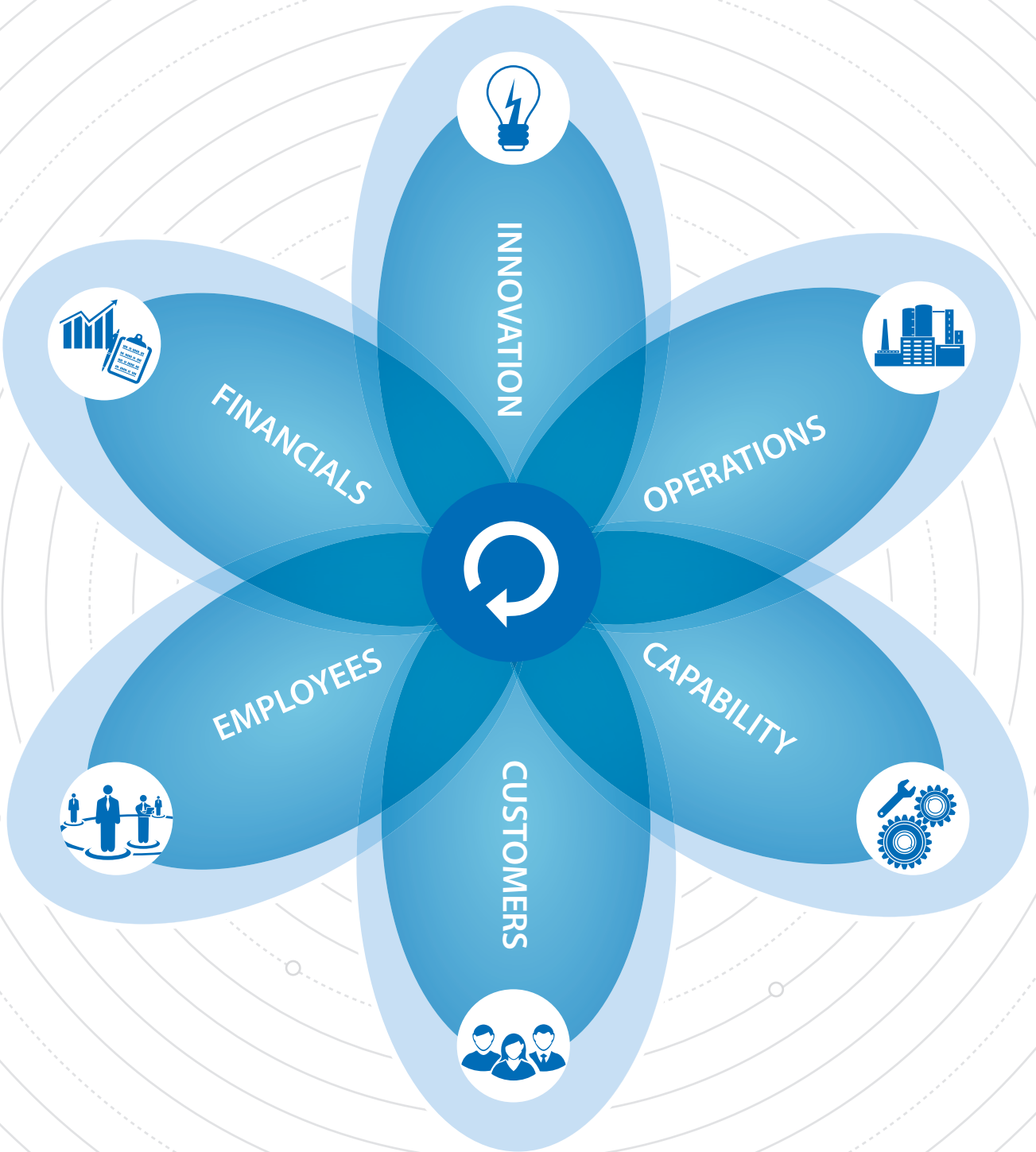




KALYANI

BHARAT FORGE



**Success through
Transformation**

53rd Annual Report
2013-14

59%Standalone
Revenue from
Automotive Sector**41%**Standalone
Revenue from
Industrial Sector**300,00 TPA**The largest single-location forging
facility in the world, situated at
Mundhwa in Pune**NADCAP
CERTIFICATION**For Aerospace
Applications**7,000 +**

Global workforce

EVERY 2NDHeavy truck in the US carries
a front axle beam manufactured
by Bharat Forge

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02-25

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Success through Transformation

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**“To improve is to change;
to be perfect is to change often.”**

Sir Winston Churchill

Transformation, at Bharat Forge, is the drive to remodel our future. It is our effort to forge a **new path to growth – to focus on new opportunities** and differentiate ourselves as an end-to-end solution provider.

We have **redefined and reshaped ourselves from just an India-focused auto component supplier to a global engineering company**. Today, we cater to varied high-growth sectors in industrial segment like power, oil and gas, construction and mining, locomotive, marine and aerospace while strengthening our presence in the automotive segment.

The transformation is constant. With a **unique mix of talent, innovation, experience and a growing clientele, we have no time to stand still**.

We have to keep reinventing ourselves to stay at the top of our game. As we continue to expand across sectors and geographies – our vision for success is clear.

**LARGEST
EXPORTER**

**OF AUTO
COMPONENTS
FROM INDIA**

**GLOBAL
LEADERSHIP**

**IN POWERTRAIN
AND CHASSIS
COMPONENTS**

**1st INDIAN
COMPANY**

**TO RECEIVE NADCAP
ACCREDITATION**

BHARAT FORGE AT A GLANCE

Part of the Kalyani Group and established in 1961, Bharat Forge is among the world's largest forging companies with manufacturing facilities spread across India, Germany and Sweden. It manufactures a wide range of high performance, critical and safety components.

We are among the world's largest forging companies with manufacturing facilities spread across India, Germany and Sweden.

A technology-driven global leader in metal forming with its presence across eight manufacturing locations, the Company has expanded its product offerings across both the automotive and the industrial sectors.

It is the leading powertrain and chassis component manufacturer in the world. BFL's customer base includes virtually every global automotive OEM Tier 1 suppliers and various OEMs in the industrial segment.

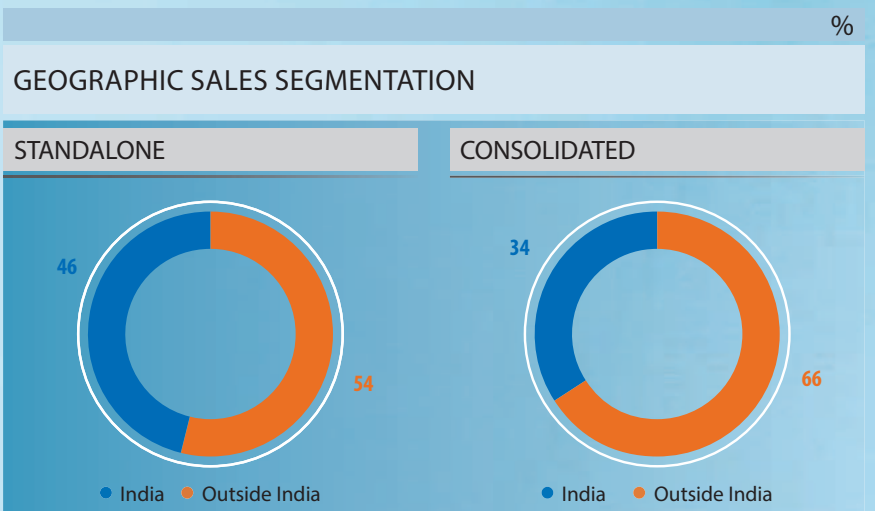
Venturing into new processes and technologies, while experimenting constantly, has been its core strength. The Company has the largest repository of metallurgical knowledge in the region and offers full-service supply capability to its customers from concept to product design, engineering, manufacturing, testing and validation.





GLOBAL PRESENCE






- Customers
- Manufacturing & Customers
- Global Headquarters-Servicing the World



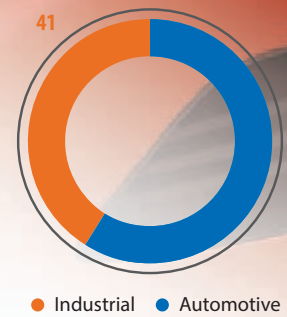
BUSINESS VERTICALS

AUTOMOTIVE

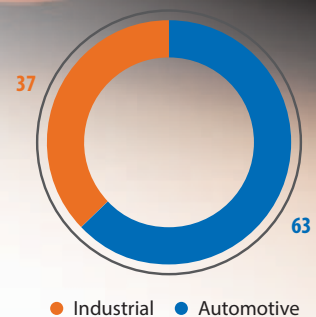
BFL has achieved a strong global leadership position in the commercial vehicle sector for safety and critical powertrain and chassis components.

Segments	KGS				
	Powertrain	Chassis Components		Transmission Parts	
					
	Crankshafts	Connecting Rods	Front Axles	Steering Knuckles	
PASSENGER VEHICLES					
	10-30	<1	NA	2-10	0.5-6
LCV/MCV					
	25-80	1-3	30-60	10-30	3-30
HCV					
	60-250	2-5	60-150	25-40	20-100
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 further opportunities in high value, high growth sectors, such as Power, Oil & Gas, Rail & Marine, Construction & Mining and Aerospace, among others.

ENERGY



Oil & Gas



Power



Nuclear, Thermal, Wind, Hydro



TRANSPORTATION



Locomotive



Marine



Aerospace



CONSTRUCTION & MINING



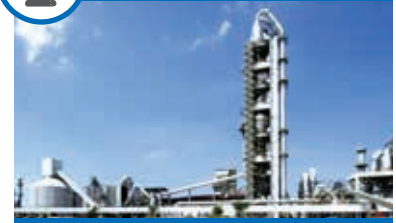
Construction



Metal & Mining



General Engineering



BOARD OF DIRECTORS



MR. S. M. THAKORE



MR. S. D. KULKARNI
(up to 08-08-2013)



MR. B.N. KALYANI
Chairman & Managing Director



MR. PRATAP G. PAWAR



MRS. LALITA D. GUPTÉ



MR. P. H. RAVIKUMAR



PROF. DR. UWE LOOS
(up to 08-08-2013)



MR. P. C. BHALERAO



MR. ALAN SPENCER
(up to 27-05-2014)



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
(up to 31-12-2013)

CORPORATE INFORMATION



●○ Kalyani Centre for Technology and Innovation, Pune India

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

Prashant S. Vaishampayan

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

Dear Shareholders,

For a business or for the economy as a whole, consistent transformation paves the way for a successful journey forward. Without significant transformation, growth can happen in fits and starts, but it remains essentially fragile. If we look at the world today, this is exactly what is happening. Driven by advanced economies, global recovery has gathered momentum, but still a bit fragile. The reason is that macro-economic fundamentals of economies and businesses have not yet transformed enough to withstand unpredictable stress.

At your Company, we believe success through transformation is the only way forward.

The picture is not very different if we study India's economic growth curve. The country's economy has been consistently underperforming, despite an enormous growth potential. This is because apart from sporadic measures to revive growth, no sustained reforms were undertaken to drive the next level of economic transformation. Therefore, proactive measures to unleash India's growth potential is the need of the hour — from focusing on infrastructure and corporate investments to rethinking the shape of labour market institutions, to increasing competition and productivity in multiple sectors, to examining the role of public and private investments for nurturing skills and spurring innovation.

At your Company, we believe success through transformation is the only



Although your Company operated at sub-optimal utilisation levels through FY 2013-14, it was one of the better years in terms of performance in the history of Bharat Forge.

₹ 68,410 MN

Consolidated Total Income

₹ 4,985 MN

Consolidated Net Profit

way forward. How does it pan out in our business scenario? We believe transformation is about reshaping the way we approach our business either driven by a need for agile innovation to stay ahead of customer expectations or to focus on new opportunities to stay on a growth path and sustain industry leadership. Your Company has succeeded in the global competitive markets, because of the transformation from one of the many 'part to print' manufacturers to an enterprise constantly differentiating itself by virtue of value-added manufacturing and providing technology solutions to customers. Such an approach, coupled with reliable performance, has enabled us to remain an industry frontrunner, despite operating in a challenging industry scenario.

The year saw demand contraction across all segments of the automotive industry in India. The demand for passenger vehicles and commercial vehicles declined by 4.9% and 16.1%, respectively, in FY 2013-14. In addition, the sale of medium & heavy commercial vehicle (M&HCV) volumes at 221,626 in FY 2013-14 is down by 42.4% from previous peak volumes of 384,801 achieved in FY 2011-12. The depressed market conditions also had an impact on demand for our industrial forgings across segments in the domestic market. It is pertinent to mention here that the weakness in the Indian market was compensated by an improvement in the European and North American automotive markets. In addition, we noticed recovery in the industrial segment, primarily from the Oil & Gas market.

STERLING PERFORMANCE

Although your Company operated at sub-optimal utilisation levels through FY 2013-14, it was one of the better years in terms of performance in the history of Bharat Forge. Standalone total income

increased 8% from ₹ 32,429 Million in the last fiscal to ₹ 35,140 Million this year, while net profits increased 31% from ₹ 3,056 Million in FY2012-13 to ₹ 3,999 Million in FY 2013-14. There is significant headroom for growing the top line in the next two years by sweating of the existing assets. Your Company's consolidated total income increased 30% from ₹ 52,786 Million in the last fiscal to reach ₹ 68,410 Million this year. Net profits more than doubled from ₹ 2,476 Million in FY2012-13 to ₹ 4,985 Million in FY2013-14. Your Company continued to strengthen its balance sheet by divesting its 51.85% stake in the Chinese JV operations for US\$ 28.208 Million (₹ 175 crores) and reduced net financial debt, both at consolidated and standalone levels. Net Debt/Equity as of 31st March 2014 stood at 0.37 and 0.50 on a standalone and consolidated basis respectively.

Your Company's Indian and international operations won long-term contracts in the passenger vehicles business. Bharat Forge Aluminumtechnik GmbH & Co KG (BFAT) won a prestigious multi-year contract worth Euro 250 Million from a premium German OEM. It was made possible because of the Group's continuous focus on innovation, technology adaptation and execution track record of BFAT, which has placed your Company at the forefront of aluminium component industry. This contract will enhance the Group's presence in the fast-growing business of aluminium components, which is finding increasing application in passenger vehicles.

The achievements in FY2013-14 underscore one fundamental reality: your Company could grow fast in a challenging environment due to a strong technology infrastructure, a robust manufacturing platform and having the

CHAIRMAN'S MESSAGE

state of art Research, Engineering and Design capabilities at our plants.

CONTINUOUS TRANSFORMATION

Over the years, your Company has diversified across sectors, continued to expand the customer base, improved market share, upgraded the skill sets of the employees, strengthened the balance sheet and enhanced the product portfolio globally.

Today, your Company can proudly claim to have a strong customer base, including the most discerning OEMs, highly skilled workforce competent in all aspects of the supply chain, highly diverse product portfolio and financial resilience. This is possible at Bharat Forge, due to determined focus on creating a strong CORE (Capability Creation and Customers; Organisation Building and Operational Excellence; Research Orientation and Resilient Performance; Engineering and Design). The Company is dedicated to further strengthening its CORE.

One part of our future transformation is to expand the product offering across automotive and industrial sectors, further broaden our customer base across verticals and simultaneously venturing into newer processes/ technologies. The other part will focus on investing in capabilities and in R&D, strengthening your Company's human resource capabilities resulting in enhanced talent reserves. Nurtured talent will play a key role in taking our business forward.

