed Deposits	1,618.03			4,799.29
Share in Fixed Deposits of Joint Venture	294.50			-
Interest funded on Cumulative Fixed Deposits	0.01			0.01
	2,281.93			5,018.51
carried over			15,653.46	11,618.33

Schedule "G" Current Assest, Loans and Advances (Contd.):

(₹ in Million)

					As at 31st March, 2 010
brought over				15,653.46	11,618.33
With Other Banks Outside India:					
In Current account		821.78			567.99
In Fixed Deposits**		-			389.25
		821.78			957.24
			3,103.71		5,975.75
				3,109.50	5,976.55
d) Other Current Assets:					
Interest receivable			30.63		28.87
Share in Interest receivable of Joint Venture			0.41		-
Other Current Assets			552.43		630.28
Bills Receivable			460.38		199.46
Energy Credit receivable-Wind Mill			44.48		1.93
Certified Emission Reduction Units receivable			7.76		8.64
Export incentives receivable			864.79		502.51
				1,960.88	1,371.69
e) Loans and Advances, Unsecured, Good:					
(Unless otherwise stated)					
Loan to a Company			309.09		309.09
Advances recoverable in cash or in kind or for value to be received:					
Good		3,129.15			1,779.16
Doubtful Advances	36.24				23.12
Less: Provision	36.24				23.12
		-			-
			3,129.15		1,779.16
Share in Advances recoverable in cash or in kind or for value to be received of Joint Venture			104.33		-
Expenditure to date on Projects pending adjustment on completion/conclusion			16.04		285.91
Security Deposit for Supply/Purchase of Power			212.42		211.45
Balances with Customs, Central Excise Departments etc.			377.67		375.04
MAT credit available for Set off			-		157.40
Tax paid in advance			2,766.99		2,086.17
Share in Tax paid in advance of Joint Venture			1.04		-
				6,916.73	5,204.22
Total				**27,640.62**	**24,170.79**

** Fixed Deposits include ₹ 0.00 (Euro 0.00) (Previous year ₹ 72.46 million (Euro 1.20 million)) earmarked to secure employees claims due to agreements for early retirement against insolvency.

Schedule "H" Current Liabilities and Provisions:

(₹ in Million)

					As at 31st March, 2 010
(a)	LIABILITIES:				
	Acceptances		1,922.25		1,887.99
	Sundry Creditors				
	Dues to Micro and Small Enterprises	-			-
	Dues to Other than Micro and Small Enterprises	11,001.79			7,735.69
			11,001.79		7,735.69
	Share in Sundry Creditors of Joint Venture		75.90		-
	Premium on redemption on FCCBs		-		1,305.53
	Advance against Orders		146.62		64.96
	Unclaimed Dividends		14.00		14.77
	Interest accrued but not due on loans		208.17		155.09
				13,368.73	11,164.03
(b)	PROVISIONS:				
	For Long Term Employee Benefits		985.83		853.33
	For Share in Long Term Employee Benefits of Joint Venture		2.07		-
	For Taxation		2,770.90		1,893.21
	For Share in Taxation of Joint Venture		0.02		-
	For Proposed Dividend		814.78		232.79
	For Tax on Proposed Dividend		132.18		38.66
				4,705.78	3,017.99
	Total			**18,074.51**	**14,182.02**

Schedule "I" Miscellaneous Expenditure:

(To the extent not written off or adjusted)				
Preliminary Expenses			-	0.05
Expenditure on Projects pending allocation			411.38	-
Total			**411.38**	**0.05**

Schedule "J" Sales, Operating & Other Income:

