BHARAT FORGE LIMITED

Registered Office: Mundhwa, Pune Cantonment, Pune - 411 036.

KALYANI

NOTICE

NOTICE is hereby given that the Fifty-second Annual General Meeting of the Members of **Bharat Forge Limited** will be held on Thursday, August 8, 2013 at 10.30 A.M. (I.S.T.) at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the financial year ended as on that date and the reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of an interim dividend and to declare a final dividend on Equity Shares.
3. To appoint a Director in the place of Mr. G.K. Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. P.C. Bhalerao, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. P.G. Pawar, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT Mr. S.D. Kulkarni, a Director liable to retire by rotation, who does not seek re-election, be and is hereby not appointed as a Director of the Company.

   RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT Dr. Uwe Loos, a Director liable to retire by rotation, who does not seek re-election, be and is hereby not appointed as a Director of the Company.

   RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled."
8. To appoint Auditors and fix their remuneration and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Pune [Firm Registration No. 301003E] be and are hereby appointed as the Statutory Auditors of the Company, to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration which shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], **Mr. Vimal Bhandari**, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Act and the Articles of Association of the Company, be and is hereby appointed as Director of the Company, liable to retirement by rotation under the provisions of the Articles of Association of the Company."
10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and subject to such other sanctions/ approvals, as may be necessary or required, consent of the Company be and is hereby accorded to the re-appointment of **Mr. B.N. Kalyani** as the Managing Director of the Company for a period of five (5) years with effect from March 30, 2013 (i.e. from March 30, 2013 to March 29, 2018) on the following terms and conditions including remuneration:

I. Salary:

A salary of ₹ 2,875,000/- (Rupees Twenty eight lakh seventy five thousand only) per month in the grade of ₹ 2,500,000/- (Rupees Twenty five lakh only) to ₹ 5,000,000/- (Rupees Fifty lakh only).

The Board is authorised to determine the Salary and grant such increases in Salary and/ or Allowances by whatever name called from time to time within the aforesaid limit.

II. Commission:

Commission to be paid based on net profit of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956.

III. Perquisites:

Perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided as under:

(i) Housing I:

The expenditure by the Company on hiring furnished accommodation will be subject to the following ceiling:

Sixty percent (60%) of the salary over and above ten percent (10%) payable by the Managing Director.

Housing II:

In case the accommodation is owned by the Company, ten percent (10%) of the salary of the Managing Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I above.

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Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent (10%) of the salary of the Managing Director.

(ii) Medical reimbursement:

As per the rules of the Company.

(iii) Leave travel concession:

For the Managing Director and his family in accordance with the rules of the Company.

(iv) Club fees:

Fees of clubs subject to a maximum of two (2) clubs. This will not include admission and life membership fees.

(v) Personal accident insurance:

As per the rules of the Company.

Explanation:

For the purpose of Category 'A', 'family' means the spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY 'B'

1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity to be paid as per the rules of the Company.
3. Encashment of leave at the end of the tenure.
4. Retirement and other benefits as per the rules of the Company.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Notwithstanding anything herein, where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above subject to requisite approval, if any, as may be required under the Companies Act, 1956 and rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised and empowered to approve annual increments and to make such improvements in the terms of remuneration to **Mr. B.N. Kalyani** as may be permissible under Schedule XIII to the Companies Act, 1956 (as may be amended from time-to-time) or by way of any government guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of the Managing Director is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting."

11. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and subject to such sanctions/ approvals, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of **Mr. G.K. Agarwal** as the Deputy Managing Director of the Company for a period of five (5) years with effect from April 1, 2013 (i.e. from April 1, 2013 to March 31, 2018) on the following terms and conditions including remuneration:

I. Salary:

A salary of ₹ 1,378,000/- (Rupees Thirteen lakh seventy eight thousand only) per month in the grade of ₹ 1,100,000/- (Rupees Eleven lakh only) to ₹ 3,000,000/- (Rupees Thirty lakh only).

The Board is authorised to determine the Salary and grant such increases in Salary and / or Allowances by whatever name called from time to time within the aforesaid limit.

II. Commission:

Commission to be paid based on net profit of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956.

III. Perquisites:

Perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided as under:

(i) Housing I:

The expenditure by the Company on hiring furnished accommodation will be subject to the following ceiling:

Sixty percent (60%) of the salary over and above ten percent (10%) payable by the Deputy Managing Director.

Housing II:

In case the accommodation is owned by the Company, ten percent (10%) of the salary of the Deputy Managing Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Deputy Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I above.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent (10%) of the salary of the Deputy Managing Director.

(ii) Medical reimbursement:

As per the rules of the Company.

(iii) Leave travel concession:

For the Deputy Managing Director and his family in accordance with the rules of the Company.

(iv) Club fees:

Fees of clubs subject to a maximum of two (2) clubs. This will not include admission and life membership fees.

(v) Personal accident insurance:

As per the rules of the Company.

Explanation:

For the purpose of Category 'A', 'family' means the spouse, the dependent children and dependent parents of the Deputy Managing Director.

CATEGORY 'B'

1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity to be paid as per the rules of the Company.
3. Encashment of leave at the end of the tenure.
4. Retirement and other benefits as per the rules of the Company.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Deputy Managing Director.

Notwithstanding anything herein, where in any financial year during the currency of tenure of the Deputy Managing Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above subject to requisite approval, if any, as may be required under the Companies Act, 1956 and rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised and empowered to approve annual increments and to make such improvements in the terms of remuneration to **Mr. G.K. Agarwal** as may be permissible under Schedule XIII to the Companies Act, 1956 (as may be amended from time-to-time) or by way of any government guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of the Deputy Managing Director is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting."

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such sanctions/ approvals, as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of **Mr. Sunil K. Chaturvedi** as Executive Director of the Company for a period of five (5) years from May 20, 2013 (i.e. from May 20, 2013 to May 19, 2018) on the following terms and conditions including remuneration:

I. Salary:

A salary of ₹ 1,013,000/- (Rupees Ten lakh thirteen thousand only) per month in the grade of ₹ 800,000/- (Rupees Eight lakh only) to ₹ 2,000,000/- (Rupees Twenty lakh only).

The Board is authorised to determine the Salary and grant such increases in Salary and/ or Allowances by whatever name called from time to time within the aforesaid limit.

II. Commission:

Commission to be paid based on net profit of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956.

III. Perquisites:

Perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided as under:

(i) Housing I:

The expenditure by the Company on hiring furnished accommodation will be subject to the following ceiling:

Sixty percent (60%) of the salary over and above ten percent (10%) payable by the Executive Director.

Housing II:

In case the accommodation is owned by the Company, ten percent (10%) of the salary of the Executive Director shall be deducted by the Company.

Housing III:

In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I above.

Explanation:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent (10%) of the salary of the Executive Director.

(ii) Medical reimbursement:

As per the rules of the Company.

(iii) Leave travel concession:

For the Executive Director and his family in accordance with the rules of the Company.

(iv) Club fees:

Fees of clubs subject to a maximum of two (2) clubs. This will not include admission and life membership fees.

(v) Personal accident insurance:

As per the rules of the Company.

Explanation:

For the purpose of Category 'A', 'family' means the spouse, the dependent children and dependent parents of the Executive Director.

CATEGORY 'B'

1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity to be paid as per the rules of the Company.
3. Encashment of leave at the end of the tenure.
4. Retirement and other benefits as per the rules of the Company.

Category 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.

Notwithstanding anything herein, where in any financial year during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above subject to requisite approval, if any, as may be required under the Companies Act, 1956 and rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised and empowered to approve annual increments and to make such improvements in the terms of remuneration to **Mr. Sunil K. Chaturvedi** as may be permissible under Schedule XIII to the Companies Act, 1956 (as amended from time-to-time) or by way of any government guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of Executive Director is not in excess of the maximum permissible under relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting."

By Order of the Board of Directors

AJAY SHARMA
Vice President (Legal)
& Company Secretary

May 25, 2013
Registered Office:
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HERSELF/HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
2. Corporate Members are requested to send board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.
3. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the Attendance Slip for attending the meeting to facilitate identification of membership at the meeting.
4. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depositories Participants and those holding shares in physical form are to intimate the abovesaid changes to the Secretarial Department at the Registered Office of the Company.
5. In terms of Article 161 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. G.K. Agarwal, Mr. P.C. Bhalerao, Mr. P.G. Pawar, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments.

   Mr. S.D. Kulkarni and Dr. Uwe Loos, Directors of the Company have expressed their intention not to seek re-election at the ensuing Annual General Meeting.

   Non-executive Directors- Mr. P.C. Bhalerao, Mr. P.G. Pawar and Dr. Uwe Loos are not holding any shares of the Company. However, Mr. S.D Kulkarni is holding 2,740 equity shares of ₹ 2 each of the Company.
6. Brief Profile of Directors proposed to be re-appointed, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
7. The final dividend on Equity Shares, if declared at the meeting, shall be credited/dispatched on and from August 26, 2013 to those Members whose names appear in the Company's Register of Members i.e. for those Members holding Shares in the physical form and those holding Shares in Demat Form as beneficiary owners in the record of the Depositories on Friday, August 2, 2013.
8. **The Company's Share Transfer Books and the Register of Members will remain closed from Saturday, August 3, 2013 to Thursday, August 8, 2013 (both days inclusive) for determining the names of members eligible for final dividend on equity shares, if declared at the meeting.**
9. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. upto the date of the meeting.

10. Members are requested to bring their attendance slip along with the copy of annual report to the Meeting.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the Register of Members of the Company will be entitled to vote.
12. Those Members who have not encashed/received their Dividend Warrants for the previous year(s), may approach the Secretarial Department at the Registered Office of the Company for claiming unpaid/ unclaimed dividend. (Also refer to Note No. 13 below).
13. Dividends which remain unclaimed/unencashed for a period of Seven (7) years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government under the provisions of Sections 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the Shareholders shall lie for the unclaimed Dividend once the same is transferred to IEPF.
14. Equity Shares of the Company are under compulsory demat trading by all investors. Those Members who have not dematerialised their shareholding are advised to dematerialise their shareholding to avoid any inconvenience in future.
15. On July 27, 2005 the Company had sub-divided its Equity Shares of the Face Value of ₹ 10 each into Equity Shares of the Face Value of ₹ 2 each. Accordingly, the Members were requested to surrender their old Share Certificate(s) of the face value of ₹ 10 each and obtain from the Company the new Share Certificate(s) of the face value of ₹ 2 each. Those Members who have still not obtained the new Share Certificate(s) of the face value of ₹ 2 each are requested to approach the Secretarial Department at the Registered Office of the Company and exchange their old Share Certificate(s) with the new one.
16. Non-Resident Indian Members are requested to inform the Company, immediately of:
    a. Change in their residential status on return to India for permanent settlement.
    b. Particulars of their bank account maintained in India with complete name, branch, account type, MICR number, account number and address of the bank with pin code number, if not furnished earlier.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
18. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names, are requested to send the Share Certificate(s) to the Company for consolidation into a single folio.
19. Green initiative in Corporate Governance:

    The Ministry of Corporate Affairs has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, including change, if any, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and Members who hold shares in physical form with the Company at investor@bharatforge.com or at its Registered Office at Secretarial Department, Mundhwa, Pune Cantonment, Pune - 411 036 Maharashtra, India, immediately.
20. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

The following Explanatory Statement sets out, as required by Section 173(2) of the Companies Act, 1956, the material facts relating to Item Nos. 6, 7 &9 to 12 in the accompanying notice dated May 25, 2013.

ITEM NO. 6:

In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mr. S.D. Kulkarni, retires by rotation at the ensuing Annual General Meeting. Mr. S.D. Kulkarni, has desired not to seek re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled. The Board recommends the resolution for approval by the Members.

Mr. S.D. Kulkarni is a Director of the Company and is also the Chairman of the Finance Committee and Investor Grievance Committee. Mr. S.D. Kulkarni is also a member of Remuneration committee. The Board has placed on record its appreciation of the contribution made by Mr. S.D. Kulkarni to the Company.

Mr. S.D. Kulkarni, is concerned or interested in Item No. 6 of the accompanying Notice.

ITEM NO. 7:

In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Dr. Uwe Loos, retires by rotation at the ensuing Annual General Meeting. Dr. Uwe Loos, has desired not to seek re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled. The Board recommends the resolution for approval by the Members.

Dr. Uwe Loos is a Director of the Company. The Board has placed on record its appreciation of the contribution made by Dr. Uwe Loos to the Company.

Dr. Uwe Loos, is concerned or interested in Item No. 7 of the accompanying Notice.

ITEM NO. 9:

The Board of Directors ("the Board") on February 8, 2013 have, pursuant to the provisions of Section 260 of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and referred hereinafter as "the Act") and Article 141 of the Articles of Association of the Company, appointed Mr. Vimal Bhandari as an Additional Director of the Company. In terms of the provisions of Section 260 of the Act, Mr. Vimal Bhandari will hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of ₹ 500 proposing the candidature of Mr. Vimal Bhandari for office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956. Accordingly, Mr. Vimal Bhandari is proposed to be appointed as a Non-executive Independent Director, on the Board of the Company, liable to retire by rotation.

The Board recommends the resolution set out in Item No. 9 of the Notice for the approval of the members of the Company.

Mr. Vimal Bhandari is not related to any Director and does not hold any shares of the Company.

Save and except Mr. Vimal Bhandari, none of the other Directors of the Company is in any way concerned or interested in the resolution set out in Item No. 9 of the Notice.

ITEM NOS. 10 TO 12:

The previous terms of appointments of Mr. B.N. Kalyani, Managing Director; Mr. G. K. Agarwal, Deputy Managing Director and Mr. Sunil K. Chaturvedi, Executive Director, expired on March 29, 2013, March 31, 2013 and May 19, 2013, respectively. On the recommendations from the Remuneration Committee, the Board of Directors of the Company has approved the re-appointment of Mr. B.N. Kalyani, Managing Director; Mr. G.K. Agarwal, Deputy Managing Director and Mr. Sunil K. Chaturvedi, Executive Director of the Company for a further period of five (5) years. Mr. B.N. Kalyani, Mr. G.K. Agarwal and Mr. Sunil K. Chaturvedi, have been drawing remuneration as approved by the Members. The Board at its meeting held on May 25, 2013, approved the terms of remuneration of Mr. B.N. Kalyani, Mr. G.K. Agarwal and Mr. Sunil K. Chaturvedi as detailed in the respective resolutions.

Approval of the Members is sought for re-appointment and payment of remuneration to Mr. B.N. Kalyani, Mr. G.K. Agarwal and Mr. Sunil K. Chaturvedi, as detailed in the resolution(s), during the respective terms of their re-appointments. The Directors recommend the resolution(s) for approval of the Members.

Profile, Other Directorships and Shareholding:

Mr. B.N. Kalyani

Mr. B.N. Kalyani (64) is the Chairman and Managing Director of the Company. Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology & Sciences, Pilani, Rajasthan. He has done his M.S. from the Massachusetts Institute of technology, USA. Mr. Kalyani is Vice President of the Maratha Chamber of Commerce, Industries and Agriculture. Mr. Kalyani is also a member of Indo-German Chamber of Commerce, Chairman of Indo Japan Chamber of Commerce and a member of the Advisory Committee of Robert Bosch GmbH, Germany.

Other Directorships:

Mr. B.N. Kalyani is also Director on the Board of Kalyani Steels Limited, Automotive Axles Limited, Hikal Limited, Nandi Infrastructure Corridor Enterprises Limited, Kalyani Hyes Lemmerz Limited, Kalyani Carpenter Special Steels Limited, Meritor HVS (India) Limited, BF Utilities Limited, Nandi Economic Corridor Enterprises Limited, BF-NTPC Energy Systems Limited, BF Investment Limited, Kalyani ALSTOM Power Limited, ALSTOM Bharat Forge Power Limited, Impact Automotive Solutions Limited, Epicenter Technologies Private Limited, Khed Economic Infrastructure Private Limited, BF Elbit Advanced Systems Private Limited, Institute For Prostate Cancer, Kalyani (Mauritius) Private Limited, Xapiola Holdings Limited, AB SKF and also director on the Board of subsidiaries of the Company viz; Bharat Forge Daun GmbH, Bharat Forge America Inc., CDP Bharat Forge GmbH, Bharat Forge Aluminiumtechnik GmbH & Co. KG, Bharat Forge Kilsta A.B. Sweden, Bharat Forge Scottish Stampings Ltd., Bharat Forge Hong Kong Limited, FAW Bharat Forge (Changchun) Co. Ltd. and Bharat Forge International Limited.

Committee Memberships:

Member of Audit Committee in Kalyani Steels Limited & Kalyani Alstom Power Limited.

Mr. B.N. Kalyani holds 39,025 Equity Shares of ₹ 2 each of the Company.

Mr. G.K. Agarwal

Mr. G.K. Agarwal (62) is B.E. (Mech) & MBA and Deputy Managing Director of the Company.

Other Directorships:

Mr. G.K. Agarwal is a Director on the Board of BF Utilities Limited. Mr. G.K. Agarwal is also Director on the Board of Directors of the Subsidiaries of the Company, viz. Bharat Forge Aluminiumtechnik GmbH & CO. KG, CDP Bharat Forge GmbH, Bharat Forge Daun GmbH and Bharat Forge Hong Kong Limited.

Committee Memberships: NIL.

Mr. G.K. Agarwal is not related to any Director.

Mr. G.K. Agarwal holds 2,455 Equity Shares of ₹ 2 each of the Company.

Mr. Sunil K. Chaturvedi

Mr. Sunil K. Chaturvedi (50) is a commerce graduate and a Chartered Accountant.

Other Directorships:

Mr. Sunil K. Chaturvedi is Director on the Board of BF-NTPC Energy Systems Ltd., ALSTOM Bharat Forge Power Ltd., BF Infrastructure Ltd., BF Infrastructure Ventures Ltd., BF Power Equipments Ltd., David Brown Bharat Forge Gear Systems India Limited, Kalyani Mining Ventures Private Limited and Behraband North Extension Mine Private Limited.

Committee Memberships:

Member of Audit Committee in BF-NTPC Energy Systems Limited.

Mr. Sunil K. Chaturvedi is not related to any Director and does not hold any shares of the Company.

Mr. B.N. Kalyani and Mr. Amit B. Kalyani, being relatives, may be regarded as concerned with or interested in the resolution relating to re-appointment and payment of remuneration of Mr. B.N. Kalyani. No other Director is concerned with or interested in the resolution under Item No. 10.

Mr. G.K. Agarwal and Mr. Sunil K. Chaturvedi may be regarded as concerned with or interested in the resolution(s) relating to their respective re-appointments and remuneration. No other Director is concerned with or interested in the resolution(s) under Item Nos. 11 and 12.

The above including resolutions may be regarded as an "Abstract of the terms of appointments and memorandum of interest" under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

AJAY SHARMA
Vice President (Legal)
& Company Secretary

May 25, 2013
Registered Office:
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India

KALYANI

ATTENDANCE SLIP

BHARAT FORGE LIMITED

Registered Office: Mundhwa, Pune Cantonment, Pune - 411 036.

NAME OF THE MEMBER/PROXY*			
DPID / CLIENT ID**		No. of Shares held	
FOLIO NO.			

I hereby record my presence at the Fifty-second Annual General Meeting held at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India, on Thursday, August 8, 2013 at 10.30 a.m. (I.S.T.)

SIGNATURE OF THE MEMBER/PROXY*

* Strike out whichever is not applicable.

** Applicable for Members holding shares in Dematerialised form.

Note: Please handover this slip at the entrance of the Meeting Venue.

(Cut here)

PROXY

BHARAT FORGE LIMITED

Registered Office: Mundhwa, Pune Cantonment, Pune - 411 036.

I/We ....

of ....

being a Member(s) of BHARAT FORGE LIMITED, Pune, hereby appoint ....

....of ....

or failing him/her ....

of.. as my / our proxy to attend and vote for me / us on my / our behalf at the Fifty-second Annual General Meeting to be held on Thursday, August 8, 2013 at 10.30 a.m. (I.S.T.) at the registered office of the Company and at any adjournment thereof.

Signed this .... day of 2013

DPID / CLIENT ID*		No. of Shares held	
FOLIO NO.			

* Applicable for Members holding shares in Dematerialised form.

Please Affix Revenue Stamp

Signature(s) of Member(s) across the stamp

Note: The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

KALYANI

BHARAT FORGE

Deep-rooted Innovation

52nd Annual Report 2012-13

Contents

CAUTIONARY STATEMENT

Statements in this report 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 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.

DEEP-ROOTED INNOVATION

At Bharat Forge, we have always envisioned a borderless world, where deep-rooted innovation and entrepreneurship can achieve its full potential. Since inception, across decades, we have channelised our passion, intellect and energy towards achieving this objective.

However, in the last decade we accelerated our pace and grew significantly in terms of scale, transcontinental presence, technology leadership and business acumen.

The result is global leadership in the metal forming industry, trusted partnership with discerning clients and a consistent drive for engineering excellence.

A culture of transformation has catalysed our value creation for stakeholders. We are refining and re-calibrating our vision to strengthen core businesses, foray into emerging sectors and emerge as a resilient fighter in times of economic uncertainties.

At BFL, the focus never shifts from one fundamental aim: strengthening long-term vision to create lasting value.

A tree can weather all storms and stand on its own. It embodies the principle of 'last man standing first man forward' and demonstrates BFL's resilience during times of economic uncertainty.

DELIVERING VALUE
over a decade

Bharat Forge Limited (BFL), the Pune based Indian multinational is a technology driven global leader in metal forming having transcontinental presence across ten manufacturing locations, serving several sectors including automotive, power, oil and gas, construction & mining, locomotive, marine and aerospace.

Part of Kalyani Group – a US $ 2.5 billion conglomerate with 10,000 global work force; BFL today has the largest repository of metallurgical knowledge in the region and offers full-service supply capability to its geographically dispersed marquee customers from concept to product design, engineering, manufacturing, testing and validation.

The world's largest forging company with manufacturing facilities spread across India, Germany, Sweden and China, Bharat Forge manufactures a wide range of high performance, critical and safety components for the automotive and industrial sector. It is India's largest manufacturer and exporter of automotive components and leading chassis component manufacturer in the world. BFL's customer base includes virtually every global automotive OEM and Tier 1 supplier.

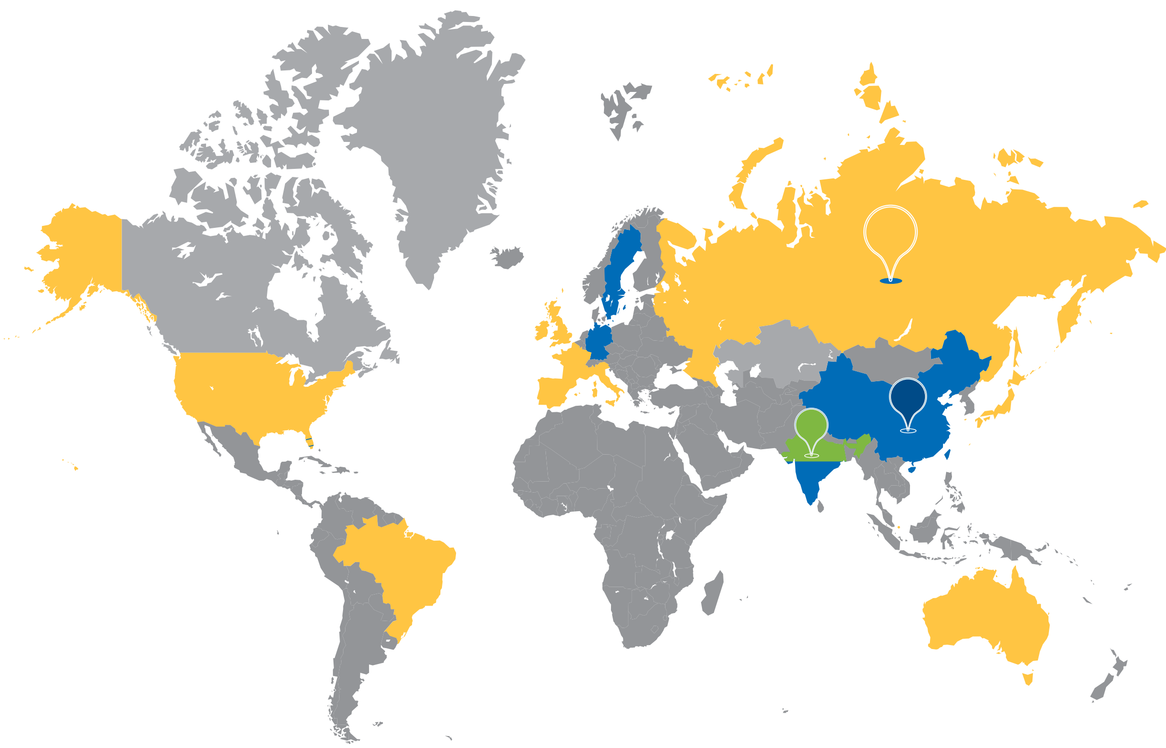
AWARDS & ACCOLADES

EXPORT EXCELLENCE AWARD
FROM ACMA AND EEPC OVER THE PAST DECADE

GOLDEN PEACOCK AWARD
FOR HR AND SAFETY

SILVER EDGE AWARD
EDGE STANDS FOR ENTERPRISES DRIVING GROWTH AND EXCELLENCE USING IT

STRATEGICALLY LOCATED ACROSS THE WORLD

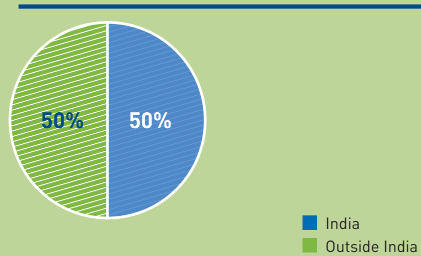


Customers

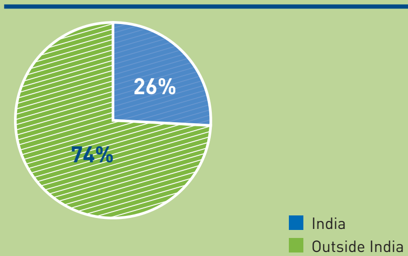
Manufacturing &Customers

Global Headquarters-Service the World

Geographic sales segmentation (Standalone)



Geographic sales segmentation (Consolidated)



FACTS THAT MATTER

300,000 TPA
THE LARGEST SINGLE-LOCATION FORGING FACILITY IN THE WORLD, SITUATED AT MUNDHWA IN PUNE

LARGEST EXPORTER
OF AUTO COMPONENTS FROM INDIA

GLOBAL LEADERSHIP
IN POWERTRAIN AND CHASSIS COMPONENTS

GREEN FORGING
ONE OF THE FEW COMPANIES IN THE WORLD WITH A MAJORITY OF THE POWER BEING PRODUCED BY RENEWABLE SOURCES

CRITICAL & SAFETY VALUE-ADDED
PRODUCTS SUPPLIED TO MARQUEE CUSTOMERS ACROSS AUTOMOTIVE & INDUSTRIAL SECTOR

7,000+
GLOBAL WORKFORCE

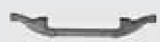
EVERY 2ND
HEAVY TRUCK IN THE US CARRIES A FRONT ALXE BEAM MANUFACTURED BY BFL

TRANSFORMATION
FROM AN AUTO COMPONENT SUPPLIER TO PREFERRED TECHNOLOGY AND ENGINEERING DRIVEN GLOBAL PARTNER

BUSINESS VERTICALS

AUTOMOTIVE

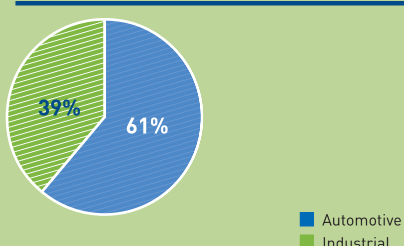
BFL has achieved its objective of creating a strong global leadership position in the commercial vehicle sector for safety and critical Powertrain and Chassis Components.

SEGMENTS	POWERTRAIN		CHASSIS COMPONENTS		TRANSMISSION PARTS
	Crankshafts 	Connecting Rods 	Front Axles 	Str Knuckles 	
PASSENGER VEHICLE	10-30 Kgs	<1 Kg	NA	2-10 Kgs	0.5-6 Kgs
LCV / MCV	25-80 Kgs	1-3 Kgs	30-60 Kgs	10-30 Kgs	3-30 Kgs
HCV	60-250 Kgs	2-5 Kgs	60-150 Kgs	25-40 Kgs	20-100 Kgs

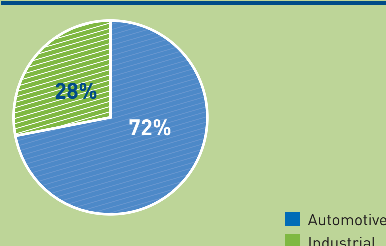
Other automotive products:

• Pistons, Rockers Arms • Control Arms, Swivel Hubs, Wheel Carriers and Brackets

Revenue distribution (Standalone)



Revenue distribution (Consolidated)



INDUSTRIAL

BFL has always aimed at replicating the success of the automotive business in other verticals. We are exploring opportunities in high value, high growth sectors, such as Power, Oil & Gas, Rail & Marine, Construction & Mining, Aerospace, among others.

ENERGY


Oil & Gas


Power


Nuclear, Thermal, Wind, Hydro

TRANSPORTATION


Locomotive


Marine


Aerospace

CONSTRUCTION & MINING


Metal & Mining


Construction


General Engineering

REAFFIRMING VISION
reinforcing leadership

2003
Investment in Research & Development, Testing & Validation and state-of-the-art Heavy Duty Truck Crankshaft Machining facilities

2000
Commissioning of second 16000 MT press line. First M&A – Acquired order book of Dana Kirstall

1991
Major breakthrough into Japan, USA and UK for critical supply of powertrain and chassis components

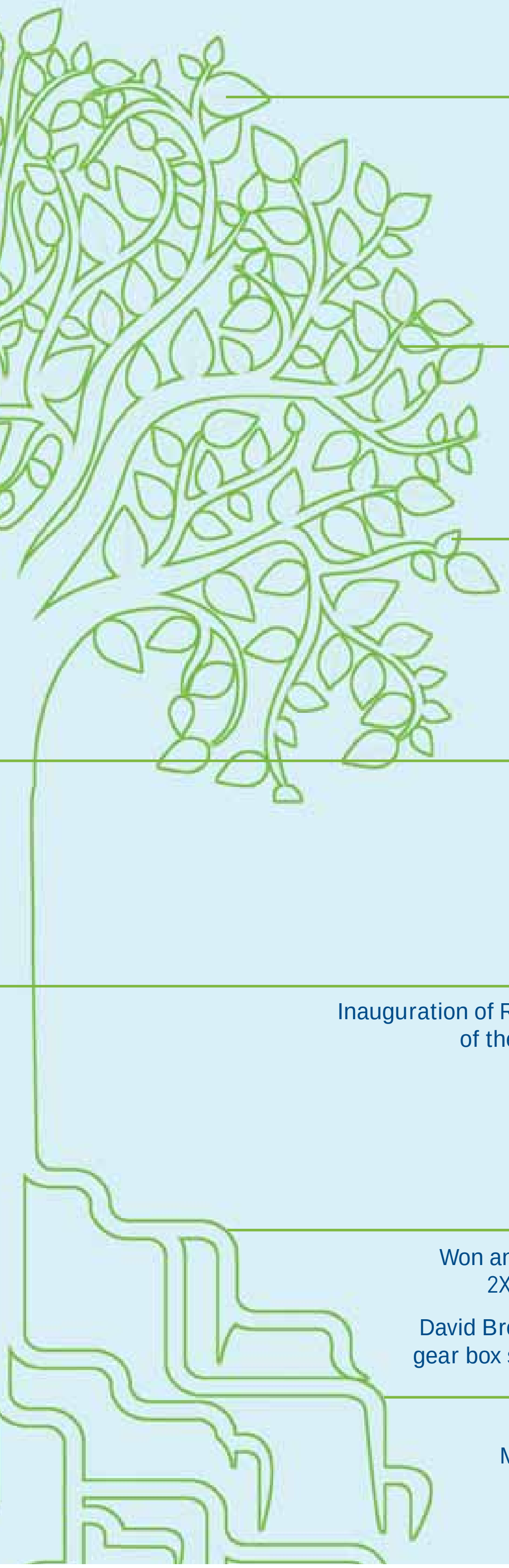
1990
Investment in state-of-the-art forging technology

Commissioning of 16,000 MT press line

1985
Initial exports to Europe

1966
Commencement of commercial production with Forge Shop-Hammer Technology

1961
Incorporation of Bharat Forge Limited



2004

Joined hands with India's premier institute, BITS Pilani to enhance capabilities to counter internal challenges

2007

Centre for Advanced Manufacturing takes shape in Baramati

2008

Bharat Forge commissioned India's largest Commercial Open Forging Press place in Mundhwa

Joint venture with Alstom to manufacture turbine generators for super critical power plants

2009

Inauguration of Forging and Heavy Duty Crankshaft Machining Facility at Baramati

2010

Inauguration of Ring Rolling facility at Baramati; establishment of the Kalyani Centre for Technology and Innovation

2012

Won an order worth ` 1,570 Crores for supply of 2X660 MW supercritical Turbine Generators

David Brown-Bharat Forge opens its 1st industrial gear box service & assembly centre in Hosur, India

2013

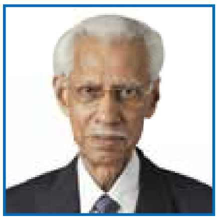
Received an NTPC order worth ` 2,251 Crores for Engineering, Manufacturing, Supply, Erection and Commissioning of 3X660 MW Coal-fired, supercritical Turbine Generator Islands (TGI)

BOARD of directors


MR. B.N. KALYANI
Chairman & Managing Director


MR. PRATAP G. PAWAR


MR. S. M. THAKORE


MR. S. D. KULKARNI


MRS. LALITA D. GUPTE


MR. P. H. RAVIKUMAR


PROF. DR. UWE LOOS


MR. P. C. BHALERAO


MR. ALAN SPENCER


MR. NARESH NARAD


DR. T. MUKHERJEE


MR. VIMAL BHANDARI


MR. G. K. AGARWAL
Deputy Managing Director


MR. AMIT B. KALYANI
Executive Director


MR. B. P. KALYANI
Executive Director


MR. S. E. TANDALE
Executive Director


MR. SUNIL K. CHATURVEDI
Executive Director

CORPORATE information

BANKERS

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

AUDITORS

S.R. Batliboi & Co. LLP
Chartered Accountants

COMPANY SECRETARY

Mr. Ajay Sharma

REGISTERED OFFICE

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

CHAIRMAN'S message

WE MAKE HIGHLY ENGINEERED PRODUCTS, AND OUR USP IS TO USE OUR EXPERTISE OF ENGINEERING, DESIGN AND TECHNOLOGY TO CREATE 'PARTNER TO PRINT' SOLUTIONS FOR OUR GLOBAL CUSTOMERS. WE ARE GLOBAL LEADERS IN THE BUSINESS BY VIRTUE OF OUR SCALE, TECHNOLOGICAL EXCELLENCE AND DEGREE OF INNOVATION. WE WILL CONTINUE TO INVEST IN OUR FUNDAMENTAL STRENGTHS AND DRIVE A MORE DIVERSIFIED BUSINESS MODEL.

Dear Shareholder,

We are living through interesting times, when global economies continue to witness either fragile recovery or persistent downturns. FY13 raised expectations at the beginning, but did not offer many reasons to cheer about in the end. Europe continues to grapple with unpredictable headwinds while the Chinese economy grew at its slowest pace since 1999. On the other hand, the US economy has shown marginal improvement in key macro-economic indicators. The situation is one of cautious optimism.

India's growth rate dipped to a decadal low of 5 percent during the period, a reflection of global factors as well as domestic challenges, such as high rate of inflation, growing fiscal deficit, sluggish infrastructure growth, manufacturing slowdown and plummeting investor confidence. Recently, we have witnessed acceleration in policy initiatives to spur growth, but it will take some time, before the results of such initiatives are visible.

During the financial year 2012-13, there has been demand contraction largely in the commercial vehicles' (CV) side of the automotive business globally. While India witnessed a 27 percent demand contraction, global contraction in CV demand was around 10-15 percent, led by China at 25-30 percent, Brazil at 32 percent and Europe at 15 percent. North American class 8 truck market was the only market which was in the green and grew by about 10 percent, but way below market expectations.

As a Tier I supplier, we are dependent on the performance of OEMs. Unexpected decline in demand in the automotive sector caused an increase in inventory across the value chain, impacting us negatively. But it is part of a cyclical process.

We had two good quarters, before economic hardships began to bite. But downturns are often better teachers than years of easy growth. During FY13, we tightened our belts, put a total freeze on future capacity expansion plans and sharpened our focus to create long-term value through our vision of consistent innovation. We are creating new products, developing new markets and rationalising costs through better utilisation of resources.

PERFORMANCE HIGHLIGHTS

During the year, our focus on harnessing our internal strengths and resilience stood us in good stead. In FY13, consolidated Total income decreased by 8.6 percent to ` 58,148 Million due to slump in demand across segments and geographies in the latter part of the year. EBITDA declined to ` 18,978 Million in FY13 from ` 10,780 Million in FY12. Net profit for the year declined by 40.1 percent to ` 2,476 Million.

Although the full year financials were disappointing, it is encouraging to note the performance of the Indian and overseas operations in the quarter gone by. Profitability at Indian and European operations have improved despite flat sales, a result of focus on productivity and cost control.

Considering the industry landscape, we have reduced our investments into the capital goods sector, without impacting our market position and our product offerings. We also restructured our overseas subsidiaries by selling off the assets of Bharat Forge America.

Our focus is on creating a greater presence in the global passenger vehicle segment which is witnessing a technological shift from castings to forgings driven by better fuel economy and stringent emission norms, generating cash flows and reduction in interest costs and debt.

FOCUSING ON CORE STRATEGIES

We make highly engineered products, and our USP is to use our expertise of engineering, design and technology to create 'partner to print' solutions for our global customers. We are global leaders in the business by virtue of our scale, technological excellence and degree of innovation. We will continue to invest in our fundamental strengths and drive a more diversified business model.

Between 2000 and 2008, we grew 10 TIMES IN TERMS OF SALES largely because we externalised ourselves.

In the 1990s, we were a small company with the potential to become a global enterprise. We had four or five large Indian customers who accounted for 80 percent of our business. Between 2000 and 2008, we grew 10 times in terms of sales largely because we externalised ourselves. Before we started this process, we were a $100-million company and by 2008 we were more than a billion-dollar Indian multinational. In a way, our success helped facilitate the process of India emerging as a global manufacturing destination.

We entered the markets of North America, Europe, Japan, Brazil and China, evolving a more de-risked business model. Developed markets in the world are cyclical in nature, especially in the automotive sector. Generally, they follow the cycles of emission technology changes every four years or so. To reduce the impact of cyclicality, we decided on three business segments, i.e. Passenger vehicles, commercial vehicles and industrials, across three different continents, i.e. North America, Europe and Asia. Historically, all the three continents have never had the same cycles except for September 2008 onwards till part of 2009 and as recently in latter half of 2012. Our presence across these segments helped to largely insulate us from the cyclicality in the automotive sector.

This strategy has been instrumental in the Company's exports to Commercial Vehicle OEMs doubling from 2006 levels despite the North American and European heavy truck industry way below their previous peaks.

LEVEL NEXT

At Bharat Forge, the process of diversification never stops; one step paves the way for another. For example, we have now started producing components for the industrial sector. We have entered into five high-growth verticals, which include oil & gas, construction and mining equipment, railways,

India has the potential to emerge as a strong manufacturing destination for technology products. MULTINATIONALS IN THE AUTOMOTIVE SPACE ARE ALSO BEGINNING TO LOOK AT INDIA AS AN EMERGING SUPPLY HUB FOR ASIA. This is where India's manufacturing story is going to play a major role in driving national growth.

marine engines and components and aerospace. We are large suppliers to the oil & gas industry in North America, largely for offshore drilling and for shale gas. In the railways vertical, we focus on locomotives, supplying large crankshafts and connecting rods for locomotives around the world, including in India, US, Russia and Europe. The aerospace segment is a difficult sector to enter due to the criticality of the components. We have taken steps to develop the organisation and our organisational capabilities and become AS9100-certified and one of the very few companies in India to achieve NADCAP certification. We have also built relationships with material suppliers, for titanium based products.

Our facilities in Mundhwa and Baramati are capable of making almost all the products for all these five segments. In our Indian operations, 39 percent of our business comes from these industrial sectors, which were hardly 20 percent a few years ago. As we identify more sectors to enter and develop these five verticals further, we expect the share of industrial components to increase further.

DRIVING INNOVATION

Level-next growth can only come through innovation. This is true for both businesses and economies. Innovation can only save businesses and economies from the trap of middle-level earnings and mediocrity. At Bharat Forge, our strategy is to consistently create new products and keep our pipeline full. For industrial verticals, our products are the result of our own R&D expertise. Our focus on innovation lies at the core of our organisation culture, where an inspired workforce pushes the levers of change.

We have already started seeing the focus on innovation paying off. We have developed and are supplying machined crankshaft "first time right" for the Indian railways. With this breakthrough, BFL is the only indigenous supplier of components for the Indian Railways, which used to be imported till now. We have developed "demonstrator parts" for the aerospace sector for global players. These two significant breakthroughs have been driven by the team at Pune using in-house technical know-how and capabilities.

LOOKING AHEAD

We believe the India Growth Story will gather momentum for the next decade. In the automotive business, four wheelers are expected to grow three times from three million vehicles to almost nine million or more. The opportunity for players in the automotive space, therefore, is tremendous. In the medium term, the passenger car segment will drive growth. Globally, the segment is expected to grow from 55 million cars to nearly 90 million cars annually. The commercial vehicle segment, of which trucks form a major component, will have limited growth. As a result, we are realigning our strategy to address this pattern. Interestingly, global automobile players in the Indian market are the same players we serve today in Europe and North America.

India has the potential to emerge as a strong manufacturing destination for technology products. Multinationals in the automotive space are also beginning to look at India as an emerging supply hub for Asia. This is where India's manufacturing story is going to play a major role in driving national growth.

AS 9100
CERTIFIED
TO DEVELOP CRITICAL COMPONENTS

39%
REVENUE FROM INDUSTRIAL SECTOR

I had stated in the previous annual report that BFL will focus on becoming lean on manufacturing and leveraging our past investments to take the Company to newer heights. We remain steadfast and on course to achieve these two objectives in the coming years.

We will continue to create value on the strength of our vision and strategies, irrespective of external realities. Across the world our people are working hard to make our vision a reality. I take this opportunity to thank all members of Team Bharat Forge, and other stakeholders who have reposed their trust in our ability to steer forward our organisation, despite challenges.

Baba N. Kalyani
Chairman and Managing Director

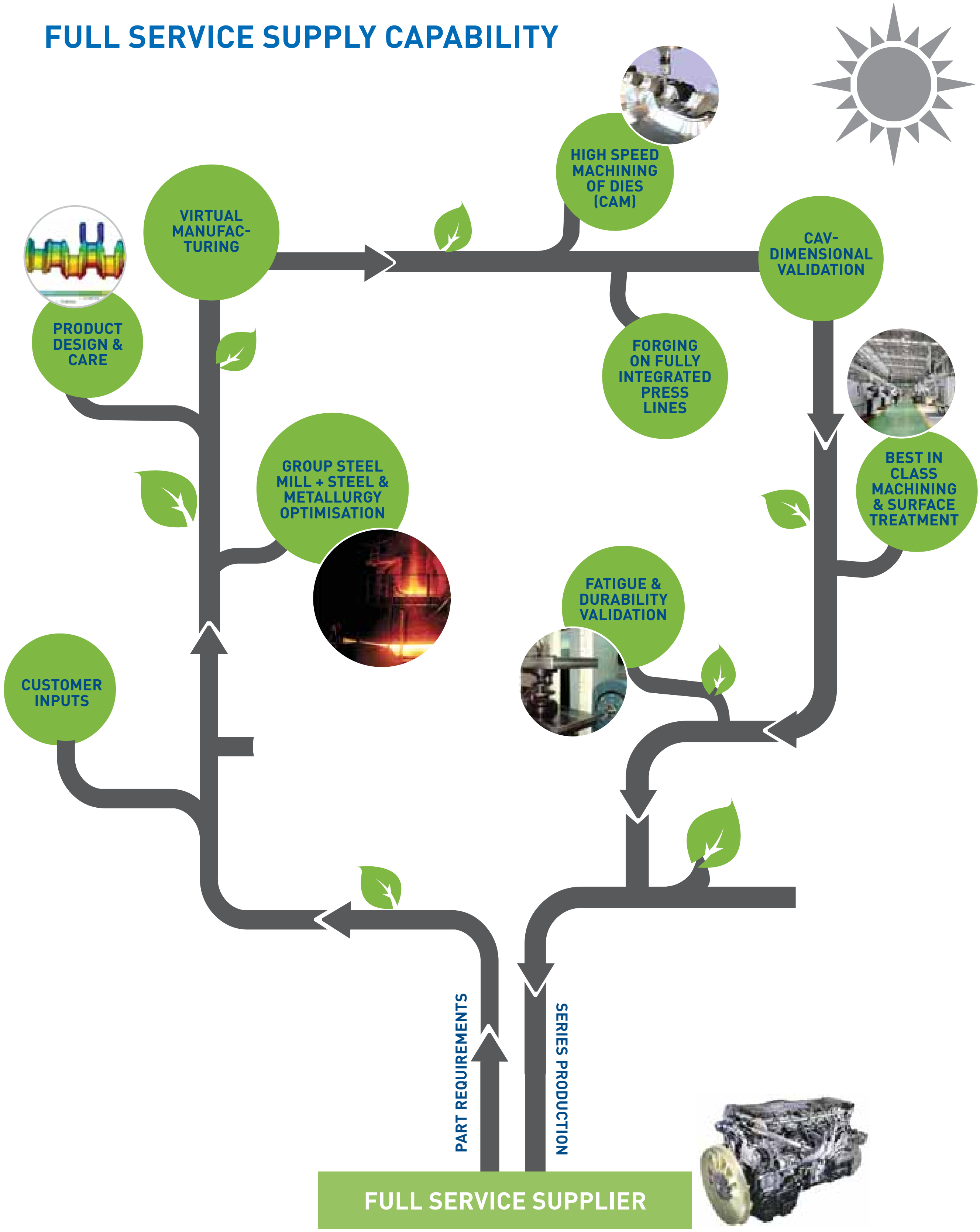
FULL SERVICE SUPPLY CAPABILITY high-performing enterprise

BHARAT FORGE HAS TRANSFORMED ITSELF FROM BEING A MERE SUPPLIER OF AUTOMOTIVE COMPONENTS TO BECOMING A PREFERRED TECHNOLOGY & ENGINEERING DRIVEN DEVELOPMENT PARTNER FOR ALL INDUSTRIES THAT NEED FORGED COMPONENTS

Over the years, Bharat Forge has invested in new technologies, R&D and solution providing capabilities. Technology and innovation have played a critical role in the present phase of growth. Combining such competencies with best-in-class, world-scale manufacturing capacities and skills have transformed Bharat Forge from a component supplier to an innovation-led, end-to-end solutions provider and a dynamic partner to customers. Much of our success in penetrating markets globally, both in the automotive and the industrial sectors has been on account of successful development and manufacture of new products.