Transformation of your Company is also visible on the operations front across the shop floor, the results of which have been recognised. We were conferred the prestigious international 'Sword of Honour Award' by the British Safety Council for our Health & Safety Management Systems. The award is a testimony to the fact that we have

demonstrated high standards of Health & Safety performance and leadership in safety across our plants.

RAISING THE BAR

At Bharat Forge, we are breaking new barriers in operational efficiencies, along with consistent innovations to enhance value. We are also expanding our footprint globally in automotive and industrial segments. The result is that we are generating revenues from multiple business verticals, ranging from oil and gas, power, construction & mining and locomotives sectors while the aerospace sector will start generating revenues in the next two years.

Despite the critical nature of components of the aerospace sector, we have continuously developed our capabilities. As a result, we are the first company in India to achieve National Aerospace and Defence Contractors Accreditation Programme (NADCAP) certification.

Our lightweighting engineering innovations and capability are demonstrated in at least 15 to 20 projects jointly conducted with our key customers. In such projects, on average we realised weight reduction between 5% and 15%. There is more to come.

At KCTI (Kalyani Centre for Technology and Innovation), we are leveraging our in house innovation, R&D and engineering skills to develop superior products constantly. We have filed for 10 patents this year and some more are in the pipeline on which work is being carried out. We want to use our R&D capabilities to develop breakthrough processes and solutions.

Bharat Forge has the capability to cater to the demands of its global customers with seamless engineering and design support. We have built an

edifice of unmatched front line design, engineering, dual shore manufacturing and innovation capabilities.

Besides, all our strategies revolve around the customer. We continue to aim at developing and enhancing enduring customer relationships while focusing on customer delight instead of customer satisfaction. That is of course a tall order, but once we have our initial strategy right, we can continue to build on it. We have always relied on cutting-edge technologies and a growing talent pool to meet and exceed customer expectations. We have had important breakthroughs in light weighting of products, providing immense value to our customers. Innovative application of latest technologies has helped us develop critical and high value-added products for the non-automotive sectors. Today, Bharat Forge is an indigenous supply source for some of these products, which were largely imported before.

THE ROAD AHEAD

The global economy is expected to strengthen further as downside risks reduce. Emerging economies are expected to witness stable growth linked to growing external demand from advanced economies. However, to take advantage of this scenario India needs to strengthen its global reputation as a strong manufacturing hub. Only a strong manufacturing sector can create large-scale employment for India's youth and turn it into a global economic powerhouse. At Bharat Forge, we are committed to contribute towards making India a stronger manufacturing hub.

Although our existing capacity can support our growth for the next two to three years, we need to create new capabilities and capacities to sustain long-term growth. We aim to start the capex cycle in FY 2015-16 in new business areas

Your Company's key factor for growth over the past decade was innovation based product development driven by a highly competent workforce.

across the automotive and industrial sectors.

As we restart our capex investment for the next phase of break-out growth, this time our investment process will be focused on an asset light model. We will concentrate on product development, strengthen the organisational framework, go through the product approval process and then start investing in a new facility. Such an approach will sustain growth and generate higher returns.

We believe, innovation can only pave the way for exponential growth as opposed to small incremental growth. Bharat Forge is driven by the capability to innovate and develop indigenous technologies. In pursuit of this endeavour, we will be increasing our expenses on R&D over the next few years to create value & provide innovative solutions to our customers.

Your Company's key factor for growth over the past decade was innovation based product development driven by a highly competent workforce. Hence, we are focussing on and building a highly skilled and competitive talent pool to take care of our innovation and research needs through various education programmes for our employees from the graduate to the doctoral level.

The industrial segment, has witnessed a ten times revenue growth in 10 years from around US\$ 27 Million in FY 2003-04 to around US\$ 230 Million in FY 2013-14. Your company aims to double this revenue in the next 4 to 5 years to around US\$ 500 Million. This will create 5 different verticals across oil & gas, power, rail & marine, construction & mining and aerospace each contributing around US\$ 100 Million.

Your Company's objective is to reinforce and extend the brand and customer base in high-growth markets through research and technology build-up and strive to create long-term shareholder value. Bharat Forge's sustained market leadership will translate into higher revenues and profitability, greater capital momentum and stronger returns on invested capital.

Your Company will continue to grow its earnings and cash flow as an innovation-driven Company with diverse complementary businesses by leveraging opportunities, irrespective of market conditions.

We have created a value-focused enterprise, based on our talents, aspirations and expertise. Such a culture propelled our transformation from an auto component supplier to an engineering company with diverse complementary businesses in new high-growth sectors. However, we have to keep transforming at a rapid pace to remain relevant in a changing industry paradigm.

As I write to you, our Global Team is putting in place strategies to strengthen our transformation roadmap. I have full faith in their capabilities to take your Company to the next level of growth. I am confident that with our vision, strategy and prospects, we will continue to grow profitably and create value for all stakeholders.

I thank our valued customers, shareholders, stakeholders, suppliers, business associates and above all, my colleagues in Bharat Forge for their unwavering support.



BABA N. KALYANI
Chairman and Managing Director

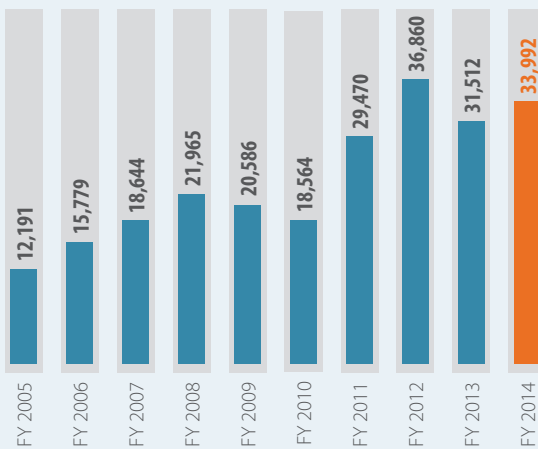


FINANCIAL PERFORMANCE



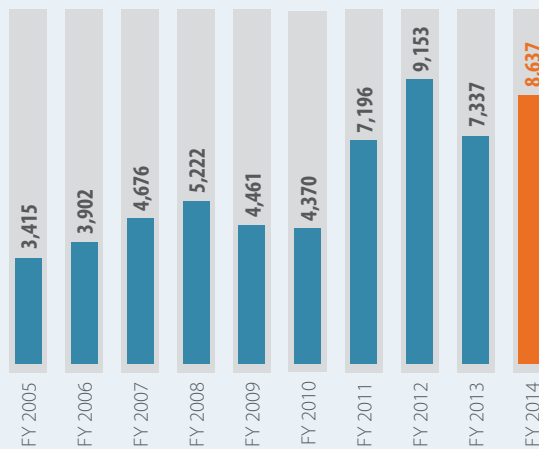
In ₹ Million

TOTAL REVENUE



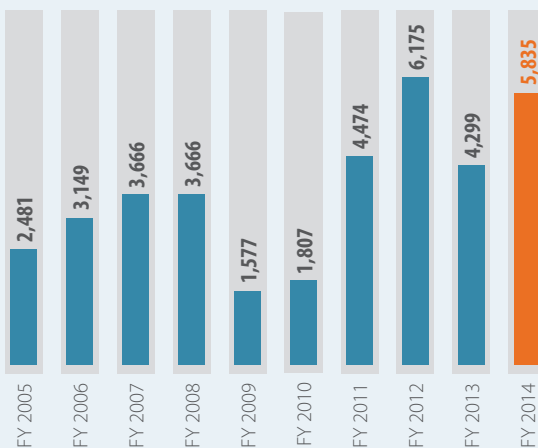
In ₹ Million

EBITDA



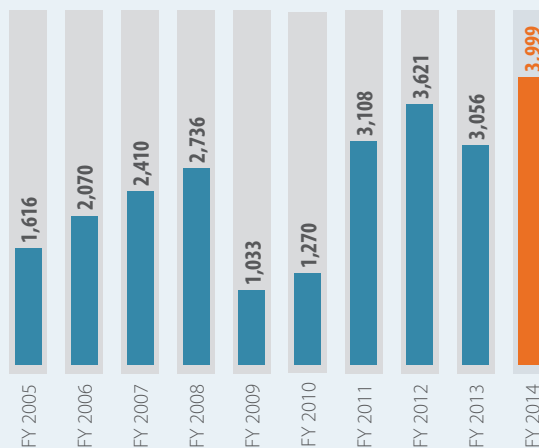
In ₹ Million

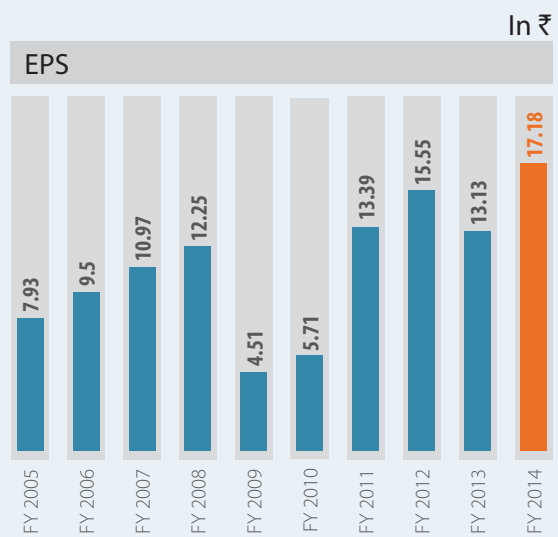
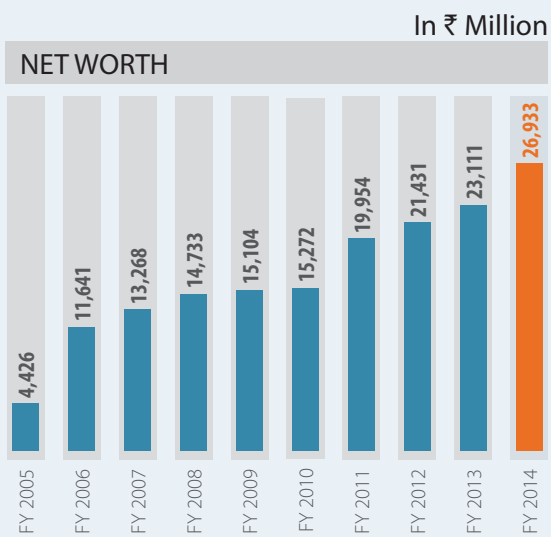
PBT (BEFORE EXCEPTIONAL ITEMS)



In ₹ Million

PAT





Innovation and technology are the core strengths of our Company. It is much more than a creative idea.

Creativity is a raw material through which the innovation process creates value. Our value-added value engineering initiative emphasise this fact and underline our resolve of consistently

TRANSFORMATION IS

INNOVATION...



providing products to customers with significant value addition through innovation.

Innovation was at the core of this organisation when we began this journey and it still is. Consistent research and innovations down the years have broken new ground for the Company, and created value for its customers all over the world.

The opportunities for improving efficiencies and achieving higher standards are available throughout the organisation. This is the reason why we invest in processes that help identify even the smallest advancement, whether it is in manufacturing or billing procedures, because a thousand small steps lead to significant company-wide improvement.

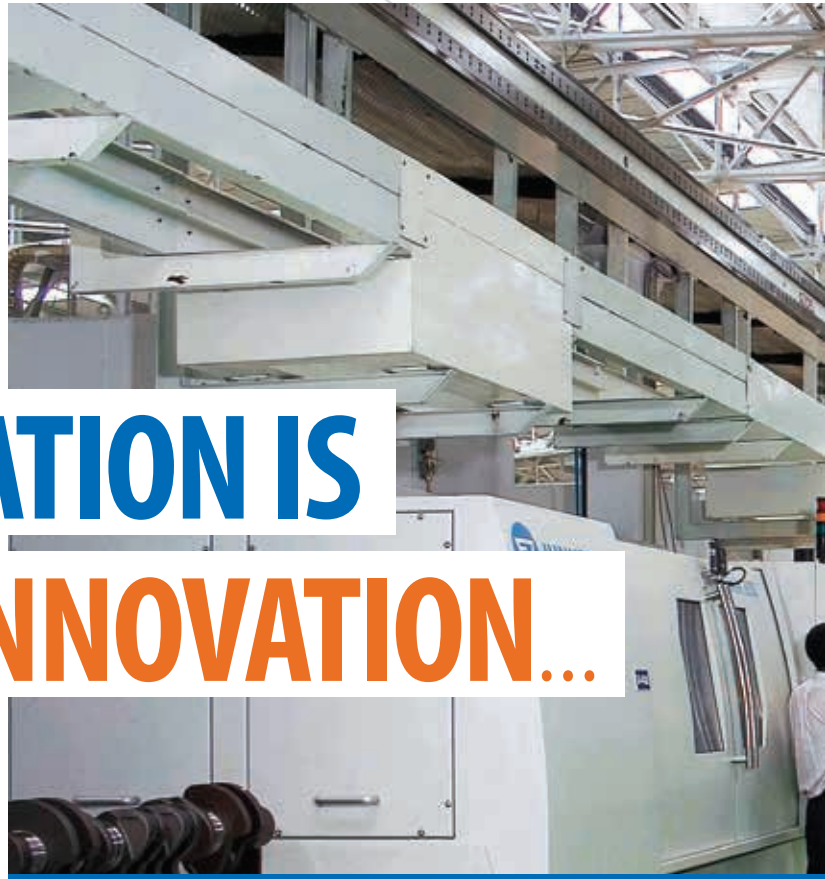
Bharat Forge continues to win new orders with newer clients or increase market share with existing clients. These order wins have been possible based on the Company's ability to provide

solutions in terms of lightweighting of products, which helped address the OEM needs for better fuel efficiency.

We believe our growth will now be propelled by better innovations. Our research team is constantly updating itself with design re-engineering and lightweighting of components. The focus is on a balanced strength-to-weight ratio without compromising on quality.

The Company is involved throughout the product development process – right from the initial stages of product design to the time of product delivery – and voices recommendations for weight optimisation, fatigue strength improvement, balancing improvement and forge ability improvement.

BFL has submitted more than 21 VAVE proposals on product and process



“Being an innovator is not just about solving problems. It’s about solving problems no one else sees.”

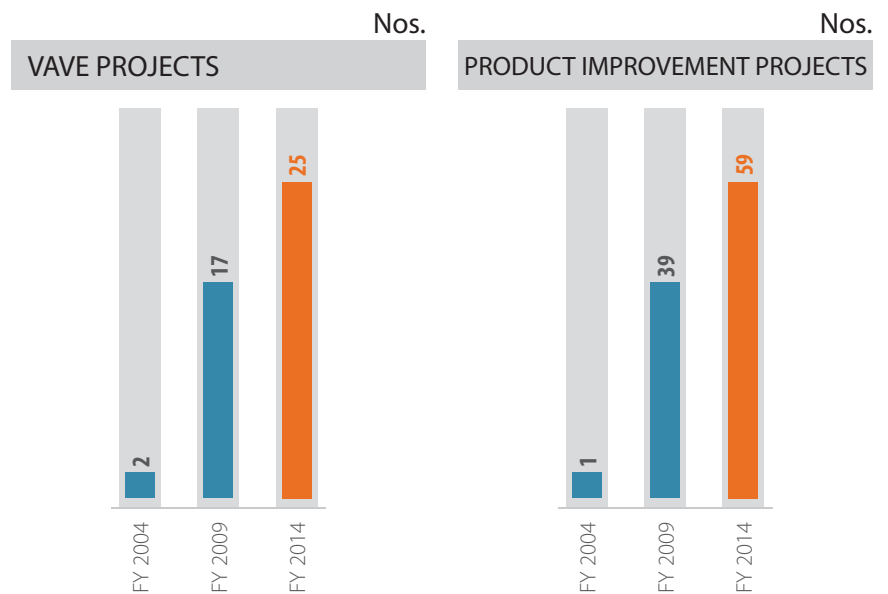
Phil McKinney



●○ Crankshaft Line of MCD II
(Machined component division-II)

improvements in FY2013-14 to domestic and international customers. Out of these proposals, more than 70% have been implemented.