				Previous year
(a)	Sales:			
	Sales (Net of returns, rebates etc.)	48,210.78		31,788.18
	Job Work Receipts	281.57		143.74
	Sale of Manufacturing scrap	2,722.58		1,556.04
			51,214.93	33,487.96
(b)	Operating Income:			
	Export Incentives	880.84		419.59
	Die Design and Preparation Charges	302.61		236.05
	Sale of Certified Emission Reduction Units	3.45		4.31
			1,186.90	659.95
(c)	Other Income:			
	Dividend Income from Investment in Mutual Funds, Current Investments	142.71		75.14
	Profit on Sale of Non Trade, Current Investments	52.13		61.74
	Interest on Deposits etc.:			
	(Gross, tax deducted ₹ 3.95 million, Previous year ₹ 7.93 million)	111.22		111.33
	Share in Interest on Deposits etc. of Joint Venture	10.69		-
	Miscellaneous Receipts	206.95		151.96
	Gain on Foreign Exchange Fluctuations, (Net)	73.14		-
	Surplus on Sale of Assets	31.75		-
	Tender Sale	0.01		-
	Bad debts recovered	0.10		-
	Provision for Doubtful Debts and advances written back	-		28.43
	Provisions no longer required	42.76		82.56
			671.46	511.16
	Total		**53,073.29**	**34,659.07**

Schedule "K" Manufacturing and Other Expenses:

(₹ in Million)

						Previous year
(1)	Materials:					
	Raw Materials & Components consumed			24,033.08		14,959.75
	Die Blocks, Die & Tools Steel Consumed			843.56		545.84
	Merchandise & Finished goods Purchased			62.22		78.05
	Excise Duty on year end Inventory					
	On Closing Stock		1.73			1.63
	Less: on Opening Stock		1.63			1.27
				0.10		0.36
	(Increase) / Decrease in Stocks:					
	Stocks at Close:					
	Work-in-Progress		2,768.53			2,362.12
	Finished Goods		684.35			439.08
	Die Room Inventory		957.39			887.20
	Scrap		18.62			17.37
			4,428.89			3,705.77
	Less: Stocks at Commencement:					
	Work-in-Progress		2,362.12			2,560.08
	Finished Goods		439.08			1,015.41
	Die Room Inventory	887.20				1,231.67
	Less: Reclassified as Fixed Asset	-				375.35
			887.20			856.32
	Scrap		17.37			16.62
			3,705.77			4,448.43
				(723.12)		742.66
					24,215.84	16,326.66
(2)	Manufacturing Expenses:					
	Stores, Spares & Tools consumed			2,208.16		1,433.17
	Octroi duty			45.50		18.99
	Machining charges			1,626.01		940.44
	Power, Fuel & Water		4,092.83			2,801.75
	Less: Credit for Energy Generated		35.00			31.36
				4,057.83		2,770.39
	Other Manufacturing Expenses			130.06		81.34
	Building Repairs & Road Maintenance			78.31		37.14
	Machinery Repairs			902.11		621.41
					9,047.98	5,902.88
(3)	Payments to & Provisions for Employees:					
	Salaries, Wages, Bonus, Allowances, etc.			4,901.74		4,084.23
	Share in Salaries, Wages, Bonus, Allowances etc. of Joint Venture			36.19		-
	Contribution to Provident & Other Funds and Schemes			222.85		84.16
	Share in Contribution to Provident & Other Funds and Schemes of Joint Venture			0.57		-
	Social Security Costs			954.26		829.07
	Welfare Expenses			249.24		241.04
	Share in Welfare Expenses of Joint Venture			0.10		-
					6,364.95	5,238.50
	carried over				39,628.77	27,468.04

Schedule "K" Manufacturing and Other Expenses (Contd.):

(₹ in Million)