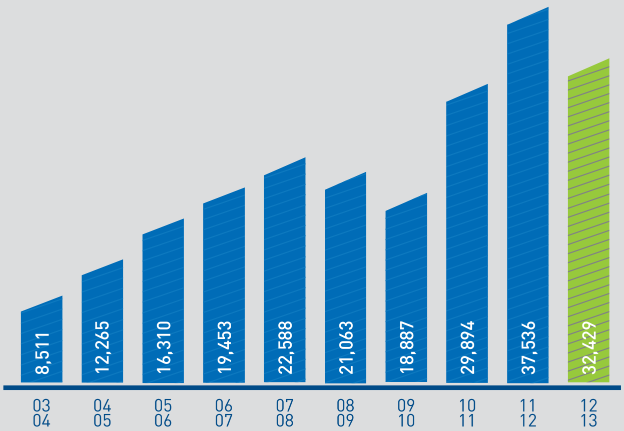
Bharat Forge has transformed itself from being a mere supplier of automotive components to becoming a preferred technology and engineering driven development partner for all industries that need forged components.

FULL SERVICE SUPPLY CAPABILITY

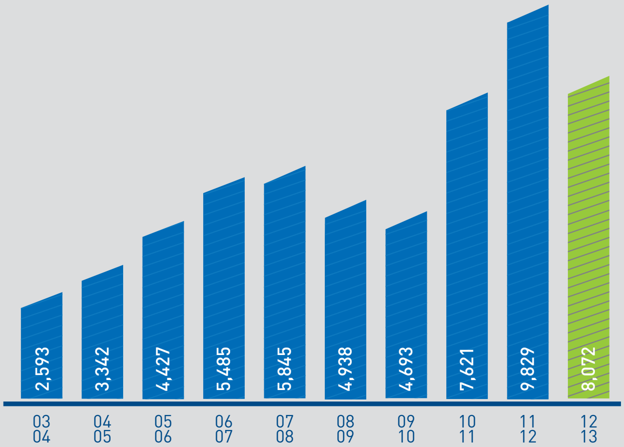


DELIVERING VALUE through numbers

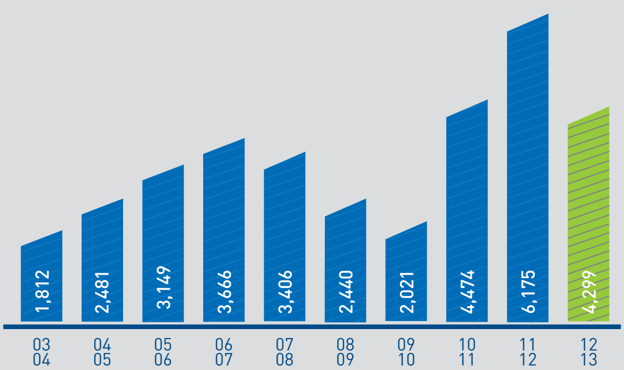
TOTAL INCOME (` Million)



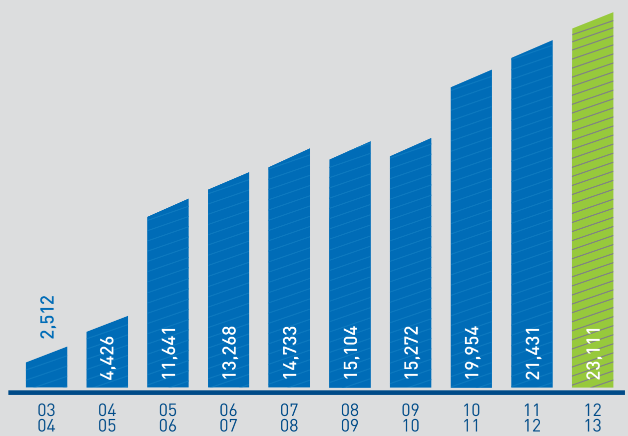
EBITDA (` Million)



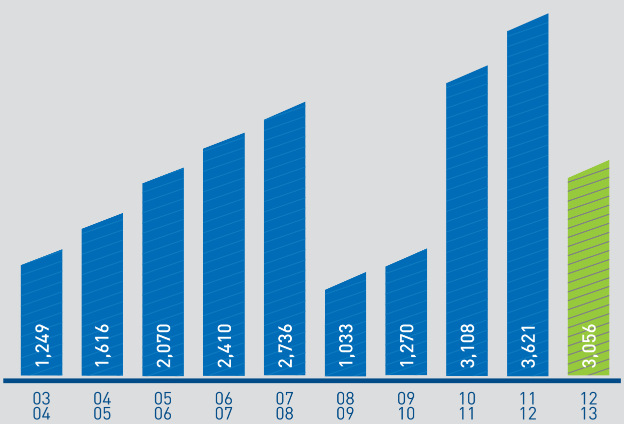
PBT (` Million)



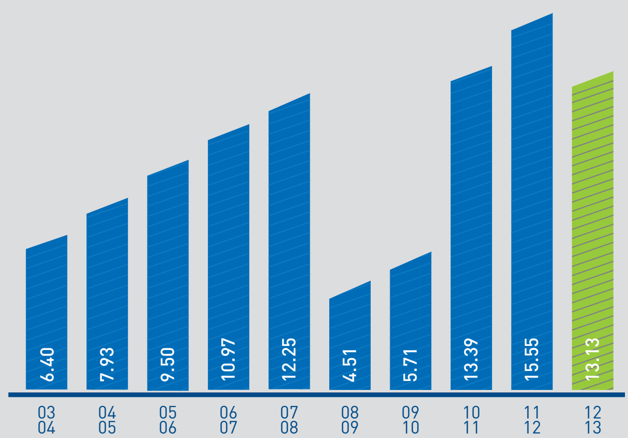
NETWORTH (` Million)



PAT (` Million)



EPS (`)



ACCELERATING VALUE CREATION ascending new heights

At BFL, we have always focused on value creation. But since FY 03, the process picked up pace like never before. The result was an exponential growth in operating efficiencies, capacities and financial strength. Our prudent investments, technological leadership and the capabilities of an empowered team enabled us to ascend new peaks of performance. We diversified our products portfolio, added new geographies and catered to discerning customers.

₹30,892 MN

SALES IN 2013

103 K TPA
FY03

388K TPA
FY13

INSTALLED CAPACITY INCREMENT

STEADY GROWTH OF **CAGR of 14%**

TRANSFORMING INTO

`5,972 MN
FY03

`30,892 MN
FY13

SALES INCREMENT

GROWTH AT A **CAGR of 18%**

OUT OF WHICH

`2,717 MN
FY03

`15,867 MN
FY13

INCREASE IN CONTRIBUTION FROM EXPORTS

GROWTH AT A **CAGR of 19%**

LEADING TO A HEALTHY EBITDA & PBT CONTRIBUTION

`1,941 MN
FY03

`8,253 MN
FY13

INCREASE IN EBITDA

`1,115 MN
FY03

`4,881 MN
FY13

INCREASE IN PBT

CATERING TO INCREMENTAL SEGMENTS

FY03
Commercial Vehicles, Passenger Vehicles, Oil & Gas, General Engineering

FY13
Commercial Vehicles, Passenger Vehicles, Utility Vehicles, Oil & Gas, Rail & Marine, Construction & Mining, General Engineering

CATERING TO MORE GEOGRAPHIES

FY03
USA, Europe, China

FY13
USA, Europe, Russia, Japan, Brazil, China

BFL caters to automotive and industrial segments. The business was primarily driven by the automotive products.

But looking at the prospects of the industrial sector, we started making investments in the industrial segment as well. We invested in dedicated forging and machining capacities for addressing the industrial sector.

In the industrial segment, we leaped forward from serving one or two products to few customers to a separate business vertical serving a portfolio of products to a wide range of customers, geographies and industries. This led to topline contribution from industrial sector increasing from ` 1,289 Million in FY03 to ` 11,455 Million in FY13.

DELIVERING VALUE to the team. Sustainably

CREATING A

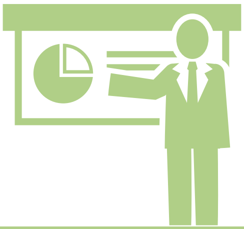
A GLOBAL TALENT POOL

AS A TECHNOLOGY DRIVEN MANUFACTURING COMPANY, WE ARE EXTREMELY FOCUSED ON PEOPLE CAPABILITIES AND ARE WORKING TOWARDS CREATING A 'GLOBAL TALENT POOL'. IT HAS BEEN OUR ENDEAVOUR TO CREATE MORE BRAIN POWER IN OUR COMPANY BY BRINGING EDUCATION INTO OUR SYSTEM AND BY PROVIDING OPPORTUNITIES FOR HIGHER LEARNING.

As a part of this initiative, Bharat Forge has tied up with several leading global institutes and universities such as:

- Birla Institute of Technology and Science (BITS), Pilani for Bachelors in Manufacturing Engineering,
- Warwick University, UK for Masters in Engineering Business Management
- Indian Institute of Technology, Mumbai (IITM)

We have built an enabling and empowering environment that drives the Company's global thrust. Over the years, BFL has built a strong base of intellectual capital. Our people consist of motivated, proficient and remarkably committed individuals, driven by quality and innovation, which helps us foster excellence and diversity.



BHARAT FORGE: BUILDING INDIA'S ECONOMIC BACKBONE, STRENGTHENING NATIONAL CAPABILITIES AND ENSURING A BIGGER GLOBAL IMPRINT FOR OURSELVES AND OUR COUNTRY.

STRENGTHENING societal value. Responsibly

1.5 LAKH

CHILDREN BENEFITED IN PUNE THROUGH PPEF

At BFL, we believe business is an enabler of economic welfare and social progress. Therefore, we have undertaken multiple initiatives to strengthen value for all stakeholders across the social spectrum.

COMMUNITY CENTRES

The Kalyani Group Community Centres benefit employees and their families as well. The centre provides space for social emancipation, recreation and income generation. For 25 years, the Centre is engaged in providing women various opportunities to earn their livelihood. Various other programmes such as personality development camps, skill development programmes, medical check-ups, health and safety related programmes, extracurricular activities, camps for children, home management course for adolescents and so on are held.

PPEF

BFL is involved with the activities of the Indian Education Initiative and PPEF (Pratham Pune Education Foundation). Founded and chaired by Mr. B.N. Kalyani, PPEF is engaged in imparting primary education to underprivileged children in the age group of 3 to 14 years. It is operated through an extensive network of Balsakhis, Balwadis, Bridge Courses and Outreach Programmes. This has touched the lives of a significant number of children, helping Pune achieve almost 100% literacy. The initiative has also catalysed empowerment of women.

INDUSTRIAL TRAINING INSTITUTE (ITI) AT KHED

To impart technical training to the rural youth and generate employment an ITI was set up at Khed, Pune in 2007. This endeavour targets people, who have completed education till the 10th grade. The Company's efforts were recently acknowledged and the Bharat Forge ITI was recommended by KRDWGs (Knowledge Resource Development & Welfare Group) expert panel for Educational Excellence Awards 2012. Going forward, the Company has adopted two more ITIs in Pune, ITI Bhor and ITI Malegaon in order to uplift the quality of education and infrastructure.

LAKSHYA – A TENNIS INITIATIVE

Bharat Forge has been supporting Lakshya since its inception. LAKSHYA (Looking at Knowledge in Sports and Help Youth Achieve) is a city-based Non Profit Sports organisation which identifies and nurtures the talented sportspersons to help them achieve sporting glory. Bharat Forge is committed to support the Tennis endeavour, where we are sponsoring 5 Tennis players. Our sponsorship has helped the players to train abroad, and take part in events within the country and abroad. The players are already bringing laurels to the country with many national and international titles. It is sponsorships such as these, that we believe go a long way in contributing to the development of these young sports talent and also encourage them on the demanding path to the top.

ACTIVITIES CONDUCTED BY EMPLOYEES

CSR activities conducted by the employees of BFL focus on – Cleaning & Caring for Environment, Involvement in Blood donation camp, Women, Senior citizens and underprivileged children, wherein each department in the Company has adopted an institution around Pune. The employees visit the institutions regularly. Various institutions adopted include schools, old age homes.

ED'S Corner

1 **BFL's industrial business has witnessed sterling growth with revenues increasing from less than ` 300 Crores to almost ` 1,200 Crores in 5 years. What were the key ingredients for BFL's success in this space and how does it move ahead from here?**

The industrial segment has undoubtedly been the star over the past 3-4 years. This can be substantiated through the sheer success that we have achieved in terms of customer additions, creation of a robust product development pipeline, ability to add more value to our products and the increased value that we bring to the relationships with our customers.

The core ingredient for all of the above has been the adoption and deployment of technology across processes. Using technology and innovation as the key driving force enables us to provide solutions, instead of just components, to our marquee customers. We are excited by the opportunity posed by the industrial segment. In future, we envisage ourselves to be able to enter into newer segments and markets and move up the value chain, transforming the current business (catering to three sectors/segments) into a multimillion dollar verticals/SBU.

2 **One major gap in BFL's revenue stream is the lack of passenger vehicle/ LCV exposure in India and globally? Why is this and how is the Company looking to address this?**

The global passenger vehicles market consists of premium and low/mid-segment vehicles, with the latter forming the majority. The mid-segment vehicles were normally positioned to provide the lowest total cost of ownership (TCO) which is not the case with premium vehicles were the focus is on performance.

However, with OEMs globally moving towards reducing carbon footprint by focusing on light-weight vehicles, emission reduction from vehicles and so on, there is an increasing tendency to use forged components. BFL, with its flexible manufacturing facility, is well placed to address this technology shift without any additional investment.

3 Various stakeholders view the series of acquisitions made in 2004–06 period with scepticism. In all fairness, the critics are not totally wrong, considering the Scottish and BFA restructuring. How does the management view the acquisition and, in hindsight, would you have done anything differently? Where do the international operations go from here or what is the end game for these operations?

Frankly, all acquisitions have not panned out the way we anticipated. We have had mixed results, when it comes to acquisitions. The European operations have given us the desired results in terms of customer penetration, market access and so on. The acquisition was done at extremely attractive valuations and we have recovered the money to the extent of the investment made by us. The US operation has been impacted by market performance (pick-up truck market has not recovered post the housing bubble). We gave it our best in terms of management efforts to turn around the business, but now it is behind us. The China piece is the most puzzling for us: though it had started to turnaround (profits in CY 2010 & 2011), it has never performed up to its potential. But their performance should be viewed in the background of two global crises which has occurred in the past 5 years.

However, let's not forget that the acquisitions have given the parent Company intangible benefits in terms of customer penetration, market access and many more, which have translated into a robust export business from India in a very short span.

4 BFL's diversification in the power sector across equipment (Alstom JV) has witnessed mixed success with the entity winning two orders (5X660 MW) from NTPC. However, competition has increased on one hand, while the overall addressable pie in India does not look healthy. How do you look at the situation and what can we expect from the JV in 5-7 years?

Let's look at the power sector at two levels. First, the industry is going through an unprecedented slowdown because of external factors, such as coal shortage, delay in getting approvals and so on. The result: lack of orders, coupled with increased competition, has led to overcapacity and underpricing in the near to medium term. This will improve in the normal course of time, once efforts of the regulators start bearing fruit. We believe, demand will rise sooner than later, as India is an energy-deficit country.

At a company level, we are on strong foundations, as we have initial set of orders (5X660 MW). Besides, we are confident that with Alstom's superior technology and BFL's manufacturing knowhow, we will be able to create a sustainable and profitable business.

5 You have achieved your previous two five-year targets, set in 2003 (US$ 1 billion company) and 2008 (40 percent industrial by FY12). Where would you like to see the Company 5 years down the road?

The fact that we have achieved the above milestones, despite challenging and unfavourable market conditions bears testimony to our execution capabilities. Going forward, we would like to undertake the following measures:

- Increase presence in passenger vehicle segments through new product development and customer penetration
- Enhance market share in the industrial sector and create presence in the aerospace sector
- Nurture the Joint Venture with Alstom to become a world-class, cost-competitive power equipment manufacturer
- Focus on becoming a net debt-free company and improving return ratio and generating cash flows

EXECUTIVE team

1 MR. B. N. KALYANI
Chairman & Managing Director

2 MR. G. K. AGARWAL
Deputy Managing Director

3 MR. SUBODH TANDALE
Executive Director

4 MR. A. B. KALYANI
Executive Director

5 MR. B. P. KALYANI
Executive Director

6 MR. SUNIL KUMAR CHATURVEDI
Executive Director

MANAGEMENT DISCUSSION & analysis

1 GLOBAL AND INDIAN ECONOMIC OVERVIEW

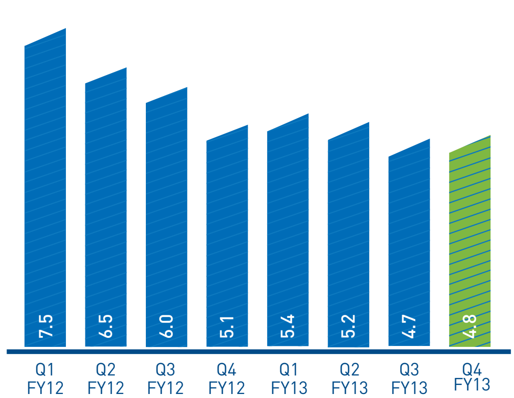
The world economy continued to struggle in CY 2012 with a visible slowdown in the emerging market and developing economies, a reflection of the sharp decline in demand from economies like USA and Eurozone Area, domestic policy tightening, and the end of investment booms in some of the major emerging markets. Developing economies are still the main driver of global growth, but their output has slowed compared with the pre-crisis period.

Over the past few months, two of the biggest threats to global recovery have been temporarily averted, a Euro area breakup and a sharp fiscal contraction in the United States from the "fiscal cliff."

Overall global growth for the year came in at 3.2 percent in 2012 as against 4.0 percent in CY 2011 and is expected to grow by 4.0 percent in CY13. (Source: IMF)

India faced its own share of problems driven by protracted weakness in industrial activity and slowdown in the services sector. India's quarterly GDP growth declined for the seven consecutive quarters in October – December 2012, hitting a nine-year low of 4.7 percent. (Source: RBI). GDP% for the January – March 2013 quarter registered 4.8 percent and for the year GDP% came in at 5.0 percent as against 6.2 percent in the previous fiscal.

INDIA'S QUARTERLY GDP GROWTH (%)



2 GLOBAL AUTOMOBILE INDUSTRY

The global automobile industry is highly concentrated, in USA, Europe, Japan, China, Brazil, India and Korea, covering a major share of the pie. Global vehicle production reached a record 84.1 Million in numbers in 2012 (Source: OICA), up 5 percent over the previous year.

Most of the global automotive markets witnessed a concurrent demand decline for both mass market passenger cars and commercial vehicles (CVs), impacted by a weak demand environment. The demand was dampened due to low levels of economic activities across regions. There was a subsequent demand decline across all the major regions except North America, where the passenger car sales continue to surge.

Automotive Sales in the Eurozone auto industry remained depressed due to the challenging economic conditions, and this downtrend is expected to continue for some time. However, CV sales in Western Europe are likely to remain stable to slightly positive as compared to previous year.

China & India witnessed weak automotive demand on back of slackening economic demand. In 2012, Indian automotive market witnessed one of its most challenging periods while china witnessed a slump in demand which is estimated to report auto sales of 19 Million, growing at single digit rate, one of the lowest in many years (Source: Global Auto Report -Scotia Bank, 2012).

2.1 India's automobile industry

India's automobile industry faced significant headwinds in 2012-13, owing to high interest rates, rising energy prices and spiralling inflation. Besides, poor consumer sentiment added to the sector's woes. Only the utility vehicle segment witnessed robust growth, on back of strong demand and new product introduction. However, the country's long-term automobile industry outlook remains optimistic, with favourable demographics, scope for penetration and rising disposable income expected to drive future growth.

3 INDUSTRIAL AND CAPITAL GOODS & INFRASTRUCTURE

3.1 Industrial

India's power (wind and thermal), and capital goods industries witnessed a considerable decline. The performances of manufacturing, electricity, gas and water supply, mining and quarrying and construction are provided below:

PERFORMANCE OF INDUSTRIAL SECTORS (% GROWTH)

Performance of the sectors	FY12	FY13
Manufacturing	2.7	1.9
Electricity, gas and water supply	6.5	4.9
Mining and quarrying	(0.6)	0.4
Construction	5.6	5.9

Source: PWC

3.2 Capital goods & infrastructure

The capital goods and infrastructure business segments are important aspect of the Company's plan to grow with India's expanding economy.

India's annual capital goods demand exceeds ` 300,000 crore. (Source: Ministry of Heavy Industries) However, only one-third of this is met domestically, with the rest being supported by imports. A robust capital goods industry, which caters to 15 percent of India's GDP, will drive sustainable growth in manufacturing.

4 THE YEAR IN REVIEW

For the year as a whole, the strong performance in the first half of the fiscal was neutralised by the across the board weak global demand environment towards the end. The demand decline which occurred in the latter part of FY13 was identical to the decline in FY09 in the aspect that the decline was sudden and concurrent, across markets, customers and segments.

The Commercial Vehicle industry witnessed declines ranging from around 10 percent to as much as 30 percent in EU, India and China. The performance of the Passenger Vehicle segment in CY12 mirrored that of the CV segment.

Performance of the Industrial business from the export markets was similar to the automotive segment. Drop in demand in the second half of the year coupled with production cuts at the OEM end resulted in de-stocking of inventory which continues even now.

BFL'S PERFORMANCE WAS A STORY OF TWO DIFFERENT HALVES

Particulars	H1 FY 13 (` Million)	H2 FY 13 (` Million)	Change (%)
Domestic sales	8,035	6,990	(13.0)
Export sales	9,650	6,217	(35.6)
Total income	18,557	13,872	(25.2)
EBITDA	4,942	3,312	(33.0)
EBITDA margin	26.6%	23.9%	
PBT	2,985	1,496	(49.8)

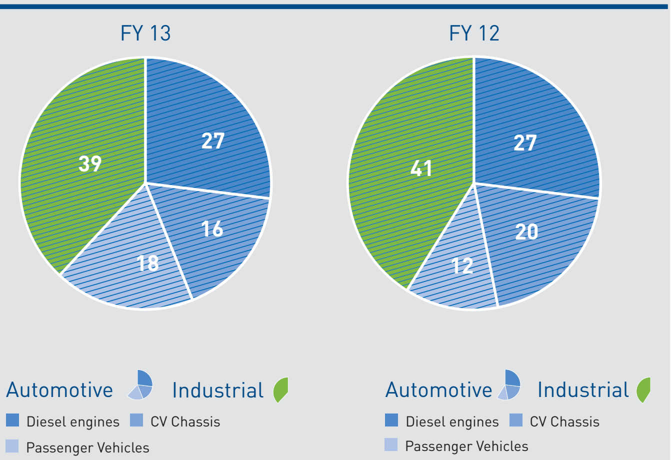
* Excluding impact of exchange gain/(loss)

4.1 Domestic market

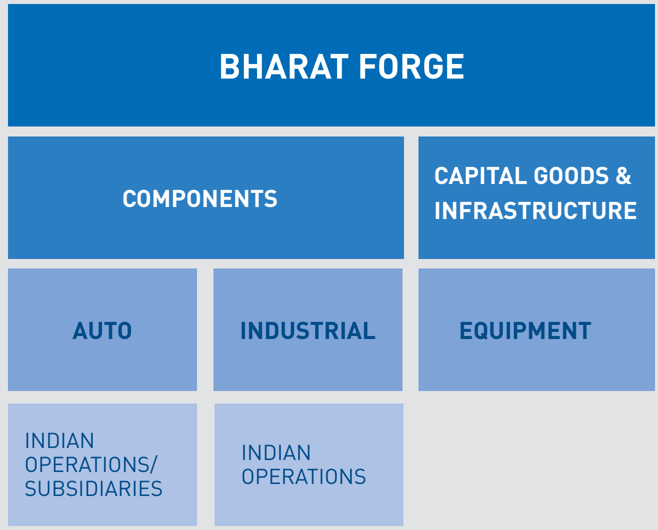
4.1.1 Automotive

FY13 has been one of the most challenging years the automotive industry has witnessed in a decade. The industry simultaneously faced several headwinds like high interest rates and inflation, high fuel prices, low or lack of capital investments, weak consumer sentiment, and GDP growth dropping to a decade low. These factors had an adverse impact on the auto industry.

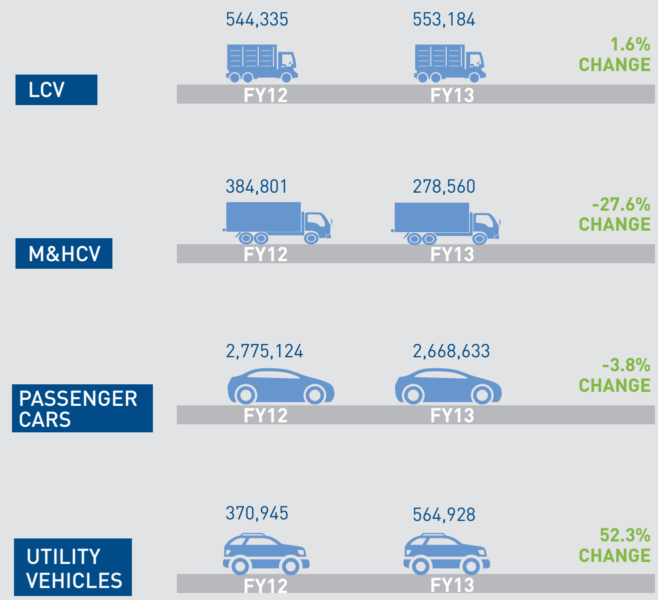
DOMESTIC SALES BREAK-UP (%)



Verticals



INDIA'S AUTOMOTIVE PRODUCTION



Source: SIAM

BFL is a leading supplier of critical powertrain and chassis components to the Indian automotive industry with significant focus on the Medium & Heavy CV segment. Supply to the passenger vehicle segments (cars + utility vehicles) currently form a small portion of the domestic business, but it has slowly begun to gain traction. The segment is expected to see a shift to high performance parts because of move towards stricter emission norms and a change from larger to smaller yet powerful fuel efficient engines.

With close to 50 percent of sales coming from the CV sector, BFL's business in India is impacted by the cyclicality of the CV sector. The sector in FY13 witnessed an unprecedented decline in demand of 27.6 percent due to slowing economic growth, which kept deteriorating during the course of the year. The passenger vehicle business has seen some improvement on account of traction and new business wins from the utility vehicle segment. Passenger Vehicles (including SUV) as percent of domestic sales have increased from 12 percent in FY12 to 18 percent in FY13, highlighting new customer wins and market share gains during the year.

BFL is confident about the long-term growth opportunity that the currently underpenetrated automotive sector will offer. Increasing disposable incomes of a burgeoning middle class is also likely to help double the country's passenger vehicle market over the next 5-7 years. Besides, entry in the Indian market by some of the global players, with whom BFL shares a strong relationship, is expected to drive future demand.

4.1.2 Industrial

The Company caters to different sectors, such as power generation (thermal, nuclear, wind and stationary diesel genset), railways, general engineering (sugar, cement and steel), tractors and construction & mining. These sectors were also impacted by the overall economic stagnation and steady decline in demand for infrastructure-related products and solutions. BFL's supply of components was impacted with revenues down by 23 percent, compared to the previous year. During the year, the Company has initiated supply of machined crankshafts to the Indian Railways, becoming the first indigenous supplier of powertrain components to this sector. BFL continues to put thrust on the industrial components side of the business through diversification of customers, products and segments.

The Company wishes to leverage the knowledge from the competencies developed in the auto-components business to the industrial one. Hence, it is positioning itself as an indigenous supplier of critical components, which were previously imported for sectors, such as railways and power.

4.2 Exports

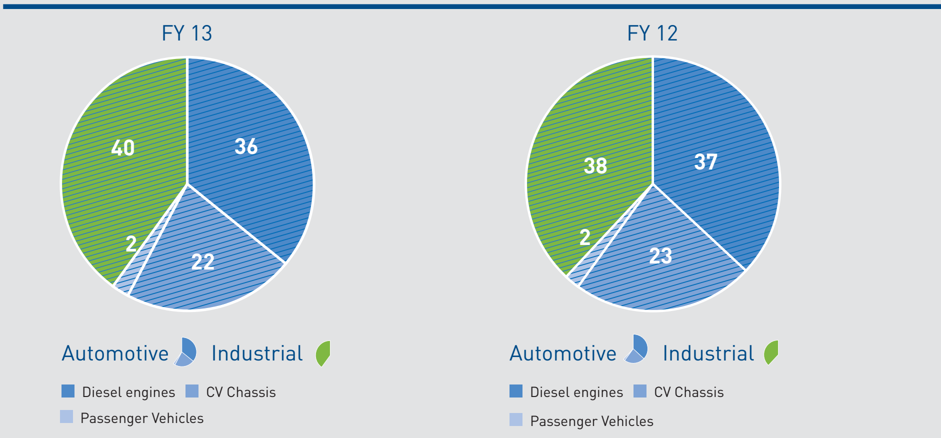
BFL is a major supplier of safety and critical components for the automotive (passenger and CV) and industrial sector. These components provided to passenger and CVs are critical, safety and high value-added. BFL enjoys the privilege of strong relationship with global OEMs spread across automotive and industrial sectors.

The Company has successfully expanded its relationships across various geographies, notably in Brazil and Japan. This has been achieved on the back of BFL's deep engagement with global OEMs and its ability to by supply critical and technologically differentiated products.

The Company has transformed its industrial business from serving just one or two product categories to limited customers, to a separate business vertical with a dynamic product offering across customers, geographies and segments.

Similar to the domestic business, BFL has a limited exposure to the passenger vehicles through exports. However, with the industry moving towards better fuel efficiency and stringent emission norms through the use of lighter engines, they will require high-performance parts. BFL is making significant progress with substantial efforts aimed towards this space. It is confident of achieving success in increasing its exposure to this segment in the coming years.

EXPORT SALES BREAK-UP (%)



4.2.1 Industrial sector

For the last three years, the industrial sector has been a major growth driver for BFL. It was fuelled by a strong product development pipeline, new customer acquisition and new products supply for existing customers. This has been complemented by BFL's ability to move up the value chain and supply components in fully machined conditions.

BFL's presence in the industrial sector is largely in the oil & gas, construction & mining, and rail transportation space in North America and Europe.

The Company's momentum on the industrial front this year has been impacted by the glut of supply of Shale Gas (biggest sector in North America for BFL) and lack of global demand for construction & mining equipment, on the back of low infrastructure spend. The decline was so sharp that exports to the industrial sector in H2 FY13 declined by more than 50 percent compared to H1 FY13.

Despite the intermediary slowdown, the Company is working to enhance its global presence, acquire new customers and develop new value-added products. BFL is equipped with a strong product pipeline and a slew of new customer acquisitions across sectors and markets. The Company is very confident and believes in its ability to grow this business further in the years to come.

BFL IS EQUIPPED WITH A STRONG PRODUCT PIPELINE AND A SLEW OF NEW CUSTOMER ACQUISITIONS ACROSS SECTORS AND MARKETS. THE COMPANY IS VERY CONFIDENT AND BELIEVES IN ITS ABILITY TO GROW THIS BUSINESS FURTHER IN THE YEARS TO COME.

5 SUBSIDIARIES

5.1 Global subsidiaries

BFL's global subsidiaries help contribute to the development of the entire Group. These subsidiaries allow the Company to:

- increase customer penetration and proximity to the customer,
- cross fertilisation of best practices and exchange of technology,
- enhance the ability to cater to the customers through a dual-shore based model which will reduce the customer's dependency on the no. of suppliers for different components.

Following a good year in CY 2011, all the global subsidiaries of the Company focussed on cost reductions, right sizing of organisation and new market development. However, global markets have been extremely volatile in second half of CY 2012 resulting in lacklustre performance of the subsidiaries.

Europe: Performance of European subsidiaries was adversely affected in CY 2012 on backdrop of lower demand in the underlying markets. The subsidiaries have focused on improvement in productivity, lean organisation and cost reduction. As a result of these initiatives, European subsidiaries have been able to achieve profitability during these uncertain market conditions. These companies continue to develop new products, increasing share of business with customers and focus of improvement in operational performance.

USA: In November 2012, US subsidiary of the Company – Bharat Forge America Inc. (BFA) closed its manufacturing operations due to sustained losses. Most of the existing business of BFA was transferred to India thereby protecting the business within the Group. Subsequently all assets of BFA were sold in US in May 2013 for $ 11.25 Million. Loss for CY 2012 due to such discontinued business was ` 168 Million.

China: Performance of Joint Venture in China was adversely affected by drop in underlying market in China. The drop in market was severe especially in commercial vehicle market (drop of 30 percent over last year) and construction market (drop of 70 percent over last year). As a result, the capacity utilisation of Joint Venture Company was far below break-even level resulting in higher losses in CY 2012.

5.2 Indian subsidiaries

BFL has been foraying into the capital goods and infrastructure business segments (both offer major growth opportunities) through investments in JVs and subsidiaries.

5.2.1 Alstom Bharat Forge Power Limited (ABFPL) and Kalyani Alstom Power Limited (KAPL)

India's Planning Commission projects that the country needs at least 35-40 GW of additional generation capacity annually to reach the necessary installed capacity of 800 GW by 2030.

Alstom Bharat Forge Power Limited (ABFPL) and Kalyani Alstom Power Limited (KAPL) are two JV companies of BFL with Alstom. These JVs design, engineer and manufacture state-of-the-art power equipment, including turbines, generators, heat exchangers range for power plant units of 300 MW to 800 MW. ABFPL has been awarded two prestigious orders by NTPC Limited. The first one, a 2X660 MW supercritical Turbine Generator Islands is set to be installed at Solapur in Maharashtra, while a 3X660 MW supercritical turbine generator islands is going to be installed at Nabinagar in Bihar. Both of these projects, together constituting robust orders of ` 38,000 Million, are being implemented and all key design and engineering milestones for these have been met.

5.2.2 BF Infrastructure Limited (BFIL)

BFL's wholly-owned subsidiary, BFIL, endeavours to be a key contributor in India's infrastructure growth through a niche and dominant role in a few important segments including power. The Company possesses a host of key enablers, including a talent pool with nearly 1,500 man-years of proven project experience. It is currently setting up a 450 MW (3X150 MW) coal-based thermal power plant at Haldia, West Bengal, for India Power Corporation (Haldia) Limited on EPC basis at a cost of ` 18,850 Million. After suffering from initial delays due to land-related problems, the project is under implementation now. It is expected to be completed with all the three turbines proposed to be commissioned in the next financial year.

5.2.3 BF-NTPC Energy Systems

BFL's JV with NTPC, namely BF-NTPC Energy Systems Limited, has identified critical shortages in the domestic availability of products, such as high-pressure piping, special castings, valves and pumps, which retard timely completion of the country's power plants. Due to current depressed market conditions in the power sector, BF-NTPC Energy Systems Limited has decided to put the project on hold and revisit it once demand in the sector revives.

5.2.4 David Brown Bharat Forge Gear Systems India Limited

David Brown Bharat Forge Gear Systems India Limited is a JV company located in Pune and serves India's industrial market. It supplies both newly build gearboxes and comprehensive aftermarket services to sectors, such as power, mining, defence, wind, rail and steel. In the first phase, the JV has established service centre in Hosur, Karnataka and will set up a manufacturing facility in the second phase once the demand in the capital goods/power sector revives.

6 FINANCIAL REVIEW

6.1 Standalone

Total income

FY13 witnessed a decline in total income by about 13.5 percent from ` 37,474 Million in FY12 to ` 32,429 Million in FY13. The decline was largely due to a continued slump in automotive demand and drop in component sales to the industrial sectors both in India & overseas markets.

The demand for India's industrial segment was impacted by global slowdown across markets. In India, the industrial sales were primarily impacted due to weak investment sentiments and a slowdown in industrial activities. Rest of the markets faced declining demand from various infrastructural activities.

FOR THE LAST THREE YEARS, THE INDUSTRIAL SECTOR HAS BEEN A MAJOR GROWTH DRIVER FOR BFL. IT WAS FUELLED BY A STRONG PRODUCT DEVELOPMENT PIPELINE, NEW CUSTOMER ACQUISITION AND NEW PRODUCTS SUPPLY FOR EXISTING CUSTOMERS. THIS HAS BEEN COMPLEMENTED BY BFL'S ABILITY TO MOVE UP THE VALUE CHAIN AND SUPPLY COMPONENTS IN FULLY MACHINED CONDITIONS.

FINANCIAL RESULTS

in ` Million

Particulars	FY13	FY12	% Change
Domestic Sales	15,025.49	18,525.30	(18.9)
Export Sales	15,866.30	17,347.09	(8.5)
Other Operating Income	620.48	987.35	(37.2)
Other Income	916.25	613.93	49.2
Total Revenue	**32,428.52**	**37,473.67**	**(13.5)**
Raw material	13,572.32	16,334.08	(16.9)
Manufacturing Expenses	5,952.52	6,448.45	(7.7)
Manpower cost	2,573.88	2,549.64	1.0
Other Expenditure	2,075.47	2,374.55	(12.6)
Total Expenditure	**24,174.19**	**27,706.72**	**(12.7)**
EBITDA	**8,254.33**	**9,766.95**	**(15.5)**
Depreciation	2,239.33	2,149.33	4.2
Interest	1,533.59	1,299.63	18.0
PBT	**4,481.41**	**6,317.99**	**(29.1)**
Exchange Gain/ (Loss)	(182.33)	(143.25)	27.3
Exceptional Item	105.69	(704.16)	
PBT	**4,404.77**	**5,470.58**	**(19.5)**
Taxation	(1,348.84)	(1,849.85)	(27.1)
PAT	**3,055.93**	**3,620.73**	**(15.6)**

Income

Domestic sales decreased by 18.9 percent on the back of 27 percent decline in volumes in the M&HCV segment and order declines in the industrial sector in India.

Export sales declined by 8.5 percent on back of slump in demand across auto & industrial segments across all major geographies. Export realisation improved during the year on back of rupee depreciation against major currencies and also increase in supply of machined components.

Other Operating income (Export Incentive) declined during the year due to reduction in incentive rates. Other income increased 49.2 percent from ` 614 Million to ` 916 Million. Overall, total income reduced 13.54 percent from ` 37,474 Million to ` 32,429 Million.

Expenditure

Raw Material as percent of total income decreased from 43.6 percent in FY12 to 41.9 percent in FY13 on improved machining and higher realisation per tonne.

Manufacturing cost as percent of total income increased from 17.2 percent to 18.4 percent due to increase in Power cost which increased from ` 6.76 per Kwh in FY12 to ` 7.74 Kwh in FY13.

Salary cost increased from 6.8 percent to 7.9 percent on primarily on account of sudden drop in demand which had an impact on total income.

Other expenditure remained more or less flat at 6.4 percent on a YoY basis.

EBITDA % marginally declined by 60 bps from 26.1 percent to 25.5 percent despite a more than a 10 percent decline in top line on back of measures taken towards the end of the fiscal to reduce cost in line with the lower demand environment.

Depreciation and Interest Cost increased from 9.2 percent to 11.6 percent on back of new machining lines getting commissioned in the fiscal and replacement of US$ 39.9 Million Zero Coupon FCCB with an ECB of similar amount.

KEY FINANCIAL PARAMETERS

in ` Million

Particulars	FY13	FY12
Debt	18,737	19,810
Equity	23,111	21,431
Cash	6,520	9,381
D/E	0.81	0.92
D/E (Net)	0.53	0.49

Return ratios (ROCE & RONW) have deteriorated on an annual basis on back of decline in demand resulting in lower top line and also increase in capital employed due to previously planned capacity expansion. ROCE has reduced from 19.5 percent in FY12 to 13.6 percent in FY13 while RONW has decreased from 19.5 percent to 14.3 percent.

6.2 Consolidated

CONSOLIDATED FINANCIALS

in ` Million

Particulars	FY13	FY12	% Change
Within India	16,091.19	18,525.30	(13.1)
Outside India	40,310.20	43,277.96	(6.9)
Other Operating Income	620.48	987.35	(37.2)
Other Income	1,125.80	815.70	38.0
Total Revenue	**58,147.67**	**63,606.31**	**(8.6)**
Raw Material	25,308.56	29,128.69	(13.1)
Manufacturing Expenses	11,113.16	11,792.25	(5.8)
Manpower cost	8,013.28	7,803.96	2.7
Other Expenditure	3,971.14	4,101.24	(3.2)
Project cost	763.44	-	
Total Expenditure	**49,169.58**	**52,826.14**	**(6.9)**
EBITDA	**8,978.09**	**10,780.17**	**(16.7)**
Depreciation	3,360.38	3,021.80	11.2
Interest	1,907.91	1,654.55	15.3
PBT	**3,709.80**	**6,103.82**	**(39.2)**
Exchange Gain/(Loss)	(158.27)	(105.47)	50.1
Exceptional Items	365.69	-	
PBT	**3,917.22**	**5,998.35**	**(34.7)**
Taxation	(1,727.78)	(1,796.11)	(3.8)
PAT	**2,189.44**	**4,202.24**	**(47.9)**
Share of profit in associates	1.96	(3.18)	
Minority interest	(452.54)	(68.58)	
Net Profit	**2,643.94**	**4,130.48**	**(36.0)**
Loss from Disc Operations	(168.19)	-	
Net Profit	**2,475.75**	**4,130.48**	**(40.1)**

KEY FINANCIAL PARAMETERS

in ` Million

	FY13	FY12
Debt	27,845	27,608
Equity	24,206	23,795
Cash	9,428	10,584
D/E	1.15	1.16
D/E (Net)	0.76	0.72

7 INNOVATION AND INTELLECTUAL PROPERTY RIGHTS (IPR)

Innovation lies at the core of BFL's operations. Integrating technological innovation in its processes and products to improve them and perform new things through optimal utilisation of existing assets and capabilities sets BFL apart. BFL's integrated set up also helps it cater to customers as a developmental partner.

Be it product development, prototyping, conversion of prototyped object to a forged part, completely validating as per test protocols or machining, it is involved in the entire process. This ability of Bharat Forge, which makes customers confident to use these parts directly into the desired application, sets the Company apart.

The Company has always adopted lean technologies and found its own way of doing things. It has been done through usage of extensive computer-aided manufacturing (CAE platform). BFL's extensive capabilities has helped transform it into a flexible organisation with the ability to build a relationship with the customers, wherein it will not merely be a product supplier, but rather work in the capacity of a developmental partner. BFL's extensive capabilities allow it to produce everything digitally first (through simulation) at its engineering centre. Then the actual process can be applied to create the required product on the shop floor. This has been possible because the Company has its own validation and testing facilities.

BFL focuses on innovation through R&D activities across the year, developing new products. The Company does not have a technological tie-up with any other company and hence, looks at developing products and processes in-house.

Patents

The Company has filed for seven patents and is in the process of filing three more soon. Most of these are process patents.

Design improvements

BFL is involved with it clients throughout the process - right from the initial stages of product development to the time of product delivery – and voices various recommendations.

Yield improvement programmes

Various yield improvement programmes are held to develop various innovative designs and concepts. To optimise the input material going into the final product, various simulation techniques are used.

Technology days

BFL organises various programmes to bring customers closer. Different capabilities, products and complexities are demonstrated to the customers during their visit to the Company's facilities on technology days. Various VAVE (Value Added Value Engineering) projects have been identified to assist the customer during the product development stage to improve product efficiency.

Knowledge exchange

The Company's subsidiaries hold various employee exchange programmes to facilitate pan-organisational knowledge transfer and best practices exchange. Issues arising out of challenges faced during the year and benefits derived out of conduction of certain activities are discussed.

8 NURTURING HUMAN CAPITAL

BFL believes that its human capital is the most valuable asset that helps it remain competitive. Hence, it always nurtures its human resource pool to build competitive advantage. The Company attracts top-calibre individuals regularly and provides them with opportunities to learn and grow. BFL arranges training sessions for its employees to empower and upgrade them to achieve business motives and help them build their career.

Creating a world class global talent pipeline

The Company is creating a world-class global talent pipeline by identifying the best people across all its facilities and imparting training in their areas of expertise. Through this, it is transforming itself into an end-to-end innovation-led solution provider, which will be run by highly efficient employees.

Human Process Development Laboratory

BFL initially selected 108 managers and later shortlisted 60 of them for the Human Process Development Laboratory Programme. BFL has supplemented additional knowledge capsule for these 60 managers in the areas of operational excellence, financial management, project management, team management and marketing management.

Strengthening the leadership pipeline

The Company is constantly striving to build a leadership pipeline. The aim is to groom the leaders of tomorrow. BFL aims to develop persuasion skills of its employees, which will enable them to reach the goals set by the organisation and align them with the ultimate organisational strategies.

Training is imparted through 3-day structured leadership programmes at development centres.

Innovative learning initiatives

BFL is continuing its learning initiatives with reputed institutions, such as BITS Pilani, Warwick University, UK, and IIT, Mumbai (M. Tech). The Company also sponsored three candidates for their PhD. programme – one each at the University of Pune, IIT Mumbai and Deakin University – Australia.

Various diploma and degree courses are offered to selected candidates. These courses include Diploma in Mechanical Engineering, B.S. (Manufacturing Engineering), M.Sc. (Engineering and Business management), M.Tech, Post Graduate Diploma in Quality Management, Advanced Diploma in Energy Management and Audit, and so on. Many employees have benefitted through these programmes.

Many other innovative learning initiatives like setting-up an ITI, apprentice shop, 'Learn and Earn', 'Diploma in Safety and Engineering', 'Forger & Heater Treater' and many more were undertaken to help employees.