Our capability to innovate and develop indigenous technologies is an asset that has put us on the growth path much before others. Innovation is also another name for success at Bharat Forge.





TRANSFORMATION IS

EXCELLENCE...



“Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort.”

Paul J. Meyer

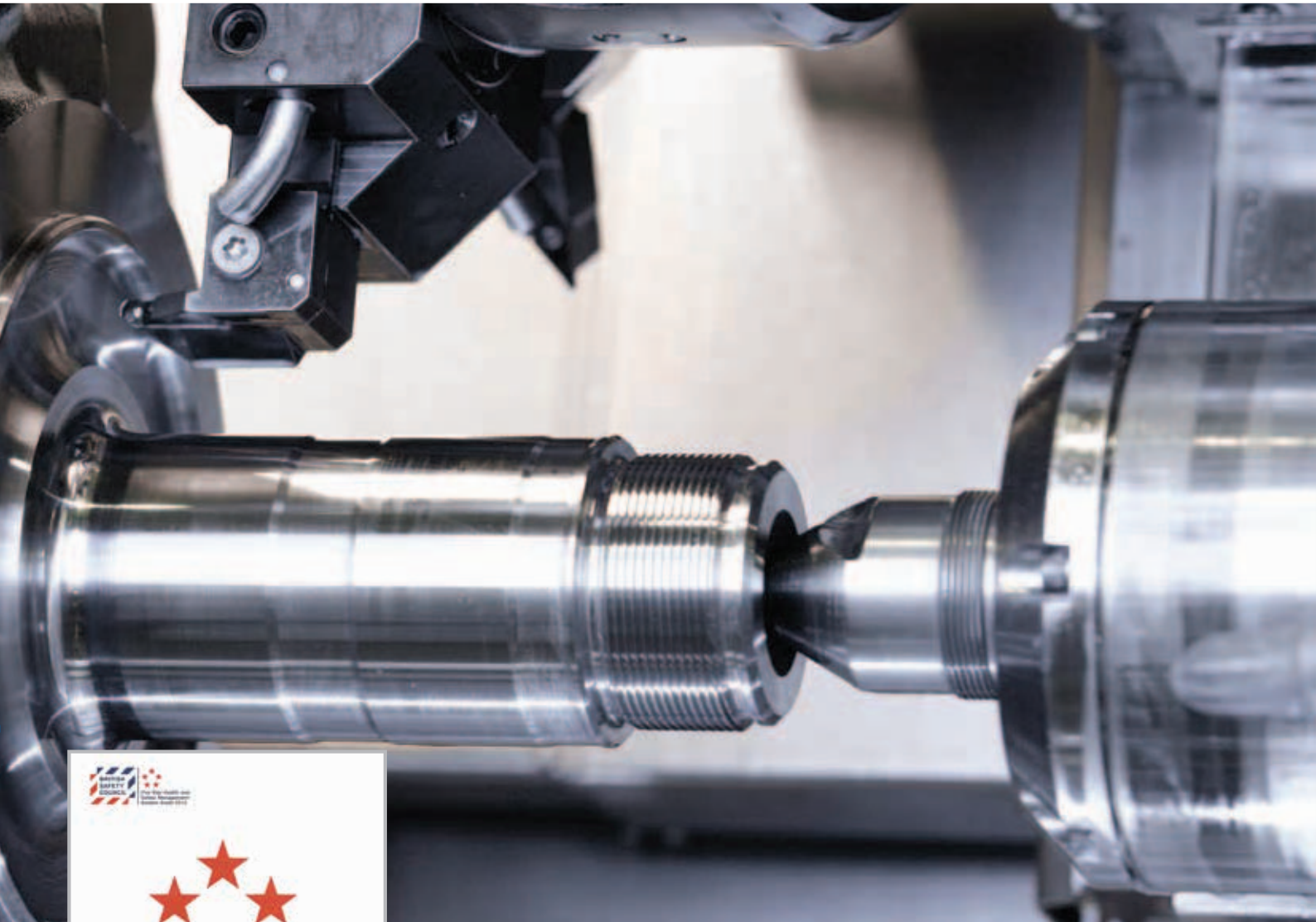
We believe, there is no shortcut to excellence. At Bharat Forge, our **continuous push for operational excellence through innovation helps us deliver value.** It means a lot of hard work, supported with intelligent planning.

A combination of the right operating model with superior execution has helped us in our path to success.

We are global leaders due to our commitment to excellence and perfection. We are proud of our achievements in scalability, technological breakthroughs, talent growth and world-class procedures.

We transformed ourselves from an automotive ancillary company to an engineering enterprise, focused on technological supremacy and resilience. Along with innovations we are trying to constantly enhance value. We are also expanding our footprint globally in automotive and industrial segments. There has been a marked downward trend in accidents due to our efficient practices.

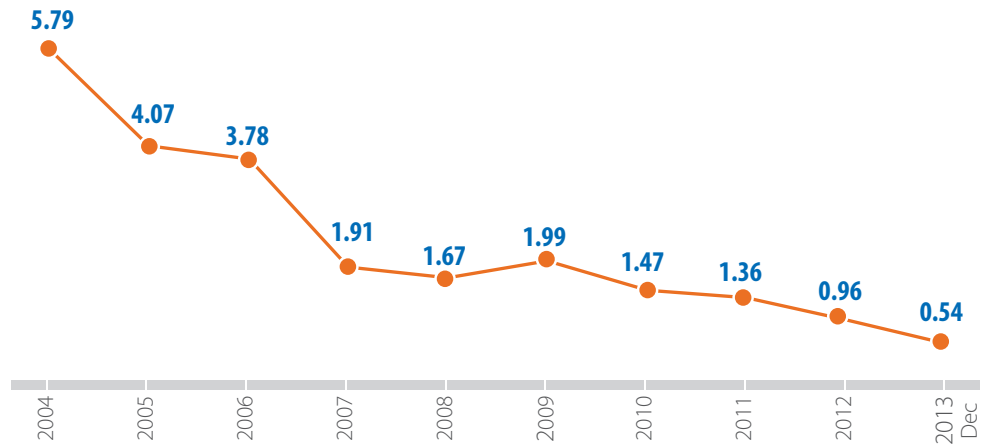
The coveted awards and recognitions we received like the 'Sword of Honour Award' by the British Safety Council for our Health and Safety management systems is a testimony to our operational excellence. We are constantly raising the bar on our performance.



●○ Close view of steering knuckle machining



FREQUENCY RATE (ENHANCING PRODUCTIVITY)





TRANSFORMATION IS THE FIRST STEP...



Our journey of transformation took off when we began to **move away from the auto sector – our comfort zone in India – to foreign shores** and the industrial sector to appease our appetite for growth.

We were quick in creating the necessary infrastructure. This also gave us the first-mover advantage. Focus on research and innovation helped us increase our product portfolio and enhance our speed to market.

From 2004 to 2014 – our industrial segment has witnessed a revenue jump of nearly 10 times - from around US \$27 Million in FY 2003-04 to around US \$230 Million in FY 2013-14. The industrial segment has grown from 21% to 41%.

The Company continues to focus on research and development in the high-growth sectors. The aim is to extend our brand and customer base in the segment and increase our revenues.

We believe taking different tactical and/or strategic measures to adjust to new threats or opportunities, to exploit changes in the economic environment, to develop new products and to address

“If I have the belief that I can do it, I shall surely acquire the capacity to do it even if I may not have it at the beginning.”

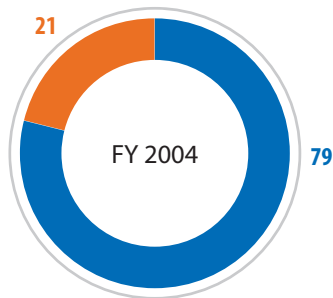
Mahatma Gandhi

new markets – is often the key to stimulate growth and become successful.

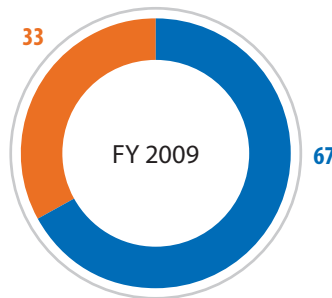
The courage to transform showed us the way to success.



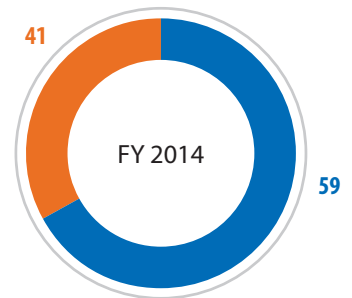
INCREASING SHARE OF INDUSTRIAL SEGMENT %



● Automotive ● Industrial



● Automotive ● Industrial



● Automotive ● Industrial



TRANSFORMATION IS RIGHT RELATIONSHIPS...



Very few companies in the global forging space can **claim to have as strong a customer base as Bharat Forge**, including the most discerning OEMs.

Customers always demand high quality service wherever, whenever and, however they connect with your business and in return they increase your revenues and unlock growth. Profitable customer relationships speak of seamless linking of knowhow to strategy, technology, people and processes.

There was a time when we catered to a few niche customers in a few product categories, but now this constantly-evolving company caters to customers across varied verticals, hence all the more reason to adapt and innovate.

Interactive sessions with our coveted customers are constantly encouraged as this helps us identify the needs better and, therefore, perform better. We will continue to consider our customers not as one time point of sale but as partners in development and enable an environment to foster a long term relationship. Quality service, superior

“Profit in business comes from repeat customers, customers that boast about your project or service, and that bring friends with them.”

W. Edwards Deming

products and a focus on customer delight, have all given us a clientele we can be proud of. In a span of 10 years our customer base has shifted course. In 2004, we had a unique niche client base of top 10 and they constituted nearly 63% of our total revenues. In 2014, the dynamics are changed because we now serve a diverse customer base in varied geographies. Our niche customers remained but there was an increase in customers from other sectors with varied aspirations and technological demands.

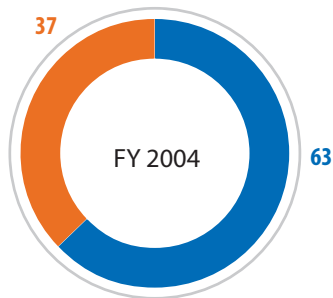
Bharat Forge has the capability to cater to the demands of its unique global customers with engineering and design support. We are proud of our unmatched front line design, engineering, dual shore manufacturing and innovation capabilities.

Transforming ourselves constantly to adopt ourselves to our customers' needs has, therefore, been the secret of our success.

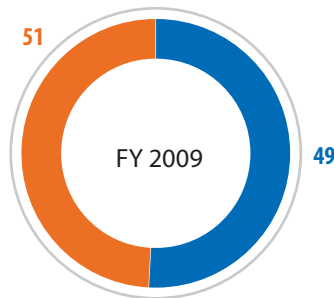


DIVERSIFYING THE CLIENT ROSTER

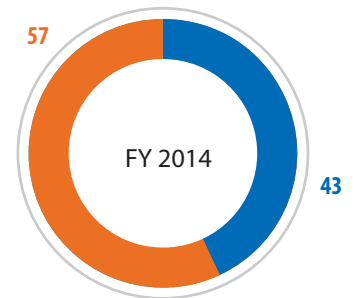
%



● Top 10 ● Others
TOTAL NO. OF CUSTOMERS: 135+



● Top 10 ● Others
TOTAL NO. OF CUSTOMERS: 141+



● Top 10 ● Others
TOTAL NO. OF CUSTOMERS: 188+




TRANSFORMATION IS PEOPLE POWER...



Bharat Forge nurtures its **4,581 strong workforce** and believes they are the **key growth drivers of the Company**. Professional staff, delivering excellent service, is what sets us apart from all others.

We are focusing on and building a highly skilled and competitive talent pool who will nurture our innovation and research needs through various education programmes – from the graduate to the doctoral level.

To develop a cost effective product and process, to minimise industrial waste during manufacturing – our research and development team is continuously working on newer solutions. We undertake employee-exchange programmes, where employees share the challenges faced in several verticals and brainstorm solutions.

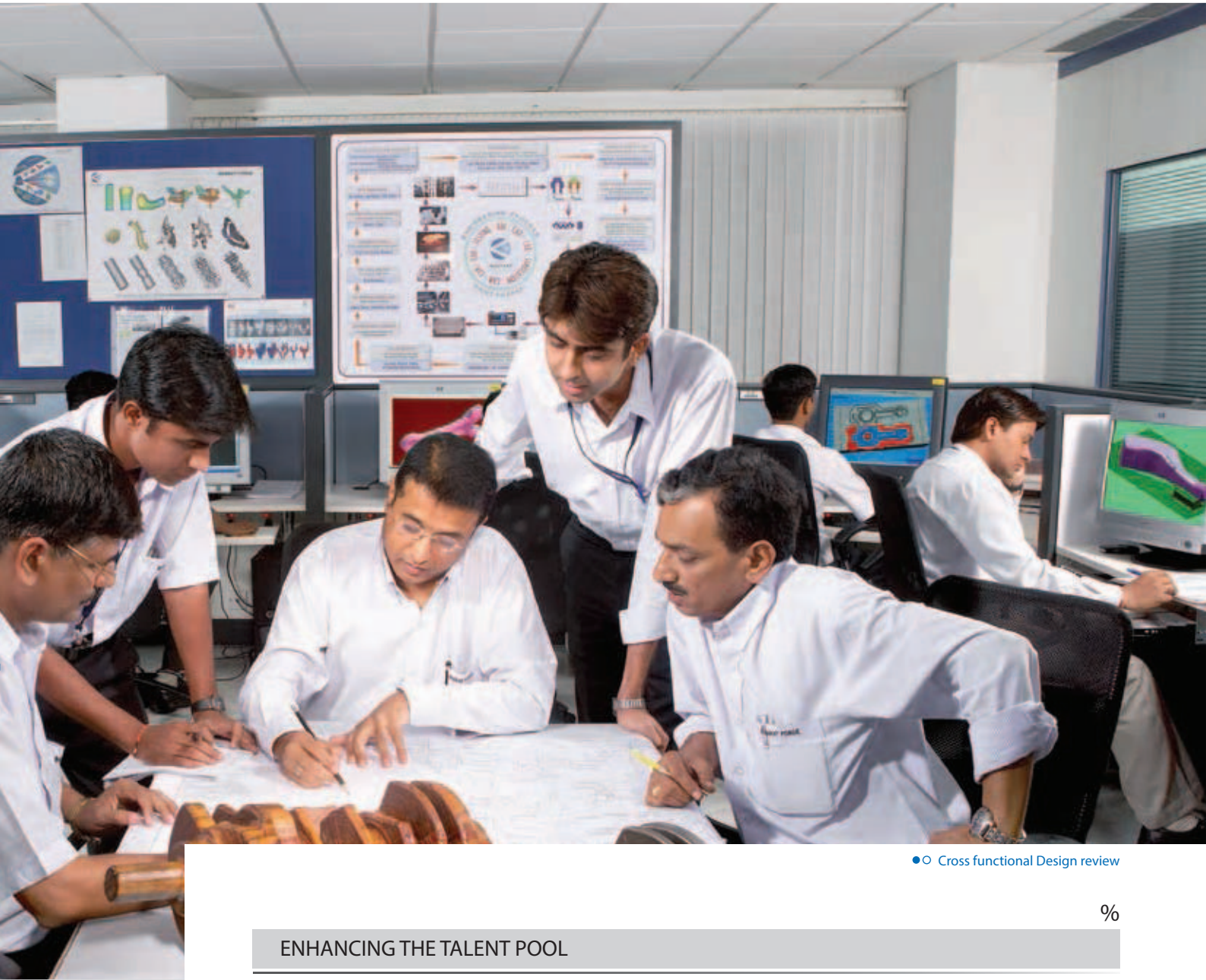
The Company is into innovative learning initiatives with reputed institutes such as BITS Pilani, Warwick University, UK and IIT Mumbai (M.Tech.).