				Previous year
brought over			39,628.77	27,468.04
(4) Other Expenses:				
Rent		134.06		158.81
Share in Rent of Joint Venture		9.67		-
Rates & Taxes		47.81		29.48
Insurance (Including Key Man Insurance)		73.62		95.59
Share in Insurance of Joint Venture		0.04		-
Commission & Discount		139.89		108.36
Interest & Finance Charges:				
Interest:				
On Debentures, including Bonds	840.42			520.87
On Fixed Loans	95.63			89.51
Others	480.59			524.82
	1,416.64			1,135.20
Discounting charges	112.72			167.82
		1,529.36		1,303.02
Miscellaneous Expenses including Travelling expenses, Printing, Stationery, Postage, Telephones, Bank charges etc.		1,694.13		1,352.62
Share in Miscellaneous Expenses of Joint Venture		67.99		-
Donations:				
Maharashtra Pradesh Congress Committee (Political Party)	-			10.00
Others	67.02			38.60
		67.02		48.60
Loss on Foreign Exchange Fluctuation		-		45.05
Share in Loss on Foreign Exchange Fluctuation of Joint Venture		0.16		-
Freight Forwarding charges etc.		1,087.56		594.45
Royalty		-		8.13
Directors' Fees and Travelling Expenses		3.17		3.31
Managing and Whole Time Directors' Commission		92.00		39.00
Commission to Directors other than Managing and Whole Time Directors		9.00		4.00
Loss on assets sold, discarded & scrapped (Net)		28.18		9.99
Bad debts, irrecoverable advances and sundry balances written off		24.41		86.77
Provision for doubtful debts and advances		45.93		19.39
Amount Written off against Technical Know-how		-		2.10
EVRS Compensation		5.05		4.34
			5,059.05	3,913.01
			44,687.82	31,381.05
Less: Expenses capitalised			136.39	141.86
Total			**44,551.43**	**31,239.19**

Schedule "K(a)" Depreciation and Amortisation:

Depreciation *	2,547.23	2,445.91
Amount written off against Lease hold Land	0.95	5.25
Total	**2,548.18**	**2,451.16**

* Excludes ₹ 2.28 million (Previous year ₹ 0.71 million) Consolidated as Pre-operative expenditure.

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements:

1. 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, 2011	Financial year ends on
CDP Bharat Forge GmbH: and its wholly owned subsidiary	Germany	100%	31/Dec/10
i. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100%*	31/Dec/10
- Bharat Forge Aluminiumtechnik GmbH & Co. KG and its wholly owned subsidiary	Germany	100%*	31/Dec/10
- Bharat Forge Aluminiumtechnik Verwaltungs GmbH	Germany	100%*	31/Dec/10
ii. Bharat Forge Beteiligungs GmbH and its wholly owned subsidiary	Germany	100%*	31/Dec/10
a. Bharat Forge Kilsta AB and its wholly owned subsidiary	Sweden	100%*	31/Dec/10
- Bharat Forge Scottish Stampings Ltd.	Scotland	100%*	31/Dec/10
b. Bharat Forge Hong Kong Limited and its Joint Venture Subsidiary	Hong Kong	100%*	31/Dec/10
- FAW Bharat Forge (Changchun) Company Ltd.	China	52%*	31/Dec/10
c. Bharat Forge International Limited	U.K.	100%*	#
iii. Bharat Forge Daun GmbH	Germany	100%*	31/Dec/10
iv. BF New Technologies GmbH	Germany	100%*	31/Dec/10
Bharat Forge America Inc.	U.S.A.	100%	31/Dec/10
BF-NTPC Energy Systems Limited	India	51%	31/Mar/11
BF Infrastructure Limited	India	100%	31/Mar/11
BF Infrastructure Ventures Limited	India	100%	31/Mar/11
BF Power Equipment Limited	India	100%	31/Mar/11
Kalyani ALSTOM Power Limited	India	51%	31/Mar/11

* held through subsidiaries

Associate:

Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31st March, 2011	Financial year ends on
Tecnica UK Limited (shares held through subsidiary)	U.K.	30%	31/Dec/10

Joint Venture:

Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31st March, 2011	Financial year ends on
ALSTOM Bharat Forge Power Limited	India	49%	31/Mar/11
Impact Automotive Solutions Private Limited	India	50%	31/Mar/11

The Company, through its wholly owned indirect subsidiary, has during the year incorporated a Company in U.K. - Bharat Forge International Limited. Since the First Financial year of Bharat Forge International Limited is for a period of 16 months ending on 31st March, 2012, no financial information thereof has been disclosed herein.

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.

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):

2. 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".

      Considering 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) and under US GAAP (for Bharat Forge America Inc), 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, 2010). 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, 2011.