HR facilitator initiative

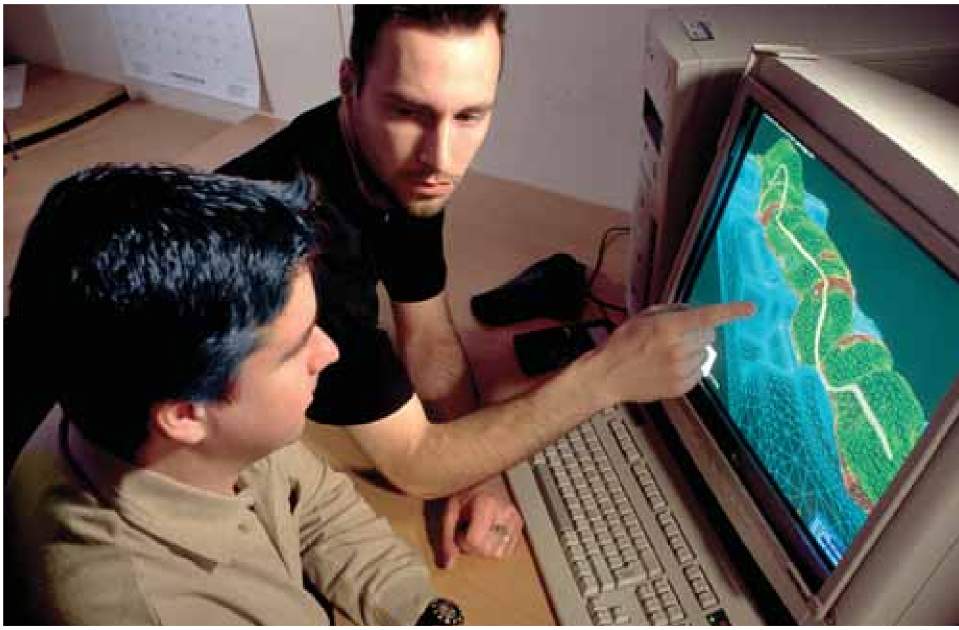
It is a unique initiative, whereby managers are selected from various departments as HR Ambassadors. These selected employees, comprising 42 people across all locations, are doing their regular job and are also trained as HR facilitators. This initiative has been implemented to formalise, combine and channelise the communication flow within the organisation.

9 INFORMATION TECHNOLOGY

FY13 highlights

- SAP Business Planning and Consolidation (BPC) was implemented in FY13 for planning to help BFL achieve a unified process for better planning, managing and improving performance. This would bring better alignment of objectives, plans and tactics, and improved decision-making. Besides, it would also facilitate enhanced execution of organisation objectives. The platform would improve access to critical business information and reduce the effort required to produce it. It is also expected to decrease cycle times for budgeting/forecasting.

- BFL also deployed Multi-Layer Security for a Multi-tenanted Data Centre. It would help provide information assurance to all stakeholders. The key objectives of this project were to:
  - Achieve defence in depth using best-of-breed security solutions
  - Implement security controls without impacting performance
  - Manage and monitor multi-Tier defence systems centrally



Targets for the next year

- **Enterprise Business Intelligence and Analytics**

  This project is currently being phased out as a part of the full-fledged exercise to automate all business reporting processes. It would bring in white-collared productivity in reporting and process revalidation. The project will give additional benefit of labour productivity improvement due to automation in reporting process. The key objectives of this project are to:
  - Establish consistent interpretation of information and ability to integrate
  - Improve quality of information in terms of accuracy, consistency, timeliness, validity and completeness of information
  - Establish appropriate controls to address security and privacy requirements
  - Allow control on information lifecycle from creation of data to retention/disposal

- **Automation of New Product Development**

Using Microsoft SharePoint Portal, BFL is looking to remove manual intervention and automate the New Product Development to achieve total control on the process.

- **Supply Chain Portal**

Current Supply Chain Portal would be revamped to ease usability on the latest technology platform.

- **Business Continuity**

BFL would revamp the enterprise backup solution, considering the way there is growth of data flow within the organisation.

- **Improvement in IT security**

Further improvement in IT security will ensure good governance on end-point protection.

10 SAFETY

In the year 2012 we have achieved reduction in accidents by 83 percent over the year 2004 by implementing the following activities:

1. Hazard Identification and Risk Assessment (Hira)

This is a proactive measure to reduce accidents, incidents and near misses. In HIRA, Potential Hazards in the routine and non-routine activities are identified in advance and necessary control measures are implemented to reduce the risk from the hazard of injuries, ill health and damage to the environment.

2. Development of Qualified Safety Representatives

Advanced Diploma in Industrial Safety (38 Participants) and Advanced Diploma in Fire Safety Engineering (22 Participants) courses were conducted for development of competent safety personnel (They are appointed as a Safety Coordinators).

3. STEP – Self Training Education Programs for officers, trainees and other personnel.

4. Work Permit System

Work permit system is an administrative control for reducing the accident in the activities which involves high risk to personnel and environment.

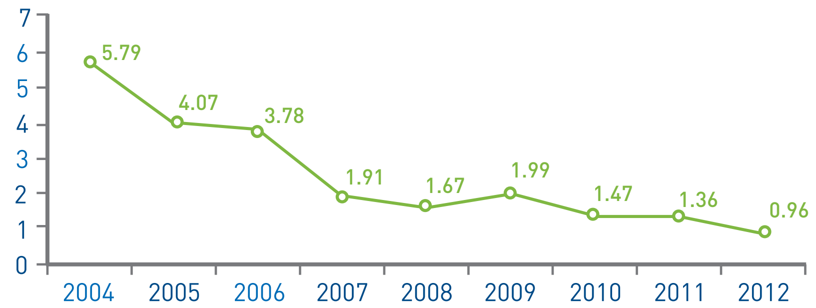
5. LOTO System

Lock out and Tag out system which ensures the energy isolation during the maintenance work.

6. Safety Committee Meetings

Safety committees are formed on department and company basis (Apex Safety Committee). Safety committee meetings are conducted on regular basis, HSE issues, Accident statistics, BBS record, HSE objectives compliance record, etc. are discussed in the meetings and necessary actions are finalised to improve the health and safety performance of the Company.

BFL FREQUENCY RATE 2004-2012



8. HSE Objectives

HSE objectives are defined to improve the HSE performance (e.g. Plant safety inspection, Tool Box Talk, Elimination of oil / air leakages, Kaizens, etc.). Compliance to these objectives is discussed in the department safety meeting.

9. Internal Safety Audits

Selected people are trained to conduct the Internal Audit, they conduct the audit, prepare the report and communicate the non-conformance and areas for improvement to concerned personnel, conduct the review to monitor the compliance to the actions decided after the internal audit.

10. Display of various Safety Signs, Posters, Visual Procedure Standard, for awareness on HSE.

11. Fire Prevention and Fire Control training are provided to deal with the fire incidents and regular emergency preparedness drills are conducted to avoid panic situation during an emergency.

12. Development of Accident / incident / Near miss / reporting and investigation system and One Point lesson to avoid reoccurrence of accidents.

11 CORPORATE SOCIAL RESPONSIBILITY

Bharat Forge goes beyond what is required to make a positive impact on society and the environment through its management, operations and through their engagement with their stakeholders. In 2012-13, there was increased energy in the CSR activities with wider participation of BFL employees. Lakshya (Goal) is an inter-departmental initiative started at Bharat Forge with the aim of giving something back to the society – a unique initiative where in efforts were taken across departments to serve the needy, in a structured way, every department at Mundhwa has taken up a specified activity.

Some of activities include:

Cleaning & Caring for Environment, Involvement in Blood donation camp, Women, Senior citizens and underprivileged children, wherein each department in the Company has adopted an institution around Pune. The employees visit the institutions regularly. Various institutions adopted include schools, old age homes.

BFL contributes in the field of education by adopting Industrial Training Institute (ITI) at Khed, and have also adopted two other ITIs, i.e. ITI-Bhor and ITI-Malegaon, (Taluka Baramati) to improve the standards of technical education.

BFL runs community Development Centres in three different communities. The beneficiaries are employees' wives and children. Vocational Training, Income Generating Activities for the women and Personality Development Programmes for women & children are the important features.

BFL actively support the efforts of 'Pratham Pune Education Foundation' (PPEF), which imparts non formal education to the children of economically weaker sections of society. The foundation has delivered education programmes to a large number of children during its existence.

Bharat Forge has given selfless and concerted support to all little Nanhi Kalis with the aim that the girl child, more often than not is sidelined to an extent that she always has a disadvantaged access to quality education and material support.

The Institute for Prostate Cancer is a Kalyani initiative established under the guidance of Dr. Ashutosh Tewari, one of the world's leading experts in prostate cancer. The Institute for Prostate Cancer represents an unprecedented commitment to bringing world-class treatment and research to the heart of India.

BFL Affirmation Action

BFL is committed to taking the Affirmative Action steps to help the Schedule Caste & Schedule Tribe communities of the society. BFL's principle's of equal employment opportunity, education, employability & entrepreneurship helps us foster a positive and inclusive growth.

BFL's Affirmative Action is a voluntary commitment to help the Government and civil society to ensure equal opportunity to the members of the Scheduled Castes and Scheduled Tribe.

12 OUTLOOK

Economic uncertainties, along with a decline in automotive and industrial sectors in its primary markets, namely India, the US and the Eurozone nations, adversely impacted BFL's performance in FY13. Despite the Company's recovery initiatives through cost control and increased productivity, the domestic as well as export outlook for the first two quarters of FY14 remain sluggish.

13 RISK MANAGEMENT

BFL employs a cautious approach to identify and analyse internal and external risks and minimise their impacts on the Company's operations. The Company's risk management policies help respond swiftly to risks and take necessary actions to mitigate them.

Market Risk

Nature of risk

Over 50 percent of BFL's consolidated revenues are derived from the US and European markets. Hence, with the automotive sector hit by the current economic crisis in the developed economies, the Company's bottom line has been affected. Despite the growth of the emerging economies providing a risk hedge, they are yet to meet the sheer size of the developed markets.

Mitigation

The Company's diverse portfolio helps it shift focus to other industries, customers and geographies. For example, with the auto industry hit by the economic slowdown, BFL has focused on the industrial segment.

Inputs Price volatility Risk

Nature of risk

Unprecedented upward trend of raw material and energy costs in the past few years due to price volatility poses a major threat to the Company.

Mitigation

In order to mitigate the risks arising out of input price volatility, BFL has constantly striven to keep production costs under control by enhancing productivity. It procures majority of steel at arm's length basis from the two steel mills, which are part of the Kalyani Group, thus helping mitigate inventory risks to an extent. To protect itself from commodity volatility, BFL has raw material pass through clauses in all contract. Along with these, a number of measures have been taken to reduce energy consumption by modifying processes, like SKOs and LDOs.

Currency Risk

Nature of risk

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

Mitigation

BFL has followed a consistent policy of taking simple forwards on a 1 year rolling basis to protect its export realisation. At any given point of time, BFL's exports are higher than its foreign currency borrowings there by giving it a natural hedge.

Interest Rate Risk

Nature of risk

The Company is always looking to expand its presence in the international arena. It uses borrowings to fund its expansion and acquisition needs and hence, has an incremental exposure to interest rate risks.

Mitigation

BFL's efficient financial planning, which includes increasing equity in line with growing debt levels, has helped keep debt-equity ratio under control. The Company has a judicious mix of loan portfolio and internal cash accruals to fund its expansions. BFL focuses on working capital management to reduce interest cost.

Insolvency Risk

Nature of risk

BFL operates through several global subsidiaries. While the Indian operations remain strong, some of the foreign subsidiaries may come under financial stress. In the current financial environment, many of these subsidiaries may even face insolvency risks.

Mitigation

BFL's global strategy relies on supporting each business in difficult times. One of the major advantages for BFL is that most of its global subsidiaries have low debt leverage. However, if the situation arises on a case to case basis, some asset and investment restructuring may need to be undertaken.

14 INTERNAL SYSTEMS AND THEIR ADEQUACY

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

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 CONSISTENT HIGH STANDARDS OF CORPORATE CONDUCT TOWARDS ITS STAKEHOLDERS.

Bharat Forge has consistently aimed at developing and internalising such policies and implementing best-in-class actions that make it a good model 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. The procedure and systems are reviewed periodically to ensure their continued relevance, effectiveness and responsiveness to the needs of our Shareholders.

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

BOARD OF DIRECTORS

Composition of the Board

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on March 31, 2013, Bharat Forge's Board comprises 17 Directors. The Board consists of the 6 Executive Directors (including Chairman and Managing Director, who is a promoter Director) and 11 Non-executive Directors, 10 of whom are independent. Details are given in Table 1.

Number of Board Meetings

In 2012-13, the Board of the Company met five times on May 28, 2012, August 10, 2012, October 31, 2012, February 8, 2013 and February 25, 2013. The maximum gap between any two Board Meetings was 100 days and the minimum gap was 17 days.

Directors' Attendance Record and Directorships

Attendance of Directors at the Board Meeting held during 2012-13 and the last Annual General Meeting (AGM) held on July 27, 2012 and details of directorships (calculated as per provisions of Section 275 and 278 of the Companies Act, 1956), Chairmanships and committee memberships held by the Directors as on March 31, 2013, are furnished hereunder.

Table 1 below gives the details:

Table 1: Composition of the Board of Directors

Name of the Director	Category	Attendance Particulars			No. of other Directorships and Committee Memberships / Chairmanships in other Indian public companies**		
		Number of Board Meetings		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. B.N. Kalyani (Chairman and Managing Director)	Promoter, Executive & Managing Director	5	4	No	14	2	2
Mr. S.M. Thakore	Independent	5	2	Yes	5	2	2
Mr. S.D. Kulkarni	Independent	5	2	No	NIL	NIL	NIL
Mr. P.G. Pawar	Independent	5	5	Yes	6	3	1
Dr. Uwe Loos	Independent	5	3	No	NIL	NIL	NIL
Mr. P.C. Bhalerao	Non-Executive	5	4	No	4	2	NIL
Mrs. Lalita D. Gupte	Independent	5	4	Yes	4	2	2
Mr. P.H. Ravikumar	Independent	5	3	No	8	3	2
Mr. Alan Spencer	Independent	5	3	No	NIL	NIL	NIL
Mr. Naresh Narad	Independent	5	4	Yes	1	2	NIL
Dr. T. Mukherjee	Independent	5	4	Yes	4	2	NIL
Mr. G.K. Agarwal	Executive	5	4	Yes	1	NIL	NIL
Mr. Amit B. Kalyani	Executive	5	5	Yes	12	5	NIL
Mr. B.P. Kalyani	Executive	5	5	Yes	NIL	NIL	NIL
Mr. S.E. Tandale	Executive	5	5	Yes	1	NIL	NIL
Mr. Sunil K. Chaturvedi	Executive	5	3	No	6	1	NIL
Mr. Vimal Bhandari*	Independent	5	1	-	7	4	4

* Appointed as an Additional Director w.e.f. February 8, 2013.

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

Note:

As detailed in the table above, none of the Directors hold directorship in more than 15 public limited companies. Additionally, none of the Directors have membership in more than 10 committees of the Board and Chairmanship of more than 5 committees of the Board, across the Companies, in which they all are associated as Directors.

As mandated by Clause 49, the Independent Directors on Bharat Forge Ltd.'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 the 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 3 financial years.
- Are not Partners or Executives or were not Partners or Executives during the preceding three financial years of the:
  a) Statutory Audit Firm or the Internal Audit Firm that is associated with the Company.
  b) Legal firm(s) and Consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial shareholders of the Company, i.e., do not own 2% or more of the paid up capital of the Company.
- Are not less than 21 years of age.

INFORMATION SUPPLIED TO THE BOARD

Among others, information supplied to the Board includes:

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

Bharat Forge Ltd.'s Board is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted.

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2013, is set forth in Table 2 below.

Table 2: Remuneration paid or payable to Directors for the year ended March 31, 2013 and relationships of the Directors 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	47,633,964	6,772,471	41,200,000	95,606,435
Mr. S.M. Thakore	None	20,000	NA	NA	550,000	570,000
Mr. S.D. Kulkarni	None	30,000	NA	NA	700,000	730,000
Mr. P.G. Pawar	None	50,000	NA	NA	1,400,000	1,450,000
Dr. Uwe Loos	None	15,000	NA	NA	500,000	515,000
Mr. P.C. Bhalerao	None	55,000	NA	NA	1,350,000	1,405,000
Mrs. Lalita D. Gupte	None	30,000	NA	NA	850,000	880,000
Mr. P.H. Ravikumar	None	35,000	NA	NA	950,000	985,000
Mr. Alan Spencer	None	15,000	NA	NA	500,000	515,000
Mr. Naresh Narad	None	20,000	NA	NA	700,000	720,000
Dr. T. Mukherjee	None	20,000	NA	NA	700,000	720,000
Mr. G.K. Agarwal	None	NA	20,309,770	2,737,800	9,000,000	32,047,570
Mr. Amit B. Kalyani	Son of Mr. B.N. Kalyani	NA	19,850,396	2,728,872	9,000,000	31,579,268
Mr. B.P. Kalyani	None	NA	8,805,970	1,084,956	11,000,000	20,890,926
Mr. S.E. Tandale	None	NA	9,614,598	1,151,611	12,000,000	22,766,209
Mr. Sunil K. Chaturvedi	None	NA	15,807,143	1,962,081	6,000,000	23,769,224
Mr. Vimal Bhandari##	None	5,000	NA	NA	200,000	205,000

Notes:

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

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

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

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

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

Appointed as an Additional Director w.e.f. February 8, 2013.

COMMITTEES OF THE BOARD

1 AUDIT COMMITTEE

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

As on March 31, 2013, the Audit Committee of Bharat Forge comprised:

Mr. P.G. Pawar (Chairman)

Mr. S.D. Kulkarni

Mr. S.M. Thakore

Mr. P.H. Ravikumar

Mr. P.C. Bhalerao

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Annual General Meeting (AGM) held on Friday, July 27, 2012 was attended by the Chairman of the Committee, Mr. P.G. Pawar, to answer shareholders' queries.

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

The Committee met five times on May 5, 2012, May 28, 2012, August 10, 2012, October 31, 2012 and February 8, 2013. The maximum gap between any two meetings was 100 days and the minimum gap was 23 days.

Table 3 below gives attendance record.

Table 3: Attendance record of Audit Committee members for 2012-13

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	2
Mr. S.M. Thakore	Independent	Member	5	2
Mr. P.H. Ravikumar	Independent	Member	5	4
Mr. P.C. Bhalerao	Non-Executive	Member	5	4

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

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

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

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

The role of the Audit Committee includes:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or resignation of the Statutory Auditors and the fixation of audit fees.
- Approving payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

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

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

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

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

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

f) Disclosure of any related party transactions.

g) Qualifications in 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, and so on), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, the performance of Statutory Auditors, including Cost Auditors 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.
- Discussing with Internal Auditors 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.
- Discussing with Statutory Auditors including Cost Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Approving the appointment of the CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background and others 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; and
- Carrying out such other functions, as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors of the Company.

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

- Management discussion and analysis of financial condition and results of operations.
- Management letters/letters of internal control weaknesses issued by the Statutory Auditors.
- Internal audit reports relating to internal control weaknesses, if any.
- The appointment, resignation and terms of remuneration of the Internal Auditors.
- The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Clause 49.
- Details of material individual transactions with related parties, which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on arm's length basis, along with management's justification for the same; and
- Carry out such other functions, as may be specifically referred to the Committee by the Company's Board of Directors and/or the Committee of the Directors.

SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

Terms of Reference

The Shareholders'/ Investors' Grievances Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks to redress shareholders and investors complaints relating to shares transfer, non-receipt of Annual Report and declared dividends, and so on.

The Committee monitors implementation and compliance of Company's Code of Conduct for Prohibition of Insider Trading in pursuance of Securities Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992.

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

Meetings: The Committee met twice during the year 2012-13 on October 31, 2012 and February 8, 2013. Table 4 below gives the details of attendance.

Table 4: Attendance record of Shareholders'/Investors' Grievances Committee for 2012-13

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

REMUNERATION COMMITTEE

Terms of Reference

The Remuneration Committee has been constituted to recommend/review remuneration of the Managing Director, Deputy Managing Director and Executive Directors, based on their performance and defined assessment criteria.

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements. It is in consonance with the existing industry practice.

Each of the Non-Executive Directors is also paid a commission based on the performance of the Company. There are no pecuniary relationships or transactions of the Non-Executive Directors viz-a-viz the Company.

Composition

The Committee comprises of 5 members:

Mr. B. N. Kalyani (Chairman and Managing Director - Committee Chairman), Mr. S. D. Kulkarni (Independent Director), Mr. P. G. Pawar (Independent Director), Mr. P. C. Bhalerao (Non-Executive Director) and Mr. Amit Kalyani (Executive Director).

Meetings

The Committee has not held any meeting during the year, 2012-13.

FUNCTIONAL COMMITTEE

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

Procedure of Committee Meetings

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

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, 2013.

Table 5: Details of the shares and convertible instruments* held by the Non-Executive Directors as on March 31,2013

Name of the Director	Category	Number of shares held of ` 2 each
Mr. S.M. Thakore	Independent	24,650
Mr. S.D. Kulkarni	Independent	2,740
Mr. P.G. Pawar	Independent	NIL
Dr. Uwe Loos	Independent	NIL
Mr. P.C. Bhalerao	Non-Executive	NIL
Mrs. Lalita D. Gupte	Independent	NIL
Mr. P.H. Ravikumar	Independent	2,000
Mr. Alan Spencer	Independent	NIL
Mr. Naresh Narad	Independent	NIL
Dr. T. Mukherjee	Independent	NIL
Mr. Vimal Bhandari	Independent	NIL

* None of the Non-Executive Directors hold any Convertible Instruments, as of March 31, 2013.

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 7 direct subsidiaries, 2 of them are registered outside India and 5 are in India, whose turnover does not exceed the limit prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. Thus, these subsidiaries are out of the scope of the above definition.

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

Appropriate details of these subsidiaries are reported elsewhere in the Management Discussion and Analysis.

All subsidiaries of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

This Annual Report has a detailed chapter on Management Discussion and Analysis and includes discussion on various matters specified under Clause 49 (IVF) 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. The interested Directors do not participate in the discussion nor do they vote on such matters.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

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

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

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

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. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained in this Annual Report.

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Directors seeking re-appointment at the ensuing Annual General Meeting:

Mr. G.K. Agarwal

Mr. P.C. Bhalerao

Mr. P.G. Pawar

Mr. S.D. Kulkarni and Prof. Dr. Uwe Loos, Directors liable to retire by rotation have expressed their intention not to seek re-election at the ensuing Annual General Meeting.

MR. G.K. Agarwal

Mr. G.K. Agarwal (62) is a Bachelor of Engineering (Mech.) and an M.B.A. He has over 39 years of work experience. Mr. Agarwal has been on our Board since April 1, 1998. He was designated as Deputy Managing Director with effect from May 23, 2006. He is responsible for the Company's operations viz. Marketing, Manufacturing, Purchases, Personnel, Exports and new projects.

Other Directorships

Mr. G.K. Agarwal is also a Director on the Board of Directors of BF Utilities Limited. He is also the Director on the Board of Directors of the subsidiaries of the Company viz.CDP Bharat Forge GmbH, Bharat Forge Aluminiumtechnik GmbH & Co. KG, Bharat Forge Hong Kong Limited and Bharat Forge Daun GmbH.

***Committee Memberships** - NIL

Mr. G.K. Agarwal holds 2,455 Equity Shares of ` 2 each of the Company and is not related to any Director.

MR. P.C. Bhalerao

Mr. P.C. Bhalerao (63) has a B.E., M.B.A. and a D.T.M. He is a Non-Executive Director on the Board. He has over 34 years of work experience. Mr. Bhalerao has been on our Board since April 1, 1998. On and from August 1, 2005, he was designated as a Non-Executive Director on the Board.

Other Directorships

Mr. P.C. Bhalerao is also a Director on the Board of Directors of Meritor HVS (India) Limited, Nandi Infrastructure Corridor Enterprises Limited, Nandi Economic Corridor Enterprises Limited and Automotive Axles Limited. Mr. Bhalerao is also the Director on the Board of Directors of the subsidiaries of the Company, viz.CDP Bharat Forge GmbH, Bharat Forge Aluminiumtechnik GmbH & Co. KG and Bharat Forge Daun GmbH.

***Committee Memberships**

Mr. P.C. Bhalerao is a Member of Finance & Audit Committee of Nandi Infrastructure Corridor Enterprises Limited and Nandi Economic Corridor Enterprises Limited.

Mr. P.C. Bhalerao does not hold any Equity Shares of the Company and is not related to any Director.

MR. P.G. Pawar

Mr. P.G. Pawar (68) is a Non-Executive and Independent Director on the Board. He is a Bachelor of Engineering from Birla Institute of Technology and Science, Pilani, Rajasthan. He has over 44 years of work experience. Mr. Pawar has been on our Board since May 24, 2005.

Other Directorships

Mr. P.G. Pawar is also a Director on the Board of Directors of P.P. Holdings Ltd., Finolex Cables Ltd., Kirloskar Oil Engines Ltd., Force Motors Ltd., Abhijit Pawar Media Ltd., ABJA Constructions Ltd., Sakal Papers Pvt. Ltd., A.P. Holdings Pvt. Ltd., Panhala Investments Pvt. Ltd., Karha Developers & Miners Pvt. Ltd., Rajgadh Agro farms Pvt. Ltd., Pasle Agro Farms Pvt. Ltd., Bhimthadi Developers & Miners Pvt. Ltd., Ojas Engineering Pvt. Ltd., ASK Chemicals India Pvt. Ltd., World Association of Newspapers and The Indian Newspapers Society.

***Committee Memberships**

Mr. P.G. Pawar is a Member of the Audit Committee of Kirloskar Oil Engines Limited and Force Motors Ltd. and a Member of the Share Transfer cum Investors' Grievances Committee of Finolex Cables Ltd.

Mr. P.G. Pawar does not hold any Equity Shares of the Company and is not related to any Director.

*Note:

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

MEANS OF COMMUNICATION

Bharat Forge puts forth vital information about the Company and its performance, including quarterly results, official news releases and communication to investors and analysts on 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.

News releases, official news and media releases are sent to the Stock Exchanges.

Website

The Company's website contains a separate dedicated section titled 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 on the Company's website: www.bharatforge.com and is updated regularly.

Annual Report

Annual Report containing, *inter alia*, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Independent Auditors' Report and other important information, is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms a 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 requested the Members to immediately register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and members who hold shares in physical form with the Company at investor@bharatforge.com or at its registered Office at Secretarial Department, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

Corporate Filing and Dissemination System (CFDS)

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

NSE Electronic Application Processing System (NEAPS)

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

SEBI Complaints Redress System (SCORES)

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

Presentations to Institutional Investors/Analysts

Detailed presentations are made to Institutional Investors and Financial Analysts on the unaudited quarterly financial results as well as the annual audited financial results of the Company. These presentations are also uploaded on the Company's website: www.bharatforge.com.

Chairman's Communique

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

DESIGNATED EXCLUSIVE EMAIL-ID

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

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement. With regards to the non-mandatory requirements, the Company has formed a Remuneration Committee of the Board.

Secretarial Audit for reconciliation of Capital

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

COST AUDITORS

M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, Cost Auditors of the Company under Section 233 of the Companies Act, 1956 have been re-appointed as the Company's Cost Auditors for the financial year 2013-14.

The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2012 was February 28, 2013 and the Cost Audit Reports were filed by the Cost Auditor on December 26, 2012. The due date for filing the Cost Audit Reports for the financial year ended March 31, 2013 is September 30, 2013.

DISCLOSURES

Related Party Transactions

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

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosure set out in Notes to Account – Schedule – forming a part of the Annual Report.

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

All related party transactions are negotiated on an arm's length basis and are intended to further the Company's interests.

Details of Non-Compliance

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

GENERAL BODY MEETING(S)

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

Table 6: Details of the last three Annual General Meetings

Financial year	Date	Time	Venue	Special resolutions passed
2009-10	July 26, 2010	10.00 a.m.	Regd. office of the Company	None
2010-11	August 10 , 2011	10.30 a.m.	Regd. office of the Company	None
2011-12	July 27, 2012	10.30 a.m.	Regd. office of the Company	None

Special Resolution passed through Postal Ballot

No Special Resolution was passed through Postal Ballot during the financial year 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

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

Annual General Meeting

Date : August 8, 2013

Day : Thursday

Time : 10.30 a.m.

Venue : Registered Office of the Company, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India

Key financial reporting dates for the financial year 2013-14:

- Quarter ending June 30, 2013: On or before August 14, 2013
- Quarter ending September 30, 2013: On or before November 14, 2013
- Quarter ending December 31, 2013: On or before February 14, 2014
- Audited results for the financial year 2013-14: On or before May 30, 2014

Book Closure

The books will be closed from August 3, 2013 to August 8, 2013 (both days inclusive) as annual closure for payment of final dividend.

Dividend

A. Interim Dividend (Equity Shares)

The Company's Board of Directors, at its meeting held on Monday, February 25, 2013, had approved payment of Interim Dividend at the rate of 50% (` 1.00 per Share) for the financial year ending on March 31, 2013. The said dividend has been paid on March 21, 2013.

B. Final Dividend (Equity Shares)

The Board has recommended a Final Dividend at the rate of 120% (` 2.40) per equity share of ` 2 each for the financial year ended March 31, 2013. The dividend, if approved at the ensuing Annual General Meeting, will be paid to members whose names appear in the Register of Members as on August 2, 2013 and would be payable on and from August 26, 2013.

Table 5: Dividend declared by the Company for the last five years

Financial year	Dividend declared on	Dividend per share*
2012-13	March 21, 2013 (Interim Dividend)	` 1.00
2011-12	August 14, 2012 (Final Dividend)	` 2.50
2011-12	March 22, 2012 (Interim Dividend)	` 1.50
2010-11	August 10, 2011 (Final Dividend)	` 3.50
2009-10	July 26, 2010 (Final Dividend)	` 1.00
2008-09	July 24, 2009 (Final Dividend)	` 1.00

* of paid-up value of ` 2 each

Reminders to Investors

Reminders for unpaid dividend are sent to the shareholders as per records available with the Company.

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

During the year under review, the Company has credited `1,422,400, lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection Fund (IEPF), pursuant to Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The cumulative amount of unpaid/unclaimed dividends and matured deposits (including accrued interest thereon) transferred to IEPF up to March 31, 2013 is `1,499,634.

LISTING

Equity

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

BSE Script Code - 500493

NSE Trading Symbol - BHARATFORG

Debt Security

1. Secured Redeemable Non-convertible Debentures of ` 250 crores (11.95%) issued on January 1, 2009, are listed on National Stock Exchange of India Ltd.
2. Secured Redeemable Non-convertible Debentures of ` 350 crores (10.75%) issued on September 22, 2009, are listed on the Bombay Stock Exchange Ltd.
3. Secured Redeemable Non-convertible Debentures of ` 176 crores (10.75%) issued on April 28, 2010 are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.

STOCK DATA

Table 7 below gives the monthly high and low prices and volumes of Bharat Forge Ltd's. Equity Shares at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., Mumbai for the year 2012-13.

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

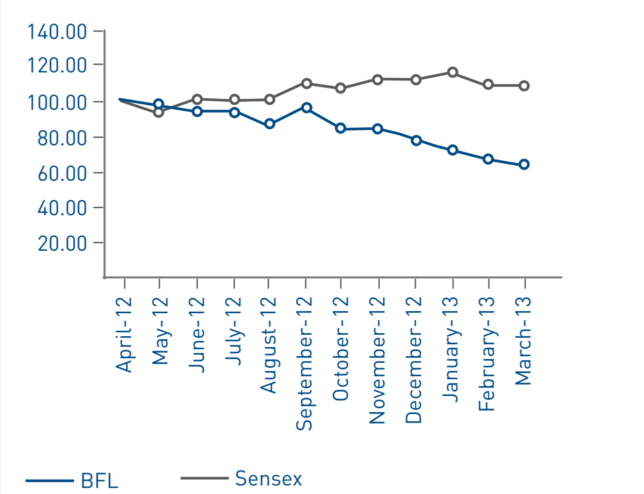
Month	Bombay Stock Exchange Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High (`)*	Low (`)*	Volume (Nos.)	High (`)*	Low (`)*	Volume (Nos.)
Apr-12	333.00	305.00	720,104	333.20	305.00	6,049,426
May-12	347.00	302.00	817,753	358.40	301.00	8,418,083
Jun-12	316.00	287.00	492,109	315.50	286.65	6,302,000
Jul-12	321.50	284.30	732,486	321.50	283.00	5,847,620
Aug-12	318.00	269.55	559,300	318.00	269.15	4,370,535
Sep-12	315.00	272.00	940,809	309.90	271.50	7,965,384
Oct-12	315.00	263.70	1,310,702	314.90	263.45	7,779,999
Nov-12	276.45	245.25	795,310	276.80	245.50	7,173,571
Dec-12	272.35	250.20	1,736,727	279.00	250.15	9,489,522
Jan-13	267.80	227.45	1,663,198	267.80	227.00	9,866,810
Feb-13	232.90	208.15	1,092,018	233.00	208.25	6,642,015
Mar-13	238.45	196.00	1,343,813	239.00	195.10	5,376,469

*Price in ` per Share

STOCK PERFORMANCE

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

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



Note: Share prices of Bharat Forge Ltd. and BSE Sensex have been indexed to 100, as on the first working day of financial year 2012-13, i.e. April 1, 2012.

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

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

In compliance with the SEBI circular, dated December 27, 2002, requiring share registry in terms of both physical and electronic modes to be maintained at a single point, Bharat Forge Ltd. 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 Company's Secretarial Department.

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

Table 8: Number and nature of complaints received and redressed during the year 2012-13

Nature of complaint	No. of complaints received	No. of complaints redressed
Non-receipt of shares against warrant conversion	NIL	NIL
Short receipt of shares against warrant conversion	NIL	NIL
Non-receipt of shares lodged for transfer	1	1
Non-receipt of dividend	2	2
Non-receipt of sub-divided shares	NIL	NIL
Non-receipt of Annual Report	1	1

There is no outstanding complaint, as on March 31, 2013.

As on the date of this report, there are no legal proceedings against Bharat Forge Ltd. on any share transfer matter.

SHAREHOLDING PATTERN

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

Table 9: Pattern of shareholding by ownership, as on March 31, 2013

Category of shareholder	No. of shareholders	No. of equity shares held of ` 2 each	Shareholding %
Promoters Shareholding	22	97,897,170	42.05
Financial Institutions	25	20,427,704	8.78
Mutual Funds (including Unit Trust of India)	49	14,857,511	6.38
Insurance Companies	4	8,185,850	3.52
Nationalised Banks	14	431,986	0.18
Foreign Institutional Investors	103	21,977,103	9.44
Bodies Corporate	851	29,043,009	12.48
Non-resident Indians	1,220	671,286	0.29
Foreign Nationals (including foreign banks and foreign corporate bodies)	2	22,232	0.01
Public Shareholding	61,013	39,280,465	16.87
Total	**63,303**	**232,794,316**	**100.00**

Table 10: Pattern of shareholding by share class, as on March 31, 2013

Category (Shares)	Number of shareholders	No. of equity shares held of ` 2 each	Shareholding %
1 to 5,000	62,235	16,075,821	6.91
5,001 to 10,000	494	3,463,794	1.49
10,001 to 20,000	220	3,152,560	1.35
20,001 to 30,000	76	1,878,050	0.81
30,001 to 40,000	38	1,332,495	0.57
40,001 to 50,000	24	1,095,588	0.47
50,001 to 100,000	68	4,563,581	1.96
100,001 and above	148	201,232,427	86.44
Total	**63,303**	**232,794,316**	**100.00**

DISCLOSURE UNDER CLAUSE 5A(II) OF THE LISTING AGREEMENT IN RESPECT OF UNCLAIMED SHARES

SEBI, vide its circular No.CIR/CFD/DIL/10/2010 dated December 16, 2010, amended Clause 5A of the Equity Listing Agreement for dealing with unclaimed shares in physical form. In compliance with this amendment, the Company had sent 3 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 and others registered with the Company in order to avoid transfer of such unclaimed shares to the Unclaimed Suspense Account.

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

COMPLIANCE CERTIFICATE OF THE AUDITORS

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

DEMATERIALISATION

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2013, dematerialised shares accounted for 91.40% (91.31% up to March 31, 2012) of total Equity. The details of dematerialisation are given in Table 11 below.

Table 11: Dematerialisation of Shares, as on March 31, 2013

Sr. No.	Mode of holding	%
1	NSDL	85.71
2	CDSL	5.69
3	Physical	8.60
	Total	**100.00**

CEO AND CFO CERTIFICATION

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

Details of Public Funding Obtained in the Last 3 Years and its Implications on paid up Equity Share Capital.

(Please refer to table 12 below)

Table 12: Details of public funding obtained in the last 3 years and its implication on paid up Equity Share Capital

Financial Year	Amount Raised through Public Funding	Effect on Paid up Equity Share Capital
2012-13	NIL	NIL
2011-12	NIL	NIL
2010-11	NIL	NIL

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

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

- 10,000,000 equity shares at ` 272 per equity share for an aggregate amount of ` 2,720,000,000 (Rupees Two Hundred and Seventy Two crores), inclusive of premium
- 6,500,000 warrants at ` 2 per warrant for an aggregate amount of ` 13,000,000 (Rupees One Crore and Thirty Lacs). Warrants are exchangeable for 1 equity share for every warrant during the warrant exercise period at the warrant exercise price of ` 272 per share. None of the Warrants were submitted for conversion into the Company's Equity Shares before the warrants exercise period and all 6,500,000 warrants have lapsed and ceased to be valid, w.e.f. April 28, 2013.

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 the 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 under QIP issue and paid up equity share capital increased to ` 465.588 Million.

PLANT LOCATIONS

- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India
- Gat No.635, Kuruli Village, Chakan, Tal- Khed, District Pune – 410 501, Maharashtra, India
- Opposite Jarandeshwar Railway Station, Post - Vadhuth, District Satara – 415 011, Maharashtra, India
- Kusumbe, Jalgaon-Ajantha Road, Jalgaon – 425 003, Maharashtra, India
- Tandulwadi & Wanjarwadi, Tal. Baramati, Dist. Pune – 413 206, Maharashtra, India

INVESTOR CORRESPONDENCE ADDRESS

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

COMPLIANCE OFFICER

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

SUPPORT GREEN INITIATIVE OF MCA

Register your email ids now:

i. In respect of Electronic holdings – with Depository Participant (DP)

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 2012-13 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 2012-13, 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 Company's internal control systems 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	**B.N. KALYANI**
Pune: May 25, 2013	Chief Financial Officer	Chairman & Managing Director

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DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, B.N. Kalyani, Chairman and Managing Director of Bharat Forge Limited hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended March 31, 2013 compliance with the code of conduct of the Company laid down for them.

B.N. KALYANI

Chairman & Managing Director

Pune: May 25, 2013

AUDITORS' CERTIFICATE

TO THE MEMBERS OF BHARAT FORGE LIMITED

We have examined the compliance of conditions of corporate governance by Bharat Forge Limited, for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **S.R.Batliboi & Co. LLP**

Chartered Accountants
ICAI Firm registration number: 301003E

per **Arvind Sethi**

Partner

Membership No. 89802

Place: Pune

Date: May 25, 2013

DIRECTORS' REPORT

For the year ended March 31, 2013

To,

The Members,

Your Directors have pleasure in presenting the Fifty-second Annual Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2013.

1. PERFORMANCE OF THE COMPANY

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

2012-13	2011-12	% Change
₹ 32,428 Million	₹ 37,535 Million	(13.61)

During the year under review, the total income of the Company was ₹ 32,428 Million (previous year ₹ 37,535 Million), representing a decrease of 13.61%.

The strong performance in the 1st half of the fiscal was neutralized by the across the board weak global demand environment towards the end of the year.

The domestic automotive industry faced one of its most challenging years in 2013 facing several headwinds. The Medium & Heavy Commercial Vehicle sector de-grew by 27% in FY13 while the overall industry volume was flat.

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

2012-13	2011-12	% Change
₹ 15,866 Million	₹ 17,347 Million	(8.54)

During the year under review, Exports turnover of the Company was ₹ 15,866 Million (previous year ₹ 17,347 Million), representing a decrease of 8.54%.

Strong demand across both automotive and industrial segments continued well into the first half of FY13. However, there had been a sudden and sharp decline in demand due to unscheduled production cuts at the OEMs, leading to simultaneous and significant inventory pile-up across sectors and geographies.

Despite the market volatility, the Company has successfully expanded its relationships with global OEMs across various geographies, notably in Brazil & Japan. The Company is working to enhance its global presence, acquire new customers and develop new value-added products.

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

In ₹ Million

	Current Year	Previous Year
1) Total Income	32,428.52	37,535.44
2) Exports Revenue	15,866.30	17,347.09
3) Net Profit		
Profit for the year before Taxation & Exceptional Item	4,299.08	6,174.74
Add/(Less): Exceptional Item	105.69	(704.16)
Provision for Taxation		
Current tax	887.17	1,812.00
MAT Credit	(20.30)	-
- Deferred	521.97	37.85
- (Excess)/short provision for the taxation & tax payments	(40.00)	-
Net Profit	3,055.93	3,620.73
Balance of Profit from Previous Year	10,051.89	8,284.10
Profit available for appropriation	13,107.82	11,904.83

In ₹ Million

	Current Year	Previous Year
APPROPRIATIONS:		
Interim Dividend on Equity Shares	232.79	349.19
Tax on above dividend	37.76	56.65
Proposed Final Dividend on Equity Shares	558.71	581.99
Tax on above dividend	94.95	94.41
Debenture Redemption Reserve	408.60	408.60
Transfer to General Reserve	305.60	362.10
Surplus retained in Statement of Profit & Loss	11,469.41	10,051.89

2. DIVIDEND

Your Company paid an Interim Dividend of ₹ 1 per Equity Share (50%) of the face value of ₹ 2 each, aggregating to ₹ 232.79 Million (exclusive of tax on dividend) for the financial year ending on March 31, 2013.

Your Directors are pleased to recommend a Final Dividend of ₹ 2.40 per Equity Share (120%) of the face value of ₹ 2 each, aggregating to ₹ 558.71 Million (exclusive of tax on dividend) for the financial year ended March 31, 2013 for your approval.

The dividend, if approved at the ensuing Annual General Meeting, will be paid to members whose names appear in the Register of Members as on Friday, August 2, 2013; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as at the end of that date.

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

It is proposed to transfer ₹ 305.60 Million to the General Reserves. An amount of ₹ 11,469.41 Million is proposed to be retained in the Statement of Profit & Loss.

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 Statements 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 DISCUSSION AND ANALYSIS REPORT

Management 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 this Annual Report.

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

5. SUBSIDIARIES

The Company has 20 subsidiaries including the stepdown subsidiaries of which 13 are overseas and 7 are Indian entities. A summary of their performance is given elsewhere in the Annual Report.

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

Bharat Forge America Inc. (BFA), wholly owned subsidiary of the Company in USA has closed down its manufacturing operations in November, 2012. Majority of BFA's business has been transferred to India in order to protect the business within the Group and the fixed assets of BFA have been sold in USA. The said decision for closure of facility was taken in light of continued losses. Although BFA has ceased manufacturing, it will continue to be the front end for North American business with sales and engineering activities. Through the front end, BFL will target much higher level of customer share and new business.

Analogic Controls India Limited, Hyderabad has become a subsidiary of the Company in April, 2013.

A significant portion of the consolidated revenue is generated by the subsidiary companies.

6. SUBSIDIARY COMPANIES ACCOUNTS

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached to the Balance Sheet of the Company. The Company will make available the Annual Accounts of its subsidiary companies and related information to the member of the Company who may be interested in obtaining the same. The annual accounts of its 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 including the stepdown subsidiaries.

Accordingly, Company has not attached the Balance Sheet and other documents required to be attached under Section 212(1) of the Companies Act, 1956 of its subsidiary companies including the stepdown subsidiaries, 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 AluminiumtechnikVerwaltungs GmbH & Co. KG, Germany

v) Bharat Forge Daun GmbH, Germany

vi) Bharat Forge America Inc., U.S.A.

vii) Bharat Forge Beteiligungs, GmbH, Germany

viii) Bharat Forge Kilsta AB, Sweden

ix) Bharat Forge Scottish Stampings Ltd., Scotland

x) Bharat Forge Hong Kong Ltd., Hong Kong

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

xii) BF New Technologies GmbH, Germany and

xiii) Bharat Forge International Ltd., U.K.

Indian Subsidiaries:

xiv) BF-NTPC Energy Systems Ltd.

xv) Kalyani ALSTOM Power Ltd.

xvi) BF Infrastructure Ltd.

xvii) BF Infrastructure Ventures Ltd.

xviii) BF Power Equipments Ltd.

xix) BF Elbit Advanced Systems Private Limited and

xx) Kalyani Polytechnic Private Limited

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

7. FOREIGN CURRENCY CONVERTIBLE BONDS

In April 28, 2006, the Company had issued Foreign Currency Convertible Bonds (FCCBs) (Tranche A & Tranche B), optionally convertible into Global Depository Receipts (GDRs)/ Equity Shares, aggregating to US $ 79.90 Million, in terms of Offering Circular dated April 24, 2006, mainly to finance capital expenditure and global acquisitions. FCCBs - Tranche A, aggregating to US $ 57,030,400 (including principal of US $ 40,000,000 and redemption premium of US $ 17,030,400) have already been redeemed by the Company on April 27, 2012.

The remaining FCCBs - Tranche B, aggregating to US $ 62,435,919 (including principal of US $ 39,900,000 and redemption premium of US $ 22,535,919) have been redeemed by the Company on April 26, 2013.

As on date, the Company has no outstanding FCCBs.

8. CONVERTIBLE WARRANTS

The Company had under its QIP issue on April 26, 2010, issued 6,500,000 Warrants at a price of ₹ 2 per warrant for an aggregate amount of ₹ 13,000,000. Under the terms of the issue every warrant was exchangeable with 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 The said Warrants were listed on Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and Pune Stock Exchange Ltd.

None of the Warrants were submitted for conversion into Equity Shares before the Warrants exercise period and all 6,500,000 Warrants have lapsed and ceased to be valid with effect from April 28, 2013.

9. PARTICULARS OF EMPLOYEES

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

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

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

11. FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year.

12. DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. G. K. Agarwal, Mr. P. C. Bhalerao and Mr. P. G. Pawar Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. S. D. Kulkarni, Director of the Company, who retires by rotation at the ensuing Annual General Meeting, has conveyed his intention not to offer himself for re-appointment. He is also the Chairman of the Finance Committee & Investor Grievances Committee and a Member of Remuneration Committee. The Directors place on record their appreciation of the valuable contribution made by him.

Dr. Uwe Loos, Director of the Company, who retires by rotation at the ensuing Annual General Meeting, has conveyed his intention not to offer himself for re-appointment. The Directors place on record their appreciation of the valuable contribution made by him.