As the Company grew its talent pool of highly qualified engineers, our research and innovations paid rich dividends. In 2014, we are proud to have filed for at least 10 product patents. BFL has been already granted 1 while the rest have been submitted and are awaiting examination. These have largely been for process and product improvements. We have a healthy pipeline of patents on which work is being carried out. We are determined to create a Global Talent Pool, which will enrich us as a company and help us take more knowledgeable decisions.

“New capabilities emerge just by virtue of having smart people with access to state-of-the-art technology.”

Robert Kahn

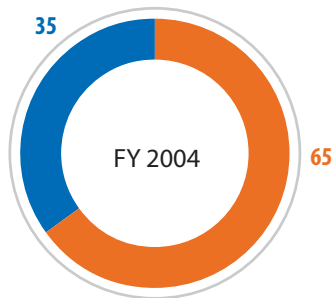
We believe a sense of ownership is essential in every member of the staff to make them feel proud of the organisation they have helped build. They are the transformers and we will continue to empower our employees with a vision to create process managers rather than process followers.



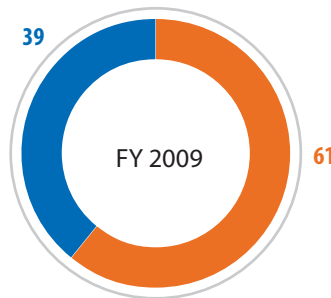
●○ Cross functional Design review

ENHANCING THE TALENT POOL

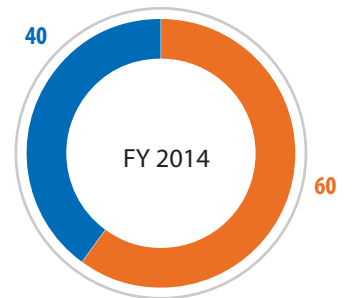
%



● Engineers ● Others
NO. OF PATENTS FILED: 0



● Engineers ● Others
NO. OF PATENTS FILED: 1



● Engineers ● Others
NO. OF PATENTS FILED: 10+



TRANSFORMATION IS THE RIGHT NUMBERS...

“Resilience is all about being able to overcome the unexpected. Sustainability is about survival. The goal of resilience is to thrive.”

Jamais Cascio

The financial resilience of a company signifies the organisation's ability to take advantage of growth and development opportunities as they appear and also to weather economic turbulence.

Bharat Forge has continued to do both. We continued to strengthen our balance sheet by divesting our 51.85% stake in the Chinese JV operations for US\$ 28.208 Million (₹ 175 crores) and reduced net financial debt, both at the consolidated and the standalone levels.

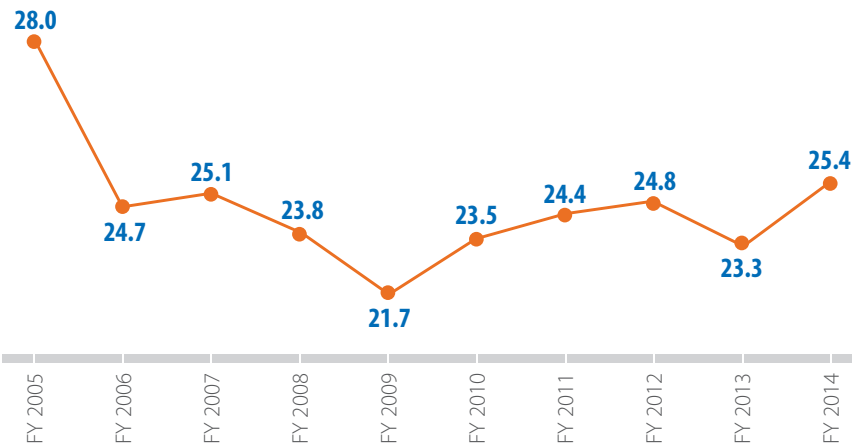
A strong and robust balance sheet has enabled us to invest in capacities and create full service supply capability, at

the same time enabling us to withstand two synchronised down cycles across geographies and segments in the past 5 years. Diversification and focus on excellence, innovation and customers, have all contributed to our growth and performance.

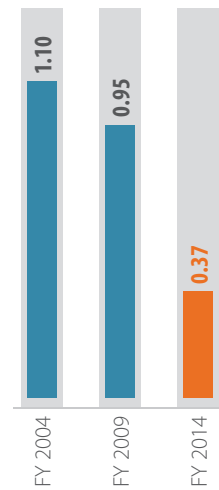


EBITDA

%



D/E (Net)



MANAGEMENT DISCUSSION AND ANALYSIS

1. GLOBAL AND INDIAN ECONOMIC OVERVIEW

2013 witnessed developed economies gaining traction, whereas emerging economies lost ground. The global recovery was led by fiscal stimulus, low interest rates and reassurance by the central bankers. Improved economic metrics showing encouraging employment numbers and spending summed up the US recovery story. Its tapering of quantitative easing programme also led to a brief currency slide in many emerging economies. The Eurozone dispelled recessionary fears on the back of eased up credit scenario and improved resilience while growth in China rebounded in the second half of 2013, due to acceleration in investment.

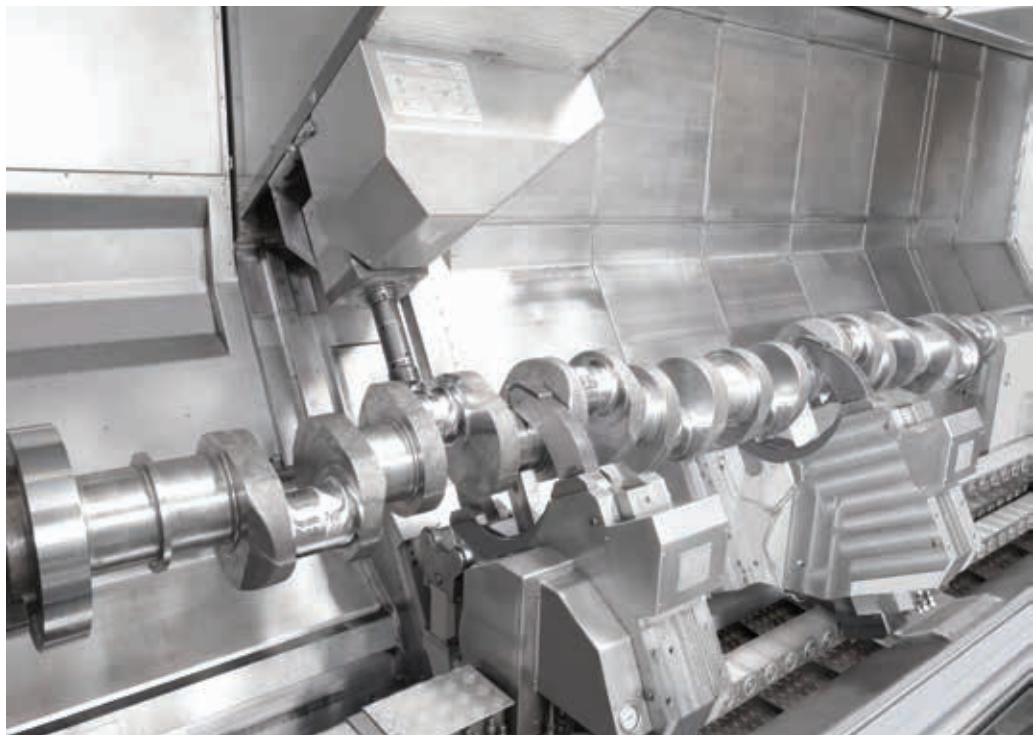
(Source: International Monetary Fund)

The global economy ended the year on a better footing as compared to the start of the year and the growth momentum is expected to be carried forward during 2014.

As per the IMF estimates, global GDP growth is expected to grow at 3.9% in 2015, and 3.7% in 2014 as compared to 3% in 2013. Global trade activity is likely to increase and grow at 2.5% in 2013 vis-à-vis 2.3% in 2012.

The Indian economy has been going through challenging times that culminated in lower than 5% growth of GDP for two consecutive years, i.e. FY 2012-13 and FY 2013-14. The slowdown is broadly in sync with trends in other emerging economies, but relatively deeper. India's growth declined from an average of 8.3% per annum during 2004-05 to 2011-12 to an average of 4.6% in 2012-13 and 2013-14.

The growth slowdown was broad based, but affected in particular the



manufacturing sector with the output of capital goods also declining for the third year in a row starting 2011-12.

A sharp decline in imports and a moderate growth in exports in 2013-14 resulted in a decline in India's trade deficit and contributing to a lower CAD. The current account deficit (CAD) declining to manageable levels after two years of worryingly high levels was a redeeming feature of 2013-14. The year ended with a CAD of 1.7% of GDP as against 4.7% in 2012-13.

The fiscal deficit as a proportion of GDP also declined for the second year in a row. It declined from 5.7% of GDP in 2011-12 to 4.9% in 2012-13 and 4.5% in 2013-14.

The improvements in the twin deficits would, no doubt, feed into a higher growth in FY 2014-15, but the pace of recovery may be gradual. Investment revival, strengthening of macroeconomic stability, creation of non-agricultural jobs, strengthening of infrastructure, and boost to agricultural development would be the priorities for growth revival.

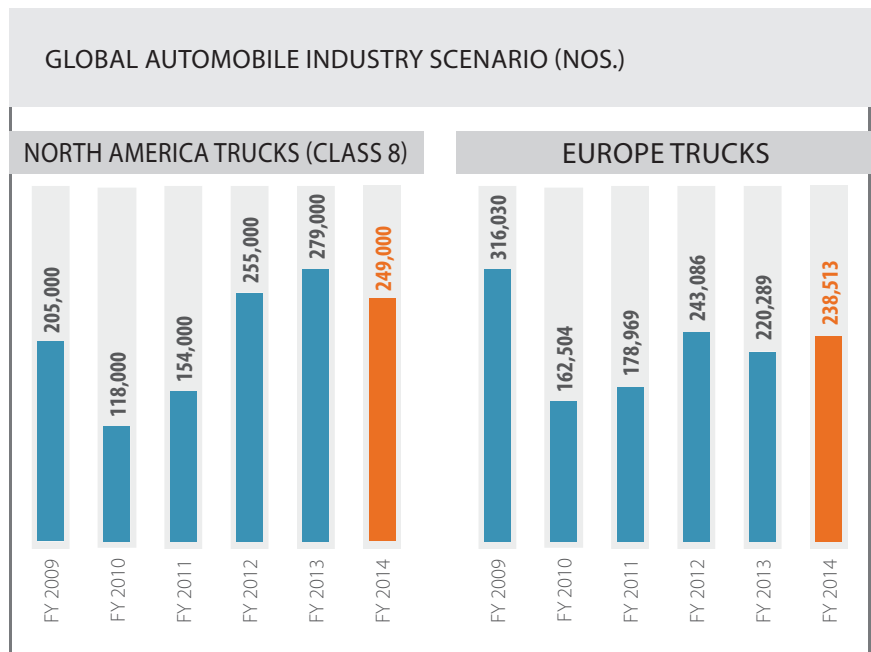
Moderation in inflation would help ease the monetary policy stance and revive the confidence of investors, and with the global economy expected to recover moderately, on account of performance of some advanced economies, the Indian economy can look forward to better growth prospects in FY 2014-15 and beyond. In FY 2014-15, the Indian economy is poised to overcome the sub-5% growth of gross domestic product (GDP).

On the flip side, however, growth in FY 2014-15 can remain more on the lower side of the range given above, for the following reasons: (i) steps undertaken to restart the investment cycle (including project clearances and incentives given to industry) are perceived to be playing out only gradually; (ii) the benign growth outlook in some Asian economies, particularly China; (iii) still elevated levels of inflation that limit the scope of the RBI to reduce policy rates; and (iv) expectation of below-normal monsoons. Downside risk also emerges from prolonging of the geo-political tensions

2. GLOBAL AUTOMOBILE INDUSTRY

Global demand for medium- and heavy-duty trucks was noticeably higher than in the prior year but with stark contrast across the various regions. North American truck market registered a 10% decline in demand in CY 2013 compared to CY 2012, it improved towards the end of the year backed by slight recovery in US economy and a continued replacement of the existing fleet. European heavy duty truck market improved on the back of pre buy before the transition to the new Euro VI regulations.

The South American market for heavy duty trucks also witnessed increased demand in CY 2013 on back of slight improvement in the Brazilian economy and financing support from the government for purchase of trucks. Truck demand in Asia varied with both the Chinese and the Japanese truck volumes increasing in CY 2013 while the Indian truck market saw the 2nd straight year of decline in demand.



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

The global demand for cars witnessed an increase in CY 2013 compared to prior year. Here too, the development of demand varied across geographies. The US market continued its strong recovery registering total sales of 15.5 million cars and light trucks, highest level since 2007. Major Emerging Economies with the exception of China witnessed a declined in demand.

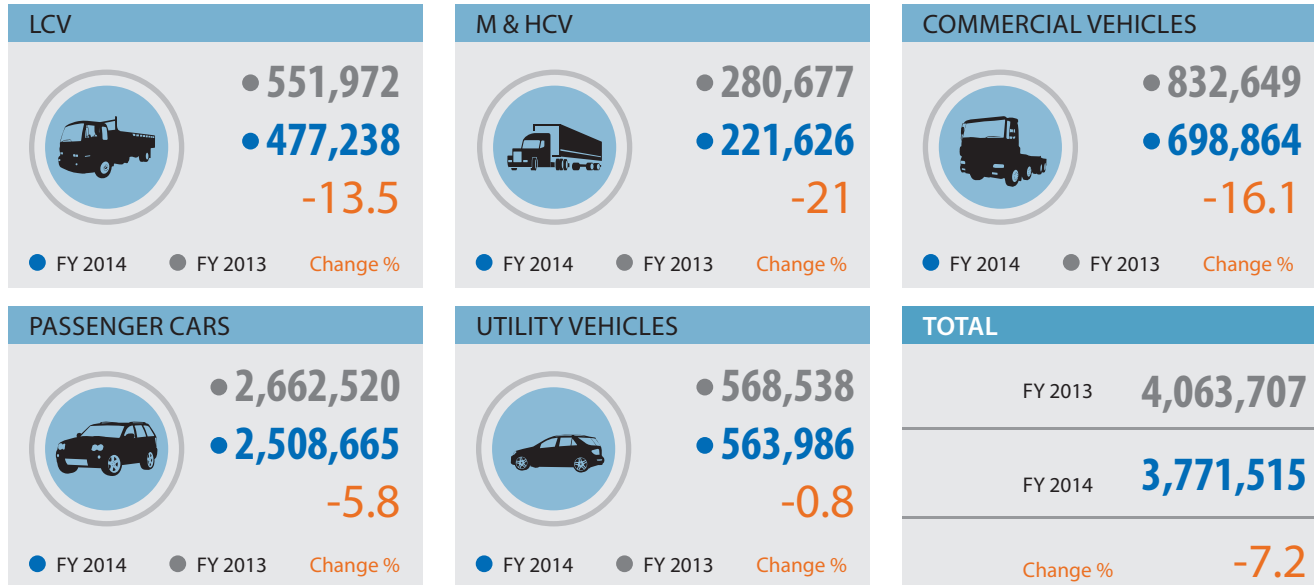
3. INDIA'S AUTOMOBILE INDUSTRY

FY 2013-14 was the second consecutive year of volume decline for the automotive sector in India across all segments of the industry. Total automotive production

recorded a 7.2% decrease compared to FY 2012-13 with slowdown in economic growth and higher interest rates continuing to weigh in on demand. While there was a marginal improvement in demand towards the end of the fiscal due to reduction in excise duty from 12% to 10%, it was not enough to mitigate the damage caused in the April – December 2013 period.