   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 2010, 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. 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 would materially impact these consolidated financial statements have been detailed in Note No. 5 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:

      The financial statements in respect of overseas subsidiary companies are drawn for the year ended 31st December, 2010, whereas the financial statements of the company are drawn for the year ended 31st March, 2011. The effect of significant transactions and other events that occur between 1st January, 2011 and 31st March, 2011 are considered in the consolidated financial statements if it is of material nature. Material transactions with all subsidiaries taken together between the period 1st January, 2011 and 31st March, 2011 have been given effect on account of the inconsistent reporting periods, but which are eliminated in the consolidation, are as given below:

(₹ in Million)

Transaction	Amount
Advance to Subsidiary for purchase of capital equipment	198.85

3. 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 Limited.

4. Consolidated Financial Statements include the results of Kalyani Alsotm Power Limited, BF Infrastructure Limited, BF Infrastructure Ventures Limited, BF Power Equipments Limited, ALSTOM Bharat Forge Limited and Impact Automotive Solutions Private Limited consolidated for the first time since, these have become subsidiaries, Joint Ventures of the Company. Hence, the previous year figures are not strictly comparable with those of current year.

5. 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.

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):

However, the following are instances of diverse accounting policies followed by the subsidiaries, which may materially vary with these consolidated financial statements:

a) *Dies:*

In respect of CDP Bharat Forge GmbH (CDP BF), Bharat Forge Kilsta AB (BFK), Bharat Forge Scottish Stampings Limited (BFSSL), 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 "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.

b) 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 debited to the reserves for calendar year 2010 is Euro 276k (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 diverse accounting policy does no have a material impact on the profit for the year.

c) *Inventories:*

In respect of Bharat Forge America Inc. and Bharat Forge Kilsta AB:

The cost of inventory is determined on the basis of first-in-first out (FIFO) method in contrast to Bharat Forge Limited, which determines on the basis of weighted average.

d) 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 assets classification. The practice would not have any material impact over the life of the assets and on the profit for the year.

6. 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.

7. 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 Schedule "L" to the independent financial statements of Bharat Forge Limited and those made by the Joint Venture Subsidiary, FAW Bharat Forge (Changchun) Company Ltd. which are attached hereto.

8. Consolidated amount of bank guarantees issued by Bankers on behalf of companies as on 31st March, 2011 ₹ 1,075.01 million.

9. 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 Note No. 1 to the independent Financial Statements of the parent.

10. Consolidated Capital commitments to the extent not provided for, net of advances as at 31st March, 2011 ₹ 1,951.62 million (Previous year ₹ 814.07 million).

11. 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 18,865,860 towards the rent payable for land use right.

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):

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 successfully negotiated 3 years contract with its union resulting in considerable wage decrease for each of the next 3 years. As a result of the revised wage structure, the pricing of products of BFA has become more competitive and BFA is targeting for additional business.
2. BFA has upgraded some of its legacy production lines with new, flexible, automated production lines that require less down time for tool changes. This will allow the Company to reduce its production costs.
3. As a continuing process, BFA is actively reviewing costs on a part-by-part basis and with this additional information, management of BFA believes it will be able to better deploy resources to projects that will provide the greatest return. In addition, this will allow management of BFA to focus on parts and areas of the business that need additional restructuring.
4. Management of BFA is in the process of negotiating price increases with several customers.
5. 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.
6. BFA has capacity for growth before significant additional capital expenditures would be required.

   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 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.

As per our attached report of even date

For DALAL & SHAH Firm Registration No. 102021 W Chartered Accountants		On behalf of the Board of Directors B. N. KALYANI *Chairman & Managing Director*
ANISH AMIN Partner Membership No. 40451	BEEJAL DESAI *Company Secretary*	G. K. AGARWAL *Deputy Managing Director*
Mumbai: May 24, 2011	Mumbai: May 24, 2011	

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):
Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18

FAW Bharat Forge (Changchun) Company Limited: (₹ in Million)