The Board of Directors of the Company have appointed Mr. Vimal Bhandari, as an Additional Director of the Company with effect from February 8, 2013. Mr. Vimal Bhandari holds office as an Additional Director till the date of the ensuing Annual General Meeting. A notice proposing appointment of Mr. Vimal Bhandari as Director having been received, the matter is included in the Notice for the ensuing Annual General Meeting.

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards have been followed alongwith 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, 2013 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 on March 31, 2013 on a 'going concern' basis.

14. AUDITORS AND AUDITORS' REPORT

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Pune (Firm Registration No. 301003E) Auditors of the Company (formerly M/s. S. R. Batliboi & Co.), 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. S. R. Batliboi & Co. LLP, 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 the Statutory Auditors in their report read together with notes to Accounts are self explanatory and hence, do not call for any further comments under Section 217 of the Companies Act, 1956.

15. COST AUDITORS

M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, Cost Auditors of the Company under Section 233 of the Companies Act, 1956 have been re-appointed as the Company's Cost Auditors for the financial year 2013-14.

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 Statutory Auditors of the Company, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

17. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

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

As on March 31, 2013, 11 Depositors having deposits aggregating to ₹ 136,000 did not collect the amounts due. However, as of May 25, 2013, 3 unclaimed deposits for the period of seven years aggregating to ₹ 45,000 were transferred to Investor Education and Protection Fund.

18. ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Place: Pune
Date: May 25, 2013

B. N. KALYANI
Chairman and Managing Director

ANNEXURE -I

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

i) Energy saving by optimum utilization of the furnaces.

ii) Measuring and controlling air-fuel with Programmable Logic Controller of fuel fired furnace.

iii) Use of environment friendly fuels such as Bio-diesel.

iv) Use fast acting valves for control combustion and atomization air.

v) Use renter catalyst for better combustion of fuel.

vi) Positive hearth sealing for car bottom furnace to reduce side wall losses.

vii) Use PID controller for Box type forging furnaces.

viii) Significant improvement in Overall Equipment Effectiveness (OEE) of forging units.

ix) Cycle time reduction of forging units.

x) Sharp focus on hot billet utilisation of Induction heated lines.

xi) Systematic maintenance of furnaces.

xii) Introduced use of Centrifugal oil cleaning systems to improve oil quality.

xiii) Plant wise load management to achieve unity power factor.

xiv) Replaced old forklifts with modern fuel efficient forklifts.

xv) Installed translucent sheets for natural light inside shop floor.

xvi) Implemented lean manufacturing initiatives resulting in significantly lower material movement and thus fuel consumption on forklifts.

xvii) Replaced old compressors with new generation energy efficient compressors.

xviii) Use individual compressor for individual furnace to control pipe line losses.

xix) Installed evaporative cooling systems instead of air conditioners in shop offices.

xx) Introduced use of Automatic Slip Resistance motor starters in place of soft starters to reduce harmonic currents.

xxi) Installed metal halide lamps in place of sodium-mercury vapour lamps.

xxii) Installed natural draft water cooling towers in place of forced cooling towers.

xxiii) Introduced Turbo ventilators for air circulation in shop floors.

xxiv) Introduced centralised car parking to restrict vehicle traffic inside plant, to reduce fuel consumption and air pollution.

xxv) Use energy efficient motors in various equipment.

xxvi) Adopted modern oil quality monitoring equipment to improve performance of machines and reduce energy consumption.

xxvii) Used LED lamps in place of conventional lighting systems in plant canteen.

xxviii) Increased air reservoir capacity to reduce energy consumed by air compressors in Baramati hammer shop.

xxix) Adopted modern regenerative combustion technology on large forge furnace in Baramati.

xxx) Replaced old ineffective Recuperator with new ones.

xxxi) Used zero air loss drain valves on air reservoirs.

xxxii) Completed eleven employees Advanced Diploma in Energy Management and Audit from Maharashtra State Board for Technical Education to enhance knowledge and spread awareness in conservation of energy across plant.

xxxiii) Achieved zero discharge of effluent in Mundhwa Plant.

xxxiv) Re-cycled water from effluent treatment plant for garden.

xxxv) Implemented scientific tree plantation to reduce atmospheric pollution.

xxxvi) Reduced solid waste & adopted eco-friendly waste disposal.

xxxvii) Used drip irrigation to reduce water consumption.

xxxviii) Implemented rain water harvesting.

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

i. Use veneering module for box type furnace to reduce heat loss.

ii. Implementation of environment free Piped Natural Gas to furnaces.

iii. Conversion of additional forge and heat treatment furnaces to Re-generative combustion system.

iv. Replacement of old inefficient Induction heaters with new energy efficient modular induction heaters.

v. Use of centrifugal oil cleaning system on additional furnaces.

vi. Installation of Continuous Ambient Air Quality Monitoring Station.

vii. Ozonation treatment for waste water.

viii. Mechanical composting of canteen waste.

ix. Online chimney flue gas analysis.

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

i) Lower energy consumption.

ii) Significant reduction in Carbon Emission.

iii) Hedge against continuous energy rate increase.

iv) Optimum performance of equipment on sustainable basis.

v) Significant reduction in oil consumption.

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

(A) Power & Fuel consumption for the period April 1, 2012 to March 31, 2013

Particulars	2012-13	2011-12
1 Electricity		
(a) Purchased		
Units (KWH in Thousand)	196,730	221,766
Total Amount (₹ in Million)	1,523.48	1,499.98
Rate / (₹/KWH)	7.74	6.76
(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)	27,701	33,182
Total cost (₹ in Million)	1,224.92	1,300.88
Rate (₹/KL)	44,219	39,204
ii) LPG		
Qty. (Kgs. in thousand)	5,539	7,328
Total Cost (₹ in Million)	343.29	370.99
Rate (₹/Kg.)	61.98	50.63
B) Consumption per unit of production:		
1 Steel Forgings (Unit: MT)		
Electricity (Unit: KWH)	773	689
Fuel Oil (KL)	0.158	0.148
LPG (Kgs.)	32	33
2 Crankshafts and others (Unit: Nos.)		
Electricity (Unit: KWH)	59	57
3 General Engineering and Material Handling Equipments (Unit: Nos.)		
Electricity (Unit: KWH)	4,017	13,576

II. TECHNOLOGY ABSORPTION

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

1. Research & Development (R&D):

a) Specific areas in which R&D carried out by the Company:

i) Crankshaft design optimization for better strength to weight ratio.

ii) Crankshaft design re-engineering to reduce forging complexity and improve the dynamic balancing.

iii) Reduction in weight of Front Axle Beams and Knuckles.

iv) Machining time optimization for slippage groove provided in reduce roll using software customization program.

v) Die design optimization to improve material yield.

vi) Design new innovative process to develop a hollow spool body through upset and piercing operation using split dies.

vii) Establishment of fatigue testing capability for locomotive crankshaft.

viii) Study the correlation between the endurance strength of raw material and machined crankshaft.

ix) In-house titanium forging capability development for aerospace applications.

x) Life improvement of Heat resistant tray using FEA technology.

xi) Cassette life enhancement using split and bolting methodology.

xii) Nitro carburizing case depth enhancement for dies using shot blasting technique for surface preparation.

xiii) Weld deposit (used for die repairing) impact strength enhancement by optimizing die welding pattern.

b) Benefits derived as a result of the above R&D:

i) Customer's satisfaction and new business opportunities because of cost, quality and speed.

ii) IP Generation by way of Patents and Technical papers.

c) Future Plan of Action:

i) Hollow crankshaft design and development.

ii) Technology development for Aerospace and defence forging parts.

iii) Heat treatment simulation capability establishment.

iv) Ring rolling and plate forming simulation capability establishment.

v) Investigation of adiabatic heat rise during Ti-6Al-4V forging process.

d) Expenditure on R&D:

In ₹ Million

Sr. No.	Particulars	Amount
i)	Capital	17.02
ii)	Recurring	130.16
iii)	Total R&D expenditure	147.18
iv)	TOTAL INCOME	32,428.52
v)	Total R&D expenditure as a percentage of total income	0.45%

2. Technology Absorption, Adaptation and Innovation:

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

i) Ring rolling process establishment for Titanium conical ring.

ii) Metal flow simulation establishment for aerospace components using Deform/Forge software.

iii) Design and development of complex lower control arm.

iv) Material yield enhancement for crankshaft forging.

v) Locomotive crankshaft fatigue testing establishment.

vi) Crankshaft fatigue strength enhancement with design and process parameters optimization.

Technical Papers:

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

i) "Design re-engineering of automobile components for better strength to weight ratio", SAE 2012 Commercial vehicle engineering congress, Rosemont Illinois, USA.

ii) "An evaluation and optimization of crankshaft bending rigidity using CAE", SAE-17th Asia Pacific Automotive Engineering Conference 2013, Bangkok, Thailand.

iii) "Crankshaft design optimization for better dynamic balancing and fatigue strength", JSAE annual congress, Pacific Yokohama, Japan 2013.

IP Generation:

Your Company has filed six Patents during the financial year 2012-13.

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

i) Product Improvement by way of Light Weighting and better fatigue strength.

ii) New processes developed.

iii) 'First time Quality' with reduced development cycle time for new part development.

iv) Improved yield and die life.

v) Customer satisfaction and new business opportunities.

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

Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefore, and future plan of action
Technology development on Titanium with TIMET	2009	In progress	i) Two parts developed with Ti-6A1V4 material & result found satisfactory. ii) Simulation and forging for some aerospace components completed. Metallurgical testing is in progress (2013).

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

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

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

i) Total Foreign Exchange earning : ₹ 16,089.74 Million.

ii) Total Foreign Exchange outgo: ₹ 3,514.24 Million.

For and on behalf of the Board of Directors

Place: Pune
Date: May 25, 2013

B. N. KALYANI
Chairman and Managing Director

Independent Auditor's Report

To the Members of Bharat Forge Limited

Report on the financial statements

We have audited the accompanying financial statements of Bharat Forge Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

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

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

Independent Auditor's Report (Contd.):

2. As required by section 227(3) of the Act, 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 purpose of our audit;

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

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R.BATLIBOI & Co. LLP
Firm registration number: 301003E
Chartered Accountants

per ARVIND SETHI
Partner
Membership No. 89802

Place: Pune
Date: May 25, 2013

Independent Auditor's Report (Contd.):

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Bharat Forge Limited ("the Company")

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.

(b) 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) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

iii. (a) The Company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1,597 Million and the year-end balance of loans granted to such parties was ₹ 1,504 Million.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) According to information and explanations given to us, 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 Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

v. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(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 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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

viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of forged products, 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 same

ix. (a) The Company is generally regular in depositing with appropriate authorities 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 applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Independent Auditor's Report (Contd.):

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any 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
Service tax	Demand received from various cases	37.38	2006 to 2011	Commissioner appeals
Custom duty	Demand received from various cases	48.97	2004 to 2005	Commissioner appeals
Excise	Demand received from various cases	139.01	2006 to 2011	Commissioner appeals
Property tax	Demand received from various cases	39.82	2005 to 2011	High Court
Income tax	Disallowance u/s 40A(9) (Amount paid)	0.30	2006 to 2009	Appellate Tribunal and Commissioner
Income tax	Disallowance u/s 14A (Amount paid)	7.90	2006 to 2009	Appellate Tribunal and Commissioner
Income tax	Disallowance u/s 40a(ia) (Amount paid)	3.34	2006 to 2009	Appellate Tribunal and Commissioner
Income tax	Other disallowances (Amount paid)	2.66	2006 to 2009	Appellate Tribunal

x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii. Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of Order are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

xvi. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix. The Company has secured debentures outstanding during the year, on which the security or charge as required is created.

xx. The Company has not raised any money by public issues during the year.

xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R.BATLIBOI & Co. LLP
Firm registration number: 301003E
Chartered Accountants

per ARVIND SETHI
Partner
Membership No. 89802

Place: Pune
Date: May 25, 2013

Balance Sheet

As at March 31, 2013

In ₹ Million

	Notes	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	465.68	465.68
Reserves and surplus	4	22,645.64	20,965.27
		23,111.32	**21,430.95**
Non-current liabilities			
Long-term borrowings	5	14,489.80	16,003.98
Deferred tax liabilities (net)	6	1,364.30	1,271.52
Other long-term liabilities	7	7.40	7.15
Long-term provisions	8	332.92	327.90
		16,194.42	**17,610.55**
Current liabilities			
Short-term borrowings	9	390.11	840.98
Trade payables	10	4,541.15	6,656.18
Other current liabilities	10	6,282.11	5,375.78
Short-term provisions	8	908.04	1,367.26
		12,121.41	**14,240.20**
TOTAL		**51,427.15**	**53,281.70**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	19,988.08	17,961.99
Capital work-in-progress		2,228.06	2,887.57
Non-current investments	12	5,453.46	5,115.52
Long-term loans and advances	13	3,863.35	4,036.89
Other non-current assets	14	423.89	588.05
		31,956.84	**30,590.02**
Current assets			
Current investments	15	3,852.99	4,246.97
Inventories	16	4,757.01	5,031.34
Trade receivables	17	4,742.32	4,911.75
Cash and bank balances	18	2,790.78	5,005.94
Short-term loans and advances	13	2,570.55	2,702.42
Other current assets	14	756.66	793.26
		19,470.31	**22,691.68**
TOTAL		**51,427.15**	**53,281.70**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

per ARVIND SETHI
Partner
Membership No. 89802
Place: Pune
Date: May 25, 2013

B. N. KALYANI
Chairman and Managing Director
Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director
Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary
Place: Pune
Date: May 25, 2013

Statement of Profit and Loss

For the year ended March 31, 2013

In ₹ Million

	Notes	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from operations (gross)		33,109.46	38,542.97
Less: excise duty		(1,597.19)	(1,683.23)
Revenue from operations (net)	19	**31,512.27**	**36,859.74**
Other income	20	916.25	675.70
Total revenue (I)		**32,428.52**	**37,535.44**
EXPENSES			
Cost of raw material and components consumed	21	13,430.86	16,496.20
Decrease/(increase) in inventories of finished goods and work-in-progress	22	141.46	(162.12)
Employee benefits expense	23	2,573.88	2,549.64
Other expenses	24	8,210.32	8,823.00
Depreciation and amortization expense	25	2,239.33	2,149.33
Finance costs	26	1,533.59	1,504.65
Total expenses (II)		**28,129.44**	**31,360.70**
Profit before exceptional items and tax (I-II)		**4,299.08**	**6,174.74**
Exceptional items	27	105.69	(704.16)
Profit before tax		**4,404.77**	**5,470.58**
Tax expenses			
Current tax			
- Pertaining to profit/(loss) for the period		-	1,812.00
- Adjustment of tax relating to earlier periods		(40.00)	-
- MAT payable		887.17	-
- MAT credit entitlement		(20.30)	-
Deferred tax		521.97	37.85
Total tax expenses		**1,348.84**	**1,849.85**
Profit for the year		**3,055.93**	**3,620.73**
Earnings per equity share			
[nominal value of share ₹ 2, (March 31, 2012: ₹ 2)]	28		
Basic (In ₹)		13.13	15.55
Diluted (In ₹)		13.13	15.53
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

per ARVIND SETHI
Partner
Membership No. 89802

Place: Pune
Date: May 25, 2013

B. N. KALYANI
Chairman and Managing Director

Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director

Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary

Place: Pune
Date: May 25, 2013

Cash Flow Statement

For the year ended March 31, 2013

In ₹ Million

		Year ended March 31, 2013	Year ended March 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**4,404.77**	**5,470.58**
Non-cash adjustment to reconcile profit before tax to net cash flows			
Interest (income)		(290.78)	(260.65)
Interest income on loan to wholly owned subsidiaries		(29.56)	(33.36)
Depreciation and amortization		2,239.33	2,149.33
Unrealised foreign exchange loss/(gain)		94.05	(82. 58)
Bad debts, irrecoverable advances and sundry balances written off		0.04	24.82
Loss/(profit) on sale of fixed assets		(2.13)	-
Provision for diminution in value of investments		260.00	704.16
Interest differential		(205.02)	205.02
PSI claim received in the previous year		(34.08)	-
Interest expenses		1,533.59	1,299.63
Provision for doubtful debts and advances written off/(back)		0.70	(3.81)
Dividend (income)		(242.17)	(221.26)
Net (gain)/loss on sale of investments		(70.03)	(38.27)
Provisions no longer required		(94.84)	(1.20)
Operating profit before working capital changes		**7,563.87**	**9,212.41**
MOVEMENTS IN WORKING CAPITAL			
(Increase)/decrease in non-current assets			
(Increase)/decrease in long-term loans and advances		50.98	(192.56)
(Increase)/decrease in other non-current assets		164.16	(170.70)
(Increase)/decrease in current assets			
(Increase)/decrease in inventories		274.33	(347.00)
(Increase)/decrease in trade receivables		169.39	(623.36)
(Increase)/decrease in short-term loans and advances		131.17	(572.86)
(Increase)/decrease in other current assets		278.13	(15.27)
Increase/(decrease) in non-current liabilities			
Increase/(decrease) in other long-term liabilities		0.25	1.27
Increase/(decrease) in long term provisions		5.02	53.00
Increase/(decrease) in current liabilities			
Increase/(decrease) in trade payable		(2,115.03)	491.85
Increase/(decrease) in other current liabilities		(1,162.56)	618.57
Increase/(decrease) in short term provisions		1.42	(31.98)
Cash generated from operations		**5,361.13**	**8,423.37**
Direct taxes paid (net of refunds)		(1,128.85)	(1,708.06)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(A)**	**4,232.28**	**6,715.31**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in subsidiary companies		(597.94)	(103.42)
Investment in mutual fund		(11,312.07)	(9,109.52)
Proceeds from sale of mutual fund		11,706.05	8,343.48
Purchase of fixed assets (including Capital work-in-progress)		(2,381.22)	(4,248.62)
Proceeds from sale of assets		6.38	11.24
Loan given to wholly owned subsidiaries		(306.88)	-
Proceeds received from loan to wholly owned subsidiaries		86.02	-
Interest on loan to wholly owned subsidiaries		29.56	33.36
Investments in bank deposits (having original maturity of more than 3 months)		(1,668.00)	(4,261.00)
Redemption/maturity of bank deposits (having original maturity of more than 3 months)		4,164.00	1,460.00
Interest income		290.78	260.65
Dividend income		242.17	221.26
Net (gain)/loss on sale of investments		70.03	38.27
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	**(B)**	**328.88**	**(7,354.30)**

Cash Flow Statement

For the year ended March 31, 2013 (Contd.):

In ₹ Million

		Year ended March 31, 2013	Year ended March 31, 2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		2,083.60	4,162.60
Repayment of long-term borrowings		(3,437.29)	(130.96)
Proceeds from short-term borrowings		1,736.64	2,678.37
Repayment of short-term borrowings		(2,158.97)	(2,497.27)
Interest expenses		(1,503.07)	(1,285.83)
Interest capitalised		(52.66)	(40.43)
PSI claim received		-	34.08
Dividend including tax thereon		(948.79)	(1,342.74)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(C)**	**(4,280.54)**	**1,577.82**
Net increase in cash and cash equivalents	**(A+B+C)**	**280.62**	**938.83**
Effects of exchange difference on cash and cash equivalent held in foreign currency		**0.22**	**0.39**
Cash and cash equivalents at the beginning of the year		**1,059.94**	**120.72**
Cash and cash equivalents at the end of the year		**1,340.78**	**1,059.94**
Components of cash and cash equivalents as at		**March 31, 2013**	**March 31, 2012**
Cash on hand		0.64	0.64
Balances with banks:			
- on cash credit and current accounts		740.79	154.88
- on deposit accounts		580.50	880.00
- on unclaimed dividend accounts #		18.85	24.42
		1,340.78	**1,059.94**

Notes:

1. The figures in brackets represents outflows/adjustments.
2. Previous period's figures have been regrouped/reclassified, wherever necessary to confirm current year presentation.

\# The Company can utilise these balances only towards settlement of respective unpaid dividend.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

per ARVIND SETHI
Partner
Membership No. 89802
Place: Pune
Date: May 25, 2013

B. N. KALYANI
Chairman and Managing Director
Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director
Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary
Place: Pune
Date: May 25, 2013

Notes to Financial Statements

For the year ended March 31, 2013

1. Corporate information

Bharat Forge Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged components. The Company caters to both domestic and international markets.

2. Basis of preparation

These financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure (for new projects and in case of substantial modernisation or expansion at the existing units) related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Trial run expenditure is also capitalised.

The Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation and amortization

i. Lease hold land

Premium on leasehold land is amortized on a straight line basis over the period of lease i.e. 95 years.

ii. Power Line

Expenditure on power line is amortized on a straight line basis over a period of six years.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

c) Depreciation and amortization (Contd.):

iii. Other fixed assets

Depreciation on buildings, plant and machinery, railway sidings, electrical installations and aircrafts is calculated on a "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 or using the rates arrived at based on the useful lives estimated by the management, whichever is higher.

Depreciation in respect of other assets viz. factory equipments, furniture and fixtures, office equipments and vehicles is calculated 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 or using the rates arrived at based on the useful lives estimated by the management, whichever is higher.

The Company has used the following rates to provide depreciation on its fixed asset.

	Method (SLM/WDV)	Rates	Schedule XIV Rates
Building - Factory	SLM	3.34%	3.34%
Buildings - others	SLM	1.63%	1.63%
Plant and machinery – Single / triple shift	SLM	4.75% / 10.34%	4.75% / 10.34%
Office equipment	WDV	13.91% / 40%	13.91%
Railway sidings	SLM	10.34%	1.63%
Electrical installation – Single / double / triple shift	SLM	4.75% / 7.42% / 10.34%	4.75% / 7.42% / 10.34%
Factory equipments	WDV	27.82%	27.82%
Furniture and fixtures	WDV	18.10%	18.10%
Vehicles	WDV	25.89% / 30%	25.89% / 30%
Aircraft	SLM	5.60%	5.60%

*Individual assets whose cost does not exceed ₹ 5,000 are depreciated @ 100% in the year of acquisition.

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

Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Depreciation on account of increase or decrease due to revaluation of foreign currency loans is being provided at rates of depreciation over the future life of said asset.

d) Intangible assets

Acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Research and development expenditure

Research expenditure is charged to revenue under the natural heads of account in the year in which it is incurred.

However, development expenditure incurred is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

d) Intangible assets (Contd.):

Research and development expenditure (Contd.)

- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e. the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Fixed assets purchased for research and development are accounted for in the manner stated in note 2.1 (b) above.

e) Inventories

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

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

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Scrap is valued at lower of cost and net realizable value. Cost is determined using the weighted average method.

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

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

f) Foreign currency translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

f) Foreign currency translation (Contd.):

iii. Exchange differences (Contd.):

c. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv. Options and forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments.

Pursuant to the announcement made by The Institute of Chartered Accountants of India (ICAI) regarding "Accounting for Derivatives", options and forward exchange contracts are classified as derivatives and are marked to market on a portfolio basis at the balance sheet date. The resultant net losses after considering the offsetting effect on the underlying hedge items are recognised in the statement of profit and loss on the principle of prudence. The resultant net gains, if any, on such derivatives are not recognised in financial statements. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Long-term investments are carried at cost. However, provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

Current investments are carried in the financial statement at lower of cost of acquisition and fair value determined on an individual investment basis.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Sale of goods

a. Domestic sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch from the point of sale, consequent to property in goods being transferred. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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

ii. Export incentives

Export Incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

iii. Sale of services

Revenues from sales of services are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

h) Revenue recognition (Contd.):

iv. Die design and preparation charges

Revenues from die design and preparation charges are recognized as per the terms of the contract as and when services are rendered. The Company collects service tax and value added tax (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

v. Sale of electricity – Windmill

Revenue from sales of electricity is recognized when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.

vi. Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

vii. Dividend income

Dividend income is recognized when the Company's right to receive is established by the reporting date.

viii. Profit / loss on sale of investment

Profit / loss on sale of investment is recognized when all the significant risks and rewards of ownership in investment is transferred.

ix. Certified emission reduction units / Renewal energy certificates

Certified emission reduction units / Renewal energy certificates is recognized when there is reasonable assurance that the entity will comply with the conditions attached to it and the grants will be received. At a minimum, these conditions will only be met when the actual emission reductions have been realized and the entity has reasonable assurance these reductions will be confirmed during the verification and certification process by the respective independent authority. This assessment must also take into account any additional terms and conditions that may apply.

i) Retirement and other employee benefits

i Provident fund

The Company operates two plans for its employees to provide employee benefit in the nature of provident fund.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The guidance note on implementing AS-15 (revised 2005) "Employee Benefits", states that benefits involving employer established provident funds, which requires interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this provident fund interest shortfall has been done as per the guidance note issued during the year in this respect by the Institute of Actuaries of India.

The employee which are not covered under the above scheme, there portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

i) Retirement and other employee benefits (Contd.):

ii Gratuity

The Company operates two defined benefits plan for its employees viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

iii Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation of India for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' annual salary. The Company recognizes expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the company should recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the company recognises that difference excess as a liability. The Company has no obligation, other than the contribution payable to the superannuation fund.

iv Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

v Termination benefits

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

j) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

k) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

k) Income taxes (Contd.):

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

m) Impairment of tangible asset

The Company tests for impairments at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value amount of an asset, i.e. the net realisable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the asset the difference is provided for as impairment. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

n) Leases

Where the Company is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

o) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s) Derivative instruments and hedge accounting

The Company uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. The Company designates these forward contracts in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

s) Derivative instruments and hedge accounting (Contd.):

For the purpose of hedge accounting, hedges are classified as:

i. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;

ii. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions. The ineffective portion relating to foreign currency contracts is recognized immediately in the statement of profit and loss.

Amounts recognized in the hedging reserve are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction affects profit or loss.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

3. Share capital

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Authorised shares (No.)		
300,000,000 (March 31, 2012: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00
43,000,000 (March 31, 2012: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2012: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
232,970,666 (March 31, 2012: 232,970,666) equity shares of ₹ 2/- each	465.94	465.94
Subscribed and fully paid-up (No.)		
232,794,316 (March 31, 2012: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59
Add: 172,840 (March 31, 2012: 172,840) forfeited equity shares of (amount paid up) 15,010 equity shares (March 31, 2012: 15,010) of ₹ 2.00/- each (amount partly paid ₹ 1/- each) 157,830 equity shares (March 31, 2012: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each)	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**465.68**	**465.68**

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

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59
Issued during the year	-	-	-	-
Outstanding at the end of the year	**232,794,316**	**465.59**	**232,794,316**	**465.59**

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of per share interim dividend recognised as distributions to equity shareholders was ₹ 1.00/- (March 31, 2012: ₹ 1.50/-).

During the year ended March 31, 2013, the amount of per share proposed final dividend recognised as distributions to equity shareholders was ₹ 2.40/- (March 31, 2012: ₹ 2.50/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company being ultimate holding company there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding reporting date.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

3. Share capital (Contd.):

(e) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No.	% of Holding	No.	% of Holding
Equity shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	31,656,095	13.60	31,656,095	13.60
KSL Holdings Private Limited	23,142,870	9.94	23,142,870	9.94
Sundaram Trading and Investment Private Limited	20,986,337	9.01	20,986,337	9.01
Life Insurance Corporation Of India	20,358,099	8.74	9,244,035	3.97
Reliance Capital Trustee Company Limited	12,151,369	5.22	11,228,266	4.82

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders/members.

(f) Shares reserved for issue under options

	As at March 31, 2013	As at March 31, 2012
Warrants issued with option to subscribe [Refer note 3(g)(i)]	6,500,000	6,500,000
The issue of Foreign Currency Convertible Bonds optionally convertible at an initial price specified in offering circular. As the initial price is subject to adjustments specified in the offering circular and hence inability to assess the proportion of conversion, no amounts have been shown under issued equity share capital, in respect of equity shares reserved for issued on exercise of conversion by bondholders [Refer note 5(d)]	-	-
2,340 equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 detachable warrants entitled to subscription of 1,170 equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre right holding	3,510	3,510

(g) Terms of securities convertible into equity shares

i) The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 Million on April 28, 2010, simultaneous with the issue of 1,760 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. 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 had been temporarily deployed in fixed deposits with banks and in mutual funds and the balance has been utilised towards the object of the issue.

The Warrant holders were entitled to exercise their right to exchange the warrants into corresponding number of equity shares, upto April 28, 2013. As no warrant have been exercised on or before the said warrant exercised period, the warrants have lapsed and ceased to be valid.

ii) Refer note 5(d) regarding Foreign Currency Convertible Bonds.

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April and May 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding at the close of the year are 9,200 (March 31, 2012: 9,200). The funds raised has been utilised towards the object of the issue.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

4. Reserves and surplus

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Capital reserves		
Special capital incentive (Under the 1988 Package Scheme of Incentives)		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Capital surplus arising from early retirement of Sales tax deferral liability / loan under Package Scheme of Incentives of Government of Maharashtra		
Balance as per the last financial statements	44.00	52.64
Less: Amount transferred to general reserve [Refer note 4(a)]	(44.00)	(8.64)
Closing balance	**-**	**44.00**
Subsidy for setting up new Industrial Unit [Refer note 4(b)]		
Balance as per the last financial statements	34.08	-
Add: Availed during the year	-	-
Less: Amount transferred to statement of profit and loss	(34.08)	34.08
Closing balance	**-**	**34.08**
Warrants subscription money [Refer note 3(g)(i)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**93.58**
Capital redemption reserve		
Balance as per the last financial statements	300.00	300.00
Closing balance	**300.00**	**300.00**
Securities premium account		
Balance as per the last financial statements	7,990.12	8,661.66
Less: Premium on redemption of Foreign Currency Convertible Bonds in terms of Section 78 of the Companies Act, 1956, net of deferred tax assets of ₹ 429.19 Million (March 31, 2012; ₹ 322.52 Million) [Refer note 5(d)]	(893.64)	(671.54)
Closing balance	**7,096.48**	**7,990.12**
Debenture redemption reserve [Refer note 4(c)]		
Balance as per the last financial statements	1,040.34	631.74
Add: Amount transferred from surplus in the statement of profit and loss	408.60	408.60
Closing balance	**1,448.94**	**1,040.34**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 38]		
Balance as per the last financial statements	(28.32)	-
Add: Arising during the year	(290.49)	(66.50)
Less: Adjusted during the year	143.69	38.18
Closing balance	**(175.12)**	**(28.32)**
Hedge reserve [Refer note 2.1(s)]		
Balance as per the last financial statements	(381.64)	13.98
Add: Arising during the year	1,335.46	(884.72)
Less: Adjusted during the year	(712.29)	489.10
Closing balance	**241.53**	**(381.64)**
General reserve		
Balance as per the last financial statements	1,899.30	1,528.56
Add: Amount transferred from capital reserve	44.00	8.64
Add: Amount transferred from surplus balance in the statement of profit and loss	305.60	362.10
Closing balance	**2,248.90**	**1,899.30**
carried over	**11,176.23**	**10,913.38**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

4. Reserves and surplus (Contd.):

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
brought over	**11,176.23**	**10,913.38**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	10,051.89	8,284.10
Add: Net profit for the year	3,055.93	3,620.73
Less: Appropriations		
-Transfer to debenture redemption reserves	(408.60)	(408.60)
-Transfer to general reserves	(305.60)	(362.10)
-Interim equity dividend [Refer note 4(d)]	(232.79)	(349.19)
-Tax on interim equity dividend	(37.76)	(56.65)
-Proposed final equity dividend [Refer note 4(d)]	(558.71)	(581.99)
-Tax on proposed final equity dividend	(94.95)	(94.41)
	(1,638.41)	**(1,852.94)**
Closing balance	**11,469.41**	**10,051.89**
TOTAL	**22,645.64**	**20,965.27**

(a) Sales tax deferral incentive

The Company, between the period April 2002 to March 2006, had prematurely retired its obligations of the sales tax deferral incentive availed under the package scheme of Incentives 1993, thereby generating a cumulative surplus of ₹ 108.63 Million. Since the incentive was fundamentally provided to encourage capital investments in designated underdeveloped zones and thereby defray, to some extent, deficiencies, the same had been apportioned to revenue reserves over the future/balance life of the underlying investments, at the end of each financial year. However, in the current year the Company has transferred the entire balance to general reserve.

(b) Subsidy for setting up new industrial unit

The Company's manufacturing facility at Baramati has been granted "Mega Project Status" by Government of Maharashtra and therefore, is eligible for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2007. The Company has been granted eligibility certificate issued by the Directorate of Industries, Government of Maharashtra in this regard. IPS consists of the following:

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

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

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

IPS will however, be restricted to 75% of the eligible fixed capital investments made from May 11, 2005 to May 10, 2010. The eligibility certificate issued allows maximum subsidy of ₹ 3,198.20 Million.

In terms of the Accounting Standard (AS12) "Accounting for Government Grants" prescribed by Companies (Accounting Standards) Amendments Rules, 2006, eligible incentive is considered to be in the nature of grants related to revenue.

(c) Debenture redemption reserve

Debenture redemption reserve has been created in accordance with circular No.9/2002 dated April 18, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India and Section 117(C) of the Companies Act, 1956 at 25% of the maturity amount equally over the terms of the debentures privately placed.

(d) The equity shares allotted on exercise of option to convert FCCB's by the bondholders and 10,000,000 equity shares of ₹ 2/- each allotted as detailed in note 3(f) and equity shares issued and allotted on conversion of warrants, if any, before the record date/book closure for dividend would rank pari passu with the existing share capital reflected in note 3 in all respect including dividend declared for the year. Dividend for the year has been provided for on 232,794,316 equity shares of ₹ 2/- each at the rate recommended by Board of Directors on the basis of equity shares issued and allotted up to May 25, 2013.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

5. Long-term borrowings

In ₹ Million

	Non-Current portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Debentures [Refer note 5(a)]				
2,500 (March 31, 2012: 2,500) - 11.95 % Redeemable non-convertible debentures (secured)	2,500.00	2,500.00	-	-
1,760 (March 31, 2012: 1,760) - 10.75 % Redeemable non-convertible debentures (secured)	1,760.00	1,760.00	-	-
3,500 (March 31, 2012: 3,500) - 10.75 % Redeemable non-convertible debentures (secured)	2,625.00	3,500.00	875.00	-
	6,885.00	**7,760.00**	**875.00**	**-**
Term loans				
From banks				
Foreign currency term loans				
From Bank of India, London [Refer Note 5(b)(i)] (secured)	-	-	-	127.23
From Credit Agricole Corporate & Investment Bank, Singapore (Refer Note 5(b)(ii)) (secured)	1,086.40	1,781.15	814.80	763.35
On syndication basis [Refer note 5(b)(iii)] (unsecured)	4,345.60	4,071.20	-	-
On syndication basis [Refer note 5(b)(iv)] (unsecured)	2,172.80	-	-	-
	7,604.80	**5,852.35**	**814.80**	**890.58**
Rupee term loans				
From Axis Bank [Refer Note 5(c)] (secured)	-	291.68	-	38.88
	-	**291.68**	**-**	**38.88**
Foreign currency convertible bonds (FCCB) [Refer note 5(d)]				
USD 40.0 Million (March 31, 2012: USD 40.0 Million) 0% Tranche A FCCBs (Redeemed on April 28, 2012) (unsecured)	-	-	-	2,035.60
USD 39.9 Million (March 31, 2012: USD 39.9 Million) 0% Tranche B FCCBs (Redeemable on April 28, 2013) (unsecured)	-	2,030.51	2,167.37	-
	-	**2,030.51**	**2,167.37**	**2,035.60**
Sales tax deferral liability				
Under Government of Maharashtra Package Scheme of Incentives (unsecured)	-	69.44	-	-
	-	**69.44**	**-**	**-**
TOTAL	**14,489.80**	**16,003.98**	**3,857.17**	**2,965.06**
The above amount includes				
Secured borrowings	7,971.40	9,832.83	1,689.80	929.46
Unsecured borrowings	6,518.40	6,171.15	2,167.37	2,035.60
Amount disclosed under the head "Other current liabilities" [Refer note 10]	-	-	(3,857.17)	(2,965.06)
TOTAL	**14,489.80**	**16,003.98**	**-**	**-**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

5. Long-term borrowings (Contd.):

(a) Debentures

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

(i) 2,500 - 11.95 % Redeemable secured non-convertible debentures (Sixteenth series) of ₹ 1,000,000/- each redeemable at par in three equal annual installments on January 5, 2015; on January 5, 2016; on January 5, 2017 respectively.

Above debentures are secured by: (i) First pari-passu mortgage in favour of the Trustees, of all rights and interest on the Company's immovable properties situated at Mundhwa, Satara, Jalgaon and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari-passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as all plant and machinery, equipments, tools, furniture and fixtures etc., as described in Debenture Trust-cum-Mortgage Deed dated April 30, 2009.

(ii) 1,760 - 10.75% Redeemable secured non-convertible debentures (Eighteenth series) of ₹ 1,000,000/- each redeemable at par in three annual installments @ 35.00% on April 28, 2014; @ 35.00% on April 28, 2015; @ 30.00% on April 28, 2016.

Above debentures are secured by: (i) First pari-passu mortgage in favour of Trustees, of all rights and interest on the Company's immovable properties, present and future situated at Mundhwa, Chakan, 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 June 28, 2010; and (ii) First pari-passu charge in favour of the Trustees on moveable properties, present and future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010.

(iii) 3,500 - 10.75% Redeemable secured non-convertible debentures (Seventeenth series) of ₹1,000,000/- each redeemable at par in three installments @ 25.00% on March 22, 2014; @ 50.00% on September 22, 2014; @ 25.00% on March 22, 2015.

Above debentures are secured by: (i) First pari-passu mortgage in favour of the Trustees, of all rights and interest on the Company's immovable properties situated at Mundhwa, Satara, Jalgaon and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari-passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as, all plant and machinery, equipments, tools, furniture and fixtures etc., as described in Debenture Trust - cum-Mortgage Deed dated December 14, 2009.

(b) Foreign currency term loans

(i) From Bank of India, London

Balance outstanding USD Nil (March 31, 2012: USD 2.50 Million)

Secured by: (i) First charge by way of hypothecation of the whole of the movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, whether installed or not and whether now lying loose or in cases or now lying or stored in or about or shall from time to time during the continuance of the security be brought into or upon or be stored or be in or about all the factories, premises and godowns 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 March 17, 2005 and; (ii) Equitable mortgage by deposit of title deeds of immovable properties situated at Village Mundhwa, Pune; Village Vaduth, Taluka and District Satara ; Village Kusumbe Khurd, Taluka and District Jalgaon and Village Chakan, Pune all in the State of Maharashtra, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth, as described under Memorandum of Entry dated March 17, 2005.

The loan was repayable in 6 equal yearly installments starting from September 30, 2007, along with interest of 3M LIBOR + 350 bps per annum. The Final installment was paid during the year ended on March 31, 2013.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

5. Long-term borrowings (Contd.):

(b) Foreign currency term loans (Contd.):

(ii) From Credit Agricole Corporate & Investment Bank, Singapore

Balance outstanding USD 35 Million (March 31, 2012: USD 50 Million)

Secured by first pari-passu charge over present and future movable fixed assets viz. plant and machinery, computers, furnitures and fixtures, whether installed or not and whether now lying loose or in cases or otherwise or being on or upon or at any time, hereafter being on or upon about the premises and godowns at Mundhwa, Pune; Village Kuruli, Chakan; Taluka Khed, District Pune; Village Vaduth, Taluka and District Satara and at Baramati, Pune or anywhere else.

Repayable in 3 yearly installments from the date of its origination, i.e. October 14, 2012, along with interest of 6M LIBOR + 200 bps per annum.

(iii) Foreign currency term loans on syndicated basis

Balance outstanding USD 80 Million (March 31, 2012: USD 80 Million)

Repayable in 3 half yearly installments from date of its origination i.e. October 31, 2016, alongwith interest of 6M LIBOR + 280 bps per annum.

(iv) Foreign currency term loans on syndicated basis

Balance outstanding USD 40 Million (March 31, 2012: Nil)

Repayable in 3 half yearly installments from the date of its origination i.e. October 31, 2016, alongwith interest of 6M LIBOR + 380 bps per annum.

(c) Rupee term loans

From Axis Bank

Balance outstanding Nil (March 31, 2012: ₹ 330.56 Million)

Secured by: (i) First pari-passu charge 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; and (ii) First pari-passu charge on moveable properties, present and future including land and building.

Repayable in 18 semi annual installments from date of its origination i.e. March 20, 2012, along with interest of base rate + 200 bps per annum.

(d) Foreign currency convertible bonds (FCCB)

The Company had issued FCCB (Tranche B) of USD 39.90 Million, detailed in the table below, to finance capital expenditure and global acquisitions. The said bonds are optionally convertible into GDR/Equity shares to be exercised at any time during the exercise period at a pre determined initial price subject to adjustments upon occurrence of certain events. In case there is non conversion of FCCBs, the amount will be repaid in full.

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

The Company also has the option to call the Bondholders of Tranche B to mandatorily convert the Bonds into equity shares if the market price on the specified date provided the holder a gain of at least a 30% over the Early Redemption amount.

The following table sets out the parameters associated with Tranche B of FCCB 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 redemption			Maurity	
				Exercise period		Initial Price per Share ₹	Exercise period		Gross yield to Bondholders	Date	Price % of Face value
				From	To		From	To			
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%

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

5. Long-term borrowings (Contd.):

(d) Foreign currency convertible bonds (FCCB) (Contd.):

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

Tranche B of the above FCCBs amounting to USD 39.90 Million outstanding as at April 26, 2013 were redeemed on April 26, 2013 alongwith the redemption premium amounting to USD 22.54 Million. The premium on redemption aggregating to ₹ 1,322.82 Million, (including withholding Tax amounting to ₹ 98.67 Million) since crystalised has been adjusted to securities premium account, net of deferred tax asset amounting to ₹ 429.19 Million, 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 FCCB's issued upon terms and conditions set out in the offering circular dated April 19, 2005, would be outside the purview of Section 117(C) of the Companies Act, 1956 as regards creation of Debenture Redemption Reserve.

6. Deferred tax liabilities (Net)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
DEFERRED TAX LIABILITIES		
On account of timing difference in		
Impact of difference between depreciation/amortization charged for the financial reporting and tax purposes	2,025.41	1,816.99
Gross deferred tax liability	**2,025.41**	**1,816.99**
DEFERRED TAX ASSETS		
On account of timing difference in		
Privilege leave encashment and Gratuity	153.86	151.85
Provision for bad and doubtful debts and advance	13.96	13.73
Disallowance under Section 43 B of Income Tax Act, 1961	60.16	53.68
Premium on redemption of FCCB's [Refer note 5(d)]	429.19	322.52
Voluntary retirement scheme	3.94	3.69
Gross Deferred Tax Assets	**661.11**	**545.47**
NET DEFERRED TAX LIABILITY	**1,364.30**	**1,271.52**

7. Other long-term liability

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Voluntary retirement scheme compensation	7.40	7.15	5.14	4.46
	7.40	**7.15**	**5.14**	**4.46**
Amount disclosed under the head "Other current liabilities" [Refer note 10]	-	-	(5.14)	(4.46)
TOTAL	**7.40**	**7.15**	**-**	**-**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

8. Provisions

In ₹ Million

	Long-term		Short-term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits				
Provision for gratuity [Refer note 29]	303.64	299.58	-	-
Provision for special gratuity [Refer note 29]	26.72	28.32	11.08	11.81
Provision for employee's provident fund [Refer note 29]	2.56	-	-	-
Provision for leave benefits	-	-	155.71	153.56
Other provisions				
Proposed dividend	-	-	558.71	581.99
Provision for tax on proposed dividend	-	-	94.95	94.41
Provision for tax (net of tax paid in advance)	-	-	87.59	143.85
Derivative liability - Forward contracts	-	-	-	381.64
TOTAL	**332.92**	**327.90**	**908.04**	**1,367.26**

9. Short-term borrowings

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Cash credit from banks (secured) [Refer note 9(a)]	62.66	170.36
Preshipment packing credit - foreign currency (secured) [Refer note 9(a)]	35.56	593.36
Buyers line of credit for import of goods from banks (unsecured) [Refer note 9(b)]	291.89	77.26
	390.11	**840.98**
The above amount includes		
Secured borrowings	98.22	763.72
Unsecured borrowings	291.89	77.26
TOTAL	**390.11**	**840.98**

(a) Cash credit from banks and preshipment of packing credit is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc.

Cash credit is repayable on demand and carries interest @ 10.50% to 13.25% per annum.

Preshipment packing credit is repayable within 180 days and carries interest @ LIBOR + 100 bps to 200 bps per annum.