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE OF THE INDUSTRY (NOS.)



Source: Society of Indian Automobile Manufacturers (SIAM)

The overall Commercial Vehicles (CV) segment registered de-growth of 16.1% in FY 2013-14 compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) and Light Commercial Vehicles (LCV) registered negative growth of 21.0% and 13.5%, respectively.

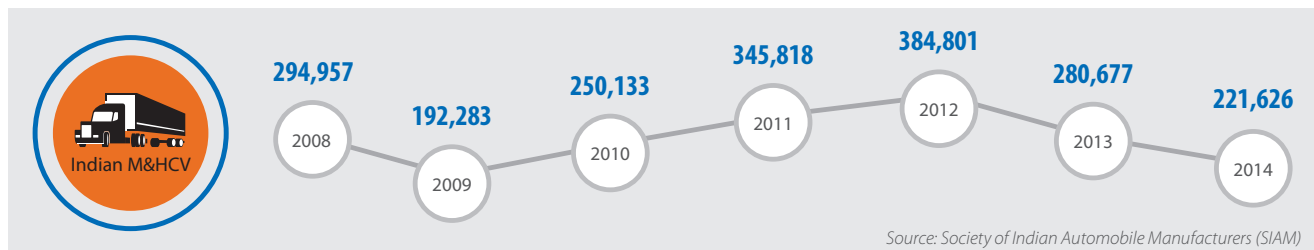
The frail performance in the CV sector is due to strong headwinds and pessimistic sentiments. Slowdown in infrastructure projects and lack of industrial activity

led to low M&HCV production volumes at all major OEMs. Lower investments in infrastructure projects (which witnessed a marked decline in implementation of projects, eventually leading to underutilisation of fleet); lower confidence levels of the fleet operators (the stretched usage of long haul trucks, lower returns on freights and higher maintenance and fuel costs otherwise); lower resale value and lower level of mining activities due to mining bans are the other reasons cited for the frail performance of the sector.

The truck market hit a low in FY 2013-14, producing only about 221,626 trucks compared to 384,801 in FY2012, a drop of more than 40%.

Sales of Passenger Cars have declined by 5.8% during FY 2013-14 over the same period last year. The decline was on account of the slowing economy and higher fuel prices that have hurt consumer sentiments, especially in the urban areas.

TREND IN THE INDIAN M&HCV SEGMENT (NOS.)



4. COMPANY REVIEW

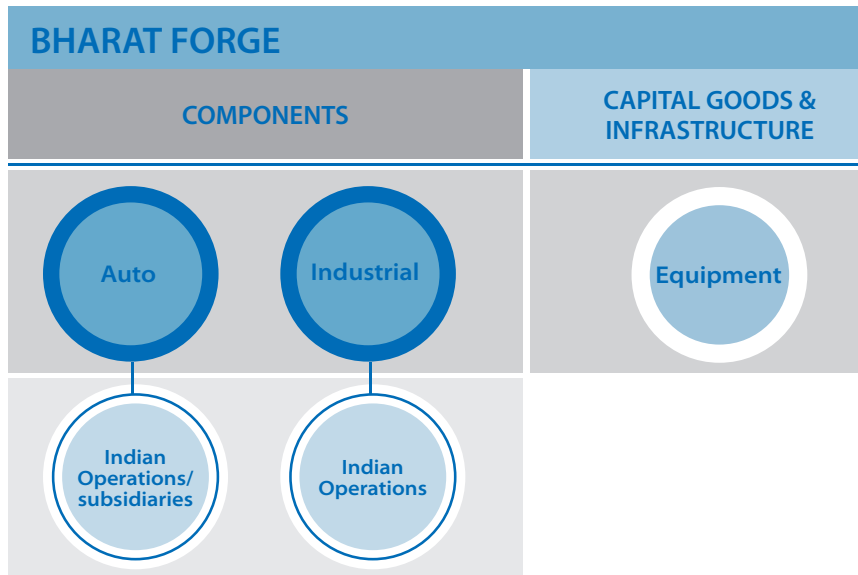
Bharat Forge Limited (BFL) is the flagship Company of the Kalyani Group. The Company is India's leading exporter of components for automotive and industrial applications.

The manufacturing facilities, equipped with high-end technology, are spread across India, Germany and Sweden. The Company manufactures an extensive array of critical and safety components for several sectors including automobile, oil & gas, rail and marine, energy (across renewable and non-renewable sources),

construction, mining and general engineering.

BFL is a fully-integrated player with a presence across the full value chain. It is involved right from the initial designing stage to procurement of the raw material to final development of the product.

4.1 Verticals



4.2 Domestic market

Bharat Forge's business in the domestic market spans the full gamut of the automotive industry (excluding two-wheelers) and also the industrial segment across diesel gensets, government agencies, power across sources, tractors and the general engineering space like sugar, cement and steel.

4.2.1 Automotive

The main addressable market of BFL in the automotive business which is the M&HCV segment witnessed a decline in demand for the second consecutive year. Volumes declined from 280,677 to 221,626, a decline of 21%.

Despite being dependent on the MHCV space for more than half the domestic revenues, BFL's performance has been better than underlying market performance. BFL's sales into the CV space were down 12% as against 21%. This can be attributed to the significantly higher market share BFL enjoys with the new entrants into the CV space in India.

4.2.2 Non-Automotive business

The industrial sector also experienced subdued demand environment due to lack of spending by companies on account

of many factors including higher interest rates, continuously declining industrial production and poor sentiments. BFL however increased its non-auto revenues on the back of increased demand from the agricultural and energy sectors and from public enterprises.

BFL successfully executed an order of crankshafts for diesel locomotives works (DLW) and got it "first time right". The opportunities in this sector are huge and numerous orders have starting flowing in, on the back of successful execution of these products. The base will thus be created in India and then the focus will be on addressing opportunity in other markets as well.

New order wins in FY 2014

BFL has won 14 new orders in FY 2013-14 across automotive and non-automotive sectors. On the automotive front, BFL has added one new customer on the passenger vehicle front while the rest of the orders have come from the traditional clients on the commercial vehicle side.

The non-automotive order wins have come from a variety of sectors such as power generation, tractors and the construction and mining space. These orders wins are a result of not only BFL's

strong relations with its customers but also its ability to provide solutions to OEM with respect to performance improvement and focus on Total Cost of Ownership (TCO). We believe that growth in the non-auto space will only accelerate with time as we gain experience and customers in various segments.

DOMESTIC SALES BREAK-UP

AUTOMOTIVE (In ₹ Million)

● 2014 ● 2013

● **3,295**

Diesel Engines

● **3,494**

● **1,775**

CV Chassis

● **2,240**

● **2,002**

Passenger Vehicles

● **2,323**

INDUSTRIAL (In ₹ Million)

● 2014 ● 2013

● **5,606**

● **5,102**

MANAGEMENT DISCUSSION AND ANALYSIS

Looking Ahead

With a revival in the economic growth of the country and the anticipated pickup in industrial activity aided by the policies of the new government, BFL is optimistic of the growth coming in the CV side and an improvement in the industrial capex by the end of the current fiscal year. This would provide a big driver for growth in the Indian revenues.

BFL's focus going forward is to increase the content per vehicle by developing new products for the commercial vehicle sector and new customer wins on the passenger vehicles front. This should result in the domestic sales growing faster than the underlying market growth.

4.3 Export market

4.3.1 Automotive

BFL has a strong presence in the commercial vehicle markets globally, across North America, Europe, Latin America and Asia Pacific and is well positioned in these markets while it has improved its presence in the passenger vehicle markets across geographies.

The Commercial Vehicle segment in North America and Europe ended the year on a good note with improvements in demand conditions, which was largely led by economic recovery in North America and the pre-buying effect in Europe due to the implementation of Euro VI. The improving economy and the replacement of aging trucks will continue to be the primary driver of new purchases in North America while the demand in Europe is expected to be slightly flattish with no new triggers and a cautiously optimistic view on the European recovery.

4.3.2 Non-Automotive business

BFL supplies a range of diverse and technologically advanced forged products to the oil & gas industry in the Europe and Americas. These products have varied applications in shale gas, surface and subsea components and oil rig solutions.

BFL caters to the power generation sector across geographies and supplies critical components that are used for power generation from sources such as thermal, hydro, nuclear and wind energy.

The equipment used in construction, mining and general engineering sector have extreme applications and hence require equally durable products. BFL supplies critical powertrain components such as crankshafts and connecting rods to the HHP engines used in such industries.

BFL supplies its indigenously developed locomotive crankshafts to the Europe and US. With an increase in the investments in mass transportation, the demand from rail sector will see a big push.

New order wins in FY 2014

BFL has won more than 25 new orders in FY 2013-14 across automotive and non-automotive sectors. On the automotive front, BFL has added one new customer on the passenger car and Commercial Vehicle front each while the rest of the orders have come from our existing traditional clients on the Automotive and Non-Automotive side.

Highlights of 2013-14

BFL's export revenues in FY 2013-14 witnessed a robust growth of 16.5% driven by recovery in the Heavy Truck market in Europe and recovery in the Non-Automotive sector in North America.

Bharat Forge continues to win new orders with newer clients or increase market share with existing clients.

These order wins have become possible based on the Company's ability to provide solutions in terms of lightweighting of products which helped address the OEM needs for better fuel efficiency.

Focus on improving performance of the products through value addition and fatigue life improvement projects helped to reduce Total Cost of Ownership (TCO). Also, it has looked at increasing its share of business with its existing marquee clients and new client additions.

EXPORT SALES BREAK-UP

AUTOMOTIVE (In ₹ Million)

● 2014 ● 2013

• **6,483**

Diesel Engines

• **5,673**

• **4,378**

CV Chassis

• **3,430**

• **401**

Passenger Vehicles

• **381**

INDUSTRIAL (In ₹ Million)

● 2014 ● 2013

• **7,221**

• **6,383**

During the year, Bharat Forge followed a three pronged-strategy to continue on a growth oriented model for the export markets:

○ Growing the business by leveraging technology. The focus for the year remained on partnering customers on product improvements which included lightweighting, enhanced durability and a combination of the two.

- Growing business with existing customers by broadening the product base and offering superior value addition by enhancing metallurgy and developing better processes which led to growth in market share.
- Enhancing the product portfolio by creating capabilities and achieving necessary internationally acclaimed certifications such as NADCAP to serve the aerospace industry.

Going forward, challenges are expected to surface given the volatility of markets, increasing competition and greater demand for superior products from OEMs. In order to address these challenges, Bharat Forge intends to strengthen its focus on innovation which will enhance value perception of its products on a global scale. Additionally, it will seek newer opportunities in key geographies while continuing to support existing customers through a range of value-added, technologically superior product portfolio.

5. SUBSIDIARIES

5.1 Global subsidiaries

The Company's wholly-owned Global Subsidiaries recorded yet another strong performance which was clearly driven by concentrated focus on productivity, cost control and introduction of new and innovative products.

The total income recorded a growth of 31.7% while EBITDA grew by 84%. The EBITDA margins also witnessed growth over the previous year, clocking a rise of 190 bps over the previous year. PAT stood at ₹ 1,167 Million as compared to the previous year when it recorded a loss of ₹ 370 Million. The discontinuation of operations in China has added positively to the profitability.

BFL's global subsidiaries have helped the Company increase its access to new geographies, increased customer penetration and proximity to the

customer and enhanced ability to cater to the customers through a dual-shore based model which will reduce any customer's dependency on the number of suppliers for different components, and facilitate exchange of best practices and technology.

European subsidiaries

Bharat Forge Aluminumtechnik GmbH & Co KG (BFAT) has won a prestigious multiyear contract approximately worth Euro 250 Million from a German OEM for supply of suspension components based on unique technology industrialised by BFAT over the past few years. The industrialisation of this unique technology has put BFAT at the forefront of aluminium component industry witnessing huge demand globally.

To create capacity for this additional business, BFAT is increasing its capacity by adding a new press line with all auxiliary equipment including melting which will be commissioned in January 2015. This plant is being set up at a cost of Euro 31 Million funded by way of internal accruals, debt and state subsidies.

Going forward, the European subsidiaries will focus on developing more customers and products.

Divestment of stake in Chinese Joint Venture

Through its indirect subsidiary in Hong Kong, BFL divested 51.85% stake in its Chinese Joint Venture Operations [FAW Bharat Forge (Changchun) Company Limited] to its Joint Venture partner, China FAW Corporation Limited, for US \$28.20 Million (approx. ₹ 175 crores) to end its eight-year old Joint Venture in China. Over a period of time, since the venture has been in existence, BFL invested close to ₹ 178 crores in four tranches. Therefore, the amount that had been invested has been recovered in the form of this divestment. It will have a positive impact on the cash flows and profitability on a consolidated basis.

5.2 Indian subsidiaries

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

Alstom Bharat Forge Power Limited (ABFPL) and Kalyani Alstom Power Limited (KAPL) are two JV companies of BFL with Alstom. Due to the slowdown in the power sector witnessed over the past few years, the JV partners have decided to merge KAPL in to ABFPL to save on operational cap-ex and for rightsizing the operations. This process will get completed in the next few months.

A stay has been imposed by the Hon'able High court of Gujarat on the development and construction work being carried out by the joint venture ALSTOM Bharat Forge Power Limited and Kalyani ALSTOM Power Limited to set up a manufacturing facility at Adani Port and Special Economic Zones (APSEZ) prior to the developer of the SEZ obtaining clearance from the ministry of environment and forests. Both the companies have received individual environmental clearances and both companies do not expect any material impact of this development. These companies have already started construction of facilities at alternate locations.

The JV with an order book of 3.3 GW (5X 660 MW) from NTPC is executing the initial sets and importing them while the construction of the plant is happening concurrently at Sanand, Gujarat.

5.2.2 BF Infrastructure Limited (BFIL)

BFIL was involved in setting up a 450 MW (3x150 MW), coal-based thermal power plant at Haldia, West Bengal, for India Power Corporation (Haldia) Limited on an EPC basis at a cost of about ₹ 1,885 crores. Due to certain delays and uncertainty regarding the sector, it has been agreed mutually that BFL will exit the project to avoid any adverse P&L impact.