		2010-11		2009-10	
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	2.00	2.43	0.07	0.09
	Procurement of semi finished products	-	-	0.30	-
Changchun Gear Factory of FAW CAR Co. Ltd.	Forging Sales	79.08	20.23	74.84	20.92
China FAW Group Corporation (FAW)	Testing Service	0.42	-	-	-
Purchase Centre of FAW	Procurement of section steel	1.11	0.52	902.52	208.85
Warehouse Centre of FAW	Transportation Service	16.74	8.71	11.92	5.34
FAW Jiefang Automobile Co. Ltd. (Procurement Division)	Forging Sales	2,187.46	283.04	873.19	192.58
	Procurement of section steel	108.04	9.17	573.03	349.93
	Procurement of finished products	2.08	-	-	-
FAW Jiefang Automobile Co. Ltd. Transmission Company	Forging Sales	224.87	56.28	241.56	141.81
FAW Power Energy Branch Company	Labor Service	-	-	0.07	-
FAW Power Energy Branch Company	Procurement of Energy	513.89	-	-	185.43
	Forging Sales	0.26	-	-	-
FAW Volkswagen Automobile Co. Ltd.	Forging Sales	14.38	25.25	-	-
	Services	0.04	-	-	-
FAW Import & Exports Corporation	Procurement of section steel	-	-	-	57.40
FAW Shangdong Refitted Automobile Factory	Account Receivable	-	1.64	-	-
FAW Special-Purpose Auto Co. Ltd.	Forging Sales	0.96	11.34	5.44	13.79
FAW Foundry Co. Ltd. Foundry Model Tooling Plant	Forging Sales	20.41	-	14.26	-
	Procurement of Die	6.49	23.14	14.95	48.06
Harbin Light—duty truck Factory of FAW	Forging Sales	118.57	29.44	122.99	30.52
Inspection Center of FAW	Testing Service	1.37	1.41	-	1.01
Qiming Information Technology Co. Ltd.	Procurement of software	4.52	4.57	1.04	-
	Web Services	1.20	-	-	-
Technical Center of FAW	Forging Sales	58.02	-	0.05	-
Wuxi Diesel Oil Branch Company of FAW Jiefang Automobile Co. Ltd.	Forging Sales	-	0.81	12.86	0.79

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):

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

BF-NTPC Energy Systems Limited (Amount in ₹)

Nature of Transaction	Period	Entities where Control exists
Receipt of Equity Contribution	1.04.2010-31.03.2011	48,510,000
	1.04.2009-31.03.2010	9,800,000
Share Application Money Pending Allotment	1.04.2010-31.03.2011	-
	1.04.2009-31.03.2010	48,510,000
Expenses incurred		
Others	1.04.2010-31.03.2011	1,309,813
	1.04.2009-31.03.2010	-

Notes: Names of related parties and description of relationship

Description of Relationship	Names of Related Parties
Controlling Company	NTPC Ltd.
Key Management Personnel	
	1. Mr. Sunil Kumar Chaturvedi
	2. Mr. Narendranath Mishra

Kalyani ALSTOM Power Limited

Name of Related Parties	
Associate Company	ALSTOM Bharat Forge Power Ltd.
	ALSTOM Switzerland Ltd.
	ALSTOM Power Holding SA
	ALSTOM Technology Ltd.
Key Management Personnel (KMP)	Mr. Abhijit Bhattacharya
	CEO and Managing Director

Transactions with related parties during the year

(Amount in ₹)

Particulars	Associate Company	KMP
Issue of Equity Share Capital		
ALSTOM Power Holding SA	117,967,500	
Fund reimbursed/includes expenses incurred on behalf of the Company		
ALSTOM Power Holding SA	4,756,688	
Remuneration		
Mr. Abhijit Bhattacharya		2,797,169
Purchase of Support and Technical services		
ALSTOM Switzerland Ltd.	5,766,129	
Technology License Fee Installment		
ALSTOM Technology Ltd.	18,514,810	
Balance Outstanding at year end		
ALSTOM Technology Ltd.	5,730,411	
ALSTOM Switzerland Ltd.	5,766,129	

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):
Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18

ALSTOM Bharat Forge Power Ltd.