(b) Buyers line of credit is repayable within 180 days to 360 days and carries interest @ EURIBOR + 90 bps to 110 bps per annum.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

10. Trade payables and other current liabilities

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Trade Payables	3,306.64	4,622.04
Acceptances	1,234.51	2,034.14
[Refer note 40 for details of dues to micro and small enterprises]		
TOTAL	**4,541.15**	**6,656.18**
Other current liabilities		
Current maturities of long-term borrowings [Refer note 5]		
- Secured	1,689.80	929.46
- Unsecured	2,167.37	2,035.60
Payables for capital goods	462.85	723.58
Premium on redemption of FCCB's [Refer note 5(d)]	1,224.15	895.10
Interest accrued but not due on borrowings	247.86	217.34
Interest accrued and due on borrowings	-	0.01
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	22.22	24.06
- Unpaid matured deposits	0.14	0.20
Security deposits	79.12	12.25
Advance from customers	167.51	227.56
Employee contributions and recoveries payable	32.75	33.19
Statutory dues payable including tax deducted at source	13.38	119.18
Voluntary retirement scheme compensation [Refer note 7]	5.14	4.46
Others	169.82	153.79
TOTAL	**6,282.11**	**5,375.78**
TOTAL	**10,823.26**	**12,031.96**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

11. Tangible assets

In ₹ Million

	Free hold land (b)	Lease hold land	Buildings (a), (d)	Plant and machinery	Office equipments	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total
Cost												
As at April 1, 2011	166.04	90.02	2,437.71	23,365.40	50.02	0.45	494.75	491.10	250.13	2,168.05	97.77	29,611.44
Additions	9.98	-	32.93	1,700.72	0.74	-	22.67	73.23	19.29	37.38	-	1,896.94
Disposals	-	-	-	(85.74)	-	-	-	-	(8.69)	(18.72)	-	(113.15)
Other adjustments												
- Borrowing cost	-	-	-	30.98	-	-	-	-	-	-	-	30.98
- Exchange differences	-	-	107.99	446.47	-	-	2.73	3.90	0.98	-	-	562.07
As at March 31, 2012	**176.02**	**90.02**	**2,578.63**	**25,457.83**	**50.76**	**0.45**	**520.15**	**568.23**	**261.71**	**2,186.71**	**97.77**	**31,988.28**
Additions	1.77	-	100.27	3,333.60	3.62	-	3.03	65.23	7.74	17.84	-	3,533.10
Disposals	-	-	-	(11.07)	-	-	-	-	(1.11)	(13.21)	-	(25.39)
Other adjustments												
- Borrowing cost	-	-	4.78	84.88	-	-	-	0.19	-	-	-	89.85
- Exchange differences	-	-	110.23	528.87	-	-	3.03	3.54	1.05	-	-	646.72
As at March 31, 2013	**177.79**	**90.02**	**2,793.91**	**29,394.11**	**54.38**	**0.45**	**526.21**	**637.19**	**269.39**	**2,191.34**	**97.77**	**36,232.56**
Depreciation												
As at April 1, 2011	-	3.25	379.60	10,286.21	28.82	0.43	200.60	332.89	141.10	574.80	31.17	11,978.87
Charge for the year	-	0.99	73.95	1,809.88	3.01	-	40.81	48.97	21.20	135.41	15.11	2,149.33
Disposals	-	-	-	(78.48)	-	-	-	-	(7.98)	(15.45)	-	(101.91)
As at March 31, 2012	**-**	**4.24**	**453.55**	**12,017.61**	**31.83**	**0.43**	**241.41**	**381.86**	**154.32**	**694.76**	**46.28**	**14,026.29**
Charge for the year	-	0.96	78.33	1,888.19	2.72	-	40.62	57.34	19.46	136.60	15.11	2,239.33
Disposals	-	-	-	(10.22)	-	-	-	-	(0.35)	(10.57)	-	(21.14)
As at March 31, 2013	**-**	**5.20**	**531.88**	**13,895.58**	**34.55**	**0.43**	**282.03**	**439.20**	**173.43**	**820.79**	**61.39**	**16,244.48**
Net Block												
As at March 31, 2012	**176.02**	**85.78**	**2,125.08**	**13,440.22**	**18.93**	**0.02**	**278.74**	**186.37**	**107.39**	**1,491.95**	**51.49**	**17,961.99**
As at March 31, 2013	**177.79**	**84.82**	**2,262.03**	**15,498.53**	**19.83**	**0.02**	**244.18**	**197.99**	**95.96**	**1,370.55**	**36.38**	**19,988.08**

Notes:

(a) Buildings include cost of hangar jointly owned with other Companies ₹ 0.12 Million March 31, 2013 (March 31, 2012: ₹ 0.12 Million).

(b) Freehold land includes 25 acres land at Pune and 24.13 acres land at Satara given on lease.

(c) Capitalized borrowing cost

The borrowing cost capitalized during the year ended March 31, 2013 was ₹ 52.66 Million (March 31, 2012: ₹ 40.43 Million).

The Company capitalized this borrowing cost in the capital work-in-progress (CWIP).

The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from CWIP.

(d) Documents for the ownership premises at Sai Nagari, Surajban apartments and Lullanagar at Pune are under execution.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

12. Non-current investments

In ₹ Million

		As at March 31, 2013	As at March 31, 2012
Trade investments (valued at cost unless stated otherwise)			
Equity instruments (unquoted)			
Investment in wholly owned subsidiaries			
CDP-Bharat Forge GmbH			
Subscription to the equity share capital	EUR 5,000,000	287.98	287.98
Contribution to capital reserve credited in favour of Bharat Forge Limited [Refer note 12(a)]	EUR 53,764,428 (EUR 52,464,428)	3,385.74	3,292.56
		3,673.72	3,580.54
Bharat Forge America Inc. [Refer note 12(b)]	USD 21,596,597	987.09	987.09
Less: Provision for diminution in value of investments		(964.16)	(704.16)
		22.93	282.93
9,999,994 (March 31, 2012: 999,994) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited		100.00	10.00
50,000 (March 31, 2012: 50,000) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Ventures Limited		0.50	0.50
50,000 (March 31, 2012: 50,000) equity shares of ₹ 10/- each fully paid up in BF Power Equipment Limited		0.50	0.50
10,000 (March 31, 2012: Nil) equity shares of ₹ 10/- each fully paid up in BF Elbit Advanced Systems Private Limited		0.10	-
50,000 (March 31, 2012: Nil) equity shares of ₹ 10/- each fully paid up in Kalyani Polytechnic Private Limited		0.50	-
Other subsidiaries where Company holds 51% of the equity share capital			
6,120,000 (March 31, 2012: 6,120,000) equity shares of ₹ 10/- each fully paid up in BF-NTPC Energy Systems Limited		63.24	63.24
25,499,996 (March 31, 2012: 18,889,121) equity shares of ₹ 10/- each fully paid up in Kalyani ALSTOM Power Limited		259.09	192.98
Investments in joint ventures [Refer note 32]			
9,905,000 (March 31, 2012: 4,905,000) equity shares of ₹ 10/- each fully paid up in Impact Automotive Solutions Limited		99.05	49.05
70,927,496 (March 31, 2012: 70,927,496) equity shares of ₹ 10/- each fully paid up in ALSTOM Bharat Forge Power Limited		732.88	732.88
Investments in others (Company holds 5% of the equity share capital)			
21,067,894 (March 31, 2012: 20,290,999) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited		210.68	202.90
504,432 (March 31, 2012: Nil) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited [Refer note 12(c)]		72.13	-
Preference shares (unquoted)			
21,814,050 (March 31, 2012: Nil) preference shares of ₹ 10/- each fully paid up in BF Infrastructure Limited, a wholly owned subsidiary		218.14	-
TOTAL		**5,453.46**	**5,115.52**
Aggregate amount of unquoted investments		**5,453.46**	**5,115.52**
Aggregate amount of provision for diminution in value of investments		**(964.16)**	**(704.16)**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

12. Non-current investments (Contd.):

(a) CDP-Bharat Forge GmbH

Contributions to the capital reserves of CDP Bharat Forge GmbH as per the German Commercial Code, forms a part of the equity share capital and accordingly has been considered as an investment and is redeemable subject to provisions of the code.

(b) Bharat Forge America Inc. (BFA)

Bharat Forge America Inc., a wholly owned subsidiary has registered losses which have substantially eroded its net worth. Given the uncertainties in the American economy and its further impact on the auto industries slow revival, the Company has, as a matter of prudence, tested the investment in BFA for impairment/diminution with reference to the value of assets. Accordingly, the Company has provided for additional impairment of ₹ 260.00 Million (March 31, 2012 ₹ 704.16 Million) during the year which has been recognised as an exceptional item in the statement of profit and loss.

During the current year, the company has announced to close down the operations on account of prolonged recessionary conditions in the US auto market and has decided to sell of the assets. As on May 5, 2013, the Company sold all its assets in BFA to a third party.

(c) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited has been pledged against the facility obtained by Gupta Global Resources Private Limited.

13. Loans and advances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Capital advances				
Unsecured, considered good	557.65	1,120.43	-	-
	557.65	**1,120.43**	**-**	**-**
Security deposits				
Unsecured, considered good	391.59	298.15	-	-
	391.59	**298.15**	**-**	**-**
Loans and advances to related parties [Refer note 33]				
Unsecured, considered good				
Loan to wholly owned subsidiaries	1,504.07	1,211.97	-	-
Amount recoverable from wholly owned subsidiaries	457.06	591.39	70.24	55.88
Amount recoverable from other subsidiaries and joint ventures	-	-	0.77	2.59
Trade advances to other companies	300.00	425.00	-	-
	2,261.13	**2,228.36**	**71.01**	**58.47**
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	178.08	293.69
Unsecured, considered doubtful	-	-	33.12	32.42
Less: Provision for doubtful advance	-	-	(33.12)	(32.42)
	-	**-**	**178.08**	**293.69**
Other loans and advances				
Unsecured, considered good				
Loan to a company [Refer note 13(a)]	309.09	309.09	-	-
Share application money pending allotment	-	-	-	66.11
Loan to employees	16.27	21.36	-	-
Advance income tax (Net of provision for tax)	187.32	59.50	-	-
	512.68	389.95	-	66.11
carried over	**3,210.37**	**3,646.94**	**249.09**	**352.16**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

13. Loans and advances (Contd.):

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
brought over	**3,210.37**	**3,646.94**	**249.09**	**352.16**
	512.68	389.95	-	66.11
MAT credit entitlement	20.30	-	-	-
Advances to suppliers	-	-	181.78	261.67
Balances with statutory/government authorities	-	-	356.28	329.72
Taxes and duty credits receivables	-	-	1,783.40	1,692.76
Intercorporate deposit	120.00	-	-	-
	652.98	**389.95**	**2,321.46**	**2,350.26**
TOTAL	**3,863.35**	**4,036.89**	**2,570.55**	**2,702.42**

(a) Loan to a company

Interest free loan of ₹ 309.09 Million given to a Private Limited 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.

14. Other assets

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good unless stated otherwise				
Non-current bank balance [Refer note 18]	0.03	300.03	-	-
	0.03	**300.03**	**-**	**-**
Derivative assets				
Forward contracts	-	-	247.62	-
	-	**-**	**247.62**	**-**
Others				
Export incentives receivable	172.21	198.09	417.31	641.27
Government grant under PSI Scheme	181.69	-	-	-
Interest accrued on FD's etc.	-	-	64.81	115.65
Energy credit receivable - Windmills	-	-	26.92	36.34
Interest receivable on loan given to subsidiary	69.96	89.93	-	-
	423.86	**288.02**	**509.04**	**793.26**
TOTAL	**423.89**	**588.05**	**756.66**	**793.26**

15. Current investments (valued at lower of cost and market value, unless stated otherwise)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Investments in mutual funds [Refer note (a)]	3,852.99	4,246.97
TOTAL	**3,852.99**	**4,246.97**
Aggregate amount of quoted investments [# Market value ₹ 513.89 Million (March 31, 2012: ₹ 1,078.40 Million)]	502.09	1,064.80
Aggregate amount of unquoted investments	3,350.90	3,182.17
TOTAL	**3,852.99**	**4,246.97**

Included in market value at NAV as on March 31, 2013 and March 31, 2012 respectively as there was no trade for the schemes, hence quotations are not available.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

15. Current investments (valued at lower of cost and market value, unless stated otherwise) (Contd.):

(a) Details of quoted and unquoted investments

In ₹ Million

		As at March 31, 2013	As at March 31, 2012
In mutual fund units at cost:			
Quoted:			
5,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series GO (369 Days) - Growth - Regular	50.00	-
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series EK - Growth	-	50.00
Nil	(March 31, 2012: 5,448,168.000) Units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series EU - Growth	-	54.48
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 23 - Growth	-	50.00
Nil	(March 31, 2012: 3,000,000.000) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 25 - Growth	-	30.00
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 31 - Growth	-	50.00
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of Birla Sun Life Short Term FMP - Series 29 - Growth	-	50.00
1,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 68 - 12M - Growth	10.00	-
1,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 90 - 12M - Reg - Growth	10.00	-
2,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 81 - 12M - Growth	20.00	-
5,490,450.000	(March 31, 2012: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 82 - 12M - Growth	54.90	-
5,503,150.000	(March 31, 2012: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 84 - 12M - Reg. - Growth	55.03	-
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of DSP BlackRock FMP - Series 23 12M - Growth	-	50.00
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of DSP BlackRock FMP - Series 32 12M - Growth	-	50.00
Nil	(March 31, 2012: 5,000,999.617) Units of ₹ 10 each of DSP BlackRock FMP - Series 40 3M - Growth	-	50.01
Nil	(March 31, 2012: 5,001,019.823) Units of ₹ 10 each of DSP BlackRock FMP - Series 42 3M - Growth	-	50.01
Nil	(March 31, 2012: 3,000,000.000) Units of ₹ 10 each of DSP BlackRock FMP - Series 30 3M - Growth	-	30.00
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of DSP BlackRock FMP - Series 33 3M - Growth	-	50.00
Nil	(March 31, 2012: 5,000,782.547) Units of ₹ 10 each of DSP BlackRock FMP - Series 35 3M - Growth	-	50.01
2,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of DWS Fixed Maturity Plan - Series 27 - Regular Plan - Growth	20.00	-
	carried over	**219.93**	**614.51**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

15. Current investments (valued at lower of cost and market value, unless stated otherwise) (Contd.):

(a) Details of quoted and unquoted investments (Contd.):

In ₹ Million

		As at March 31, 2013	As at March 31, 2012
	brought over	**219.93**	**614.51**
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of HDFC FMP 92D March 2012 (3) - Growth	-	50.00
3,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of HDFC FMP 371D July 2012 (1) - Growth - Series 22	30.00	-
2,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of HDFC FMP 371D November 2012 (1) - Growth - Series 23	20.00	-
5,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of ICICI Prudential FMP Series 64 - 367 Days Plan C Cumulative	50.00	-
3,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of ICICI Prudential FMP Series 66 - 366 Days Plan H Regular Plan Cumulative	30.00	-
3,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of IDFC Fixed Term Plan Series 13 Regular Plan - Growth	30.00	-
2,215,580.000	(March 31, 2012: Nil) Units of ₹ 10 each of IDFC Fixed Term Plan Series 17 Regular Plan - Growth	22.16	-
Nil	(March 31, 2012: 3,000,000.000) Units of ₹ 10 each of IDFC Fixed Maturity Plan - Yearly Series 62 - Growth	-	30.00
Nil	(March 31, 2012: 2,000,000.000) Units of ₹ 10 each of IDFC Fixed Maturity Plan - Yearly Series 64 - Growth	-	20.00
Nil	(March 31, 2012: 5,026,712.849) Units of ₹ 10 each of IDFC Fixed Maturity Plan Quarterly Series - 69 - Growth	-	50.27
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of IDFC Fixed Maturity Plan Quarterly Series - 72 - Growth	-	50.00
3,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of LIC Nomura MF FMP Series 54 - 375 Days - Growth Plan	30.00	-
5,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of SBI Debt Fund Series - 366 Days - 23 - Regular Plan - Growth	50.00	-
Nil	(March 31, 2012: 5,001,689.000) Units of ₹ 10 each of SBI Debt Fund Series - 180 Days - 22 - Growth	-	50.02
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of SBI Debt Fund Series - 90 Days - 55 - Growth	-	50.00
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of SBI Debt Fund Series - 90 Days - 57 - Growth	-	50.00
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of SBI Debt Fund Series - 90 Days - 60 - Growth	-	50.00
Nil	(March 31, 2012: 5,000,000.000) Units of ₹ 10 each of SBI Debt Fund Series - 180 Days - 23 - Growth	-	50.00
1,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XII - IX (368 Days) - Growth Plan	10.00	-
1,000,000.000	(March 31, 2012: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XIII - I (368 Days) - Growth Plan	10.00	-
	TOTAL (A)	**502.09**	**1,064.80**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

15. Current investments (valued at lower of cost and market value, unless stated otherwise) (Contd.):

(a) Details of quoted and unquoted investments (Contd.):

In ₹ Million

		As at March 31, 2013	As at March 31, 2012
Unquoted:			
42,248.718	(March 31, 2012: Nil) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	54.83	-
Nil	(March 31, 2012: 43,027.927) Units of ₹ 1,000 each of Axis Liquid Fund - Institutional - Growth	-	51.11
2,178,433.411	(March 31, 2012: Nil) Units of ₹ 100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	408.70	-
Nil	(March 31, 2012: 1,065,974.572) Units of ₹ 100 each of Birla Sun Life Cash Plus - Institutional Premium - Growth	-	182.97
44,307.701	(March 31, 2012: Nil) Units of ₹ 1,000 each of DSP BlackRock Liquidity Fund - Institutional Plan - Growth	74.27	-
600,608.489	(March 31, 2012: 1,094,372.307) Units of ₹ 100 each of DWS Insta Cash Plus Fund - Super Institutional Plan - Growth	91.40	152.46
4,329,004.329	(March 31, 2012: Nil) Units of ₹ 10 each of HDFC Liquid Fund - Growth	100.00	-
Nil	(March 31, 2012: 17,350,953.794) Units of ₹ 10 each of HDFC Liquid Fund Premium Plan - Growth	-	372.66
17,425,030.566	(March 31, 2012: Nil) Units of ₹ 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	348.49	-
466,911.127	(March 31, 2012: Nil) Units of ₹ 100 each of ICICI Prudential Flexible Income - Regular Plan - Growth	102.17	-
1,179,076.055	(March 31, 2012: Nil) Units of ₹ 100 each of ICICI Prudential Liquid -Regular Plan - Growth	204.24	-
Nil	(March 31, 2012: 3,258,411.150) Units of ₹ 100 each of ICICI Prudential Liquid - Super Institutional Plan - Growth	-	516.37
106,970.080	(March 31, 2012: Nil) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	152.31	-
Nil	(March 31, 2012: 26,893.161) Units of ₹ 1,000 each of IDFC Cash Fund Super Institutional Plan C - Growth	-	35.06
Nil	(March 31, 2012: 3,557,256.413) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Growth	-	52.68
3,382,935.738	(March 31, 2012: Nil) Units of ₹ 10 each of JP Morgan India Liquid Fund Super Inst. - Growth	51.37	-
21,319.532	(March 31, 2012: Nil) Units of ₹ 1,000 each of Kotak Liquid Scheme Plan A - Growth	50.65	-
Nil	(March 31, 2012: 9,910,443.237) Units of ₹ 10 each of Kotak Liquid (Institutional Premium) - Growth	-	215.54
8,322,385.858	(March 31, 2012: Nil) Units of ₹ 10 each of Kotak Floater Long Term - Growth	155.09	-
31,650.553	(March 31, 2012: Nil) Units of ₹ 1,000 each of L&T Liquid Fund - Growth	50.84	-
64,433.427	(March 31, 2012: Nil) Units of ₹ 1,000 each of Reliance Money Manager Fund - Growth	103.17	-
6,352,508.679	(March 31, 2012: Nil) Units of ₹ 10 each of Reliance Medium Term Fund - Growth	154.48	-
63,384.640	(March 31, 2012: Nil) Units of ₹ 1,000 each of Reliance Liquidity Fund - Growth	111.84	-
	carried over	**2,213.85**	**1,578.85**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

15. Current investments (valued at lower of cost and market value, unless stated otherwise) (Contd.):

(a) Details of quoted and unquoted investments (Contd.):

In ₹ Million

		As at March 31, 2013	As at March 31, 2012
	brought over	**2,213.85**	**1,578.85**
Nil	(March 31, 2012: 34,471,742.496) Units of ₹ 10 each of Reliance Liquidity Fund - Growth	-	556.56
18,947.117	(March 31, 2012: Nil) Units of ₹ 1,000 each of Religare Liquid Fund - Growth	30.51	-
132,001.174	(March 31, 2012: Nil) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Growth	242.99	-
Nil	(March 31, 2012: 89,198.368) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Super Institutional Plan - Growth	-	150.30
2,220,933.825	(March 31, 2012: Nil) Units of ₹ 10 each of Sundaram Money Fund - Regular - Growth	54.84	-
Nil	(March 31, 2012: 2,266,520.137) Units of ₹ 10 each of Sundaram Money Fund Super Institutional - Growth	-	51.23
73,343.291	(March 31, 2012: Nil) Units of ₹ 1,000 each of Tata Liquid Fund Plan A - Growth	158.57	-
Nil	(March 31, 2012: 73,949.190) Units of ₹ 1,000 each of Tata Liquid Super High Investment Fund - Appreciation	-	146.36
103,262.327	(March 31, 2012: 133,735.300) Units of ₹ 1,000 each of Templeton India Treasury Management Account Super Institutional Plan - Growth	180.01	213.32
3,498,328.468	(March 31, 2012: Nil) Units of ₹ 10 each of Templeton India Ultra Short Bond Fund -Super Institutional Plan - Growth	53.40	-
163,236.788	(March 31, 2012: 276,043.307) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth Option	313.51	485.55
65,247.689	(March 31, 2012: Nil) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth	103.22	-
	TOTAL (B)	**3,350.90**	**3,182.17**
	TOTAL (A) + (B)	**3,852.99**	**4,246.97**

16. Inventories (valued at lower of cost and net realizable value)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Raw materials and components	1,146.78	1,312.85
Work-in-progress	1,560.50	1,681.49
Finished goods	126.90	172.71
Stores, spares and loose tools	865.46	832.26
Dies and dies under fabrication	1,034.03	1,005.38
Scrap	23.34	26.65
TOTAL	**4,757.01**	**5,031.34**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

17. Trade receivables

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Trade receivables (Net of bills discounted with banks) [Refer note 35]		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	225.84	145.13
Considered doubtful	9.91	9.91
Less: Provision for doubtful receivables	(9.91)	(9.91)
	-	-
	225.84	**145.13**
Other receivables		
Considered good	4,516.48	4,766.62
	4,516.48	**4,766.62**
TOTAL	**4,742.32**	**4,911.75**

18. Cash and Bank Balances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents				
Balances with banks				
In cash credit and current accounts	-	-	740.79	154.88
Deposits with original maturity of less than 3 months	-	-	580.50	880.00
Earmarked balances (on unclaimed dividend accounts) *	-	-	18.85	24.42
Cash on hand	-	-	0.64	0.64
	-	**-**	**1,340.78**	**1,059.94**
Other bank balances				
Deposits with original maturity of more than 3 months but less than 12 months	-	-	1,150.00	3,746.00
Deposits with original maturity of more than 12 months	0.03	300.03	300.00	200.00
	0.03	**300.03**	**1,450.00**	**3,946.00**
Amount disclosed under non-current assets (Refer note 14)	(0.03)	(300.03)	-	-
TOTAL	**-**	**-**	**2,790.78**	**5,005.94**

* Includes Earmarked balances with bank (against unclaimed dividend) ₹ 18.85 Million (March 31, 2012: ₹ 24.42 Million).

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

19. Revenue from Operations

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from operations		
Sale of products (net of returns, rebates etc.)		
- Finished goods	30,129.39	34,997.77
- Manufacturing scrap	1,724.02	2,063.99
Sale of services		
- Job work charges	267.83	387.95
- Die design and preparation charges	309.34	97.71
Revenue from operations (gross)	**32,430.58**	**37,547.42**
Less: Excise duty #	(1,597.19)	(1,683.23)
	30,833.39	**35,864.19**
Other operating revenues		
- Export incentives	620.48	987.35
- Sale of electricity / REC - Windmills	58.40	8.20
	678.88	**995.55**
TOTAL	**31,512.27**	**36,859.74**

Excise duty on sales amounting to ₹ 1,597.19 Million (March 31, 2012: ₹ 1,683.23 Million) has been reduced from sales in statement of profit and loss and excise duty on (increase)/decrease in stock amounting to ₹ 2.57 Million (March 31, 2012: ₹ 2.93 Million) has been considered as (income)/expense in note 24 of financial statements.

(a) Details of product sold (Gross of excise duty)

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Finished goods sold		
Steel forgings	12,008.80	15,272.80
Finished machined crankshaft	12,351.40	13,499.08
Front axle assembly and components	3,959.84	4,053.64
Ring rolling	483.88	792.17
Transmission parts	1,000.32	706.39
Aluminum road wheel	244.42	596.71
General engineering equipments	80.73	76.98
TOTAL	**30,129.39**	**34,997.77**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

20. Other Income

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Interest Income on		
- Deposits	290.78	260.65
- Loans to subsidiary	29.56	33.36
Dividend income from investment in mutual funds	242.17	221.26
Net gain / (loss) on sale of current investments	70.03	38.27
Gain on foreign exchange fluctuation	-	76.50
Government grant under PSI scheme *	125.71	-
Bad debts recovered	0.10	-
Net gain on sale of fixed assets	2.13	6.36
Provision for doubtful debts and advances written back	2.77	3.81
Provisions no longer required written back	94.84	1.20
Miscellaneous receipts	58.16	34.29
TOTAL	**916.25**	**675.70**

* The Company obtained and recognized as income a government grant of ₹ 125.71 Million (March 31, 2012: ₹ Nil), for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2007.

21. Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Inventory at the beginning of the year	1,312.85	1,214.46
Add: Purchases	13,264.79	16,594.59
	14,577.64	**17,809.05**
Less: Inventory at the end of the year	(1,146.78)	(1,312.85)
Cost of raw material and components consumed	**13,430.86**	**16,496.20**

Details of Inventories

(a) Details of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Carbon and alloy steel	12,713.73	15,863.80
Components	403.39	284.13
Die blocks, die and tools steel	313.74	348.27
TOTAL	**13,430.86**	**16,496.20**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

21. Cost of raw materials and components consumed # (Contd.):

(b) Imported and indigenous raw materials and components consumed

	Year ended March 31, 2013		Year ended March 31, 2012	
	(%)	In ₹ Million	(%)	In ₹ Million
Imported	5.63	756.37	2.72	468.33
Indigenous	94.37	12,674.49	97.28	16,027.87
TOTAL	**100.00**	**13,430.86**	**100.00**	**16,496.20**

(c) In furnishing information under Note 21(b), the view has been taken that particulars are required only in respect of items that are incorporated in the finished goods produced and not for such material used for maintenance of plant and machinery.

22. Decrease/(increase) in inventories of finished goods and work-in-progress

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012	(Increase)/ decrease
Inventories at the end of the year			
Work-in-progress	1,560.50	1,681.49	120.99
Finished goods	126.90	172.71	45.81
Dies and dies under fabrication	1,034.03	1,005.38	(28.65)
Scrap	23.34	26.65	3.31
TOTAL	**2,744.77**	**2,886.23**	**141.46**
Inventories at the beginning of the year			
Work-in-progress	1,681.49	1,693.52	12.03
Finished goods	172.71	54.58	(118.13)
Dies and dies under fabrication	1,005.38	957.39	(47.99)
Scrap	26.65	18.62	(8.03)
TOTAL	**2,886.23**	**2,724.11**	**(162.12)**
	141.46	**(162.12)**	

23. Employee benefits expense

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, wages and bonus (including managing and whole time director's remuneration)	2,155.17	2,127.86
Contributions to		
- Provident fund	61.34	60.88
- Superannuation scheme	29.55	30.48
- Other fund / scheme	44.28	47.02
- Gratuity fund [Refer note 29]	65.49	84.36
Employee voluntary retirement scheme compensation	6.36	7.09
Staff welfare expenses	211.69	191.95
TOTAL	**2,573.88**	**2,549.64**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

24. Other expenses

In ₹ Million

		Year ended March 31, 2013	Year ended March 31, 2012
Stores, spares and tools consumed		1,640.19	2,033.05
Octroi duty		42.02	53.20
Machining charges		732.44	782.85
Power, fuel and water	3,165.67		3,232.67
Less: Credit for energy generated	(64.19)		(51.82)
		3,101.48	3,180.85
Repairs and maintenance			
- Building repairs and road maintenance		52.37	28.24
- Plant and machinery		384.02	370.26
Rent		6.53	6.61
Rates and taxes (including wealth tax)		33.59	31.03
Insurance (including Key man insurance)		38.29	31.21
Commission and discount		83.44	151.41
Donations		18.04	45.70
Packing material		492.76	636.06
Freight forwarding charges		271.76	325.80
Directors' fees and travelling expenses		2.53	2.03
Commission to directors other than managing and whole time directors		8.40	12.00
Provision for doubtful debts and advances		3.47	-
Bad debts / advances written off		0.14	24.82
Loss on foreign exchange fluctuation		116.31	-
Payment to Auditors (see details below)		8.81	9.26
Excise duty on (increase)/decrease of stock		(0.36)	1.20
Miscellaneous expenses *		1,174.09	1,097.42
TOTAL		**8,210.32**	**8,823.00**

* Miscellaneous expenses includes travelling expenses, printing, stationery, postage, telephone etc.

Payment to auditors

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
As auditor:		
- Audit fee	6.50	6.50
- Tax audit fee	-	0.50
- Limited review	1.80	1.20
In other capacity:		
- Certification work	0.37	0.70
Reimbursement of expenses	0.14	0.36
TOTAL	**8.81**	**9.26**

Above expenses include research and development expenses for details of which refer note 45.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

25. Depreciation and amortization expense

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Depreciation on tangible assets [Refer note 11]	2,239.33	2,149.33
TOTAL	**2,239.33**	**2,149.33**

26. Finance costs

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Interest on bank facilities	1,305.54	1,121.01
Interest on bills discounting	211.66	177.11
Bank charges including loan processing fees	16.39	1.51
Exchange difference to the extent considered as an adjustment to borrowing cost	-	205.02
TOTAL	**1,533.59**	**1,504.65**

27. Exceptional items

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Provision for diminution in value of investments in subsidiaries [Refer note 12(b)]	260.00	704.16
Reversal of interest differential for FY 2011-12	(205.02)	-
Government grant under PSI scheme	(160.67)	-
TOTAL	**(105.69)**	**704.16**

(a) Provision for diminution in value of investment in Bharat Forge America Inc. (BFA)

Considering substantial erosion of net worth of BFA due to continuous losses, the Management, has provided additional amount of ₹ 260.00 Million towards diminution in the carrying cost of its investments.

(b) Reversal of interest differential as per Accounting Standard (AS) 16 on "Borrowing Costs"

The Company had earlier exercised the option offered in the Accounting Standard (AS) 11 relating to "The effects of changes in foreign exchange rates" to capitalise foreign exchange difference on translation of long term monetary liabilities to cost of depreciable assets where used to acquire such assets and in other cases to FCMITDA (Foreign Currency Monetary Items Translation Difference Account) after providing for interest differential as per Accounting Standard (AS) 16. In view of the clarification provided vide Ministry of Corporate Affairs circular 25/2012 dated August 9, 2012, the Company has exercised the option retrospectively from April 1, 2011 and the exchange loss amounting to ₹ 205.02 Million representing the interest differential upto March 31, 2012 previously expensed has been reversed and corresponding adjustment has been made to the cost of fixed assets and FCMITDA as appropriate.

(c) Package Scheme of Incentive (PSI)

During the current year the Company has accrued for MVAT, CST and other duty benefits of earlier periods amounting to ₹ 160.67 Million as per Industrial Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2007, of Government of Maharashtra, for its plant set up in Baramati.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

28. Earnings per share (EPS)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Numerator for basic and diluted EPS		
Net profit attributable to Shareholders as at March 31	3,055.93	3,620.73
Weighted average number of equity shares in calculating basic EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	**232,794,316**
EPS - Basic (in ₹)	**13.13**	**15.55**
Weighted average number of equity shares in calculating diluted EPS		
Number of equity shares outstanding at the beginning of the year (nos.)	232,794,316	232,794,316
Weighted average shares outstanding on account of issue of warrants considered dilutive (nos.)	-	288,209
	232,794,316	**233,082,525**
EPS - Diluted (in ₹)	**13.13**	**15.53**

29. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

The Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed atleast five years of service get a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in statement of profit and loss

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	42.69	39.60
Interest cost on benefit obligation	43.54	36.71
Expected return on plan assets	(21.90)	(19.24)
Net actuarial (gain) / loss recognised in the period	1.16	27.29
Interest income	-	-
Net benefit expense	**65.49**	**84.36**
Actual return on plan assets	24.80	20.34

Balance sheet

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening fair value of plan assets	236.86	211.11
Expected return	21.90	19.24
Contribution by employer	61.43	59.67
Benefits paid	(48.35)	(54.26)
Actuarial gains / (losses)	2.90	1.10
Closing fair value of plan assets	**274.74**	**236.86**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening defined benefit obligation	536.44	486.01
Interest cost	43.54	36.71
Current service cost	42.69	39.60
Benefits paid	(48.35)	(54.26)
Actuarial (gains) / losses on obligation	4.06	28.38
Closing defined benefit obligation	**578.38**	**536.44**

Benefit asset / (liability)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Fair value of plan assets	274.74	236.86
Present value of defined benefit obligations	(578.38)	(536.44)
Plan asset / (liability)	**(303.64)**	**(299.58)**

The Company expects to contribute ₹ 60.00 Million to gratuity fund in the next year (March 31, 2012: ₹ 60.00 Million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2013	As at March 31, 2012
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity for the Company's plan is shown below:

In % per annum

	As at March 31, 2013	As at March 31, 2012
Discount rate	8.00%	8.50%
Expected rate of return on assets	9.00%	9.00%
Increment rate	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Plan assets	274.74	236.86	211.11	193.39	181.97
Defined benefit obligation	578.38	536.44	486.01	411.14	452.71
Surplus/(deficit)	(303.64)	(299.58)	(274.90)	(217.75)	(270.74)
Experience adjustments on plan liabilities	9.66	(2.69)	(59.59)	2.94	(56.84)
Experience adjustments on plan assets	2.90	1.10	(0.58)	1.18	1.20

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service get an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

The following table summarize the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet.

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Closing defined benefit obligation		
Current liability	11.08	11.81
Non current liability	26.72	28.32
	37.80	**40.13**

The liability has been calculated using the same assumptions as disclosed above for computing the normal gratuity.

(c) Provident fund

In accordance with law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under defined contribution plan provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

Under defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report is as follows:

The Company has provided ₹ 4.92 Million towards shortfall in the interest payment on provident fund as per actuary report during the year ended March 31, 2013 (March 31, 2012: ₹ Nil)

The actuary has followed Black Scholes Option Pricing approach

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognised as employee cost in statement of profit and loss

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	2.15	8.27
Interest cost on benefit obligation	-	2.12
Expected return on plan assets	(0.48)	(0.10)
Net actuarial (gain) / loss recognised in the period	3.25	(36.62)
Interest income	-	-
Net benefit expense	**4.92**	**(26.33)**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund (Contd.):

Balance sheet

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening fair value of plan assets	2.36	-
Expected return	0.48	0.10
Contribution by employer	-	2.36
Benefits paid	-	-
Actuarial gains / (losses)	6.44	(0.10)
Closing fair value of plan assets	**9.28**	**2.36**

Changes in the present value of guaranteed interest rate obligation

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening guaranteed interest rate obligation	-	26.23
Interest cost	-	2.12
Current service cost	2.15	8.27
Benefits paid	-	-
Actuarial (gains)/losses on obligation	9.69	(36.62)
Closing guaranteed interest rate obligation	**11.84**	**-**

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Fair value of plan assets	9.28	2.36
Present value of guaranteed interest rate obligation	11.84	-
Plan asset/(liability)	**(2.56)**	**2.36**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2013	As at March 31, 2012
Investments with insurer including accrued interest	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Assumptions under the Black Scholes option pricing approach are as follows:

In % per annum

	As at March 31, 2013	As at March 31, 2012
Discount rate	8.00%	8.50%
Expected guaranteed rate	8.50%	8.25%

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund (Contd.):

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous year are as follows:

Till the year ended March 31, 2011 the interest shortfalls could not be computed by the actuaries since The Institute of Actuaries of India has not issued the final guidance on valuation of the same. In the year 2011-12 The Institute of Actuaries of India has issued the guidance note for measurement of provident fund liabilities, accordingly the Company has started providing for interest shortfalls based on actuarial valuation since last year. Hence earlier years data is not available.

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Plan assets	9.28	2.36
Guaranteed interest rate obligation	11.84	-
Surplus/(deficit)	-	-
Experience adjustments on rate obligation	-	-
Experience adjustments on plan assets	-	-

30. Operating leases - Company as lessee

The Company has entered into agreements in the nature of lease/leave and license agreement with different lessors/ licensors for the purpose of establishment of office premises/residential accommodations etc. These are generally in nature of operating lease/leave and license. There are no transactions in the nature of sub lease. Period of agreements are generally for three years and renewal at the options of the lessee. There are no escalation clause or restrictions placed upon the company by entering into these leases.

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Lease rentals during the year		
- on cancellable leases	1.34	1.13
- on non-cancellable leases	5.19	5.48
	6.53	**6.61**
Obligation on non-cancellable operating leases		
- within one year	3.33	4.03
- after one year but not more than 5 years	2.17	1.33
	5.50	**5.36**

31. Segment information

In accordance with paragraph 4 of notified Accounting Standard 17 (AS-17) "Segment Reporting" the Company has disclosed segment information only on the basis of the consolidated financial statements.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Interest in joint ventures

In ₹ Million

	Percentage of ownership/ interest	
	As at March 31, 2013	As at March 31, 2012
ALSTOM Bharat Forge Power Limited (incorporated in India)		
Percentage of ownership/interest	**49%**	**49%**
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:		
Equity and liabilities		
Shareholder's funds	435.17	505.41
Non-current liabilities	488.29	279.69
Current liabilities	2,294.52	144.45
	3,217.98	**929.55**
Assets		
Fixed assets (net)	1.52	0.44
Capital work-in-progress	541.00	322.05
Preoperative expenses pending allocation	109.00	49.06
Deferred tax assets (net)	19.59	9.18
Long-term loans and advances	608.20	436.87
Current assets	1,938.67	111.95
	3,217.98	**929.55**
- Share of the Company in the contingent liabilities incurred by jointly controlled entity.	-	-
- Share of the Company in Capital commitments which have been incurred jointly with the revenue.	-	-

In ₹ Million

	For the year ended March 31, 2013	For the year ended March 31, 2012
Income		
Revenue from operations	1,062.31	-
Other income	31.02	2.58
	1,093.33	**2.58**
Expenses		
Material cost and erection services	856.69	(88.62)
Tender cost	25.42	10.62
Employee benefit expense	129.83	119.63
Depreciation and amortisation expense	0.17	0.05
Other expenses	161.86	70.18
	1,173.97	**111.86**
Profit before tax	**(80.64)**	**(109.28)**
Tax expenses		
Current tax	-	-
Deferred tax	(10.40)	(3.73)
Profit after tax	**(70.24)**	**(105.55)**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Interest in joint ventures (Contd.):

In ₹ Million

	Percentage of ownership/ interest As at March 31, 2013	Percentage of ownership/ interest As at 31 March, 2012
Impact Automotive Solutions Limited (incorporated in India)		
Percentage of ownership/interest	**50%**	**50%**
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:		
Equity and liabilities		
Shareholder's funds	61.50	38.48
Non current liabilities	0.01	-
Current liabilities	3.30	6.08
	64.81	**44.56**
Assets		
Fixed assets (net)		
Tangible assets	22.66	0.15
Intangible assets	8.57	-
Capital work-in-progress	-	22.92
Long term loans and advances	12.09	6.09
Current assets	21.49	15.40
	64.81	**44.56**
- Share of the Company in the contingent liabilities incurred by jointly controlled entity	-	-
- Share of the Company in capital commitments which have been incurred jointly with the revenue	0.48	0.94

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Income		
Revenue from operations	0.09	-
Other income	1.95	0.60
	2.04	**0.60**
Expenses		
Cost of material consumed	2.46	-
Purchases of Stock-in-trade	0.02	-
Changes in inventories of finished goods and work-in-progress	(0.02)	-
Employee benefit expense	2.78	-
Depreciation and amortisation expense	5.72	0.01
Other expenses	18.13	10.84
	29.09	**10.85**
Profit before tax	**(27.05)**	**(10.25)**
Current tax	-	-
Taxation for earlier years	(0.07)	-
Deferred tax	-	-
Profit after tax	**(26.98)**	**(10.25)**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Interest in joint ventures (Contd.):

In ₹ Million

	Percentage of ownership/ interest	
	As at March 31, 2013	As at 31 March, 2012
David Brown Bharat Forge Gear Systems India Limited (incorporated in India)		
Percentage of ownership/interest	**50%**	**50%**
Interest in assets, liabilities, income and expenditure with respect to jointly controlled entities are as follows:		
Equity and liabilities		
Shareholder's funds	32.65	(1.67)
Long-term provisions	0.05	-
Current liabilities	3.44	3.67
	36.14	**2.00**
Assets		
Fixed assets (net)		
Tangible assets	8.09	-
Intangible assets	0.04	-
Long-term loans and advances	1.80	1.75
Current assets	26.21	0.25
	36.14	**2.00**
- Share of the Company in the contingent liabilities incurred by jointly controlled entity	-	-
- Share of the Company in capital commitments which have been incurred jointly with the revenue	-	-

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Income		
Revenue from operations (net)	3.30	-
Other income	1.45	-
	4.75	**-**
Expenses		
Cost of raw material and components consumed	-	-
Employee benefits expense	4.51	-
Depreciation and amortization expense	0.28	-
Other expenses	8.79	1.92
	13.58	**1.92**
Profit before tax	**(8.83)**	**(1.92)**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

33. Related Party Disclosures

(i) Names of the related parties and related party relationship

Related parties where control exists	
Subsidiaries	CDP Bharat Forge GmbH
	Bharat Forge America Inc.
	BF-NTPC Energy Systems Limited
	Kalyani ALSTOM Power Limited
	BF Infrastructure Limited
	BF Infrastructure Ventures Limited
	BF Power Equipment Limited
	BF Elbit Advanced Systems Private Limited
	Kalyani Polytechnic Private Limited
Step down subsidiaries	Bharat Forge Holding GmbH
	Bharat Forge Aluminiumtechnik GmbH & Co. KG
	Bharat Forge Aluminiumtechnik Verwaltungs GmbH
	Bharat Forge Beteiligungs GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Scottish Stampings Limited
	Bharat Forge Hong Kong Limited
	FAW Bharat Forge (Changchun) Co. Limited
	Bharat Forge International Limited
	Bharat Forge Daun GmbH
	BF New Technologies GmbH
Related parties with whom transactions have taken place during the year	
Associates	Technica U.K. Limited (Investment through wholly owned subsidiary)
Joint Ventures	ALSTOM Bharat Forge Power Limited
	Impact Automotive Solutions Limited
Step down joint venture	David Brown Bharat Forge Gear Systems India Limited
Enterprises owned or significantly influenced by key management personnel or their relation	Kalyani Carpenter Special Steels Limited
	Kalyani Steels Limited
	BF Utilities Limited
	Automotive Axle Limited
Key management personnel	Mr. B. N. Kalyani
	Mr. A. B. Kalyani
	Mr. G. K. Agarwal
	Mr. P. K. Maheshwari
	Mr. B. P. Kalyani
	Mr. S. E. Tandale
	Mr. S. K. Chaturvedi

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

33. Related Party Disclosures (Contd.):

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
1	**Purchase of goods**	**Step down subsidiaries**		
		Bharat Forge Scottish Stampings Limited	0.07	-
			0.07	**-**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	9,098.56	10,611.88
		Kalyani Steels Limited	2,408.15	4,318.08
			11,506.71	**14,929.96**
			11,506.78	**14,929.96**
2	**Services received**	**Enterprises owned or significantly influenced by key management personnel or their relation**		
		BF Utilities Limited	246.17	278.00
			246.17	**278.00**
3	**Sale of goods**	**Subsidiaries**		
		Kalyani ALSTOM Power Limited	2.30	-
		CDP Bharat Forge GmbH	0.47	0.03
			2.77	**0.03**
		Step down subsidiaries		
		Bharat Forge International Limited	6,126.48	2,098.66
		Bharat Forge Kilsta AB	15.87	625.96
			6,142.35	**2,724.62**
		Step down joint ventures		
		David Brown Bharat Forge Gear Systems India Limited	0.61	-
			0.61	**-**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	1,432.11	1,699.58
		Automotive Axle Limited	23.06	10.59
		Kalyani Steels Limited	1.49	-
			1,456.66	**1,710.17**
			7,602.39	**4,434.82**
4	**Services rendered**	**Subsidiaries**		
		CDP Bharat Forge GmbH	12.98	-
			12.98	**-**
		Step down subsidiaries		
		Bharat Forge International Limited	12.48	-
			12.48	**-**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Automotive Axle Limited	99.86	220.78
		Kalyani Carpenter Special Steels Limited	65.29	35.73
			165.15	**256.51**
			190.61	**256.51**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

33. Related Party Disclosures (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
5	Sale of assets	**Step down joint ventures**		
		David Brown Bharat Forge Gear Systems India Limited	0.36	-
			0.36	**-**
6	Reimbursement of expenses paid	**Subsidiaries**		
		Bharat Forge America Inc.	16.90	50.25
		CDP Bharat Forge GmbH	20.73	45.19
			37.63	**95.44**
		Step down subsidiaries		
		Bharat Forge Scottish Stampings Limited	-	53.52
		Bharat Forge Kilsta AB	3.07	1.79
		Bharat Forge International Limited	54.95	5.15
			58.02	**60.46**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Automotive Axle Limited	-	5.85
			-	**5.85**
			95.65	**161.75**
7	Reimbursement of expenses received	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	31.82	-
		Others	0.04	0.31
			31.86	**0.31**
		Step down subsidiaries		
		Bharat Forge International Limited	178.75	71.13
		Bharat Forge Kilsta AB	7.35	63.06
			186.10	**134.19**
		Joint ventures		
		Impact Automotive Solutions Limited	0.43	2.25
			0.43	**2.25**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	57.96	129.31
		Others	3.81	6.72
			61.77	**136.03**
			280.16	**272.78**
8	Finance provided: - Investments	**Subsidiaries**		
		Bharat Forge America Inc.	(260.00)	(704.16)
		BF Infrastructure Limited	308.14	-
		CDP Bharat Forge GmbH	93.18	-
		Kalyani ALSTOM Power Limited	66.11	66.11
		Others	0.60	1.00
		carried over	**208.03**	**(637.05)**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

33. Related Party Disclosures (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
		brought over	**208.03**	**(637.05)**
		Joint ventures		
		Impact Automotive Solutions Limited	50.00	19.00
			50.00	**19.00**
			258.03	**(618.05)**
	- Loan	**Subsidiaries**		
		CDP Bharat Forge GmbH	292.10	144.95
			292.10	**144.95**
	- Advance	**Subsidiaries**		
		BF Infrastructure Ventures Limited	173.81	188.12
		CDP Bharat Forge GmbH	-	7.73
		Bharat Forge America Inc.	164.76	-
			338.57	**195.85**
9	**Interest on loan given**	**Subsidiaries**		
		CDP Bharat Forge GmbH	29.56	33.36
			29.56	**33.36**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Steels Limited	22.50	22.56
		Kalyani Carpenter Special Steels Limited	2.60	5.00
			25.10	**27.56**
			54.66	**60.92**
10	**Advance received**	**Enterprises owned or significantly influenced by key management personnel or their relation**		
		Automotive Axle Limited	-	72.16
			-	**72.16**
11	**Remuneration paid**	**Key management personnel**		
		Mr. B. N. Kalyani	95.59	99.65
		Mr. A. B. Kalyani	31.57	34.89
		Mr. G. K. Agarwal	32.05	35.31
		Mr. S. E. Tandale	22.76	25.89
		Mr. S. K. Chaturvedi	23.77	22.38
		Mr. B. P. Kalyani	20.89	23.26
		Mr. P. K. Maheshwari	-	12.32
			226.63	**253.70**
12	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.14	0.19
		Mr. A. B. Kalyani	1.23	1.75
		Mr. G. K. Agarwal	0.01	0.01
		Mr. B. P. Kalyani	0.01	0.02
			1.39	**1.97**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

33. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
1	Payable towards purchases	**Step down subsidiaries**		
		Bharat Forge Scottish Stampings Limited	-	0.18
			-	**0.18**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	772.08	1,337.24
		Kalyani Steels Limited	691.32	817.55
			1,463.40	**2,154.79**
			1,463.40	**2,154.97**
2	Payable towards services	**Enterprises owned or significantly influenced by key management personnel or their relation**		
		BF Utilities Limited	6.67	35.20
			6.67	**35.20**
3	Receivable for sale of goods	**Subsidiaries**		
		CDP Bharat Forge GmbH	-	0.03
		Kalyani ALSTOM Power Limited	0.20	-
			0.20	**0.03**
		Step down subsidiaries		
		Bharat Forge International Limited	3,249.90	1,506.64
		Bharat Forge Kilsta AB	27.69	502.23
			3,277.59	**2,008.87**
		Step down joint ventures		
		David Brown Bharat Forge Gear Systems India Limited	0.61	-
			0.61	**-**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	403.52	507.13
		Others	14.63	-
			418.15	**507.13**
			3,696.55	**2,516.03**
4	Receivable towards services	**Subsidiaries**		
		CDP Bharat Forge GmbH	5.25	-
			5.25	**-**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Automotive Axle Limited	-	52.13
		Kalyani Carpenter Special Steels Limited	-	8.32
			-	**60.45**
			5.25	**60.45**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

33. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
5	Reimbursement receivable	**Subsidiaries**		
		CDP Bharat Forge GmbH	0.04	0.08
		Bharat Forge America Inc.	0.34	-
		BF Elbit Advanced Systems Private Limited	31.82	-
		Others	0.04	-
			32.24	**0.08**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	111.95	156.32
		Bharat Forge International Limited	21.56	21.26
		Others	0.57	8.68
			134.08	**186.26**
		Joint ventures		
		Impact Automotive Solutions Limited	0.43	2.25
			0.43	**2.25**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	0.12	10.99
		Kalyani Steels Limited	0.04	-
			0.16	**10.99**
			166.91	**199.58**
6	Reimbursement payable	**Subsidiaries**		
		CDP Bharat Forge GmbH	62.11	42.68
		Bharat Forge America Inc.	0.56	0.56
			62.67	**43.24**
		Step down subsidiaries		
		Bharat Forge Scottish Stampings Limited	-	9.94
		Bharat Forge Kilsta AB	11.46	8.39
		Bharat Forge International Limited	13.53	-
		Others	0.06	0.06
			25.05	**18.39**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Automotive Axle Limited	-	5.85
			-	**5.85**
			87.72	**67.48**
7	Investments balance	**Subsidiaries**		
		CDP Bharat Forge GmbH	3,673.72	3,580.54
		Bharat Forge America Inc.	22.93	282.93
		Kalyani ALSTOM Power Limited	259.09	192.98
		Others	382.97	74.23
		carried over	**4,338.71**	**4,130.68**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

33. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
		brought over	**4,338.71**	**4,130.68**
		Joint ventures		
		ALSTOM Bharat Forge Power Limited	732.88	732.88
		Impact Automotive Solutions Limited	99.05	49.05
			831.93	**781.93**
			5,170.64	**4,912.61**
8	**Loans given**	**Subsidiaries**		
		CDP Bharat Forge GmbH	1,504.07	1,211.97
			1,504.07	**1,211.97**
9	**Advances receivable**	**Subsidiaries**		
		BF Infrastructure Limited	-	308.14
		BF Infrastructure Ventures Limited	457.06	283.25
		CDP Bharat Forge GmbH	-	7.73
		Bharat Forge America Inc.	164.76	-
			621.82	**599.12**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Steels Limited	300.00	375.00
		BF Utilities Limited	200.00	200.00
		Kalyani Carpenter Special Steels Limited	-	50.00
			500.00	**625.00**
			1,121.82	**1,224.12**
10	**Interest receivable**	**Subsidiaries**		
		CDP Bharat Forge GmbH	69.96	89.93
			69.96	**89.93**
		Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Steels Limited	4.99	-
			4.99	**-**
			74.95	**89.93**
11	**Advance payable**	**Enterprises owned or significantly influenced by key management personnel or their relation**		
		Automotive Axle Limited	35.00	72.16
			35.00	**72.16**
12	**Remuneration payable**	**Key management personnel**		
		Mr. B. N. Kalyani	41.20	57.00
		Mr. A. B. Kalyani	9.00	15.00
		Mr. G. K. Agarwal	9.00	15.00
		Mr. S. E. Tandale	12.00	17.00
		Mr. S. K. Chaturvedi	6.00	7.00
		Mr. B. P. Kalyani	11.00	15.00
		Mr. P. K. Maheshwari	-	4.00
			88.20	**130.00**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

34. Capitalization of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, wages and bonus	21.54	21.54
Consumption of stores and spares	0.96	1.22
Others	3.34	3.66
	25.84	**26.42**

35. Contingent liabilities

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Sales bills discounted	5,584.61	7,222.08
Of which:		
- Bills since realised	1,231.55	2,410.02
- Matured, overdue and outstanding since close of the period	-	-
Guarantees given by the Company on behalf of other companies:		
Balance Outstanding	1,898.71	1,996.82
(Maximum Amount)	(2,269.38)	(2,193.50)
Claims against the Company not acknowledged as Debts - to the extent ascertained * #	138.83	140.48
Excise/Service tax demands - matters under dispute #	176.39	180.37
Customs demands - matters under dispute #	50.97	50.97
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 ₹ Nil (March 31, 2012: ₹ 707.88 Million), over a period of next four years, as the same has been fulfilled in FY 2012-13.		