MANAGEMENT DISCUSSION AND ANALYSIS

6. FINANCIAL REVIEW

6.1 Standalone

(In ₹ Million)			
Particulars	FY 2013-14	FY 2012-13	% Change
Shipment Tonnage	174,808	172,030	1.6%
Domestic sales	14,571	15,025	-3.0%
Export Sales	18,482	15,867	16.5%
Other Operating Income	939	620	
Total Revenue	33,992	31,512	7.9%
Raw Material	13,738	13,573	1.2%
Manufacturing Expenses	6,126	5,952	2.9%
Manpower cost	2,788	2,575	8.3%
Other Expenditure	2,703	2,075	30.3%
Total Expenditure	25,355	24,175	4.9%
EBITDA	8,637	7,337	17.7%
EBITDA %	25.4%	23.3%	
Depreciation	2,454	2,239	9.6%
Interest	1,496	1,534	-2.5%
Other Income	1,037	917	13.1%
PBT	5,724	4,481	27.7%
Exchange Gain/(Loss)	111	(182)	
PBT	5,835	4,299	35.7%
Exceptional Item	123	106	
PBT	5,958	4,405	35.3%
Taxation	1,959	1,349	
PAT	3,999	3,056	30.9%

Total income

FY 2013-14 witnessed a rise in total revenues by 8% to ₹ 33,992 Million from ₹ 31,512 Million in FY 2012-13. There was a marginal drop in the domestic sales (-3%) as compared to the sharp fall in volumes (-21%) across the M&HCV segments of the automotive sector amidst weak demand and slowing down of infrastructure activities. However, there was significant increment in exports (16.5%) based on the improvement in demand from Eurozone and the Asia pacific regions. There was a marked improvement especially from the oil and gas sector.

Other operating income increased from ₹ 620 Million to ₹ 939 Million.

Expenditure

Raw Material as a percentage of total income decreased from 43.1% in FY 2012-13 to 40.4% in FY 2013-14 on account of improved machining and favourable product mix.

Manufacturing cost as a percentage of total income decreased from 18.9% to 18%.

Costs towards salaries remained flat at 8.2%. Other expenditure increased to 8% from 6.6% on a year-on-year basis mainly on account of increase in expenses towards new business development.

EBITDA percentage showed a healthy improvement of 210 bps rising from 23.3% to 25.4%, despite a fragile environment.

Depreciation cost remained on expected lines. Interest costs dropped from 4.9% to 4.4% on account of the reduced debt, these costs are expected to reduce going ahead on account of the Company's resolve to become a net debt free company.

(In ₹ Million)		
Particulars	March 31, 2014	March 31, 2013
Debt	19,943	18,737
Equity	26,933	23,111
Cash	9,967	6,520
D/E	0.74	0.81
D/E (Net)	0.37	0.53
ROCE	16%	14%

Return ratios (ROCE and RONW) improved on an annual basis on back of effective capital management and improved profitability. ROCE has increased from 14% in FY 2012-13 to 16% in FY 2013-14 while RONW has increased from 14% to 16% in the same period.

6.2 Consolidated

Particulars	(In ₹ Million)		
	FY 2013-14	FY 2012-13	% Change
Within India	22,524	16,081	40.1%
Outside India	43,698	34,964	25.0%
Other Operating Income	939	620	51.3%
Total Revenue	67,161	51,665	30.0%
Raw Material	24,612	22,028	11.7%
Manufacturing Expenses	11,185	10,058	11.2%
Manpower cost	7,901	7,016	12.6%
Other Expenditure	5,563	3,885	43.2%
Project cost	7,629	763	
Total Expenditure	56,890	43,750	30.0%
EBITDA	10,271	7,915	29.8%
EBITDA %	15.3%	15.3%	
Depreciation	3,579	3,195	12.0%
Interest	1,691	1,672	1.2%
Other Income	1,249	1,121	11.5%
PBT	6,250	4,169	49.9%
Exchange Gain/(Loss)	-	-	
Exceptional Item	1,037	366	
PBT	7,287	4,535	60.7%
Taxation	2,100	1,529	
PAT	5,187	3,006	72.6%
Share of profit in associate	-	2	
Minority Interest	(28)	(39)	
Net Profit	5,215	3,047	71.2%
Loss from Disc ops	(230)	(571)	
Net Profit	4,985	2,476	101.4%

Consolidated revenues increased 30.0% from ₹ 51,666 Million to ₹ 67,161 Million, driven by improvement in exports from the standalone operations and initial revenue generation from the Alstom JV executing the NTPC order.

EBITDA of ₹ 10,271 Million in FY 2013-14 witnessed a 29.8% increase compared to FY 2012-13, a combination of improvement in the standalone operations profitability at the EBITDA level and improvement in the European operations.

Over the years, Bharat Forge has been recognised for the high quality of products and services it has delivered.

Particulars	(In ₹ Million)	
	March 31, 2014	March 31, 2013
Debt	25,612	27,845
Equity	26,832	22,564
Cash	11,949	9,427
D/E	0.95	1.23
D/E (Net)	0.51	0.81
ROCE	15%	12%

7. INNOVATION AND INTELLECTUAL PROPERTY RIGHTS (IPR)

BFL strongly believes that the next round of growth will be propelled by creating opportunities through innovation.

Innovation is at the heart of whatever BFL does. Our in-house R&D team has been committed to working on various projects including design re-engineering and lightweighting of components to improve strength to weight ratio without affecting quality and durability. This assists to improve vehicle performance and minimise carbon footprint. R&D team is also engaged in the development of new steel grades which will result into environment friendly manufacturing processes, i.e. lower energy consumption and reduced emissions. Innovation is a continuous on-going process in the Company which has helped us explore new ideas and deliver solutions for transformation consistently. Innovation for new products is being carried out by the Company not only for products in the automotive space, but in the industrial space as well.

Bharat Forge has endeavoured to develop fossil free technologies that aim at providing greener technologies that its automotive clientele can capitalise on. BFL has partnered with various like-minded companies to develop greener technologies.

Innovative application of latest technologies has helped the Company to develop critical and high value added products for the industrial sector. Today, BFL is an indigenous supply source for

MANAGEMENT DISCUSSION AND ANALYSIS

The Company had a total strength of 4,581 permanent employees as on 31st March 2014.

some of these products which were largely imported earlier.

With innovation at its heart, BFL continues its endeavour of venturing through diversification and manufacturing of high quality products that drive change and sustainability.

Patents

A total of 6 patent applications have been filed. BFL has been already granted 1 while the remaining has been submitted and awaiting examination. These patents have largely been for process and product improvements. In the coming year as well, BFL has got a healthy pipeline of patents on which work is being carried out.

Design improvements

Bharat Forge has transformed itself from being supplier of components to a preferred technology and engineering driven development partner for all industries that need forged components. BFL is involved with its clients throughout the product development process – right from the initial stages of product design to the time of product delivery – and voices various recommendations for weight optimisation, fatigue strength improvement, balancing improvement and forge ability improvement. BFL has submitted more than 21 VAVE proposals on product and process improvements in FY 2013-14 to domestic and international customer. Out of 21, more than 70% implemented.

Yield improvement programmes

In the current global market, cost effective product and process is the major driving factor for success. To optimise input material and to minimise the material wastage during manufacturing process, BFL R&D team is extensively working on "Yield Improvement" and "Process Improvement" programme by using 3D metal flow simulation software coupled

with high speed cluster and strong engineering database.

Additive Manufacturing

BFL believes in technology up-gradation to develop quality product with reduced development cycle time. Additive manufacturing will be the next step in manufacturing technology with the potential to revolutionise the industry as it currently stands. BFL is putting its best efforts for the acquisition of this technology. As a first step towards this acquisition is the addition of 3D printer to its portfolio which simulates and creates miniatures of the actual products. This aids BFL to review various aspects of the products and improve its performance.

Knowledge exchange

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

8. HUMAN RESOURCES MANAGEMENT

Human Process Development Laboratory

BFL has constantly focused on strengthening its internal base through its own Human Process Development Laboratory. Few outperforming managers are hand-picked and passed through this laboratory. The Company publishes success stories of these selected managers. Also, various HODs are working as mentors for BITS/Warwick and high potential candidates.

Strengthening Leadership Pipeline

A structured leadership programme is run for a period of three days. Based on this programme, a survey for 3,600 potential in-house employees has been carried out, which helps doing the SWOT analysis of individuals and enables them to reach the goals set by the organisation.

Train the Trainer Programme

Train the Trainer Programme is a structured training programme, carried out at BFL. A

key constituency to this programme is the faculty members at various engineering institutes.

It ensures integration of BFL requirements with University Syllabus, such that the trainers are also well acquainted with the latest happenings at BFL. This is followed by visits by BFL's HR and technical team members to ensure understanding of BFL technical needs by faculty members as well as students.

Training Programme for Engineers and Technicians

Various training programmes were carried out to nurture human capital and in strengthening communication. Various Programmes including 'development of positive attitude towards working', 'personal effectiveness', 'managerial development', 'creativity at work and home' and so on, are held in this regard.

Talent Pipeline Programme

In order to keep pace with the competitive and dynamic business environment, BFL has continued its Talent Pipeline Programme in collaboration with few Engineering Institutes in rural parts of India. This helped us in creating a Talent Pool to meet our future talent requirements.

Innovative learning initiatives

BFL continued its innovative learning initiatives with reputed institutes such as BITS Pilani, Warwick University, UK and IIT Mumbai (M.Tech.). Three candidates were sponsored for their PhD Programme, one each at the University of Pune, IIT Mumbai and Deakin University Australia.

Selected candidates are offered with various degree courses including Diploma in Mechanical Engineering, B.S. (Manufacturing Engineering), M.Sc. (Engineering and Business Management), M.Tech., Post Graduate Diploma in Quality Management, and so on.

HR facilitator initiative

In order to ensure that we 'reached the unreached', BFL has been continuing the HR Facilitators Programme successfully for the past seven years.



●○ Team working closely at 'Closed die Forging Division'

As a part of this programme, we have ensured that the managers from various departments are trained as HR ambassadors and imparted with in-house and outbound training programmes. This initiative has formalised and streamlined the communication flow within the organisation.

HR Events

Various HR events are held to ensure involvement of all employees and boost their talents. Family members of the employees were also a part of some of the events carried out. These events include Women's Day, Technology Day, Environment Day, Teacher's Day, Cultural Programme, CSR activity, AIDS Awareness Day.

Industrial Relations

Industrial Relations were very cordial at all locations. A long-term settlement has been signed with the recognised union for a period of 3 years, at the Pune facility.

Policy for female employees

With an aim to provide a safe environment to female employees and ensure redressal of their concerns regarding their safety and dignity at workplace. Quarterly meetings are conducted for all female employees.

Employee strength

The Company had a total strength of 4,581 permanent employees as on 31st March 2014.

9. INFORMATION TECHNOLOGY

FY 2013-14 highlights

○ BFL deployed SAP at Satara Plant. With this, all plants of Bharat Forge are on Standard ERP Platform. This would result in significant improvement on governance of processes.

○ The Company implemented Business Intelligence in Sales function as a part of Phase 1. The agility, accuracy and consistency in information would be visible in this domain.

○ Automation of New Product Development using Microsoft SharePoint Portal is completed. This has created total visibility on the projects in pipeline & helped to establish good project governance.

○ The Company has decided to implement SAP SRM as a tool for Supply Chain Portal. The implementation is under progress. This would bring a self-service approach and reduce significant operational overhead in manual process.

○ The Company has deployed EMC Avamar solution to improve enterprise backup solution. This has helped reduce the backup/restore window resulting in increased Business Continuity.

Targets for the next year

○ Implementation of Business Intelligence in Phased manner: The Company targets to bring Finance, Materials & Production function on this platform.

○ Implementation of Scheduling software in Die shop: This would improve the Die Manufacturing Planning Process by giving visibility on scheduling of die manufacturing. This would also give capability for 'what-if analysis':

○ BFL would be deploying "Video Collaboration Platform" for various application like

- Video-based Standard Operating Procedure for the Shop Floor Engineers
- Various Trainings
- Induction Programme
- Effective Communication from Management
- New Technology updates to employees
- Knowledge Management across all plants

○ Deployment of Data Leakage Prevention solutions in select critical functions. This will give total assurance on protection of key information assets.

Awards

Over the years, Bharat Forge has been recognised for the high quality of products and services it has delivered. Some of the awards received by the Company are given below:

○ The Company entered into "Hall of Fame" by getting awarded the CIO100 ('The Astute 100 - 2013') award for the fourth consecutive time. BFL also won the Special Award in "Information Security" Category. These awards are conferred by the International Data Group in recognition for innovative implementation in IT.

○ BFL also won the 'Diamond EDGE (Enterprises Driving Growth and Excellence)' award from Information Week Magazine. It recognises CIOs [Chief Information Officer] in India who have demonstrated best use of technology to solve a business problem, improvement in competitiveness and delivering quantifiable return on investments to stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

10. SAFETY

Training programme

Safety Induction Training

All new employees have to undergo safety induction training before they are issued with ID card. The record of safety induction training is endorsed in the 'Safety Passport'. ID card is issued to employees by Admin Department, only after endorsement of 'Safety Passport'.

Self-Teaching Education Programme (STEP)

For all new employees we conduct STEP programme. Under this programme we have developed operation-wise pictorial training guide with questions in three languages (Marathi, Hindi and English). The new comers have to study the pictorial training guide and appear for the objective test of 30 marks and secure 70% score, failing which they have to reappear for the test. If they fail in the second attempt they are not considered for recruitment. After passing the exam they submit 'Pratighya Patra' and 'Declaration' form with the signature of the Line Manager and HSE Co-ordinators. After submitting these documents safety department endorses the 'Gate Pass' of the employee and Admin Department validates the 'Gate Pass'.

Safety Trainings

Training Need Analysis / Skill Matrix is prepared to identify the skill and competency levels of the employees and based on that Training Calendar is prepared for the year and training is imparted as per the plan. In 2013, 21 topics were covered which are relevant to our operations. In 2013, we have trained 4,150 employees and invested 7031 man-hours on training. In addition to the above we have declared 2014 as 'Competency Building' year. We have already done the competency mapping department-wise and prioritised competency in 3 levels for provision of training.

Advance Diploma in Industrial Safety (ADIS) and Advanced Diploma in Fire Safety Engineering (ADFSE)

Since 2008 we are conducting ADIS and from 2009 we are conducting ADFSE courses and the participants have to undergo the examination conducted by the Maharashtra State Board of Technical

Education (MSBTE). We have trained 38 officers in ADIS and 22 in ADFSE courses. All these officers are drawn from the various department of our organisation. Out of these officers we have selected 12 officers and appointed them as HSE Co-ordinators and 14 officers as Fire Marshals. They report to the respective HOD's for day to day activities of Health and Safety. In addition to the above officers we have 67 Fire Wardens. Regular meetings are conducted with these officers. Currently 28 officers are undergoing training in ADIS and ADFSE.

Personal Protective Equipment

As the outcome of HIRA we have prepared department-wise PPE matrix. These are displayed at conspicuous locations on the Shop Floor. Training is provided on Use, Care and Disposal of PPE. PPE use is regularly monitored through shop rounds by Safety Department Personnel and HSE Co-ordinators. We provide the best quality PPE which are in conformance with EN and BIS standards. Regular meetings are carried out with Purchase Department to ensure the quality and availability of stock in the stores. Night rounds are also carried out to ensure usage of PPE beyond office hours. Regular up gradation of the quality of PPE is done to ensure the comfort of the employees. PPE specifications are prepared which contains Usage, Shape and Design, Material of Construction, Packing, etc. and copies of the same is available with Safety, Purchase and Stores. PPE compliance is also ensured during Behavioural Based Safety (BBS) observations by the BBS observers.

Plant Safety Inspections

Line Managers / Shift In-Charges carry out Plant Safety Inspection in their respective sections once in a month and the report

is sent to HOD's. Findings of Plant Safety Inspections are reviewed in the monthly Departmental Safety Committee Meetings. It is one of the HSE objectives of the department. Plant Safety Inspection is carried out to identify potential hazards and to ensure that the Plant and Systems of work are safe and without risk to health.