List of Related Parties

Parties with whom control exists

ALSTOM SA	(Ultimate 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
Bharat Forge Limited	Joint Venture Partner
ALSTOM Power SA	Associate Company
ALSTOM Technology Ltd.	Associate Company
Key Management Personnel (KMP)	
Mr. Babasaheb Neelkanth Kalyani	Chairman & Director
Mr. Philippe Joubert	Director, joined w.e.f. 22nd June, 2010
Mr. Guy Chardon	Director, joined w.e.f. 22nd June, 2010
Mr. Sunil Kumar Chaturvedi	Director
Mr. Sunand Sharma	Resigned on 22nd June, 2010
Mr. Emmanuel Colombier	Resigned on 22nd June, 2010
Mr. S. Swaminathan	CEO & Managing Director

Transactions with related parties during the year:

(Amount in ₹)

Particulars	Key Managerial Personnel	Holding Company	Joint Venture Company	Associates	Total
Contributions Equity Share Capital					
ALSTOM Power Holding SA	-	738,224,990	-	-	738,224,990
Reimbursement of expenses to:					
Bharat Forge Limited	-	-	43,115,483	-	43,115,483
ALSTOM Power SA	-	-	-	495,973	495,973
ALSTOM Projects India Limited	-	-	-	37,666,698	37,666,698
Rent & Maintenance expenses					
ALSTOM Projects India Limited	-	-	-	20,501,716	20,501,716
Reimbursement of salary & allowances					
ALSTOM Projects India Limited	-	-	-	45,038,594	45,038,594
Technology License Fee Expenses					
ALSTOM Technology Ltd.	-	-	-	164,650,410	164,650,410
Outstanding Payable as at 31.03.2011:					
ALSTOM Technology Ltd.	-	-	-	51,392,417	51,392,417
ALSTOM Power SA	-	-	-	495,973	495,973
ALSTOM Projects India Limited	-	-	-	28,574,561	28,574,561
Remuneration to Key Managerial Personnel					
Mr. S. Swaminathan (CEO & Managing Director)	5,995,476	-	-	-	5,995,476

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):

Annexure referred to in Note No.27 of Notes forming part of the Consolidated Financial Statements

Segment Reporting as required by Accounting Standard 17:

(₹ in Million)

Sr. No.	Particulars		Year ended 31st March, 2011	Year ended 31st March, 2010
1.	Segment Revenue:			
	a	Forgings	50,746.93	33,217.83
	b	Gen. Engg. Trading etc.	189.17	114.79
		Total	**50,936.10**	**33,332.62**
	Less: Inter Segment Revenue-at cost		66.56	60.97
	Net Sales/Income from Operations		50,869.54	33,271.65
2.	Segment Results:			
	Profit/(Loss) (before tax and interest from each segment)			
	a	Forgings	7,850.10	3,020.30
	b	Gen.Engg.Trading etc.	43.50	26.30
		Total	**7,893.60**	**3,046.60**
		Less:		
	1	Interest	1,529.40	1,303.02
	2	Other un-allocable expenditure net of un-allocable income	1,919.40	1,646.82
		Total Profit Before Tax & Exceptional Items	4,444.80	96.76
		Exceptional items		
		- Manpower Redundancy cost	(77.12)	(742.14)
		Profit/(Loss) before Tax	4,367.68	(645.38)
3.	Total carrying amount of segment assets:			
	a	Forgings	45,084.63	38,568.54
	b	Gen.Engg.Trading etc.	3,116.25	333.85
	c	Unallocable		
		- unutilised Fund raised during the year	4,828.60	8,017.80
		- others	6,386.86	6,052.53
		Total	**59,416.34**	**52,972.72**
4.	Total amount of segment liabilities:			
	a	Forgings	12,672.71	11,236.22
	b	Gen.Engg.Trading etc.	36.64	11.05
	c	Unallocable	5,365.16	2,934.75
		Total	**18,074.51**	**14,182.02**
5.	Capital Employed (Segment assets - Segment Liabilities):			
	a	Forgings	32,411.92	27,332.32
	b	Gen.Engg.Trading etc.	3,079.61	322.80
	c	Unallocable		
		- unutilised Fund temporarily deployed	4,828.60	8,017.80
		- others	1,021.70	3,117.78
		Total	**41,341.83**	**38,790.70**

SCHEDULE "L" Notes Forming Part of the Consolidated Financial Statements (Contd.):

(₹ in Million)