* The Claim against the Company comprise of dues in respect to personal claims, local taxes etc.

The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations

36. Capital and other commitments

In ₹ Million

		As at March 31, 2013	As at March 31, 2012
(a)	Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 3,250 Million (March 31, 2012 ₹ 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.	863.43	711.05
(b)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	401.13	1,554.49
(c)	For commitments relating to lease agreements, please refer note 30		
		1,264.56	**2,265.54**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

36. Capital and other commitments (Contd.):

(d) Performance guarantee

The Company has along with ALSTOM Power Holdings S.A. given an irrecoverable and unconditional undertaking to NTPC Limited for technology transfer, training, execution and successful performance of steam turbines generator and auxiliary equipments supplied by ALSTOM Bharat Forge Power Limited, joint venture of the Company.

37. Derivative instruments and unhedged foreign currency exposures

(i) Derivatives outstanding as at the reporting date

Nature of instrument	Currency	Purpose	As at March 31, 2013		As at March 31, 2012	
			Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Forward contracts	USD	Hedging of highly probable sales	111.05	6,031.13	150.50	7,657.44
Forward contracts	EUR	Hedging of highly probable sales	33.50	2,331.60	60.50	4,106.50
Forward contracts	GBP	Hedging of highly probable sales	2.20	181.47	8.00	651.54

Cross currency swap

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

(ii) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	As at March 31, 2013		As at March 31, 2012	
		Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Export trade receivables	USD	18.71	1,016.14	14.07	715.88
	EUR	9.85	685.56	7.75	526.04
	GBP	1.88	155.08	0.85	69.23
	JPY	0.57	0.33	52.91	32.49
Import trade payables	USD	0.90	48.89	0.50	25.45
	EUR	5.28	367.65	5.23	355.10
	GBP	0.01	0.83	0.01	0.81
	JPY	265.33	152.91	676.60	415.77
	SEK	-	-	0.10	0.77
Foreign currency term loan	USD	194.90	10,586.97	212.40	10,809.04
Buyers credit	EUR	1.14	79.23	1.14	77.40
	JPY	369.00	212.65	-	-
Bank deposits	USD	1.45	78.77	0.71	36.10
	EUR	1.19	82.63	0.78	52.66
	GBP	0.29	23.57	-	-
Loan to subsidiary	USD	22.45	1,219.40	22.15	1,127.13
	EUR	4.09	284.66	1.25	84.84
Other receivables	USD	-	-	0.63	30.54
	EUR	1.03	69.96	0.89	59.39
Other payables	USD	1.37	82.89	0.82	46.40
	EUR		0.31	0.02	1.18
	JPY	1.93	1.11	2.69	1.65
Investments	EUR	58.76	3,673.72	57.46	3,580.54
	USD	21.60	22.93	21.60	282.93

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

38. Deferral/Capitalisation of exchange differences

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 "The Effects of Changes in Foreign Exchange Rates", to allow companies deferral/capitalization of exchange differences arising on long-term foreign currency monetary items. In accordance with the amendment/earlier amendment to AS 11, the Company has capitalised exchange loss, arising on long-term foreign currency loan to the cost of plant and equipments. The Company also have other long-term foreign currency monetary item, where the gain/(loss) due to fluctuation in foreign currency is accounted for as FCMITDA and disclosed under reserve and surplus.

Accordingly foreign exchange gain/(loss) adjusted against:

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Cost of the assets/Capital work-in-progress	(613.51)	(592.67)
FCMITDA	(290.49)	(66.50)
Amortised in the current year	(143.69)	(38.18)

39. Loans and advances in the nature of loans given to subsidiaries and associates and firms/companies in which directors are interested

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
CDP Bharat Forge GmbH		
- Balance as at March 31	1,504.07	1,211.97
- Maximum amount outstanding during the year	1,597.49	1,263.59
BF Infrastructure Ventures Limited		
- Balance as at March 31	457.06	283.25
- Maximum amount outstanding during the year	457.06	283.25
BF Infrastructure Limited		
- Balance as at March 31	-	308.14
- Maximum amount outstanding during the year	308.14	308.14
Kalyani Carpenter Special Steels Limited		
- Balance as at March 31	-	50.00
- Maximum amount outstanding during the year	50.00	50.00
Kalyani Steels Limited		
- Balance as at March 31	300.00	375.00
- Maximum amount outstanding during the year	300.00	375.00

All advances are repayable on demand

40. Details of dues to micro and small enterprises as defined under MSMED Act, 2006

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
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	22.53	19.31
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	0.01	0.04
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.89	0.88

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.

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

41. Value of imports calculated on CIF basis

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Raw materials and components	661.38	472.12
Die blocks, die steel, tool steel and spares	718.26	715.26
Capital goods	865.89	1,311.16
TOTAL	**2,245.53**	**2,498.54**

42. Expenditure in foreign currency (on accrual basis)

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Interest	433.18	300.75
[Including capitalised ₹ 58.08 Millions (March 31, 2012 ₹ 149.77 Millions)]		
Legal and professional fees	62.57	84.99
Commission and discount	78.82	140.64
Interest on Bills discounting	194.17	158.68
Freight forwarding charges (Adjusted against Insurance and freight on exports)	0.41	2.39
Foreign travel expenses	34.29	31.84
[Including capitalised ₹ 1.22 Millions (March 31, 2012 ₹ 1.02 Million)]		
Aircraft expenses	105.67	65.64
Service charges paid to deputed employees	64.72	49.69
Rework charges (Adjusted against FOB value of exports)	204.57	265.60
Other expenses	90.31	90.24
TOTAL	**1,268.71**	**1,190.46**

43. Earnings in foreign currency (on accrual basis)

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
F.O.B. value of exports	15,613.35	17,309.92
Insurance and freight on exports	189.20	457.28
Tooling charges	252.95	37.17
Interest received on fixed deposits / others	0.09	0.02
Interest on loan to subsidiary	29.56	33.36
Guarantee commission	4.59	4.48
TOTAL	**16,089.74**	**17,842.23**

Notes to Financial Statements

For the year ended March 31, 2013 (Contd.):

44. (a) Exchange difference gain/(loss) on account of fluctuations in foreign currency rates

The net exchange differences [gain/(losses)] arising during the year on highly probable forecasted transaction relating to exports as a part of sales recognised in the statement of profit and loss account is ₹ (461.76) Million (March 31, 2012 ₹ (173.04) Million)

(b) Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) 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 taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 775 Million (March 31, 2012: ₹ 821 Million).

45. Expenditure on research and development

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
A. On revenue account		
Manufacturing expenses:		
Materials	9.52	7.38
Stores, spares and tools consumed	10.34	2.66
Repairs and maintenance		
- Machinery repairs	1.75	0.96
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, contribution to provident and other funds and schemes etc.	76.71	45.25
Other expenses:		
Legal and professional charges	2.95	1.78
Membership fees	0.76	0.01
EDP expenses	16.01	12.39
Other expenses	12.12	3.75
TOTAL	**130.16**	**74.18**
B. On capital account	**17.02**	**14.71**
Total research and development expenditure (A+B)	**147.18**	**88.89**

46. The financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.

47. Previous year financial statements were audited by another firm of Chartered Accountants and previous year's figures have been regrouped or reclassified, where necessary, to confirm to the current year's classification.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

per ARVIND SETHI
Partner
Membership No. 89802

Place: Pune
Date: May 25, 2013

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director
Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director
Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary
Place: Pune
Date: May 25, 2013

Independent Auditor's Report

To The members of Bharat Forge Limited,

Report on the consolidated financial statements

1. We have audited the accompanying consolidated financial statements of Bharat Forge Limited ("the Company") and its subsidiaries, associates and joint ventures (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statement of profit and loss for the year ended on that date and consolidated cash flow statement for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   a. In the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2013;
   b. In the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
   c. in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other matters

6. We did not audit the financial information of certain overseas subsidiaries whose financial information,as stated in note 2.1(a) of consolidated financial statements, have been prepared under accounting principles other than accounting principles generally accepted in India ("Indian GAAP"), and which,in the aggregate, reflect total assets of ₹ 15,932.98 Million as at year ended December 31, 2012 and March 31, 2013 as applicable, revenues of ₹ 25,712.76 Million and net cash outflows of ₹ 288.32 Million, for the year ended December 31, 2012 and March 31, 2013 as applicable. We also did not audit the financial information of an overseas associate whose financial information reflects net income of ₹ 6.49 Million. Such financial information have been audited by other auditors who have submitted their audit opinions, prepared under International auditing standards, to the management of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial information and financial statements as the case may be of the Company's subsidiaries to Indian GAAP, for the purpose of preparation of the accompanying consolidated financial statements. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors and the aforesaid conversion undertaken by the management. Our opinion is not qualified in respect of this matter.

7. We did not audit the financial statements of the certain subsidiaries, associates and joint ventures whose financial statements are prepared under the generally accepted accounting principles in India('Indian GAAP') in the aggregate, reflects total assets of ₹ 7,111.95 Million as at March 31, 2013, total revenues of ₹ 1,105.91 Million and net cash outflows amounting to ₹ 1,315.03 Million for the year ended March 31, 2013, included in the accompanying consolidated financial statements, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries, associates and joint ventures, is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

8. We did not audit the financial statements of Bharat Forge Scottish Stampings Limited, an overseas subsidiary, whose financial information included in the accompanying consolidated financial statements, reflects total assets of ₹ 8.08 Million as at March 31, 2013, total revenues of ₹ Nil and net cash outflows amounting to ₹ 5.39 Million for the year ended December 31, 2012. Such financial information has not been audited but has been approved by the Board of Directors of BFSSL and have been furnished to us by the management. The management of the Company has converted this audited financial information to accounting principles generally accepted in India, for the purpose of preparation of the consolidated financial statements under Indian GAAP. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the management accounts. Our opinion is not qualified in respect of this matter.

For S. R. BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered Accountants

per ARVIND SETHI
Partner
Membership No.: 89802

Place: Pune
Date: May 25, 2013

Consolidated Balance Sheet

As at March 31, 2013

In ₹ Million

	Note No.	As at March 31, 2013	As at March 31, 2012
Equity and liabilities			
Shareholders' fund			
Share capital	3	465.68	465.68
Reserves and surplus	4	22,098.21	21,373.27
		22,563.89	**21,838.95**
Minority interest		**1,642.46**	**1,957.20**
Non-current liabilities			
Long-term borrowings	5	18,274.02	19,208.93
Deferred tax liabilities (Net)	6	1,345.37	885.59
Other long term liabilities	7	382.80	223.09
Long-term provisions	8	1,069.40	875.90
		21,071.59	**21,193.51**
Current liabilities			
Short-term borrowings	9	5,052.44	4,980.52
Trade payables	10	9,511.31	11,788.50
Other current liabilities	10	13,489.05	9,884.69
Short-term provisions	8	1,063.47	1,698.65
		29,116.27	**28,352.36**
TOTAL		**74,394.21**	**73,342.02**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11.1	28,918.25	26,302.52
Intangible assets	11.2	147.76	192.20
Intangible assets under development		568.62	488.03
Capital work-in-progress	11.3	5,755.48	4,679.76
Goodwill arising on consolidation		32.49	32.49
Non-current investments	12	285.13	203.20
Long-term loans and advances	13	2,533.25	3,924.46
Other non-current assets	14	374.41	506.26
		38,615.39	**36,328.92**
Current assets			
Current investments	15	3,874.44	4,246.97
Inventories	16	11,320.19	10,960.84
Trade receivables	17	6,114.38	8,133.63
Cash and bank balances	18	5,553.45	6,337.45
Short-term loans and advances	13	4,585.85	3,832.79
Other current assets	14	3,784.33	3,501.42
Assets held for sale	41	546.18	-
		35,778.82	**37,013.10**
TOTAL		**74,394.21**	**73,342.02**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

per ARVIND SETHI
Partner
Membership No. 89802
Place: Pune
Date: May 25, 2013

B. N. KALYANI
Chairman and Managing Director
Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director
Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary
Place: Pune
Date: May 25, 2013

Consolidated Statement of Profit & Loss

For the year ended March 31, 2013

In ₹ Million

	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
Continuing Operations			
Income			
Revenue from operations (gross)	19	58,619.06	64,473.84
Less: excise duty		(1,597.19)	(1,683.23)
Revenue from operations (net)		**57,021.87**	**62,790.61**
Other income	20	1,125.80	915.25
Total revenue (I)		**58,147.67**	**63,705.86**
Expenses			
Cost of raw material and components consumed	21	26,071.55	31,245.49
(Increase)/ decrease in inventories of finished goods and work-in-progress	22	(762.99)	(2,116.80)
Project cost	21	763.44	-
Employee benefits expense	23	8,013.28	7,803.96
Other expenses	24	15,242.57	15,893.49
Depreciation and amortization expense	25	3,360.38	3,021.80
Finance costs	26	1,907.91	1,859.57
Total expenses (II)		**54,596.14**	**57,707.51**
Profit before exceptional item and tax		**3,551.53**	**5,998.35**
Exceptional items	27	365.69	-
Profit before tax		**3,917.22**	**5,998.35**
Tax expenses			
Current tax			
- Pertaining to profit/(loss) for the period		5.89	1,870.81
- Adjustment of tax relating to earlier years		(40.00)	-
- Share in adjustment of tax relating to earlier periods of Joint Venture		(0.08)	-
- MAT payable		887.17	-
- MAT credit entitlement		(20.30)	-
Deferred tax charge		905.50	(70.97)
Share of deferred tax of joint venture		(10.40)	(3.73)
Total tax expenses		**1,727.78**	**1,796.11**
Profit for the year		**2,189.44**	**4,202.24**

Consolidated Statement of Profit & Loss

For the year ended March 31, 2013 (Contd.)

In ₹ Million

	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
Profit for the year		2,189.44	4,202.24
Share in associate's profit/(loss) after tax		1.96	(3.18)
Share of loss/(profit) of minority		452.54	(68.58)
Profit for the year after minority interest from continuing operations	(A)	2,643.94	4,130.48
Discontinuing operations			
Profit / (loss) before tax from discontinuing operations		(168.19)	-
Tax expenses of discontinuing operations		-	-
Profit / (loss) after tax from discontinuing operations	(B)	(168.19)	-
Profit for the year after minority interest	(A + B)	2,475.75	4,130.48
Earnings per equity share [nominal value of share ₹ 2 (March 31, 2012: ₹ 2)	28		
Basic (In ₹)			
On the basis of profit from continuing operations		11.36	17.74
On the basis of total profit for the year		10.63	17.74
Diluted (In ₹)			
On the basis of profit from continuing operations		11.36	17.72
On the basis of total profit for the year		10.63	17.72
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

per ARVIND SETHI
Partner
Membership No. 89802

Place: Pune
Date: May 25, 2013

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director
Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director
Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary
Place: Pune
Date: May 25, 2013

Statement of Cash Flow

For The Year Ended 31st March, 2013

In ₹ Million

		Year ended March 31, 2013	Year ended March 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**3,917.22**	**5,998.35**
Add /(Less) : Share of (Profit)/Loss in Associate		**1.96**	**(3.18)**
		3,919.18	**5,995.17**
Non-cash adjustment to reconcile profit before tax to net cash flows			
Interest (income)		(337.96)	(286.60)
Depreciation and amortisation		3,360.38	3,021.80
Unrealised foreign exchange loss/(gain)		165.29	31.93
Bad debts, irrecoverable advances, and sundry balances written off		0.04	24.82
Loss/(profit) on sale of fixed assets		0.55	(8.08)
Interest differential		(205.02)	205.02
Government grant and PSI Claim		(171.58)	-
Interest expenses		1,907.91	1,859.97
Provision for doubtful debts and advances written off/(back)		9.89	3.78
Dividend (income)		(243.62)	(221.26)
Net (gain)/loss on sale of investments		(70.03)	(38.27)
Provisions no longer required		(122.52)	(39.72)
Effects of consolidation*		657.35	401.77
Operating profit before working capital changes		**8,869.86**	**10,950.33**
MOVEMENTS IN WORKING CAPITAL :			
(Increase)/decrease in non-current assets			
(Increase)/decrease in long-term loans and advances		(101.32)	(30.16)
(Increase) / decrease in other non-current assets		131.85	(136.30)
(Increase)/decrease in current assets			
(Increase)/decrease in inventories		(359.35)	(2,845.90)
(Increase)/decrease in trade receivables		2,019.21	(619.88)
(Increase)/decrease in short-term loans and advances		(762.95)	(1,894.96)
(Increase)/decrease in other current assets		(78.75)	(1,253.76)
(Increase)/decrease in assets held for sale		(546.18)	-
(Increase)/decrease in non-current liabilities			
Increase/(decrease) in other long-term liabilities		159.71	217.21
Increase/(decrease) in long term provisions		193.50	73.13
(Increase)/decrease in current liabilities			
Increase/(decrease) in trade payables		(2,277.19)	2,079.30
Increase/(decrease) in other current liabilities		1,353.02	2,072.43
Increase/(decrease) in short term provisions		(117.04)	32.06
Cash generated from operations		**8,484.37**	**8,643.50**
Direct taxes paid (net of refunds)		(1,192.93)	(1,710.45)
Add/Less: Minority interest		452.54	(68.58)
Add/Less: Profit before tax from discontinued operations		(168.19)	-
Net cash flows from operating activities	**(A)**	**7,575.79**	**6,864.47**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in associates and others		(81.93)	(15.94)
Investment in mutual funds		(11,350.54)	(9,109.52)
Proceeds from sale of mutual funds		11,793.09	8,381.75
Purchase of fixed assets (including CWIP)		(5,604.94)	(9,820.96)
Proceeds from sale of fixed assets		28.34	1,838.61
	carried over	(5,215.98)	(8,726.06)

Statement of Cash Flow

For The Year Ended 31st March, 2013

In ₹ Million

		Year ended March 31, 2013	Year ended March 31, 2012
brought over		(5,215.98)	(8.726.06)
Interest income			
Investments in bank deposits (having original maturity of more than three months)		(1,678.56)	(4,261.00)
Redemption/ maturity of bank deposits (having original maturity of more than three months)		4,210.50	1,981.00
Dividend income		243.62	221.26
Net cash flows (used in) investing activities	**(B)**	**(2,102.46)**	**(10,498.20)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		3,220.45	6,599.46
Repayment of long term borrowings		(3,774.71)	(130.96)
Proceeds from short term borrowings		2,259.43	3,758.87
Repayment of short term borrowings		(2,158.97)	(2,497.27)
Interest expenses		(1,875.38)	(1,835.15)
Interest capitalised		(235.21)	(104.96)
Government grant and PSI Claim		-	171.58
Dividend including tax thereon		(948.79)	(1,342.74)
Net cash flows (used in) / from financing activities	**(C)**	**(3,513.18)**	**4,618.83**
Net increase in cash and cash equivalents (A+B+C)		**1,960.15**	**985.10**
Effects of exchange difference on cash and cash equivalent held in foreign currency		**0.22**	**0.39**
Cash and cash equivalents at the beginning of the year		**2,344.95**	**1,196.98**
Cash and cash equivalents at the end of the year		**4,305.32**	**2,182.47**
Foreign currency translation reserve movement		**(212.43)**	**162.48**
		4,092.89	**2,344.95**
Components of cash and cash equivalents as at (Refer note 18)		**March 31, 2013**	**March 31, 2012**
Cash on hand		0.96	0.86
Balances with banks:			
- on current accounts		3,466.79	1,439.67
- on deposit accounts		606.29	880.00
- on unpaid dividend accounts #		18.85	24.42
		4,092.89	**2,344.95**

Notes :

1. The figures in brackets represent outflows/adjustments
2. Previous period's figures have been regrouped / reclassified, whereever necessary to confirm to current year presentation.

* Primarily includes impact of foreign currency translation and other consolidation adjustments.

\# The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

per ARVIND SETHI
Partner
Membership No. 89802
Place: Pune
Date: May 25, 2013

B. N. KALYANI
Chairman and Managing Director
Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director
Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary
Place: Pune
Date: May 25, 2013

Notes to Consolidated Financial Statements

For the year ended March 31, 2013

3 Share Capital

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Authorised shares (No.)		
300,000,000 (March 31, 2012: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00
43,000,000 (March 31, 2012: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2012: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
232,970,666 (March 31, 2012: 232,970,666) equity shares of ₹ 2/- each	465.94	465.94
Subscribed and fully paid-up (No.)		
232,794,316 (March 31, 2012: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59
Add: 172,840 (March 31, 2012: 172,840) forfeited equity shares of (amount paid up) 15,010 equity shares (March 31, 2012: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) 157,830 equity shares (March 31, 2012: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each)	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**465.68**	**465.68**

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

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59
Issued during the year	-	-	-	-
Outstanding at the end of the year	**232,794,316**	**465.59**	**232,794,316**	**465.59**

(b) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of per share interim dividend recognised as distributions to equity shareholders was ₹ 1/- (March 31, 2012: ₹ 1.50).

During the year ended March 31, 2013, the amount of per share proposed final dividend recognised as distributions to equity shareholders was ₹ 2.40 (March 31, 2012: ₹ 2.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding reporting date.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

(e) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No.	% of Holding	No.	% of Holding
Equity shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	31,656,095	13.60	31,656,095	13.60
KSL Holdings Private Limited	23,142,870	9.94	23,142,870	9.94
Sundaram Trading and Investment Private Limited	20,986,337	9.01	20,986,337	9.01
Life Insurance Corporation Of India	20,358,099	8.74	9,244,035	3.97
Reliance Capital Trustee Company Limited	12,151,369	5.22	11,228,266	4.82

* The shareholding information is based on legal ownership of shares and has been extracted from the records of the Company including register of shareholders/members.

(f) Shares reserved for issue under options

Particulars	As at March 31, 2013	As at March 31, 2012
Warrants issued with option to subscribe [Refer note 3(g)(i)]	6,500,000	6,500,000
The issue of Foreign Currency Convertible Bonds optionally convertible at an initial price specified in offering circular. As the initial price is subject to adjustments specified in the offering circular and hence inability to assess the proportion of conversion, no amounts have been shown under issued equity share capital, in respect of equity shares reserved for issued on exercise of conversion by bondholders [Refer note 5(a)]	-	-
2,340 equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 detachable warrants entitled to subscription of 1,170 equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre right holding.	3,510	3,510

(g) Terms of securities convertible into equity shares

i) The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 Million on April 28, 2010, simultaneous with the issue of 1,760 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years 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 had been temporarily deployed in fixed deposits with banks and in mutual funds and the balance has been utilised towards the object of the issue.

The Warrant holders were entitled to exercise their right to exchange the warrants into corresponding number of equity shares, up to April 28, 2013. As no warrant has been exercised on or before the said warrant exercised period, the warrants have lapsed and ceased to be valid.

ii) Refer note 5(d) regarding Foreign Currency Convertible Bonds.

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April and May 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding at the close of the year are 9,200 (March 31, 2012: 9,200). The funds raised has been utilised towards the object of the issue.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

4 Reserve & Surplus

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Capital reserves		
Special capital incentive (Under the 1988 Package Scheme of Incentives)		
Balance as per the last financial statements	2.50	2.50
Closing balance	2.50	2.50
Capital surplus arising from early retirement of Sales tax deferral liability / loan under Package Scheme of Incentives of Government of Maharashtra		
Balance as per the last financial statements	44.00	52.64
Less Amount transfer to general reserve [Refer note 4(a)]	(44.00)	(8.64)
Closing balance	-	44.00
Subsidy for setting up new Industrial Unit [Refer note 4(b)]		
Balance as per the last financial statements	34.08	-
Add: Availed during the year	-	-
Less: Amount transferred to statement of profit and loss	(34.08)	34.08
Closing balance	-	34.08
Subsidy for capital investment [Refer note 4(e)]		
Balance as per the last financial statements	137.50	-
Add: Received during the year	17.85	137.50
Less: Reclassified to Other long term liabilities [Refer note 7]	(155.35)	-
Closing balance	-	137.50
Warrants subscription money [Refer note 3(g)(i)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	13.00	13.00
	15.50	**231.08**
Capital redemption reserve		
Balance as per the last financial statements	300.00	300.00
Closing balance	**300.00**	**300.00**
Securities premium account		
Balance as per the last financial statements	7,990.12	8,661.66
Less: Premium on redemption of Foreign Currency Convertible Bonds in terms of	-	(671.54)
Section 78 of the Companies Act, 1956, net of deferred tax assets of ₹ 429.19 Million (March 31, 2012 ₹ 322.52 Million) [Refer note 5(d)]	(893.64)	-
Closing balance	**7,096.48**	**7,990.12**
Debenture redemption reserve [Refer note 4(c)]		
Balance as per the last financial statements	1,040.34	631.74
Add: Amount transfered from surplus in the statement of profit and loss	408.60	408.60
Closing balance	**1,448.94**	**1,040.34**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 37]		
Balance as per the last financial statements	(28.32)	-
Add: Arising during the year	(278.44)	(60.74)
Less: Adjusted during the year	143.69	32.42
Closing balance	**(163.07)**	**(28.32)**
Hedge reserve		
Balance as per the last financial statements	(381.64)	13.98
Add: Arising during the year	1,298.09	(884.72)
Less: Adjusted during the year	(712.29)	489.10
Closing balance	**204.16**	**(381.64)**
carried over	8,902.01	9,151.58

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
brought over	8,902.01	9,151.58
General reserve		
Balance as per the last financial statements	1,899.30	1,528.56
Add: Amount transfered from capital reserve	44.00	8.64
Add: Amount transferred from surplus balance in the statement of profit and loss	305.60	362.10
Closing balance	**2,248.90**	**1,899.30**
Foreign currency translation reserve		
Balance as per the last financial statements	574.74	574.74
Add/less: Movement during the year	(212.43)	-
Closing balance	**362.31**	**574.74**
Surplus in the statement of profit and loss		
Balance as per the last consolidated financial statements	9,747.65	7,470.11
Add: Net profit for the year	2,475.75	4,130.48
Less: Appropriations		
- Transfer to debenture redemption reserves	(408.60)	(408.60)
- Transfer to general reserves	(305.60)	(362.10)
- Interim dividend [Refer note 4(d)]	(232.79)	(349.19)
- Tax on interim dividend	(37.76)	(56.65)
- Proposed final equity dividend [Refer note 4(d)]	(558.71)	(581.99)
- Tax on proposed final equity dividend	(94.95)	(94.41)
	(1,638.41)	**(1,852.94)**
Closing Balance	10,584.99	**9,747.65**
TOTAL	**22,098.21**	**21,373.27**

4 (a) **Sales Tax Deferral Incentive**

The Company, between the period April 2002 to March 2006, had prematurely retired its obligations of the sales tax deferral incentive availed under the package scheme of Incentives 1993, thereby generating a cumulative surplus of ₹108.63 Million. Since, the incentive was fundamentally provided to encourage capital investments in designated underdeveloped zones and thereby defray, to some extent, deficiencies, the same had been apportioned to revenue reserves over the future/balance life of the underlying investments, at the end of each financial year. In the current year, the Company has transferred the entire balance to general reserve.

(b) **Subsidy for setting up new Industrial Unit**

The Company's manufacturing facility at Baramati has been granted "Mega Project Status" by Government of Maharashtra and therefore, is eligible for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2007. The Company has been granted eligibility certificate issued by the Directorate of Industries, Government of Maharashtra in this regard. IPS consists of the following:

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

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

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

IPS will however be restricted to 75% of the eligible fixed capital investments made from May 11, 2005 to May 10, 2010. The eligibility certificate issued allows maximum subsidy of ₹3,198.20 Million.

In terms of the Accounting Standard (AS12) "Accounting for Government Grants" prescribed by Companies (Accounting Standards) Amendments Rules, 2006, eligible incentive is considered to be in the nature of grants related to revenue.

(c) **Debenture redemption reserve**

Debenture redemption reserve has been created in accordance with circular No.9/2002 dated April 18, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India and Section 117(C) of the Companies Act, 1956, at 25% of the maturity amount equally over the terms of the debentures privately placed.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

(d) The equity shares allotted on exercise of option to convert FCCBs by the bondholders and 10,000,000 equity shares of ₹ 2/- each allotted as detailed in note 3(f) and equity shares issued and allotted on conversion of warrants, if any, before the record date/ book closure for dividend, would rank pari passu with the existing share capital reflected in note 3 in all respect including dividend declared for the year. Dividend for the year has been provided for on 232,794,316 equity shares (March 31, 2012: 232,794,316) of ₹ 2/- each at the rate recommended by Board of Directors on the basis of equity shares issued and allotted upto May 25, 2013, (May 28, 2012).

(e) Subsidy for Capital Investment

In case of one of the overseas subsidiary, it has received government grand relating to fixed asset which has been accounted for under differed income approach. Till previous year the Group included the grand as a part of capital reserve. However, in the current year the grand has been transferred to "Other Long-Term Liability" as per AS 12.

5 Long-term borrowings

In ₹ Million

	Non-Current portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Debentures [Refer note 5(a)]				
2,500 (March 31, 2012: 2,500) - 11.95 % Redeemable non-convertible debentures (secured)	2,500.00	2,500.00	-	-
1,760 (March 31, 2012: 1,760) - 10.75 % Redeemable non-convertible debentures (secured)	1,760.00	1,760.00	-	-
3,500 (March 31, 2012: 3,500) - 10.75 % Redeemable non-convertible debentures (secured)	2,625.00	3,500.00	875.00	-
	6,885.00	**7,760.00**	**875.00**	**-**
Term loans:				
From banks				
Foreign currency term loans				
Secured				
From Bank of India, London [Refer note 5(b)(i)]	-	-	-	127.23
From Credit Agricole Corporate & Investment Bank, Singapore [Refer note 5(b)(ii)]	1,086.40	1,781.15	814.80	763.35
From Hypo Vereins Bank, Germany [Refer note 5(b)(iii)]	151.30	135.08	36.13	19.30
From ICICI Bank, New York [Refer note 5(b)(iv)]	-	225.95	243.21	76.33
From ICICI Bank, Frankfurt [Refer note 5(b)(v)]	289.04	411.61	144.52	137.27
From Unicredit Bank, Germany [Refer note 5(b)(vi)]	12.13	15.58	4.28	3.86
From Unicredit Bank, Germany [Refer note 5(b)(vii)]	12.53	17.42	5.82	5.26
From Bank of Communication, China [Refer note 5(b)(viii)]	1,348.87	830.10	-	-
Unsecured				
On syndication basis [Refer note 5(b)(ix)]	4,345.60	4,071.20	-	-
On syndication basis [Refer note 5(b)(x)]	2,172.80	-	-	-
	9,418.67	**7,488.09**	**1,248.76**	**1,132.60**
Rupee Term Loans:				
From Axis Bank [Refer note 5(c)(i)] (secured)	-	291.68	-	38.88
From Axis Bank [Refer note 5(c)(ii)] (secured)	121.45	109.60	-	-
Share in loan from ICICI Bank of Joint venture [Refer note 5(c)(iii)] (secured)	477.26	274.40	-	-
From Axis Bank [Refer note 5(c)(iv)] (unsecured)	525.85	380.40	-	-
From NBFC [Refer note 5(c)(v)] (unsecured)	212.82	-	-	-
	1,337.38	**1,056.08**	**-**	**38.88**
carried over	17,641.05	16,304.17	2,123.76	1,171.48

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

5 Long-term borrowings: (Contd.)

In ₹ Million

	Non-Current portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
brought over	**17,641.05**	**16,304.17**	**2,123.76**	**1,171.48**
Foreign Currency Convertible Bonds (FCCB) [Refer note 5(d)]				
USD 40.0 Million (March 31, 2012: USD 40.0 Million) 0% Tranche A FCCBs (Redeemed on April 28, 2012) (unsecured)	-	-	-	2,035.60
USD 39.9 Million (March 31, 2012: USD 39.9 Million) 0% Tranche B FCCBs (Redeemable on April 28, 2013) (unsecured)	-	2,030.51	2,167.37	-
	-	**2,030.51**	**2,167.37**	**2,035.60**
Finance Lease [Refer note 30] [Refer note no 5 (c)] (secured)	**632.97**	**804.81**	**227.29**	**211.11**
Sales tax deferral liability				
Under Government of Maharashtra Package Scheme of Incentives (unsecured)	-	69.44	-	-
	-	**69.44**	**-**	**-**
	18,274.02	**19,208.93**	**4,518.42**	**3,418.19**
The above amount includes				
Secured borrowings	11,016.95	12,657.38	2,351.05	1,382.59
Unsecured borrowings	7,257.07	6,551.55	2,167.37	2,035.60
Amount disclosed under the head "Other Current Liabilities" [Refer note 10]	-	-	(4,518.42)	(3,418.19)
TOTAL	**18,274.02**	**19,208.93**	**-**	**-**

(a) Debentures

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

(i) 2,500 - 11.95 % redeemable secured non-convertible debentures (Sixteenth series) of ₹ 1,000,000/- each redeemable at par in three equal annual instalments on January 5, 2015; on January 5, 2016; on January 5, 2017 respectively.

Above debentures are secured by: (i) First pari passu mortgage in favour of the Trustees, of all rights and interest on the Company's immovable properties situated at Mundhwa, Satara, Jalgaon and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as all plant and machinery, equipments, tools, furniture and fixtures etc., as described in Debenture Trust-cum-Mortgage Deed dated April 30, 2009.

(ii) 1,760-10.75% redeemable secured non-convertible debentures (Eighteenth series) of ₹ 1,000,000/- each redeemable at par in three annual instalments @ 35.00% on April 28, 2014; @ 35.00% on April 28, 2015; @ 30.00% on April 28, 2016.

Above debentures are secured by: (i) First pari-passu mortgage in favour of Trustees, of all rights and interest on the Company's immovable properties, present and future situated at Mundhwa, Chakan, 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 June 28, 2010; and (ii) First pari-passu charge in favour of the Trustees on moveable properties, present and future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010.

(iii) 3,500-10.75% redeemable secured non-convertible debentures (Seventeenth series) of ₹ 1,000,000/- each redeemable at par in three instalment @ 25.00% on March 22, 2014; @ 50.00% on September 22, 2014; @ 25.00% on March 22, 2015.

Above debentures are secured by: (i) First pari passu mortgage in favour of the Trustees, of all rights and interest on the Company's immovable properties situated at Mundhwa, Satara, Jalgaon and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as all plant and machinery, equipments, tools, furniture and fixtures etc., as described in Debenture Trust - cum- Mortgage Deed dated December 14, 2009.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

5 Long-term borrowings (Contd.):

(b) Foreign currency term loans

(i) From Bank of India, London

Balance outstanding USD Nil (March 31, 2012: USD 2.50 Million)

Secured by: (i) First charge by way of hypothecation of the whole of the movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, whether installed or not and whether now lying loose or in cases or now lying or stored in or about or shall from time to time during the continuance of the security be brought into or upon or be stored or be in or about all the factories, premises and godowns 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 March 17, 2005 and; (ii) Equitable mortgage by deposit of title deeds of immovable properties situated at Village Mundhwa, Pune; Village Vaduth, Taluka and District Satara; Village Kusumbe Khurd, Taluka and District Jalgaon and Village Chakan, Pune all in the state of Maharashtra, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth, as described under Memorandum of Entry dated March 17, 2005.

The loan was repayable in 6 equal yearly instalments starting from September 30, 2007, along with interest of 3M Libor + 350 bps per annum. The Final instalment was paid during the year ended March 31, 2013.

(ii) From Credit Agricole Corporate & Investment Bank, Singapore

Balance outstanding USD 35 Million (March 31, 2012: USD 50 Million)

Secured by first pari passu charge over present and future movable fixed assets viz. plant and machinery, computers, furnitures and fixtures, whether installed or not and whether now lying loose or in cases or otherwise or being on or upon or at any time, hereafter being on or upon about the premises and godowns at Mundhwa, Pune; Village Kuruli, Chakan; Taluka Khed, District Pune; Village Vaduth, Taluka and District Satara and at Baramati, Pune or anywhere else.

Repayable in 3 yearly instalments from date of its' origination, i.e. October 14, 2012, along with interest of 6M Libor + 200 bps per annum.

(iii) From Hypo Vereins Bank, Germany

Balance outstanding Euro 2.59 Million (March 31, 2012: Euro 2.25 Million)

Secured by charge over specific machinery of one of the subsidiary located at Brand Erbisdorf, Germany repayable in 24 equal quarterly instalments starting from June 2012, along with interest of 3M Euribor + 310 bps per annum.

(iv) From ICICI Bank, New York

Balance outstanding USD 4.44 Million (March 31, 2012: USD 5.94 Million)

Secured by charge over assets of one of the subsidiary located at Lansing, USA repayable in 4 equal annual instalments starting from November 2012, along with interest of 6M Libor + 400 bps per annum. Management plans to foreclose the loan before March 31, 2014.

(v) From ICICI Bank, Frankfurt

Balance outstanding Euro 6 Million (March 31, 2012: Euro 8 Million)

Secured by charge over assets of one of the subsidiary located at Karlskoga, Sweden repayable in 4 equal annual instalments starting from September 2012, along with interest of Euribor + 310 bps per annum.

(vi) From Unicredit Bank, Germany

Balance outstanding Euro 0.23 Million (March 31, 2012: Euro 0.28 Million)

Secured by charge over specific assets of one of the subsidiary located at Brand Erbisdorf, repayable in 60 equal monthly instalments starting from August 2011, along with interest of 5.95% per annum.

(vii) From Unicredit Bank, Germany

Balance outstanding Euro 0.25 Million (March 31, 2012: Euro 0.33 Million)

Secured by charge over specific assets of one of the subsidiary located at Brand Erbisdorf, repayable in 60 equal monthly instalments starting from January 2011, along with interest of 5.63% per annum.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

5 Long-term borrowings (Contd.):

(viii) From Bank of Communication, China

Balance outstanding RMB 155.44 Million (March 31, 2012: RMB 99.50 Million)

Secured by charge over fixed assets of one of the subsidiary located at Changchun, China repayable in 6 semi annual installments starting from June 2014, along with interest of 7.755% per annum.

(ix) Foreign currency term loans on Syndicated basis

Balance outstanding USD 80 Million (March 31, 2012: USD 80 Million)

Repayable in 3 half yearly instalments from date of its' origination i.e. October 31, 2016, along with interest of 6M Libor +280 bps per annum.

(x) Foreign currency term loans on Syndicated basis

Balance outstanding USD 40 Million (March 31, 2012: Nil)

Repayable in 3 half yearly instalments from date of its' origination i.e. October 31, 2016, along with interest of 6M Libor +380 bps per annum.

(c) Rupee term loans

(i) From Axis Bank

Balance outstanding Nil (March 31, 2012: ₹ 330.56 Million)

Secured by: (i) First pari-passu charge 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 and (ii) First pari-passu charge on moveable properties, present and future including land and building.

Repayable in 18 semi annual installments from the date of its origination i.e. March 31, 2011, alongwith interest of base rate +200 bps per annum.

(ii) From Axis Bank

Balance outstanding ₹ 121.45 Million (March 31, 2012: ₹ 109.60 Million)

Secured by a charge over movable fixed assets current assets and leasehold land of one of the subsidiary repayable in 32 equal quarterly instalments starting from September 30, 2014, along with interest of base rate + 220 bps per annum.

(iii) From ICICI Bank and Axis Bank share of Joint Venture

Balance outstanding ₹ 477.26 Million (March 31, 2012: ₹ 274.40 Million)

Secured by a charge over all fixed assets (movable and immovable) and second charge on current asset of one of the subsidiary at repayable in 32 equal quarterly installments starting from September 30, 2014, along with interest of base rate + 220 bps per annum.

(iv) From Axis Bank and ICICI Bank

Balance outstanding ₹ 525.85 Million (March 31, 2012: ₹ 380.40 Million)

Repayable in 32 equal quarterly instalments starting from September 30, 2014, along with interest of base rate + 220 bps per annum.

(v) From NBFC

Balance outstanding ₹ 212.82 Million (March 31, 2012: NIL)

Repayable in 4 equal quarterly instalments starting from September 30, 2014, along with interest of base rate + 250 bps per annum.

(d) Foreign currency convertible bonds (FCCBs)

The Company had issued FCCBs (Tranche B) of USD 39.90 Million, detailed in the table below, to finance capital expenditure and global acquisitions. The said bonds are optionally convertible into GDR/ Equity shares to be exercised at any time during the exercise period at a pre determined initial price subject to adjustments upon occurrence of certain events. In case there is non conversion of FCCBs, the amount will be repaid in full.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

5 Long-term borrowings (Contd.):

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

The Company also has the option to call the Bondholders of Tranche B to mandatorily convert the Bonds into equity shares if the market price on the specified date provided the holder a gain of at least 30% over the early redemption amount.