Medical Check-up

We carry out Medical Check-up of employees involved in Hazardous Process through a certified surgeon. This is in accordance with the First Schedule of Section 2cb of The Factories Act, 1948.

Behavioural Based Safety (BBS) Programme

We have constituted a team of 240 Officers who have been appointed as BBS Observers and they are required to make observations in the area of 'Safe Behaviours' and 'At Risk Behaviours' and report the findings to their respective HOD's who in turn will send the details to Safety Department and the same is reviewed in MIS, chaired by CMD. The Histogram is enclosed below. We had set a target of having 85% safe behaviours and progressively we are increasing the percentage of safe behaviours. We believe in Safety and Welfare of our Employees and value them. Since employees are our valuable assets we incorporate advanced techniques like BBS to improve the behavioural aspects of our employees and also enhance their competency by organising innovative training workshops and welfare measures.

Sword of Honour

We have been awarded the Five Star Award for Health and Safety Management System and also the 'Oscar' of the Safety



●○ Workforce at Engineering Center

World – ‘The Sword of Honour’ by the British Safety Council in recognition of our efforts in the area of Health and Safety.

Accident Record

As a result of the above activities the accidents are on the downward trend year after year. No of productive hours lost due to accident has declined by 50% in 2013 compared to 2012.

11. CORPORATE SOCIAL RESPONSIBILITY

BFL understands that the success of an organisation is deeply rooted in the progress of the society and all its stakeholders. These include the community that resides in and around (localities) the facilities. BFL's corporate social responsibility extends to the fields of -Promotion of Education, Enhancing vocational skills, Health and Hygiene, Empowerment of women, Environment sustainability, Promotion of sports.

Philosophy

At Bharat Forge, Corporate Social Responsibility (CSR) has evolved over the decades with the simple objective of ‘giving back to society’. We believe CSR is a close integration of the community's economic, environmental and social aspirations with the Company's business goals and objectives. We are, therefore, committed to integrate CSR with our business processes for sustainable growth and development. We would like to emphasise our initiatives in specific areas of social development that would include primary, secondary and tertiary education, skills development, vocational training, health & hygiene, sustainability, environment and ecological protection and character building by providing training opportunities in sports and cultural activities. We believe our initiatives in these areas would continue to contribute significantly to the overall welfare of the community and make a difference in living standards of the community.

Objective

Bharat Forge is proud of being a socially responsible corporate citizen. We would like to further scale-up our CSR activities through the initiatives aimed at improving the lot for the needy, deprived

and marginalised sections of the society including economically deprived children, women and senior citizens. We propose to empower them to effectively participate in social and economic opportunities so that they can be integral beneficiaries of growth and development. We would strive to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from our CSR initiatives which would also be focused around communities that reside in the proximity of our Company's various manufacturing locations in the country.

Employment enhancing vocational skills

BFL has made significant contribution in the field of education by setting up an Industrial Training Institute (ITI) at Khed in 2007. This endeavor targets people, who have completed education till the 10th grade. The Company's efforts were acknowledged and the Bharat Forge ITI was recommended by KRDWGs' (Knowledge Resource Development & Welfare Group) expert panel for Educational Excellence Awards 2012. The Company has adopted two more ITIs in Pune – ITI Bhore and ITI Malegaon – in order to upgrade ITI education as to cover emerging technologies, bridge the gap between academics and industry, provide on the job training to the students and also work in infrastructure development.

Educational initiatives

BFL serves as the industry partner to different engineering colleges to bridge the skill gap between academics and Industry. We deliver teaching expertise, coaching and training to the educational institutes. The Talent Pipeline Programme is part of our educational initiatives. Students from different rural engineering colleges in and around Pune are selected. Our Technical Experts visit various colleges and impart training to the students with respect to required industrial skill sets. The students are trained and educated at BFL and later they are selected as Graduate Engineer Trainees (GETs).

Social projects

BFL is entirely supporting and monitoring the Pratham Pune Education Foundation (PPEF) initiative. Founded and chaired by Mr. B.N. Kalyani, PPEF is engaged in imparting non-formal education to

underprivileged children in the age group of 3 to 14 years. It is operated through an extensive network of Balsakhis, Shishuvachan, Learning Camp, Science in PMC School and Libraries. This has touched the lives of a significant number of children, helping Pune achieve almost 100% literacy. The initiative has also catalyzed women empowerment.

In FY 2013-14, Pratham conducted English classes, Shishuvachan classes (Marathi & Maths), learning camps, Science Programmes and Libraries in selected areas of Pune.

Empowering women

The Kalyani Group Community Development Center's benefit the ladies of the communities. The center provides space for social emancipation, recreation and income generation. For 30 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, trips, entertainment, health and safety related programmes, extracurricular activities, camps for children, home management course for adolescents and so on are held.

Environmental sustainability & Promotion of health and hygiene

In FY 2013-14, CSR activities increased with wider participation of BFL employees. Lakshya (Goal) is a unique inter-departmental initiative started at Bharat Forge with the aim of giving something back to the society wherein efforts were taken across departments to serve the needy. In a structured way, every department at Mundhwa has taken up a specified activity. Thus CSR activities have become integral to the work profile of employees at Mundhwa

Some of these activities focus on cleaning forts, taking care of Senior citizens and underprivileged children, Environment, involvement in Blood donation camps, women empowerment. Each department in the Company has adopted an institution (schools and old age homes) around Pune. The employees visit the institutions regularly.

MANAGEMENT DISCUSSION AND ANALYSIS

Sponsorships

'VASTRABHET' (The Joy of Giving Week)

Bharat Forge observed the first week of October 2013 as 'Joy of Giving Week'. The theme for the week was 'VASTRABHET' [donation of clothes to the underprivileged people. We collected more than 400 kg clothes from our employees and have donated it to Goonj and Swach organisations.

Nanhi Kali

Bharat Forge has supported Nanhi Kali with the realisation 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.

Lakshya (A Tennis Initiative)

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

Affirmative Action

BFL is committed to taking steps to ensure Affirmative Action is taken to help the Scheduled Caste & Scheduled Tribe communities of the society. BFL's principles of equal employment opportunity, education, employability and entrepreneurship help us foster 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

Outlook on the economy

The growth in India is likely to firm up on the back of stronger structural policies



●○ Birthday celebration at one of the BFL's Patronage orphanage

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

favoring investment, clearance of stalled projects and demand recovery, backed by improved external economic climate. The early estimates suggest that these are likely to drive GDP growth to +5% in FY 2014-15.

The demand levels for the automotive market across geographies are stabilising with an upward bias. Overall the demand is expected to be moderately better in H₂ FY 2014-15 likely to be driven by exports and early signs of recovery in India.

Investment in technologies

BFL is looking forward to enhance its technological capabilities further the implementation of which takes a long time (sometime even 3 to 4 years).

Deepening product analysis & testing capabilities

BFL's next goal is to build capabilities such that it can carry out further product analysis & testing in a manner that an OEM Company would do. Appropriate investments are being carried out in technologies to move ahead of the curve. This will facilitate better connect to more and more OEM players.

Investing in testing capabilities

Along with a deepened product analysis, BFL is also focusing on investments to build testing capabilities.

13. RISK MANAGEMENT

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

RISK	NATURE OF RISK	RISK MITIGATION STRATEGIES
Market Risk	More than 50% of BFL's consolidated revenues are derived from the US and European markets. Hence, any economic crisis that hits the developed economies is sure to have a significant impact on the Company's bottom line. The emerging markets haven't reached the size of developed markets.	BFL has a diverse portfolio of products across auto and non-auto sectors, which helps it shift focus to other industries, customers and geographies.
Inputs Price volatility Risk	There is a major threat with regards to the volatility in the price of raw material costs (steel, energy and freight) in the past few years.	<p>BFL has constantly striven to keep its production costs under control, by enhancing its productivity. Various measures have been taken to reduce the final required input.</p> <ul style="list-style-type: none"> • The majority of steel requirement of BFL is procured through two steel mills, which are located in high proximity to the BFL plant. These mills are a part of the Kalyani Group itself. This helps mitigation of inventory risks to an extent. • BFL has raw material pass-through clauses in all contracts, to protect itself from commodity volatility. • A number of other measures have been taken to reduce energy consumption through modification of processes including SKOs and LDOs.
Currency Risk	With significant exports and foreign currency liabilities, BFL is always exposed to global currency fluctuations .	BFL has followed a consistent policy of taking simple forwards on a rolling basis to protect its export realisation . At any given point of time, BFL's exports are higher than its foreign currency borrowings, thereby giving it a natural hedge.
Interest Rate Risk	The Company is always looking at expanding its presence in the overseas markets . It uses borrowings to fund its expansion and acquisition needs and hence, has an incremental exposure to interest rate risk.	<ul style="list-style-type: none"> • BFL's efficient financial planning, which includes increasing equity in line with growing debt-levels, has ensured a healthy debt-equity ratio. • A judicious mix of loan portfolio and internal cash accruals is carried out to fund its expansion plans. • While BFL focuses on Working Capital Management to reduce interest cost, it also keeps a check on loan repayments.

MANAGEMENT DISCUSSION AND ANALYSIS

contd.

RISK	NATURE OF RISK	RISK MITIGATION STRATEGIES
Insolvency Risks	BFL operates through several global subsidiaries. The Indian operations have remained strong, but some of the foreign subsidiaries may come under financial stress. In the current financial environment, many of these subsidiaries may even face insolvency risks.	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, when the situation arises, asset sale and divestment of business may need to be undertaken , on a case to case basis as evident from the divestment of stake in China JV & sale of Assets of BFA.

Challenges and Opportunities

Challenges

The forging industry in India is confronted with increasing input costs such as rising raw material prices and high price of power. Availability of finance at reasonable interest costs has become difficult due to a tighter monetary policy which has led to subdued industrial activity. The weak overall monsoon as predicted can prove a deterrent for economic growth. A resultant strong inflation may lower consumption demand and reduce infrastructure investment thus adversely affecting demand for CVs.

Low utilisation levels of trucks, higher operating costs and stagnant freight rates have pushed up delinquencies by fleet operators. Rising cost of diesel is another factor for the shrinkage of the margins, hence new buying is getting delayed. There is a marked increase in the volatility of foreign exchange rates.

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

Additionally, with increasing globalisation of markets there is potential competition from forging capabilities that are or will emerge in other developed and developing countries. Hence R&D costs have to be increased substantially to differentiate products from others and surplus capacities have to be effectively managed.

Existing competitive materials (metal matrix composites, ceramics, and plastics); existing competitive processes (powder metallurgy, casting, stamping, fabricating) and emerging technologies, such as semi-solid forming may find increased application.

To develop technologies that integrate pollution prevention into the entire metal forging processing system has become imperative. These technologies must be environmentally acceptable, functionally effective, and affordable.

Customers have expectations for increasingly high levels of quality at a lower price. Hence forgers have to work towards the end product and radically change the existing process to produce parts that satisfy the customer, while providing a reasonable level of profitability for all parties in the supply chain. This may put pressure on the earnings potential of the companies in the near-term.

Opportunities

The industry is a key link between critical manufacturing segments – metal suppliers (both ferrous and nonferrous) and end user industries. Forgings are intermediate products used widely by original equipment manufacturers in the production of durable goods.

Among the industries that depend on forgings are automotive and truck; agricultural machinery and equipment; valves, fittings, and petrochemical applications; hand tools and hardware; off-highway and railroad equipment; general industrial equipment; ordnance and marine; and aerospace. Virtually all metals can be forged, making an extensive range of physical and mechanical properties available in products with the highest structural integrity.

In terms of industry trends, there is an increasing demand for ready to fit components / sub-assemblies as well as a growing demand for precision forging components (near net shape forging) mainly due to reducing cost along the production chain.

The Indian automobile market has gained a lot of focus from the past couple of years from many global players who have started utilising India as a manufacturing hub for small cars. India holds significant advantage because of its low cost manufacturing advantage and there would be significant growth in the passenger vehicle volumes in coming years.

With economic revival, increasing public and private spending on infrastructure and eased of financing facilities, it is expected that all sectors of the industry will witness growth trend in the coming years.

The CV industry has been linked to the country's GDP and industrial activities. Infrastructure boom and emergence of

hub and spoke model will give a new dimension to the M&HCV sector in India. Strict implementation of new emission and anti-overloading norms will increase the replacement demand for the CVs.

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.

15. CAUTIONARY STATEMENT

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



REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

BHARAT FORGE BELIEVES THAT IT IS IMPERATIVE AND NON-NEGOTIABLE FOR A WORLD-CLASS COMPANY TO ADOPT TRANSPARENT ACCOUNTING POLICIES, APPROPRIATE 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 the 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.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges with regard to the corporate governance, applicable for the year 2013-14.

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, 2014, Bharat Forge's Board comprises of fifteen (15) Directors. The Board consists of the five (5) Executive Directors (including Chairman and Managing Director, who is a promoter Director) and ten (10) Non-executive Directors, eight (8) of whom are independent. Details are given in Table 1.

Number of Board Meetings

In 2013-14, the Board of the Company met 4 (four) times on May 25, 2013, August 8, 2013, October 25, 2013, and February 4, 2014. The maximum gap between any two Board Meetings was 101 days and the minimum gap was 74 days.

Directors' Attendance Record and Directorships

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year 2013-14 and the last Annual General Meeting (AGM) held on August 8, 2013 and the number of Directorships and Committee Chairmanships/ Memberships held by them in other public companies as on March 31, 2014, are given herein below.

Table 1 below gives the details:

Table 1: Composition of the Board of Directors etc. for the year 2013-14

Name of the Director	Category	Attendance Particulars			No. of other Directorships and Committee Memberships / Chairmanships in other Indian public companies as on March 31, 2014***		
		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	4	4	Yes	12	2	2
Mr. S. M. Thakore	Independent	4	3	Yes	6	1	2
Mr. S. D. Kulkarni*	Independent	4	0	No	NIL	NIL	NIL
Mr. P. G. Pawar	Independent	4	4	Yes	5	4	1
Dr. Uwe Loos*	Independent	4	1	Yes	NIL	NIL	NIL
Mr. P. C. Bhalerao	Non-Executive	4	2	No	NIL	NIL	NIL
Mrs. Lalita D. Gupte	Independent	4	3	Yes	4	2	1
Mr. P. H. Ravikumar	Independent	4	4	Yes	8	3	2
Mr. Alan Spencer	Independent	4	3	Yes	NIL	NIL	NIL
Mr. Naresh Narad	Independent	4	4	Yes	1	2	NIL
Dr. T. Mukherjee	Independent	4	4	Yes	6	2	NIL
Mr. Sunil K. Chaturvedi**	Non-Executive	4	4	Yes	5	1	NIL
Mr. G. K. Agarwal	Executive	4	4	Yes	1	NIL	NIL
Mr. Amit B. Kalyani	Executive	4	4	Yes	11	3	NIL
Mr. B. P. Kalyani	Executive	4	4	Yes	NIL	NIL	NIL
Mr. S. E. Tandale	Executive	4	4	Yes	1	NIL	NIL
Mr. Vimal Bhandari	Independent	4	2	Yes	7	3	2

* Ceased to be a Director with effect from August 8, 2013.

** Ceased to be an Executive Director and become Non – Executive Director with effect from December 31, 2013.

*** Other directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only the Audit Committee and Shareholders'/Investors' Grievances Committee in all public limited companies (excluding Bharat Forge Limited) have been considered.

As mandated by Clause 49 of the Listing Agreement, the Independent Directors on Bharat Forge Limited's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its Subsidiaries and Associates, which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not Partners or Executives or were not Partners or Executives during the preceding three 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 block of voting shares.
- Are not less than 21 years of age.