Sr. No.	Particulars		Year ended 31st March, 2011	Year ended 31st March, 2010
6.	Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period:			
	a	Forgings	3,025.31	1,287.98
	b	Gen.Engg.Trading etc.	188.21	271.12
	c	Unallocable	716.17	25.10
		Total	**3,929.69**	**1,584.20**
7.	Depreciation:			
	a	Forgings	2,113.40	1,937.87
	b	Gen.Engg.Trading etc.	28.11	9.37
	c	Unallocable	406.67	503.92
		Total	**2,548.18**	**2,451.16**
8.	Secondary information in respect of Geographical segment on the basis of location of customers			
	a	Within India	17,278.35	11,498.35
	b	Outside India	33,594.60	21,777.60

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, 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 Equipment Ltd. and share of Joint Venture companies viz. ALSOTM Bharat Forge Power Ltd. and Impact Automotive Solution Private Ltd.

Annexure - 1

Summarized Statement of Financials of Subsidiary Companies pursuant to approval under section 212 (8) of the Companies Act, 1956:

(₹ in Million)

Sr. No.	Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Invest-ments	Turnover	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Divided
1.	CDP Bharat Forge GmbH, Germany[1]	317.02	4,322.23	7,840.82	3,201.56	0.28	7,474.50	119.16	4.73	114.43	-
2.	Bharat Forge Holding GmbH, Germany	1.59	92.51	344.35	250.26	-	16.18	13.58	8.49	5.09	-
3.	Bharat Forge Aluminiumtechnik GmbH & Co. KG, Germany	85.85	282.21	904.02	535.96	-	1,688.82	60.73	13.88	46.85	-
4.	Bharat Forge Aluminiumtechnik Verwaltungs GmbH & Co. KG, Germany	1.62	2.35	3.97	-	-	0.27	0.19	0.03	0.16	-
5.	Bharat Forge America Inc., U.S.A.	-	134.05	743.87	609.82	-	937.48	(210.48)	-	(210.48)	-
6.	Bharat Forge Beteiligungs GmbH, Germany	1.59	3,658.01	3,679.44	19.85	9.38	1.15	(2.00)	(0.30)	(1.70)	-
7.	Bharat Forge Kilsta AB, Sweden[2]	142.41	655.08	3,537.04	2,739.56	-	5,118.42	(288.98)	(150.84)	(138.14)	-
8.	Bharat Forge Scottish Stampings Ltd., Scotland	412.04	(351.50)	60.53	-	-	374.06	(76.06)	-	(76.06)	-
9.	Bharat Forge Hongkong Ltd., Hong Kong	1,396.29	(128.79)	1,267.49	-	-	-	(4.67)	-	(4.67)	-
10.	FAW Bharat Forge (Changchun) Company Limited, China[3]	3,891.22	(963.27)	6,728.12	3,800.17	-	6,046.74	169.01	-	169.01	-
11.	Bharat Forge Daun GmbH, Germany[1]	3.17	224.26	378.34	150.90	-	559.81	-	-	-	-
12.	BF New Technologies GmbH, Germany[1]	1.59	98.28	109.88	10.02	-	0.01	-	-	-	-
13.	BF-NTPC Energy Systems Ltd.[3]	120.00	-	120.00	-	-	3.47	(5.06)	-	(5.06)	-
14.	Kalyani Alstom Power Limited[3]	240.75	-	240.75	-	-	0.58	(29.57)	-	(29.57)	-
15.	BF Infrastructure Limited	10.00	(2.38)	10.22	2.60	-	51.36	(2.17)	0.21	(2.38)	-
16.	BF Infrastructure Ventures Limited	-	(0.04)	0.50	0.54		-	(0.04)	-	(0.04)	-
17.	BF Power Equipments Limited	-	(0.04)	0.50	0.54		-	(0.04)	-	(0.04)	-

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.

NOTES

NOTES

KALYANI

BHARAT FORGE

BHARAT FORGE LIMITED
MUNDHWA, PUNE CANTONMENT
PUNE – 411 036, MAHARASHTRA, INDIA.
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PHONE: +91 .20.2670 2476
FAX: +91 .20.2682 2163
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EMAIL: info@bharatforge.com
WEBSITE: www.bharatforge.com