The following table sets out the parameters associated with Tranche B of FCCBs 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 redemption			Maurity	
				Exercise period		Initial Price per Share ₹	Exercise period		Gross yield to Bondholders	Date	Price % of Face value
				From	To		From	To			
B	39.90	100,000	-	08-Jun-06	18-Apr-13	690.32	28-Apr-09	18-Apr-13	6.50%	28-Apr-13	156.481%

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

Tranche B of the above FCCBs amounting to USD 39.90 Million outstanding as at April 26, 2013 were redeemed on April 26, 2013 along with the redemption premium amounting to USD 22.54 Million. The premium on redemption aggregating ₹ 1,322.83 Million, (including withholding Tax amounting to ₹ 98.67 Million) since crystallised has been adjusted to securities premium account, net of deferred tax asset amounting to ₹ 429.19 Million, 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 FCCB's issued upon terms and conditions set out in the offering circular dated April 19, 2005, would be outside the purview of Section 117(C) of the Companies Act, 1956 as regards creation of Debenture Redemption Reserve.

(e) Foreign Currency Convertible Bonds (FCCB)

Finance lease in secured by hypothecation of said asset.

6 Deferred tax liabilities (Net)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Deferred tax liability		
On account of timing difference in:		
Impact of difference between depreciation/amortization charged for the financial reporting and tax purposes	2,025.41	1,817.79
Gross deferred tax liability	2,025.41	1,817.79
Share in deferred tax liabilities of Joint Venture	-	9.18
	2,025.41	**1,826.97**
Deferred tax assets:		
On account of timing difference in:		
Privilege leave encashment and gratuity	153.86	151.85
Provision for bad and doubtful debts and advance	13.96	13.73
Disallowance under Section 43 B of Income Tax Act, 1961	60.16	53.68
Premium on redemption of FCCBs [Refer note 5(d)]	429.19	322.52
Voluntary retirement scheme	3.94	3.69
Gross Deferred Tax Assets	**661.11**	**545.47**
Net deferred tax asset related to subsidiaries and joint ventures of the Company	18.93	395.91
	680.04	**941.38**
Net deferred tax liability	**1,345.37**	**885.59**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

7 Other Long Term Liabilities

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Voluntary retirement scheme compensation	7.40	7.15	5.14	4.46
Deferred Income	123.83	-	15.76	-
Others	251.57	215.94	-	-
	382.80	**223.09**	**20.90**	**4.46**
Amount disclosed under the head "Other Current Liabilities" [Refer note 10]	-	-	(20.90)	(4.46)
TOTAL	**382.80**	**223.09**	**-**	**-**

8 Provisions

In ₹ Million

	Long-term		Short-term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits				
Provision for gratuity [Refer note 29]	304.93	300.41	88.38	0.24
Provision for pension & similar obligation	639.78	477.00	-	43.65
Provision for special gratuity [Refer note 29]	26.72	28.32	11.08	11.81
Share in provision for gratuity of Joint Venture	2.97	2.45	0.03	0.20
Provision for employee's provident fund [Refer note 29]	2.56	-	-	-
Provision for leave benefits	2.15	0.89	157.27	366.21
Share in provision for leave benefits of Joint Venture	7.57	2.84	1.74	0.65
Provision for Jubilee scheme	40.70	36.84	-	-
Provision for Early retirement scheme	42.02	27.15	-	-
Other provisions				
Proposed dividend	-	-	558.71	581.99
Provision for tax on proposed dividend	-	-	94.95	94.41
Provision for tax (net of tax paid in advance)	-	-	104.09	217.85
Derivative liability - Forward contracts	-	-	47.22	381.64
TOTAL	**1,069.40**	**875.90**	**1,063.47**	**1,698.65**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

9 Short-term borrowings

In ₹ Million

	As at 31 March, 2013	As at 31 March, 2012
Cash credit from banks (secured) [Refer note (a)]	1,982.31	1,766.08
Share in Cash credit of Joint Venture from banks (secured) [Refer note (a)]	73.50	-
Preshipment packing credit - foreign currency (secured) [Refer note (a)]	35.56	593.36
Buyers line of credit for import of goods from banks (unsecured) [Refer note (b)]	291.89	77.26
Short term loans from banks (unsecured) [Refer note (c)]	2,669.18	2,543.82
	5,052.44	**4,980.52**
The above amount includes:		
Secured borrowings	2,091.37	2,359.44
Unsecured borrowings	2,961.07	2,621.08
TOTAL	**5,052.44**	**4,980.52**

(a) Cash credit from banks and preshipment of packing credit is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc.

Cash credit is repayable on demand and carries interest @ 10.50% to 13.25% per annum.

Cash credit from banks in respect of overseas subsidiaries is repayable on demand and carries interest at EURIBOR + 200 bps to EURIBOR + 350 bps per annum.

Preshipment packing credit is repayable within 180 days and carries interest @ LIBOR + 100 bps to 200 bps per annum.

(b) Buyers line of credit is repayable within 180 days to 360 days and carries interest @ EURIBOR + 90 bps to 110 bps per annum.

(c) Short term loans from banks are repayable within 360 days and carries interest ranging from 5.6% to 9.20% per annum.

10 Trade payables and other current liabilities

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Trade payables	8,230.40	9,754.36
Share in Trade payables of Joint Venture	46.40	-
Acceptances	1,234.51	2,034.14
	9,511.31	**11,788.50**
Other current liabilities		
Current maturities of long-term borrowings [Refer note 5]		
- Secured	2,351.05	1,382.59
- Unsecured	2,167.37	2,035.60
Current portion of other long term liabilities [Refer note 7]	20.90	4.46
carried over	4,539.32	3,422.65

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

10 Trade payables and other current liabilities (Contd.):

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
brought over	4,539.32	3,422.65
Payable of capital creditors	751.36	921.13
Share in payable to capital creditors of joint venture	27.34	91.16
Construction contracts in progress	2,047.21	-
Income billed not accrued	1,041.18	871.56
Premium on redemption of FCCBs [Refer note 5(d)]	1,224.15	895.10
Interest accrued but not due on borrowings	265.30	232.77
Interest accrued and due on borrowings	-	0.01
Share in interest accrued and due on borrowings of Joint Venture	-	1.62
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	22.22	24.06
- Unpaid matured deposits	0.14	0.20
Security deposits	79.12	12.25
Advance from customers	2,120.81	2,197.15
Share in Advance from customers of Joint Venture	0.84	-
Employee contributions and recoveries payable	33.80	33.19
Share in employee contributions and recoveries payable of Joint Venture	-	14.10
Other payable related to employees	406.34	150.27
Share in other payable related to employees of Joint Venture	25.93	-
Statutory dues payable including tax deducted at source	81.93	169.50
Share in statutory dues payable including tax deducted at source of Joint Venture	7.78	6.95
Others	790.72	838.06
Share in others of Joint Venture	23.56	2.96
	13,489.05	**9,884.69**
TOTAL	**23,000.36**	**21,673.19**

11.1 Tangible assets

In ₹ Million

	Free hold land (b)	Lease hold land	Share in Lease hold land of Joint Venture	Share in Lease hold improvements of Joint Venture	Buildings (a), (d)	Plant and machinery	Plant and machinery Leased	Share in Plant and machinery of Joint Venture	Dies	Office equipments	Share in Office Equipments of Joint Venture	Sub Total (A)
Cost												
As at April 1, 2011	395.55	354.48	99.55	-	3,874.61	33,249.60	86.72	-	890.56	50.73	0.08	39,001.88
Foreign Currency Translation Reserve	15.20	13.24	-	-	169.01	1,061.49	7.74	-	123.39	-	-	1,390.07
Additions	12.53	-	-	-	172.89	2,980.53	1,368.46	0.16	131.05	5.01	0.04	4,670.67
Disposals	-	-	-	-	8.34	2,348.52	-	-	73.09	-	-	2,429.95
Other adjustments												
- Borrowing cost	-	-	-	-	-	30.98	-	-	-	-	-	30.98
- Exchange differences	-	-	-	-	107.99	446.47	-	-	-	-	-	554.46
As at March 31, 2012	**423.28**	**367.72**	**99.55**	**-**	**4,316.16**	**35,420.55**	**1,462.92**	**0.16**	**1,071.91**	**55.74**	**0.12**	**43,218.11**
Foreign Currency Translation Reserve	12.39	6.47	-	-	97.57	900.92	54.63	-	53.66	0.04	-	1,125.68
Additions	26.24	405.11	-	22.77	162.66	4,302.19	-	10.46	4.74	4.97	1.11	4,940.25
Disposals	-	-	-	-	0.32	80.07	-	-	21.07	0.05	0.01	101.52
Other adjustments												
- Borrowing cost	-	-	-	-	4.78	84.88	-	-	-	-	-	89.66
- Exchange differences	-	-	-	-	110.23	528.87	-	-	-	-	-	639.10
- Transferred to assets held for sale	(13.94)	-	-	-	(91.16)	(940.96)	-	-	(77.33)	-	-	(1,123.39)
As at March 31, 2013	**447.97**	**779.30**	**99.55**	**22.77**	**4,599.92**	**40,216.38**	**1,517.55**	**10.62**	**1,031.91**	**60.70**	**1.22**	**48,787.89**
Depreciation/ Amortisation												
As at April 1, 2011	-	5.54	3.73	-	762.15	16,361.83	23.56	-	89.07	28.86	-	17,274.74
Foreign Currency Translation Reserve	-	-	-	-	40.07	605.77	4.36	-	16.05	0.01	-	666.26
Charge for the year	-	4.43	3.32	-	136.09	2,249.66	23.79	0.01	22.05	3.86	0.03	2,443.24
Disposals	-	-	-	-	-	616.66	-	-	0.19	-	-	616.85
As at March 31, 2012	**-**	**9.97**	**7.05**	**-**	**938.31**	**18,600.60**	**51.71**	**0.01**	**126.98**	**32.73**	**0.03**	**19,767.39**
Foreign Currency Translation Reserve	-	0.26	-	-	36.69	751.69	6.45	-	8.17	0.01	-	803.27
Charge for the year	-	15.80	3.32	4.29	159.75	2,462.74	48.24	0.51	27.48	5.72	0.12	2,727.97
Disposals	-	-	-	-	0.12	78.46	-	-	-	0.03	0.01	78.62
Transferred to assets held for sale	-	-	-	-	(11.12)	(508.99)	-	-	(72.84)	-	-	(592.95)
As at March 31, 2013	**-**	**26.03**	**10.37**	**4.29**	**1,123.51**	**21,227.58**	**106.40**	**0.52**	**89.79**	**38.43**	**0.14**	**22,627.06**
Net Block												
As at March 31, 2012	**423.28**	**357.75**	**92.50**	**-**	**3,377.85**	**16,819.95**	**1,411.21**	**0.15**	**944.93**	**23.01**	**0.09**	**23,450.72**
As at March 31, 2013	**447.97**	**753.27**	**89.18**	**18.48**	**3,476.41**	**18,988.80**	**1,411.15**	**10.10**	**942.12**	**22.27**	**1.08**	**26,160.83**

11.1 Tangible assets (Contd.)

In ₹ Million

	Railway sidings	Electrical installations	Electrical installations Leased	Factory equipments	Furniture and fixtures	Share in Furniture and fixtures of Joint Venture	Vehicles and aircraft	Share in Vehicles of Joint Venture	Power line	Sub Total (B)	Grand Total (A+B)
Cost											
As at April 1, 2011	0.45	494.75	-	2,619.69	262.06	0.38	2,234.11	-	97.77	5,709.21	44,711.09
Foreign Currency Translation Reserve	-	-	-	181.18	0.90	-	7.20	-	-	189.28	1,579.35
Additions	-	23.02	13.24	400.30	23.36	-	46.17	-	-	506.09	5,176.76
Disposals	-	-	-	20.50	8.69	-	28.18	-	-	57.37	2,487.32
Other adjustments											
- Borrowing cost	-	-	-	-	-	-	-	-	-	-	30.98
- Exchange differences	-	2.73	-	3.90	0.98	-	-	-	-	7.61	562.07
As at March 31, 2012	**0.45**	**520.50**	**13.24**	**3,184.57**	**278.61**	**0.38**	**2,259.30**	**-**	**97.77**	**6,354.82**	**49,572.93**
Foreign Currency Translation Reserve	-	-	1.01	164.06	0.58	-	5.17	-	-	170.82	1,296.50
Additions	-	3.03	-	450.69	7.93	1.74	17.63	0.85	-	481.87	5,422.12
Disposals	-	-	-	35.89	1.11	-	14.41	-	-	51.41	152.93
Other adjustments										-	
- Borrowing cost	-	-	-	0.19	-	-	-	-	-	0.19	89.85
- Exchange differences	-	3.03	-	3.54	1.05	-	-	-	-	7.62	646.72
- Transferred to assets held for sale	-	-	(14.25)	-	(8.14)	-	(3.82)	-	-	(26.21)	(1,149.60)
As at March 31, 2013	**0.45**	**526.56**	**-**	**3,767.16**	**278.92**	**2.12**	**2,263.87**	**0.85**	**97.77**	**6,937.70**	**55,725.59**
Depreciation											
As at April 1, 2011	0.43	200.60	-	1,875.34	146.96	-	619.39	-	31.17	2,873.89	20,148.63
Foreign Currency Translation Reserve	-	-	0.04	146.47	0.65	-	5.20	-	-	152.36	818.62
Charge for the year	-	40.81	0.39	295.64	22.53	0.02	142.21	-	15.11	516.71	2,959.95
Disposals	-	-	-	10.87	7.98	-	21.09	-	-	39.94	656.79
As at March 31, 2012	**0.43**	**241.41**	**0.43**	**2,306.58**	**162.16**	**0.02**	**745.71**	**-**	**46.28**	**3,503.02**	**23,270.41**
Foreign Currency Translation Reserve	-	-	0.06	140.44	0.42	-	5.25	-	-	146.17	949.44
Charge for the year	-	40.67	1.33	365.27	21.28	0.25	143.00	0.08	15.11	586.99	3,314.96
Disposals	-	-	-	34.12	0.35	-	10.96	-	-	45.43	124.05
Transferred to assets held for sale	-	-	(1.82)	-	(6.36)	-	(2.29)	-	-	(10.47)	(603.42)
As at March 31, 2013	**0.43**	**282.08**	**-**	**2,778.17**	**177.15**	**0.27**	**880.71**	**0.08**	**61.39**	**4,180.28**	**26,807.34**
Net Block											
As at March 31, 2012	**0.02**	**279.09**	**12.81**	**877.99**	**116.45**	**0.36**	**1,513.59**	**-**	**51.49**	**2,851.80**	**26,302.52**
As at March 31, 2013	**0.02**	**244.48**	**-**	**988.99**	**101.77**	**1.85**	**1,383.16**	**0.77**	**36.38**	**2,757.43**	**28,918.25**

(a) Buildings include cost of hangar jointly owned with other Companies ₹ 0.12 Million March 31, 2013 (March 31, 2012 ₹ 0.12 Million).

(b) Freehold land includes 25 acres land at Pune and 24.13 acres land at Satara given on lease.

(c) Capitalized borrowing cost:

The borrowing cost capitalized during the year ended March 31, 2013 was ₹ 235.21 Million (March 31, 2012: ₹ 104.96 Million).

The Company capitalized this borrowing cost in the capital work-in-progress (CWIP).

The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from CWIP.

(d) Documents for the ownership premises at Sai Nagari,Surajban apartments and Lullanagar at Pune are under execution.

(e) Depreciation/amortisation amounting to ₹ 5.06 Million (March 31, 2012: ₹ 3.44 Million) has been transferred to capital work-in-progress.

11.2 Intangible assets

In ₹ Million

	Software	Share in Software of Joint Venture	Share in Technical Knowhow of Joint Venture	Development cost	Patents	Total
Cost						
As at April 1, 2011	108.94	-	-	108.30	279.25	496.49
Foreign Currency Translation Reserve	9.60	-	-	8.89	22.92	41.41
Additions	23.34	-	-	57.18	-	80.52
Disposals	0.03	-	-	-	-	0.03
Other adjustments						
- Borrowing cost	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-
As at March 31, 2012	**141.85**	**-**	**-**	**174.37**	**302.17**	**618.39**
Foreign Currency Translation Reserve	7.31	-	-	9.28	16.08	32.67
Additions	20.54	0.05	9.50	39.79	-	69.88
Disposals	0.85	-	-	-	-	0.85
Other adjustments						
- Borrowing cost	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-
- Transferred to assets held for sale	(6.14)	-	-	-	-	(6.14)
As at March 31, 2013	**162.71**	**0.05**	**9.50**	**223.44**	**318.25**	**713.95**
Depreciation/ Amortisation						
At April 1, 2011	77.70	-	-	25.82	229.62	333.14
Foreign Currency Translation Reserve	7.80	-	-	4.19	19.24	31.23
Charge for the year	19.13	-	-	35.91	6.81	61.85
Disposals	0.03	-	-	-	-	0.03
As at March 31, 2012	**104.60**	**-**	**-**	**65.92**	**255.67**	**426.19**
Foreign Currency Translation Reserve	6.58	-	-	6.17	16.02	28.77
Charge for the year	21.39	-	0.95	49.64	46.23	118.21
Disposals	0.84	-	-	-	-	0.84
Transferred to assets held for sale	(6.14)	-	-	-	-	(6.14)
As at March 31, 2013	**125.59**	**-**	**0.95**	**121.73**	**317.92**	**566.19**
Net Block						
As at March 31, 2012	**37.25**	**-**	**-**	**108.45**	**46.50**	**192.20**
As at March 31, 2013	**37.12**	**0.05**	**8.55**	**101.71**	**0.33**	**147.76**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

11.3 Capital work-in-progress

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Capital work-in-progress	5,214.48	4,334.79
Share in capital work-in-progress of Joint Venture	541.00	344.97
TOTAL	**5,755.48**	**4,679.76**

12 Non-current investments

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Trade investments		
Unquoted equity instruments		
Investments in associates		
Talbahn GmbH (Refer note i)	0.30	0.30
4,286 (March 31, 2012: 4,286) shares of GBP 1/- each fully paid in Tecnica UK Limited	1.97	-
4,900 (March 31, 2012: Nil) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited	0.05	-
	2.32	**0.30**
Investments in others		
21,067,894 (March 31, 2012: 20,290,999) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited [Holding Company holds 5% (March 31, 2012: 5%) of the share capital]	210.68	202.90
504,432 (March 31, 2012: Nil) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note ii)	72.13	-
	282.81	**202.90**
TOTAL	**285.13**	**203.20**
Aggregate amount of unquoted investments	**285.13**	**203.20**
Aggregate amount of provision for diminution in value of investments	**-**	**-**

i) 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.

ii) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited pledged against the facility obtained by Gupta Global Resources Private Limited.

13 Loans and advances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Capital advances				
Unsecured, considered good	633.76	2,394.75	-	-
Share in capital advances of Joint Venture	441.90	322.33	-	-
	1,075.66	**2,717.08**	**-**	**-**
Security deposits				
Unsecured, considered good	391.94	300.41	3.93	-
Share in security deposits of Joint Venture	9.22	7.27	2.94	-
	401.16	**307.68**	**6.87**	**-**
carried over	1,476.82	3,024.76	6.87	-

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

13 Loans and advances (Contd.):

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
brought over	1,476.82	3,024.76	6.87	-
Loans and advances to related parties				
Unsecured, considered good unless stated otherwise				
Trade advances to other companies	300.00	425.00	-	-
Share in loan to ALSTOM Power GMbH, Germany	-	-	347.98	-
Share in loans and advances of Joint venture	-	-	0.34	-
	300.00	**425.00**	**348.32**	**-**
Advances recoverable in cash or kind				
Unsecured considered good	-	-	190.39	282.33
Unsecured considered good share in Joint Venture	-	-	19.08	29.10
Unsecured, considered doubtful	-	-	33.13	32.42
Less: Provision for doubtful advance	-	-	(33.13)	(32.42)
	-	**-**	**209.47**	**311.43**
Other loans and advances				
Unsecured, considered good				
Loan to a company [Refer note 13(a)]	309.09	309.09	-	-
Loan to employees	16.27	21.36	-	-
Advance income tax (Net of provision for tax)	187.77	59.50	-	-
MAT credit available for set off	20.30	-	-	-
Share in Advance income tax of joint Venture (Net of provision for tax)	0.32	-	3.76	-
Retention money	86.20	81.12	-	-
Advances to suppliers	-	-	1,474.84	1,455.67
Share in advances to suppliers of Joint Venture	-	-	0.27	-
Balances with statutory/ government authorities	1.23	1.23	356.28	361.24
Share in balances with statutory/ government authorities of Joint Venture	4.11	-	5.41	11.69
Taxes and duty credits receivables	-	-	1,832.96	1,692.76
Share in Taxes and duty credits receivables of Joint Venture	-	-	0.71	-
Intercorporate deposit	120.00	-	-	-
Others	11.14	2.40	233.68	-
Share in others of Joint Venture	-	-	113.28	-
	756.43	**474.70**	**4,021.19**	**3,521.36**
	1,056.43	**899.70**	**4,578.98**	**3,832.79**
TOTAL	**2,533.25**	**3,924.46**	**4,585.85**	**3,832.79**

(a) Loan to a company

Interest free loan of ₹ 309.09 Million given to a Private Limited 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.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

14 Other assets

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good unless stated otherwise				
Non-current bank balance [Refer note 18]	0.03	300.03	-	-
	0.03	**300.03**	**-**	**-**
Derivative assets				
Forward contracts	-	-	247.62	-
	-	**-**	**247.62**	**-**
Others				
Export incentives receivable	172.21	198.09	417.31	641.27
Government grant under PSI Scheme	181.69	-	-	-
Deferred financing charges	9.26	8.14	-	4.62
Energy credit receivable - Windmills	-	-	26.92	36.34
Interest accrued on cumulative fixed deposits	-	-	-	0.01
Share in interest accrued on cumulative fixed deposits of Joint Venture	-	-	0.02	-
Interest receivable	11.22	-	64.81	121.96
Project work in progress	-	-	1,922.41	1,579.20
Others	-	-	995.15	1,068.96
Share in Others of Joint Venture	-	-	110.09	49.06
	374.38	**206.23**	**3,536.71**	**3,501.42**
TOTAL	**374.41**	**506.26**	**3,784.33**	**3,501.42**

15 Current investments (valued at lower of cost and market value, unless stated otherwise)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Investments in mutual funds (Refer standalone note 15(a) for details)	3,852.99	4,246.97
Share in investments of Joint Venture in mutual funds	21.45	-
TOTAL	**3,874.44**	**4,246.97**

16. Inventories (valued at lower of cost and net realizable value)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Raw materials and components [Refer note 21]	2,495.21	3,268.57
Share in Raw materials and components of Joint Venture [Refer note 21]	8.37	-
Work-in-progress [Refer note 22]	3,364.09	3,403.61
Finished goods [Refer note 22]	2,925.21	2,016.75
Share in Finished goods of Joint Venture [Refer note 22]	0.02	0.02
Dies and dies under fabrication [Refer note 22]	1,034.03	1,005.38
Scrap [Refer note 22]	23.34	26.65
Stores, spares and loose tools	1,469.65	1,146.58
Share in Construction contracts in progress of Joint Venture	0.27	93.28
TOTAL	**11,320.19**	**10,960.84**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

17. Trade receivables

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Trade receivables (Net of bills discounted with banks) [Refer note 34]		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	689.13	215.31
Share in Joint Venture	0.07	-
Considered doubtful	10.45	9.91
Less: Provision for doubtful receivables	(10.45)	(9.91)
	-	-
	689.20	**215.31**
Other receivables		
Considered good	5,419.07	7,918.32
Share in other receivable of Joint Venture	6.11	-
	5,425.18	**7,918.32**
TOTAL	**6,114.38**	**8,133.63**

18. Cash and bank balances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Cash & cash equivalents				
Balances with banks				
In Cash Credit and Current accounts	-	-	2,053.29	1,423.55
Share in balances with banks, in Cash Credit and Current Accounts of Joint Venture	-	-	1,413.50	16.12
Deposits with original maturity of less than 3 months	-	-	591.57	880.00
Share in Deposits of JV with original maturity of less than 3 months	-	-	14.72	-
Earmarked balances (on unclaimed dividend accounts) *	-	-	18.85	24.42
Remittance in transit	-	-	-	-
Cash on hand	-	-	0.90	0.86
Share in Cash on hand of Joint Venture	-	-	0.06	-
	-	**-**	**4,092.89**	**2,344.95**
Other bank balances				
Deposits with original maturity of more than 3 months but less than 12 months	-	-	1,150.00	3,792.50
Share in Deposits with original maturity of more than 3 months but less than 12 months of Joint Venture	-	-	10.56	-
Deposits with original maturity of more than 12 months	0.03	300.03	300.00	200.00
	0.03	**300.03**	**1,460.56**	**3,992.50**
Amount disclosed under non-current assets (under note 14)	(0.03)	(300.03)	-	-
TOTAL	**-**	**-**	**5,553.45**	**6,337.45**

* Includes Earmarked balances with bank (against unclaimed dividend) ₹ 18.85 Million (March 31, 2012: ₹ 24.42 Million).

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

19 Revenue from Operations

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from operations		
Sale of products (net of returns, rebates etc.)		
- Finished goods	53,093.29	59,189.46
- Share in Finished goods of Joint Venture	0.06	-
- Manufacturing scrap	2,976.68	3,565.98
Sale of services		
- Job work charges	267.83	387.95
- Die design and preparation charges	536.68	334.90
- Share in services of Joint Venture	9.70	-
Project revenue		
- Share in project revenue of Joint Venture	1,055.89	-
Revenue from operations (gross)	**57,940.13**	**63,478.29**
Less: Excise duty #	(1,597.19)	(1,683.23)
	56,342.94	**61,795.06**
Other operating revenues		
- Export incentives	620.48	987.35
- Sale of electricity / REC - Windmills	58.40	8.20
-Share in Other operating revenues of Joint Venture	0.05	-
	678.93	**995.55**
TOTAL	**57,021.87**	**62,790.61**

\# Excise duty on sales amounting to ₹ 1,597.19 Million (March 31 2012: ₹ 1,683.23 Million) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 2.57 Million (March 31, 2012: ₹ 2.93 Million) has been considered as (income)/expense in note 24 of financial statements.

20 Other Income

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Interest income on		
- Deposits	296.69	283.42
- Share in interest on deposits of Joint Venture	32.67	3.18
- Others	8.60	-
Dividend income from investment in mutual funds	242.17	221.26
Share in Dividend income from investment in mutual funds of Joint Venture	1.45	-
Net gain on sale of current investments	70.03	38.27
Gain on foreign exchange fluctuation	-	99.55
Government grant #	125.71	-
Bad debts recovered	0.10	-
Gain on sale of fixed assets	3.62	11.40
Provision for doubtful debts and advances written back	2.77	3.81
Provisions no longer required written back	122.52	39.72
Miscellaneous income	219.40	214.64
Share in miscellaneous income of Joint Venture	0.07	-
TOTAL	**1,125.80**	**915.25**

\# The Company obtained and recognized as income a government grant of ₹ 125.71 Million (March 31, 2012: Nil), for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2007.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

21 Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Inventory at the beginning of the year (including Joint Venture)	3,268.57	2,731.53
Add: Purchases	25,865.05	31,782.53
	29,133.62	**34,514.06**
Less: Inventory at the end of the year (including Joint Venture)	2,503.58	3,268.57
Less: Consumption relating to discontinued operation	558.49	-
Cost of raw material and components consumed	**26,071.55**	**31,245.49**
# Project cost includes cost of Joint Venture	763.44	-

22. (Increase)/ decrease in inventories of finished goods and work-in-progress

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012	(Increase)/ decrease
Inventories at the end of the year			
Work-in-progress	3,364.09	3,403.61	39.52
Finished goods	2,925.23	2,016.75	(908.48)
Share in Finished goods of Joint Venture	0.02	0.02	-
Dies and dies under fabrication	1,034.03	1,005.38	(28.65)
Scrap	23.34	26.65	3.31
Share in construction contracts in progress of joint venture	0.27	93.28	93.01
TOTAL	**7,346.98**	**6,545.69**	**(801.29)**
Inventories at the beginning of the year			
Work-in-progress	3,403.61	2,768.53	(635.08)
Finished goods	2,016.75	684.35	(1,332.40)
Share in Finished goods of Joint Venture	0.02	-	(0.02)
Dies and dies under fabrication	1,005.38	957.39	(47.99)
Scrap	26.65	18.62	(8.03)
Share in construction contracts in progress of joint venture	93.28	-	(93.28)
TOTAL	**6,545.69**	**4,428.89**	**(2,116.80)**
Less: Change in inventory related to discontinued operation	**(38.30)**	**-**	**38.30**
	(762.99)	**(2,116.80)**	

23. Employee benefits expense

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, wages and bonus (including Managing and whole time director's remuneration)	6,009.11	5,924.47
Share in salaries, wages and bonus (including Managing and whole time director's remuneration) of Joint Venture	116.60	100.75
Contributions to		
- Provident fund	63.54	62.03
- Share in provident fund of Joint Venture	4.31	3.81
- Superannuation scheme	29.55	30.48
- Other fund / scheme #	1,467.21	1,305.44
- Gratuity fund [Refer note 29]	68.33	84.71
Employee voluntary retirement scheme compensation	6.36	7.09
Staff welfare expenses	232.07	270.11
Share in staff welfare expenses of Joint Venture	16.20	15.07
TOTAL	**8,013.28**	**7,803.96**

Other Fund/ Scheme includes contribution towards jublies schemes early retirement Scheme and ESIC Scheme.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

24. Other expenses

In ₹ Million

		Year ended March 31, 2013	Year ended March 31, 2012
Stores, spares and tools consumed		2,374.60	2,864.29
Octroi duty		42.02	53.20
Machining charges		2,379.53	2,423.21
Power, fuel and water	4,938.51		5,122.77
Less: Credit for energy generated	(64.19)		(51.82)
		4,874.32	**5,070.95**
Share in power, fuel and water of Joint Venture		0.56	-
Repairs and maintenance:			
- Building repairs and road maintenance		79.13	67.60
- Share in building repairs and road maintenance of Joint Venture		0.04	0.02
- Plant and machinery		1,218.19	1,146.64
Other manufacturing expenses		144.77	166.34
Rent		172.13	153.07
Share in rent of Joint Venture		56.61	34.84
Rates and taxes (including wealth tax)		69.20	44.62
Share in rates and taxes (including Wealth Tax) of Joint Venture		0.44	0.29
Insurance (including Key man insurance)		88.30	85.66
Share in Insurance (including Key man insurance) of Joint Venture		2.00	-
Commission and discount		113.63	159.30
Donations		18.04	45.70
Packing Material		492.76	636.06
Freight forwarding charges		969.54	845.93
Directors' fees and travelling expenses		2.53	2.03
Commission to directors other than Managing and whole time directors		8.40	12.00
Loss on sale of fixed assets (Net)		4.17	3.32
Provision for doubtful debts and advances		12.66	7.59
Bad debts / advances written off		0.14	24.82
Loss on foreign exchange fluctuation		92.25	10.46
Share in Loss on foreign exchange fluctuation of Joint Venture		4.40	-
Excise duty on (increase)/decrease of stock		(0.36)	-
Preliminary Expenses Written off		0.23	-
Share in provision for mark to market losses on forward contracts of Joint Venture		9.85	-
Miscellaneous expenses		1,940.54	1,980.71
Share in miscellaneous expenses of joint venture		71.95	54.84
TOTAL		**15,242.57**	**15,893.49**

Above expenses include research and development expenses for details of which refer note 42.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

25. Depreciation and amortization expense

In ₹ Million

	Year ended 31 March, 2013	Year ended 31 March, 2012
Depreciation of tangible assets (Refer note 11.1)	3,314.95	2,959.95
Amortization on intangible assets (Refer note 11.2)	118.21	61.85
Less: Depreciation in respect of discontinuing operation	(67.72)	-
Less: Transferred capital work in progress [Refer note 11.1]	(5.06)	-
TOTAL	**3,360.38**	**3,021.80**

26. Finance costs

In ₹ Million

	Year ended 31 March, 2013	Year ended 31 March, 2012
Interest on bank facilities	1,679.66	1,475.22
Interest on bills discounting	211.66	177.11
Bank charges including loan processing fees	16.59	2.22
Exchange difference to the extent considered as an adjustment to borrowing cost	-	205.02
TOTAL	**1,907.91**	**1,859.57**

27. Exceptional items

In ₹ Million

	Year ended 31 March, 2013	Year ended 31 March, 2012
Reversal of Interest Differential for FY 2011-12	205.02	-
PSI Claim Received	160.67	-
TOTAL	**365.69**	**-**

(a) Reversal of interest differential as per Accounting Standard (AS) 16 on "Borrowing Costs"

The Company had earlier exercised the option offered in the Accounting Standard (AS) 11 relating to "The effects of changes in foreign exchange rates" to capitalise foreign exchange difference on translation of long term monetary liabilities to cost of depreciable assets which were used to acquire such assets and in other cases to FCMITDA (Foreign Currency Monetary Items Translation Difference Account) after providing for interest differential as per Accounting Standard (AS) 16. In view of the clarification provided vide Ministry of Corporate Affairs circular 25/2012 dated August 9, 2012 , the Company has exercised the option retrospectively from April 1, 2011 and the exchange loss amounting to ₹ 205.02 Million representing the interest differential upto March 31, 2012 previously expensed has been reversed and corresponding adjustment has been made to the cost of fixed assets and FCMITDA as appropriate.

(b) Package Scheme of Incentive (PSI)

During the current year the Company has accrued for MVAT, CST and other duty benefits of earlier periods amounting to ₹ 160.67 Million as per Industrial Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2007, of Government of Maharashtra, for its plant set up in Baramati.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

28 Earnings Per Share (EPS)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Numerator for basic and diluted EPS for continuing operations		
Net profit from continuing operations attributable to Shareholders	2,643.94	4,130.48
Numerator for basic and diluted EPS		
Net profit attributable to Shareholders	2,475.75	4,130.48
Weighted average number of equity shares in calculating basic EPS		
Number of equity shares outstanding at the beginning of the year (nos.)	232,794,316	232,794,316
TOTAL	**232,794,316**	**232,794,316**
EPS - Basic - computed on the basis of profit from continuing operations (in ₹)	**11.36**	**17.74**
EPS - Basic - computed on the basis of total profit for the year (in ₹)	**10.63**	**17.74**
Weighted average number of equity shares in calculating diluted EPS		
Number of equity shares outstanding at the beginning of the year (nos.)	232,794,316	232,794,316
Weighted average shares outstanding on account of issue of warrants considered dilutive (nos.)	-	288,209
TOTAL	**232,794,316**	**233,082,525**
EPS - Diluted - computed on the basis of profit from continuing operations (in ₹)	**11.36**	**17.72**
EPS - Diluted - computed on the basis of total profit for the year (in ₹)	**10.63**	**17.72**

29. Post employment benefits

The Holding Company

(a) Gratuity plan

Funded scheme

The Group has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity. Gratuity is computed based on 15 days salary based on last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement of consolidated profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	42.69	39.60
Interest cost on benefit obligation	43.54	36.71
Expected return on plan assets	(21.90)	(19.24)
Net actuarial (gain) / loss recognised in the period	1.16	27.29
Interest income	-	-
Net benefit expense	**65.49**	**84.36**
Actual return on plan assets	24.80	20.34

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Post employment benefits (Contd.)

Consolidated balance sheet

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening fair value of plan assets	236.86	211.11
Expected return	21.90	19.24
Contribution by employer	61.43	59.67
Benefits paid	(48.35)	(54.26)
Actuarial gains / (losses)	2.90	1.10
Closing fair value of plan assets	**274.74**	**236.86**

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening defined benefit obligation	536.44	486.01
Interest cost	43.54	36.71
Current service cost	42.69	39.60
Benefits paid	(48.35)	(54.26)
Actuarial (gains) / losses on obligation	4.06	28.38
Closing defined benefit obligation	**578.38**	**536.44**

Benefit asset / (liability)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Fair value of plan assets	274.74	236.86
Present value of defined benefit obligations	(578.38)	(536.44)
Plan asset / (liability)	**(303.64)**	**(299.58)**

The Group expects to contribute ₹ 60.00 Million to gratuity fund in the next year (March 31, 2012: ₹ 60.00 Millions).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2013	As at March 31, 2012
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity for the Company's plan is shown below:

In % per annum

	As at March 31, 2013	As at March 31, 2012
Discount rate	8.00%	8.50%
Expected rate of return on assets	9.00%	9.00%
Increment rate	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Post employment benefits (Contd.)

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2013	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Plan assets	274.74	236.86	211.11	193.39	181.97
Defined benefit obligation	578.38	536.44	486.01	411.14	452.71
Surplus/ (deficit)	(303.64)	(299.58)	(274.90)	(217.75)	(270.74)
Experience adjustments on plan liabilities	9.66	(2.69)	(59.59)	2.94	(56.84)
Experience adjustments on plan assets	2.90	1.10	(0.58)	1.18	1.20

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service get an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet.

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Closing defined benefit obligation		
Current liability	11.08	11.81
Non current liability	26.72	28.32
TOTAL	**37.80**	**40.13**

The liability has been calculated using the same assumptions as disclosed above for computing the normal gratuity.

(c) Provident fund

In accordance with law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under defined contribution plan provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund.

Under defined benefit plan, the Holding Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Holding Company as an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report is as follows:

The Holding Company has provided ₹ 4.92 Million towards shortfall in the interest payment on provident fund as per actuary report during the year ended March 31, 2013 (March 31, 2012: ₹ Nil).

The actuary has followed Black Scholes Option Pricing approach.

The following tables summarize the components of net benefit expense recognised in the statement of consolidated profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Post employment benefits (Contd.)

Consolidated Statement of profit and loss

Net employee benefit expense recognised as employee cost in consolidated statement of profit and loss

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Current service cost	2.15	8.27
Interest cost on benefit obligation	-	2.12
Expected return on plan assets	(0.48)	(0.10)
Net actuarial (gain) / loss recognised in the period	3.25	(36.62)
Interest income	-	-
Net benefit expense	**4.92**	**(26.33)**

Consolidated balance sheet

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Opening fair value of plan assets	2.36	-
Expected return	0.48	0.11
Contribution by employer	-	2.36
Benefits paid	-	-
Actuarial gains / (losses)	6.44	(0.11)
Closing fair value of plan assets	**9.28**	**2.36**

Changes in the present value of guaranteed interest rate obligation:

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Opening guaranteed interest rate obligation	-	26.23
Interest cost	-	2.12
Current service cost	2.15	8.27
Benefits paid	-	-
Actuarial (gains)/losses on obligation	9.69	(36.62)
Closing guaranteed interest rate obligation	**11.84**	**-**

Benefit asset/(liability)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Fair value of plan assets	9.28	2.36
Present value of guaranteed interest rate obligation	11.84	-
Plan asset/(liability)	**(2.56)**	**2.36**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2013	As at March 31, 2012
Investments with insurer including accrued interest	100%	100%

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Post employment benefits (Contd.)

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Assumptions under the Black Scholes option pricing approach are as follows:

In % per annum

	As at March 31, 2013	As at March 31, 2012
Discount rate	8.00%	8.50%
Expected guaranteed rate	8.50%	8.25%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous year are as follows:

Till the year ended March 31, 2011 the interest shortfalls could not be computed by the actuaries since the Institute of Actuaries of India has not issued the final guidance on valuation of the same. In the year 2011-12 the Institute of Actuaries of India has issued the guidance note for measurement of provident fund liabilities, accordingly the Company has started providing for interest shortfalls based on actuarial valuation since last year. Hence earlier years data is not available.

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Plan assets	9.28	2.36
Guaranteed interest rate obligation	11.84	-
Surplus/(deficit)	-	-
Experience adjustments on rate obligation	-	-
Experience adjustments on plan assets	-	-

Overseas subsidiaries

(a) Pension plan

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and amounts recognised in the consolidated balance sheet for the respective plans.

Consolidated Statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	13.86	14.63
Interest cost on benefit obligation	18.87	18.13
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the period	103.82	(24.01)
Interest income	-	-
Net benefit expense	**136.55**	**8.75**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Post employment benefits (Contd.)

Consolidated balance sheet

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening defined benefit obligation	408.24	399.67
Interest cost	18.87	18.13
Current service cost	13.86	14.63
Benefits paid	(5.75)	(0.59)
Actuarial (gains) / losses on obligation	103.82	(24.01)
Closing defined benefit obligation	**539.04**	**407.83**

Benefit asset / (liability)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Fair value of plan assets	-	-
Present value of defined benefit obligations	(545.87)	(408.24)
Plan asset / (liability)	**(545.87)**	**(408.24)**

The principal assumptions used in determining gratuity for the Company's plan is shown below:

In % per annum

	As at March 31, 2013	As at March 31, 2012
Discount rate	4.90%	3.60%
Expected rate of return on assets	0.00%	0.00%
Increment rate	2.00%	2.00%

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Plan assets	-	-	-	-	-
Defined benefit obligation	545.87	408.24	399.67	342.64	489.03
Surplus/ (deficit)	-	-	-	-	-
Experience adjustments on plan liabilities	103.82	(24.01)	27.36	(21.82)	-
Experience adjustments on plan assets	-	-	-	-	-

Other Long Term Benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 13.69 Million (Euro 199,359) and jubilee scheme as governed by the local laws amounting to ₹ 3.16 Million (Euro 45,944)

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Post employment benefits (Contd.)

Indian subsidiaries

(a) Gratuity plan

Funded scheme

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised.

Consolidated Statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	2.29	0.71
Interest cost on benefit obligation	0.04	0.01
Expected return on plan assets	(0.05)	-
Net actuarial (gain) / loss recognised in the period	1.01	(0.02)
Interest income	-	-
Net benefit expense	**3.28**	**0.69**

Consolidated balance sheet

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening fair value of plan assets	-	-
Expected return	-	-
Contribution by employer	0.80	-
Benefits paid	(0.80)	-
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	**-**	**-**

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Opening defined benefit obligation	0.76	0.10
Interest cost	0.04	0.01
Current service cost	2.29	0.71
Benefits paid	(0.80)	-
Actuarial (gains) / losses on obligation	1.34	(0.05)
Closing defined benefit obligation	**3.62**	**0.76**

Benefit asset / (liability)

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Fair value of plan assets	1.34	-
Present value of defined benefit obligations	(3.62)	(0.76)
Plan asset / (liability)	**(2.28)**	**(0.76)**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

29. Post employment benefits (Contd.)

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	As at March 31, 2013	As at March 31, 2012
Discount rate	8% to 8.10%	8.00%
Expected rate of return on assets	0.00%	0.00%
Increment rate	6% to 8%	6.00%

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Plan assets	1.34	-	-	-	-
Defined benefit obligation	2.65	0.44	0.07	-	-
Surplus/ (deficit)	(1.31)	(0.00)	(0.00)	-	-
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

30. Leases

Operating leases: Group as lessee

The Group has entered into agreements in the nature of lease / leave and license agreement with different lessors / licensors for the purpose of establishment of office premises/residential accommodations. These are generally in nature of operating lease / leave and license. There are no transactions in the nature of sub lease. Period of agreements are generally for three years and renewal at the options of the lessor. There are no escalation clause or restrictions placed upon the company by entering into these leases.

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Lease rentals during the year		
- On cancellable leases	223.55	182.43
- On non-cancellable leases	5.19	5.48
	228.74	**187.91**
Obligation on non-cancellable operating leases		
- within one year	3.33	4.03
- after one year but not more than 5 years	2.17	1.33
	5.50	**5.36**

Finance leases: Group as lessee

The Group has finance leases for various items of plant and machinery. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

In ₹ Million

	March 31, 2013		March 31, 2012	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	279.64	227.28	274.48	211.11
After one year but not more than five years	701.56	632.97	919.22	804.81
More than five years	-	-	-	-
Total Minimum Lease Payments (MLP)	**981.20**	**860.25**	**1,193.70**	**1,015.92**
Less: Finance charges	120.95	-	177.78	-
Present value of Minimum Lease Payments	**860.25**	**860.25**	**1,015.92**	**1,015.92**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

31. Segment information

In accordance with paragraph 4 of notified Accounting Standard 17 (AS-17) " Segment Reporting" the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the unconsolidated financial statement. The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

In ₹ Million

Sr. No.	Particulars		Year ended March 31, 2013	Year ended March 31, 2012
1	**Segment Revenue**			
	a. Forgings		51,060.39	62,571.88
	b. General engineering and trading etc.		5,984.66	288.06
		TOTAL	**57,045.05**	**62,859.94**
	Less: Inter Segment Revenue		(81.58)	(77.53)
	Net Sales/Income from Operations		**56,963.47**	**62,782.41**
2	**Segment Results**			
	Profit/(Loss) (before tax and interest from each segment)			
	a. Forgings		7,738.45	10,773.68
	b. General engineering and trading etc.		259.43	117.20
		TOTAL	**7,997.88**	**10,890.88**
	Less:			
1	Interest		(1,907.91)	(1,859.57)
2	Other un-allocable expenditure net of un-allocable income		(2,538.44)	(3,032.96)
	Total Profit Before Tax and exceptional items		**3,551.53**	**5,998.35**
	Add:			
	Exceptional items		365.69	-
	Profit/(Loss) before Tax from continuing operations		3,917.22	5,998.35
	Profit/(Loss) before Tax from discontinued operations		(168.19)	-
3	**Total carrying amount of segment assets**			
	a. Forgings		50,340.60	54,256.07
	b. General engineering and trading etc.		3,606.90	5,553.83
	c. Unallocable assets including unutilised funds		20,414.22	13,499.63
		TOTAL	**74,361.72**	**73,309.53**
4	**Total amount of segment liabilities.**			
	a. Forgings		9,399.90	11,411.19
	b. General engineering and trading etc.		3,045.05	5,017.54
	c. Unallocable		8,552.66	4,537.32
		TOTAL	**20,997.61**	**20,966.05**
5	**Capital employed (segment assets - segment liabilities)**			
	a. Forgings		40,940.70	42,844.88
	b. General engineering and trading etc.		561.85	536.29
	c. Unallocable assets less liabilities including unutilised funds temporarily deployed		11,861.56	8,962.31
		TOTAL	**53,364.11**	**52,343.48**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

31. Segment information (Contd.):

In ₹ Million

Sr. No.	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
6	**Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period**		
	a. Forgings	6,832.43	5,910.93
	b. General engineering and trading etc.	30.87	64.84
	c. Unallocable	862.43	1,506.80
	TOTAL	**7,725.73**	**7,482.57**
7	**Depreciation**		
	a. Forgings	2,991.40	2,507.51
	b. General engineering and trading etc.	38.70	31.99
	c. Unallocable	330.28	482.30
	TOTAL	**3,360.38**	**3,021.80**
8	**Secondary information in respect of revenue of Geographical segment on the basis of location of customers**		
	a. Within India	15,587.57	19,504.51
	b. Outside India	41,375.90	43,277.90
	TOTAL	**56,963.47**	**62,782.41**

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.

The Company on a stand alone basis operates through a single geographical segment where all assets are located in India. Secondary segment disclosures have been made accordingly. Above consolidated results for the year includes the results of subsidiary companies viz CDP Bharat Forge GmbH, Bharat Forge America Inc., U.S.A., Bharat Forge International Ltd., BF-NTPC Energy Systems Ltd., Kalyani ALSTOM Power Ltd., BF Inftrastucture Ltd., BF Infrastructure Ventures Ltd., BF Power Equipment Ltd., BF Elbit Advanced Systems Private Ltd. and Klayani Polytechnic Private Ltd. and share of Joint Venture companies viz ALSOTM Bharat Forge Power Ltd. and Impact Automotive Solution Ltd.

The Segment revenue does not include revenue from sale of electricity through windmill amounting to ₹ 58.40 (March 31, 2012 : ₹ 8.20).

The total carrying amount of segment assets does not include goodwill arising on consolidation amounting to ₹ 32.49 (March 31, 2012 : ₹ 32.49).

32. Related Party disclosures

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the year	
Associates	Technica U.K. Limited (Investment through wholly owned subsidiary)
	Ferrovia Transrail Solutions Private Limited
Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates	Kalyani Carpenter Special Steels Limited
	Kalyani Steels Limited
	BF Utilities Limited
	Automotive Axle Limited
	China FAW Corporation Limited
	Tianjin FAW XIALI Autombile Co Limited

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

Related parties with whom transactions have taken place during the year	
	FAW Volkswagen Automobile Co., Limited
	Changchun Gear Factory of FAW CAR Co., Limited
	FAW Jiefang Automobile Co., Limited
	FAW Foundry Co., Limited. Foundry Model Tooling Plant
	Purchase Centre of FAW
	FAW Power Energy Branch Company
	Technical Center of FAW
	Inspection Center of FAW
	FAW Import and Exports Corporation
	Qiming Information Technology Co., Limited
	Harbin Light-duty truck Factory of FAW
	FAW Jiefang Automobile Co., Limited Transmission Company
	Warehouse Centre of FAW
	Axle Branch Company FAW Jiefang Automobile Co., Limited
	Engine Branch Company of FAW Jiefang Automobile Co Limited
	Wuxi Diesel Oil Branch Company of FAW Jiefang Automobile Co Limited
	FAW Jiefang Automotive company Limited - Special Vehicle Branch
	ALSTOM
	ALSTOM Holdings
	ALSTOM Power Holding SA
	ALSTOM Bharat Forge Power Limited
	ALSTOM Switzerland Limited
	ALSTOM Power Holding SA
	ALSTOM Technology Limited
	ALSTOM India Limited (formally known as ALSTOM Projects India Limited)
	ALSTOM Power SA
	ALSTOM Technology Limited
	ALSTOM (Switzerland) Limited
	ALSTOM Power Systems SA
Joint Ventures of fellow subsidiary	NTPC Limited
	KPIT Cummins Infosystems Limited
Key management personnel (including subsidiaries/associates/joint ventures)	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
	Mr. Tushar V. Mane (w.e.f. March 21, 2013)
	Mr. Vijay Kumar Jain
	Mr. Jean-Pierre Fouilloux
	Mr. U.N.Khanna
	Mr. Abhijit Bhattacharya
	Mr. S. Swaminathan

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(i) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
1	**Procurement of section steel**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		FAW Jiefang Automobile Co., Limited (Procurement Division)	-	6.74
			-	**6.74**
2	**Procurement of software**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		Qiming Information Technology Co., Limited	3.91	6.47
			3.91	**6.47**
3	**Procurement of Die**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		FAW Foundry Co., Limited. Foundry Model Tooling Plant	-	1.76
			-	**1.76**
4	**Forging sales**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		Kalyani Carpenter Special Steels Limited	1,432.11	1,699.58
		Automotive Axle Limited	23.06	10.59
		Kalyani Steels Limited	1.49	-
		Changchun Gear Factory of FAW CAR Co., Limited	38.80	62.94
		FAW Jiefang Automobile Co., Ltd	1,963.80	-
		FAW Jiefang Automobile Co., Limited (Procurement Division)	-	2,550.07
		FAW Jiefang Automobile Co., Limited Transmission Company	111.46	120.89
		FAW Power Energy Branch Company	-	0.07
		FAW Volkswagen Automobile Co., Limited	-	0.12
		FAW Foundry Co., Limited. Foundry Model Tooling Plant	0.01	0.14
		Harbin Light-duty truck Factory of FAW	45.40	41.33
		Technical Center of FAW	-	4.32
		Engine Branch Company of FAW Jiefang Automobile Co Limited	-	3.65
		Tianjin FAW XIALI Autombile Co Limited	29.04	15.99
			3,645.17	**4,509.70**
5	**Material sales**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		FAW Volkswagen Automobile Co., Limited	4.55	-
		FAW Jiefang Automobile Co., Limited (Procurement Division)	-	6.60
			4.55	**6.60**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(i) Related party transactions (Contd.):

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
6	Transportation services paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		Warehouse Centre of FAW	-	17.76
			-	**17.76**
7	Procurement of energy	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		FAW Power Energy Branch Company	524.14	512.97
			524.14	**512.97**
8	Network rental fee paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		FAW Volkswagen Automobile Co., Limited	0.05	0.05
			0.05	**0.05**
9	Labour services paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		FAW Foundry Co., Limited. Foundry Model Tooling Plant	0.16	0.20
			0.16	**0.20**
10	Testing service paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		Inspection Center of FAW	3.22	1.86
			3.22	**1.86**
11	Storage service paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		Warehouse Centre of FAW	12.21	-
			12.21	**-**
12	Quality inspection paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		FAW Jiefang Automobile Co., Ltd	13.37	-
			13.37	**-**
13	Technology transfer fee paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		Qiming Information Technology Co., Limited	0.40	-
			0.40	**-**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(i) Related party transactions (Contd.):

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
14	**Finance provided:**			
	- Investments (Addition to land)	**Joint Ventures of fellow subsidiary**		
		NTPC Limited	-	1.31
			-	**1.31**
	- Issue of equity share capital	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM Power Holding SA	63.52	63.52
			63.52	**63.52**
		Joint Ventures of fellow subsidiary		
		KPIT Cummins Infosystems Limited	25.00	9.50
			25.00	**9.50**
			88.52	**74.33**
15	**Purchase of support and technical services**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM Switzerland Limited	6.64	7.62
		ALSTOM (Switzerland) Limited	9.51	-
		ALSTOM Technology Limited	2.32	1.19
			18.46	**8.81**
16	**Reimbursement of expenses paid**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM Power Holding SA	118.93	0.50
		Automotive Axle Limited	-	5.85
			118.93	**6.35**
		Joint Ventures of fellow subsidiary		
		KPIT Cummins Infosystems Limited	9.32	12.75
			9.32	**12.75**
			128.25	**19.10**
17	**Advance given to vendors**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM Power GmbH	347.98	-
			347.98	**-**
18	**Sale of services for for projects**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM (Switzerland) Ltd	2.76	-
		ALSTOM India Ltd	2.91	
			5.66	**-**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(i) Related party transactions (Contd.):

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
19	Sale of components	**Joint Ventures of fellow subsidiary**		
		KPIT Cummins Infosystems Limited	0.04	-
			0.04	**-**
20	Technical knowhow purchased	**Joint Ventures of fellow subsidiary**		
		KPIT Cummins Infosystems Limited	9.50	-
			9.50	**-**
21	Fund reimbursed (includes expenses incurred onbehalf of company	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM Power Holdings SA	0.45	-
		ALSTOM Holdings	0.44	-
		ALSTOM India Ltd	6.06	4.19
			6.95	**4.19**
22	Rent and maintenance expenses	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM India Ltd	37.40	26.76
			37.40	**26.76**
23	Reimbursement of salary and employee related costs	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM India Ltd	4.43	21.83
			4.43	**21.83**
24	IT/Software/ Hardware Cost	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM (Switzerland) Ltd	12.65	2.30
		ALSTOM Power Systems SA	1.71	-
		ALSTOM India Ltd	8.62	-
			14.36	**2.30**
25	Purchase of engineering sevices	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		ALSTOM (Switzerland) Ltd	9.07	-
		ALSTOM India Ltd	27.41	11.67
			36.48	**11.67**
26	Purchase of goods	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		Kalyani Carpenter Special Steels Limited	9,098.56	10,611.88
		Kalyani Steels Limited	2,408.15	4,318.08
			11,506.71	**14,929.96**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(i) Related party transactions (Contd.):

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
27	Services received	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		BF Utilities Limited	246.17	278.00
			246.17	**278.00**
28	Services rendered	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		Automotive Axle Limited	99.86	220.78
		Kalyani Carpenter Special Steels Limited	65.29	35.73
			165.15	**256.51**
29	Reimbursement of expenses received	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		Kalyani Carpenter Special Steels Limited	57.96	129.31
		Others	3.81	6.72
			61.77	**136.03**
30	Interest on loan given	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		Kalyani Steels Limited	22.50	22.56
		Kalyani Carpenter Special Steels Limited	2.60	5.00
			25.10	**27.56**
31	Reimbursement of salary and allowances	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates		
		ALSTOM Projects India Limited	-	44.56
			-	**44.56**
32	Remuneration paid	Key management personnel (including subsidiaries/ associates/joint ventures)		
		Mr. B. N. Kalyani	95.59	99.65
		Mr. A. B. Kalyani	31.57	34.89
		Mr. G. K. Agarwal	32.05	35.31
		Mr. S. E. Tandale	22.76	25.89
		Mr. S. K. Chaturvedi	23.77	22.38
		Mr. B. P. Kalyani	20.89	23.26
		Mr. P. K. Maheshwari	-	12.32
		Mr. Tushar Mane	0.04	3.79
		Mr. U.N.Khanna	-	3.79
		Mr. Abhijit Bhattacharya	-	3.13
		Mr. Vijay Kumar Jain	2.75	1.34
		Mr. Jean-Pierre Fouilloux (CEO & Managing Director)	14.20	1.33
			243.63	**267.08**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(i) Related party transactions (Contd.):

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2013	Year ended March 31, 2012
33	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.14	0.19
		Mr. A. B. Kalyani	1.23	1.75
		Mr. G. K. Agarwal	0.01	0.01
		Mr. B. P. Kalyani	0.01	0.02
			1.39	**1.97**

(ii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2013	As at March 31, 2012
1	**Payable towards purchases**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		Purchase Centre of FAW	-	0.62
		FAW Jiefang Automobile Co., Limited (Procurement Division)	-	7.57
		FAW Power Energy Branch Company	66.89	81.62
		FAW Foundry Co., Limited. Foundry Model Tooling Plant	3.30	25.75
		Qiming Information Technology Co., Limited	1.62	0.65
		Kalyani Carpenter Special Steels Limited	772.08	1,337.24
		Kalyani Steels Limited	691.32	817.55
			1,535.22	**2,271.01**
2	**Payable towards services**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		BF Utilities Limited	6.67	35.20
		Warehouse Centre of FAW	6.29	4.10
		Inspection Center of FAW	3.22	2.05
			16.18	**41.34**
3	**Trade receivable**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		Axle Branch Company FAW Jiefang Automobile Co., Limited	7.92	7.72
		Changchun Gear Factory of FAW CAR Co., Limited	19.45	18.87
		FAW Jiefang Automobile Co., Limited	285.06	-
		FAW Jiefang Automobile Co., Limited (Procurement Division)	-	339.39
		FAW Jiefang Automobile Co., Limited Transmission Company	56.69	35.34
		FAW Volkswagen Automobile Co., Limited	20.37	18.44
		FAW Jiefang Automotive company Limited - Special Vehicle Branch	10.75	10.32

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(ii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2013	As at March 31, 2012
		Harbin Light-duty truck Factory of FAW	25.54	23.88
		Technical Center of FAW	0.13	0.13
		Wuxi Diesel Oil Branch Company of FAW Jiefang Automobile Co Limited	1.04	0.97
		Engine Branch Company of FAW Jiefang Automobile Co Limited	1.47	0.60
		Tianjin FAW XIALI Autombile Co Limited	16.65	1.05
		Kalyani Carpenter Special Steels Limited	403.52	507.13
		Automotive Axle Limited	-	52.13
		Kalyani Carpenter Special Steels Limited	-	8.32
		Others	14.63	-
			863.23	**1,024.28**
4	**Other payable**	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		China FAW Corporation Limited	107.77	-
		ALSTOM Bharat Forge Power Limited	60.65	-
		ALSTOM Technology Ltd.	2.09	1.07
		ALSTOM Power SA	0.25	0.25
		ALSTOM India Limited	30.33	24.46
		ALSTOM Power Systems SA	1.53	0.45
		ALSTOM (SWITZERLAND) LTD	19.31	0.49
		ALSTOM S & E Africa (Pty)	-	1.96
		ALSTOM Holdings	0.44	0.44
			222.36	**29.11**
		Joint Ventures of fellow subsidiary		
		NTPC Limited	1.18	1.18
		Ferrovia Transrail Solutions Private Limited	0.02	-
			1.20	**1.18**
			223.56	**30.29**
5	**Investments balance**	**Joint Ventures of fellow subsidiary**		
		NTPC Limited	58.80	58.80
			58.80	**58.80**
6	**Trade receivable**	**Joint Ventures of fellow subsidiary**		
		KPIT Cummins Infosystems Limited	0.03	-
			0.03	**-**
7	**Other current liabilities**	**Joint Ventures of fellow subsidiary**		
		KPIT Cummins Infosystems Limited	2.04	3.47
			2.04	**3.47**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

32. Related Party disclosures (Contd.):

(ii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2013	As at March 31, 2012
8	Reimbursement payable	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		Automotive Axle Limited	-	5.85
			-	**5.85**
9	Advances receivable	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		Kalyani Steels Limited	300.00	375.00
		BF Utilities Limited	200.00	200.00
		Kalyani Carpenter Special Steels Limited	-	50.00
			500.00	**625.00**
10	Advance from customer	**Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates**		
		FAW Import & Exports Corporation	0.05	-
		Automotive Axle Limited	35.00	72.16
			35.05	**72.16**
11	Remuneration payable	**Key management personnel (including subsidiaries/ associates/joint ventures)**		
		Mr. B. N. Kalyani	41.20	57.00
		Mr. A. B. Kalyani	9.00	15.00
		Mr. G. K. Agarwal	9.00	15.00
		Mr. S. E. Tandale	12.00	17.00
		Mr. S. K. Chaturvedi	6.00	7.00
		Mr. B. P. Kalyani	11.00	15.00
		Mr. P. K. Maheshwari	-	4.00
		Mr. S. Swaminathan	-	3.12
		Mr. Jean-Pierre Fouilloux	-	2.47
			88.20	**135.59**

33. Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, wages and bonus	150.90	124.40
Consumption of stores and spares	89.90	125.00
Others	136.30	137.40
	377.10	**386.80**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

34. Contingent liabilities

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Sales bills discounted	5,584.61	7,222.08
of which:		
- Bills since realised	1,231.55	2,410.02
- Matured, overdue and outstanding since close of the period	-	-
Guarantees given by the Company on behalf of other companies:		
Balance Outstanding	1,898.71	1,996.82
(Maximum Amount)	(2,269.38)	(2,193.50)
Claims against the Company not acknowledged as Debts - to the extent ascertained * #	138.83	140.48
Excise/Service tax demands - matters under dispute #	176.39	180.37
Customs demands - matters under dispute #	50.97	50.97
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 ₹ Nil (March 31, 2012: ₹ 707.88 Million), over a period of next four years, as the same has been fullfilled in FY 2012-13.		
Others	1.94	1.82

* The Claim against the Company comprise of dues in respect to personal claims, local taxes etc.

The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations

35. Capital and other commitments

In ₹ Million

		As at March 31, 2013	As at March 31, 2012
(a)	Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 3,250 Million (March 31, 2012: ₹ 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.	863.43	711.05
(b)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,400.02	11,044.46
	Share in estimated value of contracts of Joint Venture remaining to be executed on capital accounts and not provided for, net of advances	1,935.09	1,841.59
(c)	For commitments relating to lease agreements, please refer note 30		
		4,198.54	**13,597.10**

Performance guarantee:

The Company has alongwith ALSTOM Power Holdings S.A. given an irrecoverable and unconditional undertaking to NTPC Limited for technology transfer, training, execution and successful performance of steam turbines generator and auxiliary equipments supplied by ALSTOM Bharat Forge Power Limited, joint venture of the Company.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

36. Derivative instruments and unhedged foreign currency exposures

(i) Derivatives outstanding as at the reporting date

Nature of instrument	Currency	Purpose	As at March 31, 2013		As at March 31, 2012	
			Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Forward contracts	USD	Hedging of highly probable sales	111.05	6,031.13	150.50	7,657.44
Forward contracts	Euro	Hedging of highly probable sales	33.50	2,331.60	60.50	4,106.50
Forward contracts	GBP	Hedging of highly probable sales	2.20	181.47	8.00	651.54

Cross currency swap

On August 5, 2009, the Group has entered into a Cross Currency Swap (CCS) for a period of five years by converting a Long Term Rupee NCD liability of ₹ 250 Million (out of 10.75% XVth Series NCD of ₹ 2,500 Million) into an equivalent USD liability at the prevailing spot rate. Under this structure, the Group 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 Group will pay the contracted USD loan liability at prevailing rate and receive the original rupee amount swapped.

(ii) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	As at March 31, 2013		As at March 31, 2012	
		Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Export trade receivables	USD	**18.71**	**1,016.14**	14.07	715.88
	EUR	**19.06**	**1,350.76**	18.09	1,235.19
	GBP	**2.56**	**212.03**	0.85	69.23
	JPY	**0.57**	**0.33**	52.91	32.49
Import trade payables	USD	**0.90**	**48.89**	0.50	25.45
	EUR	**14.98**	**1,067.69**	13.21	902.68
	GBP	**0.01**	**0.84**	0.01	0.81
	JPY	**265.33**	**152.91**	676.60	415.77
	SEK	**-**	**-**	0.10	0.77
Foreign currency term loan	USD	**194.90**	**10,586.97**	212.40	10,809.04
	EUR	**6.00**	**433.56**	8.00	548.88
Working capital loan	EUR	**12.57**	**908.24**	12.00	823.32
	GBP	**3.59**	**308.74**	0.78	67.08
Buyers credit	EUR	**1.14**	**79.23**	1.14	77.40
	JPY	**369.00**	**212.65**	-	-
Bank deposits	USD	**1.45**	**78.77**	0.71	36.10
	EUR	**1.19**	**82.63**	0.78	52.66
	GBP	**0.29**	**23.57**	-	-
Security deposit	GBP	**0.10**	**8.60**	0.02	1.26
Other receivables	USD	**-**	**-**	0.63	30.54
	EUR	**1.03**	**69.96**	0.89	59.39
Other payables	USD	**1.37**	**82.89**	0.82	46.40
	EUR		**0.31**	0.02	1.18
	JPY	**1.93**	**1.11**	2.69	1.65

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

37. Deferral/Capitalisation of exchange differences

The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 "The Effects of Changes in Foreign Exchange Rates", to allow companies deferral/ capitalization of exchange differences arising on long-term foreign currency monetary items. In accordance with the amendment/ earlier amendment to AS 11, the Group has capitalized exchange loss, arising on long-term foreign currency loan to the cost of plant and equipments. The Group also have other long-term foreign currency monetary item, where the gain/loss due to fluctuation in foreign currency is accounted for as FCMITDA and disclosed under reserve and surplus. Accordingly foreign exchange gain/(loss) adjusted against:

In ₹ Million

	As at March 31, 2013	As at March 31, 2012
Cost of the assets/ Capital work in progress	(613.51)	(592.67)
FCMITDA	(278.44)	(66.50)
Amortised in the current year	(143.69)	(38.18)

38 (a) Exchange difference Gain/(Loss) on account of fluctuations in foreign currency rates

The net exchange differences [gain/(losses)] arising during the year on highly probable forecasted transaction relating to exports as a part of sales recognised in the statement of profit and loss account is ₹ (431.79) Million (March 31, 2012: ₹ (139.72) Million)

38 (b) Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) 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 Group to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 775 Million (March 31, 2012: ₹ 821 Million).

39. Significant notes to financial statements of subsidiaries which provide a better understanding to these financial statements

A) Bharat Forge Scottish Stampings Limited (BFSSL)

As a part of group restructuring plan initiated in 2009, BFSSL has ceased production in February 2010 and transferred business and assets to other group companies. Accordingly, the financial statements of BFSSL have not been prepared on a going concern basis.

B) ALSTOM Bharat Forge Power Limited

On December 28, 2011 a Public Interest Litigation (PIL) in the form of a Writ Petition was filed in the High Court of Gujarat at Ahmedabad, against 11 parties including Alstom Bharat Forge Power Limited (ABFPL). The grievances stated in the Writ Petition relate to environmental clearances for Mundra Port and Special Economic Zone Ltd and the Company's factory in Mundra under Environmental Impact Assessment Notification 2006 ('EIA Notification') read with provisions under Environment (Protection) Act, 1986. The matter was heard on April 12, 2012 and on May 9, 2012 the Division Bench of the Hon'ble High Court of Gujarat pronounced the following judgment with respect to the issues under consideration:

1. The first issue relates to whether the company individual environmental clearance under the EIA Notification considering their proposed activities. The Hon'ble Court has answered this issue in favour of ABFPL confirming that the individual units do not require individual environmental clearance under the respective EIA Notification from MoEF.
2. The second issue relates to whether in the absence of Mundra Port and Special Economic Zone Ltd (MPSEZ) having environmental clearance the individual unit (ABFPL) falling under the MPSEZ can continue with the construction activities. The Hon'ble Court has answered this question in the negative and has directed the 11 parties (including the company) to immediately stop any/all construction activities on the land allotted to them until MPSEZ obtains requisite environmental clearance.
3. In addition to above, local villagers have filed a PIL (WP PIL 204 of 2012) in Gujarat High Court alleging that the company has blocked a natural way. The matter is pending before the Gujarat High Court.
4. The company has also filed an application before the Gujarat High Court seeking a declaration that as the company is entitled to resume the construction as the SEZ has achieved 'deemed environmental clearance' in terms of Government Notification No SO

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

5. The committee set up by MoEF under the Chairmanship of Sunita Narain, for inspection of M/s Adani Port and SEZ Ltd., Mundra Gujarat (APSEZ), has submitted the report on 18th April 2013. As regards the impact of this Report on EC clearance to APSEZ the On October 25, 2011 the Company had already received confirmation from the Ministry of Environment & Forests that its activities in Mundra do not attract the provisions of EIA Notification 2006. Presently, the Company does not expect any material impact of this disruption in meeting its business commitments and no impact is required to be recognised in the consolidated financial statements of the group.

40. Disclosure pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
Contract revenue recognised during the period	1,055.89	-
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	2,241.53	1,671.99
Amount of customer advances outstanding for contracts in progress up to the reporting date	4,282.19	1,933.20
Retention amount due from customers for contract in progress up to the reporting date	9.94	81.12
Due from customers	635.27	674.27
Due to customers	2,378.35	341.77

41. Discontinuing operations

In November 2012, the management of Bharat Forge America Inc. (BFA), a wholly owned subsidiary of the Company in USA decided to close down manufacturing operations of BFA. Business of BFA was transferred to other Group Companies and fixed assets of BFA are being sold in USA. The said decision for closure of facility was taken in light of continued losses. Subsequently, on May 2, 2013, all fixed assets of BFA were sold to a forging company in US.

At December 31, 2012, the carrying amount of assets of BFA was ₹ 842.09 Million (December 31, 2011: ₹ 954.17 Million) and its liabilities were ₹ 625.02 Million (December 31, 2011: ₹ 669.90 Million).

The following statement shows the revenue and expenses of discontinuing operations:

In ₹ Million

	Year ended December 31, 2012	Year ended December 31, 2011	Year ended March 31, 2012 (restated)
Income			
Revenue from operations (gross)	1,093.58	1,246.54	61,544.07
Other income	5.59	8.47	906.78
Total revenue	**1,099.17**	**1,255.01**	**62,450.85**
Expenditure			
Cost of raw material and components consumed	558.49	762.72	30,482.77
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	(38.30)	(53.49)	(2,063.31)
Employee benefits expense	296.56	299.30	7,504.66
Other expenses	354.00	361.71	15,531.78
Depreciation and amortization expenses	67.72	67.46	2,954.34
Finance costs	28.89	27.93	1,831.64
Total expenditure	**1,267.36**	**1,465.63**	**56,241.88**
Profit/(loss) before tax	**(168.19)**	**(210.62)**	**6,208.97**
Tax expenses	**-**	**-**	**1,796.11**
Profit/(loss) for the year	**(168.19)**	**(210.62)**	**4,412.86**

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

41. Discontinuing operations (Contd.):

The carrying amounts of the total assets and liabilities to be disposed of at December 31, 2012 are as follows. Comparative information for BFA is included in accordance with AS 24 "Discontinuing Operations".

In ₹ Million

	Year ended December 31, 2012	Year ended December 31, 2011
Total assets	842.09	954.17
Total liabilities	625.02	669.90
Net assets	**217.07**	**284.27**

Total assets include fixed assets of ₹ 546.18 Million which are shown as 'held for sale' as on December 31, 2012. There has been no impairment recorded for value of such assets.

The net cash flows attributable to BFA are as below:

In ₹ Million

	Year ended December 31, 2012	Year ended December 31, 2011
Operating activities	126.04	(231.96)
Investing activities	2.59	(79.74)
Financing activities	(63.87)	289.77
Net cash inflows / (outflows)	**64.76**	**(21.93)**

42. Expenditure on research and development

In ₹ Million

	Year ended March 31, 2013	Year ended March 31, 2012
A. On revenue account		
Manufacturing expenses:		
Materials	9.52	7.38
Stores, spares and tools consumed	10.34	2.66
Repairs and maintenance		
- Machinery repairs	1.75	0.96
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, Contribution to provident and other funds and schemes etc.	78.52	61.97
Other expenses:		
Legal and professional charges	2.95	1.78
Membership fees	0.76	0.01
EDP expenses	16.01	12.39
Other expenses	12.12	3.75
TOTAL	**131.97**	**90.90**
B. On capital account	**17.02**	**14.71**
Total research and development expenditure (A+B)	**148.99**	**105.61**

43. The financial statements are presented in ₹ Million and decimal thereof except for per share information or as otherwise stated.

44. Previous year financial statements were audited by another firm of Chartered Accountants and previous year's figures have been regrouped or reclassified, where necessary, to confirm to the current year's classification.

As per our report of even date
For S.R.BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

per ARVIND SETHI
Partner
Membership No. 89802

Place: Pune
Date: May 25, 2013

For and on behalf of the Board of Directors of BHARAT FORGE LIMITED

B. N. KALYANI
Chairman and Managing Director
Place: Pune
Date: May 25, 2013

G. K. AGARWAL
Deputy Managing Director
Place: Pune
Date: May 25, 2013

AJAY SHARMA
Company Secretary
Place: Pune
Date: May 25, 2013

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

1 Corporate information

Bharat Forge Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged components. The Company caters to both domestic and international markets.

2 Basis of preparation

These consolidated financial statements comprise the financial statement of the Company and its subsidiaries, associates and joint venture (together referred to as 'the Group'). These consolidated financial statements of the Group have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Group has prepared these consolidated financial statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a) Principles of consolidation

These consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" as notified by the Rules.

These consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

In respect of certain overseas subsidiaries, the financial information are prepared under International Financial Reporting Standards ('IFRS') as adopted by European Union, or under accounting principles accepted in the United States of America ('US GAAP') and under accounting principles accepted in the United Kingdom ('UK GAAP'). The financial statements in respect of overseas subsidiary/associate companies (other than Bharat Forge International Limited) are drawn for the year ended December 31, 2012, whereas the financial statements of the Company are drawn for the year ended March 31, 2013. The effect of significant transactions and other events that occur between January 1, 2013 and March 31, 2013 are considered in the consolidated financial statements if it is of material nature. The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2013. The financial statements of Indian subsidiaries/associates/joint ventures have been drawn for the year ended March 31, 2013. The Group has converted these audited financial information and financial statements as the case may be of the Company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the Group's consolidated financial statements under accounting principles generally accepted in India.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions and intra group balances have been eliminated in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the consolidated financial statements as goodwill and is tested for impairment annually. The excess of the Company's portion of equity of the subsidiary over the cost of investment therein is treated as capital reserve.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders of the parent Company. Minority interest's share of net assets is presented separately in the balance sheet.

If the losses attributable to the minority in a consolidated subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any minority interest;
- derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
- recognises fair value of the consideration received;
- recognises the carrying value of any investment retained;
- recognises any surplus or deficit in statement of consolidated profit or losses;

Associates

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of consolidated profit and loss reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise decline, other than temporary, in the value of the Group's investment in its associates, such reduction being determined and made for each investment individually. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired.

Joint venture

The Group recognises its interest in the joint venture using the proportionate consolidation method as per Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures as notified by the Rules. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements.

List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the company	Country of incorporation	Parent's ultimate holding as on		Financial year ends on
		March 31, 2013	March 31, 2012	
CDP Bharat Forge GmbH and its wholly owned subsidiary:	Germany	100%	100%	December 31, 2012
i. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2012
- Bharat Forge Aluminiumtechnik GmbH & Co KG and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2012
- Bharat Forge Aluminiumtechnik Verwaltungs GmbH	Germany	100%*	100%*	December 31, 2012
ii. Bharat Forge Beteiligungs GmbH and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2012
a. Bharat Forge Kilsta AB Sweden and its wholly owned subsidiary	Sweden	100%*	100%*	December 31, 2012
- Bharat Forge Scottish Stampings Ltd.	Scotland	100%*	100%*	December 31, 2012

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

Name of the company	Country of incorporation	Parent's ultimate holding as on		Financial year ends on
		March 31, 2013	March 31, 2012	
b. Bharat Forge Hong Kong Limited and its Subsidiary	Hong Kong	100%*	100%*	December 31, 2012
- FAW Bharat Forge (Changchun) Company Ltd.	China	52%*	52%*	December 31, 2012
c. Bharat Forge International Limited	U.K.	100%*	100%*	March 31, 2013
iii. Bharat Forge Daun GmbH	Germany	100%*	100%*	December 31, 2012
iv. BF New Technologies GmbH	Germany	100%*	100%*	December 31, 2012
Bharat Forge America Inc.	U.S.A.	100%	100%	December 31, 2012
BF-NTPC Energy Systems Limited	India	51%	51%	March 31, 2013
BF Infrastructure Limited	India	100%	100%	March 31, 2013
BF Infrastructure Ventures Limited	India	100%	100%	March 31, 2013
BF Power Equipments Limited	India	100%	100%	March 31, 2013
Kalyani ALSTOM Power Limited	India	51%	51%	March 31, 2013
BF Elbit Advanceed Systems Private Limited	India	100%	-	March 31, 2013
Kalyani Polytechnic Private Limited	India	100%	-	March 31, 2013
* held through subsidiaries				

List of associates which are not included in the consolidation based on materiality or where control is intended to be temporary:

Name of the company	Country of incorporation	Parent's ultimate holding as on		Financial year ends on
		March 31, 2013	March 31, 2012	
Talbahn GmbH	Germany	35%	35%	December 31, 2012
Ferrovia Transrail Solutions Private Limited	India	49%	-	March 31, 2013

Details of the Company's ownership interest in associate, which have been included in the consolidation are as follows:-

Name of the company	Country of incorporation	Parent's ultimate holding as on		Financial year ends on
		March 31, 2013	March 31, 2012	
Tecnica UK Limited (shares held through subsidiary)	UK	30%	30%	December 31, 2012

(in ₹ Million)

Name of the Company	Original cost of investment	Goodwill/ (capital reserve)	Accumulated profit/(loss) as on December 31, 2012	Provision for diminution	Carrying amount of investment as at December 31, 2012
Tecnica UK Limited (shares held through subsidiary)	1.97 (1.97)	2.75 (2.75)	1.96	-	1.95

(Figures in bracket represents previous year)

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

Details of the Company's ownership interest in joint venture, which have been included in the consolidation are as follows:-

Name of the company	Country of incorporation	Parent's ultimate holding as on		Financial year ends on
		March 31, 2013	March 31, 2012	
ALSTOM Bharat Forge Power Limited	India	49%	49%	March 31, 2013
Impact Automotive Solutions Private Limited	India	50%	50%	March 31, 2013
David Brown Bharat Forge Gear Systems India Limited*	India	50%	50%	March 31, 2013

* held through subsidiary

b) Summary of significant diverse accounting policies followed by the subsidiaries

The following are instances of diverse accounting policies followed by the subsidiaries, which do not materially impact these consolidated financial statements.

i) Dies: In respect of CDP Bharat Forge GmbH (CDP BF), Bharat Forge Kilsta (BFK), FAW Bharat Forge (Changchun) Company Limited (FAW BF).

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 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 on the results for the year.

ii) Inventories: In respect of Bharat Forge America Inc. and Bharat Forge Kilsta AB, Sweden

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

iii) Depreciation

a) In respect of Bharat Forge America Inc.

Depreciation expense on production related assets is calculated using units of production method. This is in contrast to the practice followed by the parent where the depreciation on assets is calculated by using "straight line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

b) In respect of Indian subsidiaries (except Kalyani Alstom Power Limited)

Depreciation expense is calculated using "straight line" basis on all the assets. This is in contrast to the practice followed by the parent where the depreciation on assets is calculated by using "straight line" basis or 'Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

c) In respect of Kalyani Alstom Power Limited

Depreciation expense is calculated using "Written Down Value" basis on all the assets. This is in contrast to the practice followed by the parent where the depreciation on assets is calculated by using "straight line" basis or 'Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

d) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

e) Tangible fixed assets

Fixed assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any. The cost comprise purchase price, borrowing costs if capitalization criteria is met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure (for new projects and in case of substantial modernisation or expansion at the existing units) related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of consolidated profit and loss for the period during which such expenses are incurred. Trial run expenditure is also capitalised.

The Group adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of consolidated profit and loss when the asset is derecognized.

f) Depreciation and amortisation

i. Lease hold land

Premium on leasehold land is amortized on a straight line basis over the period of lease i.e. 30 to 95 years.

ii. Power line

Expenditure on power line is amortized on a straight line basis over a period of six years.

iii. Other fixed assets

Depreciation on buildings, plant and machinery, railway sidings, electrical installations and aircrafts is being provided on "Straight Line Method" basis, pro-rata to the period of use of asset and is based on management's estimate of rates arrived at on useful life of the fixed asset or the rate specified by respective statutes, whichever is higher.

Depreciation in respect of other assets viz. factory equipments, computers, engineering instruments, furniture and fittings, office equipments and vehicles is being provided on "Written down value" basis, pro-rata to the period of use of asset and is based on management's estimate of rates arrived at on useful life of the fixed asset or the rate specified by respective statutes, whichever is higher.

The Group has used the following rates (wherever statutes are applicable) to provide depreciation on its fixed asset.

	Method (SLM/WDV)	Rates	Schedule XIV Rates
Building – Factory	SLM	3.34%	3.34%
Buildings – others	SLM	1.63%	1.63%
Plant and machinery – Single / triple shift	SLM	4.75% / 10.34%	4.75% /10.34%
Office equipment	WDV	13.91% / 40%	13.91%
Railway sidings	SLM	10.34%	1.63%
Electrical installation – Single / double / triple shift	SLM	4.75% / 7.42% / 10.34%	4.75% / 7.42% / 10.34%
Factory equipments	WDV	27.82%	27.82%
Furniture and fixtures	WDV	18.10%	18.10%
Vehicles	WDV	25.89% / 30%	25.89% / 30%
Aircraft	SLM	5.60%	5.60%

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

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

Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis upto the date on which such assets are sold, discarded or demolished.

Depreciation on account of increase or decrease due to revaluation of foreign currency loans is being provided at rates of depreciation over the future life of said asset.

g) Intangible assets

Acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of consolidated profit and loss when the asset is disposed.

Research and development expenditure

Research and development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred.

However, development expenditure incurred is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of consolidated profit and loss. During the period of development, the asset is tested for impairment annually.

Fixed assets purchased for research and development are accounted for in the manner stated in note 2.1(d) above.

h) Inventories

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

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

Work-in-progress and finished goods are valued at the lower of cost or estimated net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Scrap is valued at lower of cost and net realizable value. Costs is determined using the weighted average method.

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

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

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

i) Foreign currency translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

a. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

b. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

c. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv. Options and forward exchange contracts not intended for trading or speculation purposes, classified as derivative instruments.

Pursuant to the announcement made by the Institute of Chartered Accountants of India (ICAI) regarding "Accounting for Derivatives", options and forward exchange contracts are classified as derivatives and are marked to market on a portfolio basis at the balance sheet date. The resultant net losses after considering the offsetting effect on the underlying hedge items are recognised in the statement of consolidated profit and loss on the principle of prudence. The resultant net gains, if any, on such derivatives are not recognised in consolidated financial statements. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

v. Foreign operations

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve.

On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of consolidated profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in classification.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

j) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are carried at cost made by the Group are of a long term nature and hence, diminution in value of investments if any is generally not considered to be of other than temporary nature. However, if the diminution is considered to be of other than temporary then necessary provisions are made.

Current investments are valued at lower of cost of acquisition and fair value determined on an individual investment basis.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of consolidated profit and loss.

k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Sales

a. Domestic sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch from the point of sale, consequent to property in goods being transferred. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

b. Export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of Bill of Lading.

ii. Export incentives

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

iii. Sale of services

Revenues from sales of services are recognized pro-rata over the period of the contract as and when services are rendered. The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

iv. Die design and preparation charges

Revenues from die design and preparation charges are recognized as per the terms of the contract as and when services are rendered. The Group collects service tax and value added tax (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

v. Sale of electricity – Windmill

Revenue from sales of electricity is recognized when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.

vi. Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

vii. Dividend income

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

viii. Profit / loss on sale of investment

Profit/ Loss on sale of investment is recognized when all the significant risks and rewards of ownership in investment is transferred.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

ix. Project revenue

Project revenue is recognized by applying the "Percentage of Completion method" only when the outcome of the construction activity can be estimated reliably. Project revenue and project cost associated to project related activity is recognized as revenue and expense respectively by reference to the stage of completion. The stage of completion is either determined with reference to the proportion of cost incurred for work performed to the estimated total cost respectively or with respect to the completion of physical proportion of the contract work. Project Revenue is recognized when the stage of completion of the project reaches a significant level as compared to the total estimated cost of the project.

Revenue earned in excess of billing is reflected under "Other Current Assets". Billing to customers in excess of revenue earned is reflected under "Current liabilities".

The estimated total cost of the project as determined, is based on management's estimate from the inception till the final completion of the project and includes materials, services and costs that are attributable to contract activity in general and can be allocated to the contract. Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

When the outcome of the construction activity cannot be estimated reliably, revenue is recognized only to the extent of costs incurred of which recovery is probable and such cost is recognized as expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

x. Tender Costs

Costs that relate directly to a contract and are incurred in securing the contract are also included as part of the contract costs on a case to case basis considering the nature of the business, if they are separately identified and measured reliably and it is probable that the contract will be obtained. Such cost are carried forward in the other current assets. Other tender costs are charged to the statement of profit and loss as period costs.

In case of a joint venture, in the current year the tender cost includes allocation of internal costs by the management based on time spent on tendering activities. These costs include Salaries and Wages, Professional charges, IT costs, Travelling and Conveyance, BG commission etc. On adoption of this method of allocation the tender cost incurred for the year is higher by ₹ 36.26 Millions as compared to the previous year with consequential impact on the Statement of Profit and Loss.

xi. Certified emission reduction units / Renewal energy certificates

Certified Emission Reduction Units/Renewal energy certificates is recognized when there is reasonable assurance that the entity will comply with the conditions attached to it and the grants will be received. At a minimum, these conditions will only be met when the actual emission reductions have been realized and the entity has reasonable assurance these reductions will be confirmed during the verification and certification process by the respective independent authority. This assessment must also take into account any additional terms and conditions that may apply.

l) Employee benefits

i. Provident fund

The Company and some of its subsidiaries operate two plans for its employees to provide employee benefit in the nature of provident fund.

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The guidance note on implementing AS-15 (revised 2005) "Employee Benefits", states that benefits involving employer established provident funds, which requires interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this provident fund interest shortfall has been done as per the guidance note issued during the year in this respect by the Institute of Actuaries of India.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

The employees which are not covered under the above scheme, their portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity

The Company and some of its subsidiaries operate two defined benefits plan for its employee's viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of consolidated profit and loss.

iii. Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' annual salary. The Company recognizes expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the company should recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the company recognises that difference excess as a liability. The Company has no obligation, other than the contribution payable to the superannuation fund.

iv. Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

v. Termination benefits

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

In case of certain overseas subsidiaries there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation.

m) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of consolidated profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of consolidated profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of consolidated profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of consolidated profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

o) Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

p) Impairment of asset

The Group 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. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of consolidated profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

q) Lease

Where the Group is the lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of consolidated profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of consolidated profit and loss on a straight-line basis over the lease term.

r) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of consolidated profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of consolidated profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

Where the Group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

s) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

t) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

u) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

v) Derivative instruments and hedge accounting

The Group uses derivative financial instruments, such as, foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. The Group designates these forward contracts in a hedging relationship by applying the hedge accounting principles of AS 30 "Financial Instruments: Recognition and Measurement".

For the purpose of hedge accounting, hedges are classified as:

i. Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.

ii. Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of consolidated profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of consolidated profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly under shareholders fund in the hedging reserve, while any ineffective portion is recognized immediately in the statement of consolidated profit and loss.

The Group uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized immediately in the statement of consolidated profit and loss.

Amounts recognized in the hedging reserve are transferred to the statement of consolidated profit and loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the hedging reserve is transferred to the statement of consolidated profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the hedging reserve remains in the hedging reserve until the forecast transaction or firm commitment affects profit or loss.

Notes to Consolidated Financial Statements

For the year ended March 31, 2013 (Contd.):

Annex - 1

Summarized Statement of Financials of Subsidiary Companies pursuant to approval u/s 212 (8) of the Companies Act, 1956.

In ₹ Million

Sr. No.	Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	Proposed Dividend
1	CDP Bharat Forge GmbH, Germany [1]	361.30	5,399.30	9,608.33	3,847.73	0.32	10,550.15	41.55	(0.34)	41.89	-
2	Bharat Forge Holding GmbH, Germany	1.81	368.75	672.38	301.83	-	9.62	7.07	(1.24)	8.31	-
3	Bharat Forge Aluminiumtechnik GmbH & Co. KG, Germany	543.83	328.13	1,765.11	893.14	-	2,558.01	1.37	0.21	1.17	-
4	Bharat Forge Aluminiumtechnik Verwaltungs GmbH & Co. KG, Germany	1.85	3.34	5.19	-	-	0.36	0.27	0.04	0.23	-
5	Bharat Forge America Inc., U.S.A.	-	(34.89)	842.09	876.98	-	1,099.15	(177.82)	-	(177.82)	-
6	Bharat Forge Beteiligungs GmbH, Germany	1.81	3,520.60	3,535.20	12.79	10.69	-	(583.43)	-	(583.43)	-
7	Bharat Forge Kilsta AB, Sweden [2]	168.52	85.46	3,659.88	3,405.91	-	6,366.30	(171.85)	(27.63)	(144.22)	-
8	Bharat Forge Scottish Stampings Ltd., Scotland [4]	510.90	(505.39)	8.72	3.20	-	-	(36.68)	-	(36.68)	-
9	Bharat Forge Hong Kong Ltd., Hong Kong	2,380.21	(648.49)	2,204.89	473.17	-	-	(470.82)	-	(470.82)	-
10	FAW Bharat Forge (Changchun) Company Limited, China [3]	5,026.09	(1,854.68)	10,605.66	7,434.24	-	5,361.18	(617.65)	-	(617.65)	-
11	Bharat Forge Daun GmbH, Germany [1]	3.61	255.59	369.47	110.27	-	752.03	-	-	-	-
12	BF New Technologies GmbH, Germany [1]	1.81	112.00	129.78	15.97	-	2.50	-	-	-	-
13	BF - NTPC Energy Systems Ltd. [3]	120.00	(60.40)	62.47	2.87	-	0.12	(8.38)	-	(8.38)	-
14	Kalyani ALSTOM Power Limited [3]	500.00	(139.83)	1,166.27	806.10	-	0.03	(71.34)	-	(71.34)	-
15	B F Infrastructure Limited	10.00	(1.08)	4,125.47	4,116.55	-	5.64	0.10	(1.02)	1.12	-
16	B F Infrastructure Ventures Limited	0.50	(0.60)	457.22	457.32	-	-	(0.28)	-	(0.28)	-
17	B F Power Equipments Limited	0.50	(0.48)	0.05	0.03	-	-	(0.22)	-	(0.22)	-
18	Bharat Forge International Limited, UK	5.74	22.14	3,481.28	3,453.41	-	5,645.12	66.48	16.40	50.07	-
19	Kalyani Polytechnic Private Limited	0.50	(0.05)	0.50	0.05	-	-	(0.05)	-	(0.05)	-
20	BF Elbit Advanced Systems Private Limited	0.10	(0.17)	31.81	31.88	-	-	(0.17)	-	(0.17)	-

Note: The above information has been drawn up to co-relate with the Consolidated Financial Statements.

1 Results of operations of Bharat Forge Daun GmbH and BF New Technologies GmbH has been transferred to CDP Bharat Forge GmbH as a result of Profit and Loss Pooling Agreement.

2 Loss before tax includes depreciation on goodwill and write down of shares of 100% Subsidiary viz. Bharat Forge Scottish Stampings Ltd., which gets eliminated in the consolidated financial statements of Bharat Forge Kilsta AB.

3 Figures are as per Financial Statements & represent 100% of the Company's Financials before Minority Interest.

4 Loss before tax includes write down of advance given to Bharat Forge America Inc. and profit on sale of equipment to Bharat Forge Limited, which gets eliminated in the Consolidated financials.

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KALYANI | BHARAT FORGE

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BHARAT FORGE

FORM A

Annual Audit Report filing with the Stock Exchange

1.	Name of the company	**Bharat Forge Limited** Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified ~~/ Matter of Emphasis~~
4.	Frequency of observation	Not Applicable

For and on behalf of Bharat Forge Limited

B.N. Kalyani
Chairman &
Managing Director

P.G. Pawar
Audit Committee Chairman

Kishore Saletore
Group Chief Financial Officer

Pune: July 12, 2013

For S.R. BATLIBOI & Co. LLP
Firm registration no. 301003E
Chartered accountants

per Arvind Sethi
Partner

Pune: July 12, 2013

KALYANI
GROUP COMPANY