REPORT ON CORPORATE GOVERNANCE

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 Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any 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 a controlling a substantial stake in another Company.
- Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee.
- Annual financial results of the Company, Auditors' report and the Report of the Board of Directors.
- Compliance Certificates for all the laws as applicable to the Company.

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

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.

There were no public issue, right issues, preferential issues, bonus issues etc. during the year.

CEO and CFO Certification

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

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.

COMMITTEES OF THE BOARD

As on March 31, 2014 the Company has: Audit Committee, Shareholders'/Investors' Grievances Committee, Remuneration Committee and Functional Committee. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board meeting for perusal and noting. The Company Secretary acts as the secretary of all Committees.

To align with the requirements prescribed for such Board Committees under the provisions of the Companies Act, 2013, the Board of Directors on May 27, 2014 amended the terms of reference of the Audit Committee, changed nomenclature, constitution as well as terms of reference of Remuneration Committee by renaming it as 'Nomination and Remuneration Committee', changed nomenclature and terms of reference of Shareholders'/Investors' Grievances Committee by renaming

it as 'Stakeholders Relationship Committee' and formed Corporate Social Responsibility Committee. The details set out below reflect the above amendment/approval of the Board.

AUDIT COMMITTEE

The Company's Audit Committee comprises four members; headed by Mr. P. G. Pawar and has Mr. S. M. Thakore, Mr. P. H. Ravikumar and Mr. P. C. Bhalerao as its members. During the year, upon retirement from the Board, Mr. S. D. Kulkarni ceased to be a member of the Committee with effect from August 8, 2013.

All the members of the Audit Committee possess accounting, economic and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Annual General Meeting (AGM) held on Thursday, August 8, 2013 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 6 (six) times on May 25, 2013, August 8, 2013, August 21, 2013, October 25, 2013, February 4, 2014 and March 19, 2014. The maximum gap between any two meetings was 101 days and the minimum gap was 12 days.

Table 2 below gives attendance record.

Table 2: Attendance record of Audit Committee members for 2013-14

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	6	6
Mr. S. D. Kulkarni*	Independent	Member	6	0
Mr. S. M. Thakore	Independent	Member	6	5
Mr. P. H. Ravikumar	Independent	Member	6	5
Mr. P. C. Bhalerao	Non-Executive	Member	6	3

* Ceased to be a Director with effect from August 8, 2013.

The meetings of the Audit Committee are also attended by the Chief Executive Officer, Executive Directors, Chief Financial Officer, Statutory Auditors and other Management representatives as special invitees.

REPORT ON CORPORATE GOVERNANCE

Powers of the Audit Committee:

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

Role of the audit committee inter alia includes the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors, scope and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in

the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards; and
- Carrying out such other functions, as may be specifically referred to the Committee by the Board of Directors and/ or other Committees of Directors of the Company.

Review of information by the Audit Committee :

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions.

- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- Internal audit reports relating to internal control weaknesses, if any.
- The appointment, removal and terms of remuneration of the Internal Auditors.
- The Financial statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Clause 49 of the Listing Agreement.
- Details of material individual transactions with related parties, which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not arm's length basis, along with management's justification for the same; and

The Board on May 27, 2014 added the additional terms of references of Audit Committee as mentioned below to align with the requirements of the Companies Act, 2013:

- review and monitor the auditor's independence and performance effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary; and
- evaluation of internal financial controls and risk management systems.

NOMINATION AND REMUNERATION COMMITTEE

To align with the requirements of the Companies Act, 2013, the nomenclature of 'Remuneration Committee' has been changed to 'Nomination and Remuneration Committee' by the Board on May 27, 2014 with following new composition of the said Committee:

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

Terms of Reference

- To identify qualified persons to become directors and senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees; and
- To act in terms of any consequent statutory modification(s) / amendment(s) / revision(s) to any of the applicable provisions to the said Committee.

Meetings:

During the year, the Remuneration Committee met on May 25, 2013. Table 3 below gives the details of attendance.

Table 3: Attendance record of Remuneration Committee for 2013-14

Name of the Director	Category	No. of Meetings	
		Held	Attended
Mr. S. D. Kulkarni*	Independent	1	0
Mr. B. N. Kalyani (Chairman and Managing Director)	Promoter, Executive	1	1
Mr. P. C. Bhalerao	Non-Executive	1	1
Mr. P. G. Pawar	Independent	1	1
Mr. Amit B. Kalyani	Executive	1	1

*Ceased to be a Director with effect from August 8, 2013.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2014, is set forth in Table 4 below.

Table 4: Remuneration paid or payable to Directors for the year ended March 31, 2014 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	43,493,153	6,843,987	75,000,000	125,337,140
Mr. S. M. Thakore	None	40,000	NA	NA	1,375,000	1,415,000
Mr. S. D. Kulkarni@	None	NIL	NA	NA	NIL	NIL
Mr. P. G. Pawar	None	55,000	NA	NA	1,850,000	1,905,000
Dr. Uwe Loos@	None	5,000	NA	NA	250,000	255,000
Mr. P. C. Bhalerao	None	35,000	NA	NA	1,050,000	1,085,000
Mrs. Lalita D. Gupte	None	25,000	NA	NA	900,000	925,000
Mr. P. H. Ravikumar	None	45,000	NA	NA	1,600,000	1,645,000
Mr. Alan Spencer	None	15,000	NA	NA	675,000	690,000
Mr. Naresh Narad	None	20,000	NA	NA	900,000	920,000
Dr. T. Mukherjee	None	20,000	NA	NA	900,000	920,000
Mr. G. K. Agarwal	None	NA	22,974,426	2,773,800	15,000,000	40,748,226
Mr. Amit B. Kalyani	Son of Mr. B. N. Kalyani	NA	22,495,688	2,769,832	15,000,000	40,265,520
Mr. B. P. Kalyani	None	NA	10,378,364	1,110,403	19,000,000	30,488,767
Mr. S. E. Tandale	None	NA	11,590,654	1,182,147	20,000,000	32,772,801
Mr. Sunil K. Chaturvedi@@	None	5,000	16,714,172	2,334,141	4,500,000	23,553,313
Mr. Vimal Bhandari	None	10,000	NA	NA	500,000	510,000

Notes:

@ Ceased to be a Director with effect from August 8, 2013.

@@ Ceased to be an Executive Director with effect from December 31, 2013.

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

** Sitting fees include fee payments made for Board and Committee meetings.

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

Executive Directors' appointment details :

Name	Designation	Period
Mr. B. N. Kalyani	Managing Director	from March 30, 2013 to March 29, 2018
Mr. G. K. Agarwal	Dy. Managing Director	from April 1, 2013 to March 31, 2018
Mr. B. P. Kalyani	Executive Director	from May 23, 2011 to May 22, 2016
Mr. S. E. Tandale	Executive Director	from May 23, 2011 to May 22, 2016
Mr. Amit B. Kalyani*	Executive Director	from May 11, 2014 to May 10, 2019

*Subject to members approval at the ensuing Annual General Meeting.

Till FY 2013-14, the Sitting Fee of ₹ 5,000/- used to be paid to Directors for attending the Meetings of Board & committees. In terms of the provisions of Section 197 of Companies Act, 2013 read with Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board at its meeting held on May 27, 2014, re-fixed the amount for Sitting Fee, with immediate effect @ ₹ 50,000/- per meeting for Board and Audit Committee meetings and @ ₹ 25,000/- per meeting of any other Board Committees' meetings.

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

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

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

No stock options have been issued to any of the Directors of the Company. No Non-executive Director is holding any convertible instruments of the Company.

Details of equity shares of the Company held by the Directors as on March 31, 2014 are given below in Table 5:

Table 5: Details of equity shares of the Company held by Directors as on March 31, 2014

Name of the Director	Number of equity shares held of ₹2/- each
Mr. Amit B. Kalyani	350,200
Mr. B. N. Kalyani	39,025
Mr. S. M. Thakore	24,650
Mr. B. P. Kalyani	3,130
Mr. G. K. Agarwal	2,455
Mr. P. H. Ravikumar	2,000

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

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, following information is furnished about the Directors proposed to be appointed/re-appointed at the ensuing Annual General Meeting:

1. Mr. Sunil K. Chaturvedi [DIN 02183147]

Mr. Sunil K. Chaturvedi (51) is a commerce graduate and a Chartered Accountant. He has been appointed as Whole-time Director designated as Executive Director of the Company with effect from May 20, 2008. He was in Indian Administrative Services, Government of India from August 1988.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. BF-NTPC Energy Systems Limited	BF-NTPC Energy Systems Limited
2. ALSTOM Bharat Forge Power Limited	Audit Committee - Member
3. BF Infrastructure Ventures Limited	Remuneration Committee - Member
4. Kalyani Strategic Systems Limited	
5. David Brown Bharat Forge Gear Systems India Limited	

Mr. Sunil K. Chaturvedi is not related to any other director of the Company. He does not hold any Equity Shares of the Company as on March 31, 2014.

REPORT ON CORPORATE GOVERNANCE

2. Mr. B. P. Kalyani [DIN 00267202]

Mr. B. P. Kalyani (51) is B.E. (Prod. Engg.), M.S. (Mech. Engg.), M.B.A., is an Executive Director of the Company with effect from May 23, 2006. Mr. B. P. Kalyani has served with the Company for more than 30 years and was Senior Vice President (FMD). He is responsible for Close Die Forge Division (CDFD).

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

Mr. B. P. Kalyani is not related to any other director of the Company. He holds 3,130 Equity Shares of ₹2/- each of the Company as on March 31, 2014.

3. Mr. Amit B. Kalyani [DIN 00089430]

Mr. Amit B. Kalyani (38) is a Mechanical Engineering from Bucknell University, Pennsylvania, USA. He initially worked with Kalyani Steels Limited, followed by other companies within the group. He then joined Bharat Forge in 1999 as Vice President and Chief Technology Officer, where he played a critical role responsible for implementing Unified MIS System SAP R3. He later took charge of investor relations & fund raising activities, such as, GDR, FCCB, Rights Issue & ECB's, to the tune of \$ 400 million over a period of 3 years. He was also instrumental in strategizing and execution of the several acquisitions that the group had in Germany.

Mr. Amit B. Kalyani is currently an Executive Director and while he is involved in the company's strategic planning & global business development initiatives, Mr. Amit B. Kalyani also takes care of the overall group strategy and is responsible for the expansion of its steel business and driving the infrastructure business foray of the group.

Mr. Amit B. Kalyani is son of Mr. B. N. Kalyani, Chairman and Managing Director. He holds 350,200 Equity Shares of ₹2/- each of the Company as on March 31, 2014.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. Kalyani Steels Limited	1. BF Utilities Limited
2. BF Utilities Limited	Audit Committee – Member
3. BF-NTPC Energy Systems Limited	Shareholders Grievance Committee – Member
4. Kalyani Investment Company Limited	2. BF Investment Limited
5. BF Investment Limited	Audit Committee – Member
6. Kalyani ALSTOM Power Limited	
7. Automotive Axles Limited	
8. Impact Automotive Solutions Limited	
9. Hikal Limited	
10. Kalyani Carpenter Special Steels Limited	
11. KPIT Technologies Limited	

4. Mr. S. M. Thakore [DIN 00031788]

Mr. S. M. Thakore (66) has completed his B.A. (Politics) and Bachelor of Law from the Bombay University. He is a Solicitor of High Court, Bombay and Supreme Court of England and Wales.

Mr. S. M. Thakore has been an advisor to several leading Indian Companies on corporate law matters and securities related legislations. He has also acted on behalf of leading investment banks and issuers for Indian IPO offerings and several international equity and equity linked debt issuances by Indian corporates. He has also advised in the establishment and operations of various India dedicated equity funds and domestic mutual funds. Being a solicitor for over 40 years, he has instructed leading

Indian Counsel before various courts and forums including High Courts around India as well as the Supreme Court of India in various matters involving indirect tax, commercial and corporate law. He was a partner of Bhaishanker Kanga & Girdharlal, Advocates & Solicitors for more than 30 years, until March 31, 2004 when he became a partner of AZB & Partners, Advocates & Solicitors until December 31, 2006. From January 1, 2007, Mr. Thakore along with Mr. Suresh Talwar (ex-partner of Crowford Bayley & Company) founded Talwar Thakore & Associates, one of the leading corporate law firms in Mumbai and is currently a Senior Consultant with Talwar Thakore and Associates.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. Alkyl Amines Chemicals Limited	1. Alkyl Amines Chemicals Limited
2. Morarjee Textiles Limited	Share transfer and Investors Grievance Committee - Chairman and Finance Committee - Chairman
3. Uni Klinger Limited	
4. Uni Deritend Limited	2. Morarjee Textiles Limited
5. Carborundum Universal Limited	Audit Committee - Member and Investors' Grievance Committee - Chairman
6. Sharda Cropchem Limited	3. Carborundum Universal Limited
	CSR Committee - Chairman

Mr. S. M. Thakore is not related to any other director of the Company. He holds 24,650 Equity Shares of ₹2/- each of the Company as on March 31, 2014.

5. Mr. P. G. Pawar [DIN 00018985]

Mr. P. G. Pawar (69) is a Bachelor of Engineering from Birla Institute of Technology and Science (BITS), Pilani, Rajasthan.

He is Chairman of Sakal Papers Private Limited and Chairman of ASK Chemicals India Private Limited. He was the Former President of The Maharashtra Chamber of Commerce, Industries & Agriculture, Pune, The Indian Newspaper Society, New Delhi and Indian Language Newspapers Association. He is Vice President of the World Association of Newspapers (WAN- IFRA) Paris and also Director from January 2007. He is well known social worker and is actively associated as Trustee/Member with many trusts/organizations.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. Abhijit Pawar Media Limited	1. Finolex Cables Limited
2. Finolex Cables Limited	Share transfer cum Investors' Grievances Committee - Member
3. P. P. Holdings Limited	Remuneration Committee - Member and
4. Force Motors Limited	Audit Committee - Member
5. Kirloskar Oil Engines Limited	2. Force Motors Limited
	Audit Committee - Member and
	Remuneration Committee - Chairman
	3. Kirloskar Oil Engines Limited
	Audit Committee - Member and
	Share transfer cum Investors' Grievances Committee - Chairman

Mr. P. G. Pawar is not related to any other director of the Company. He does not hold any Equity Shares of the Company as on March 31, 2014.

6. Mrs. Lalita D. Gupte [DIN 00043559]

Mrs. Lalita D. Gupte (65) is currently Chairperson of ICICI Venture Funds Management Company Limited. She retired at the end of October 2006 as Joint Managing Director and Member of the Board of ICICI Bank Limited.

REPORT ON CORPORATE GOVERNANCE

Mrs. Gupte joined ICICI in 1971 and has acquired a wide range of experience in the areas of strategic planning, project finance, leasing, resources and treasury and credit operations.

Mrs. Gupte was responsible for setting up the International business of ICICI Bank since 2001. She was instrumental in transforming ICICI Bank from a primarily term lending institution into a technology led diversified financial services group.

Mrs. Gupte is on the Board of several companies and has received several awards and recognitions. She holds a Bachelor's Degree in Economics (Hons) and a Master's Degree in Management Studies.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. ICICI Venture Funds Management Co. Limited	1. Godrej Properties Limited Audit Committee - Member and Remuneration Committee-Chairperson
2. Kirloskar Brothers Limited	2. Sesa Sterlite Limited Audit Committee – Chairperson and Stakeholders Relationship Committee – Member
3. Godrej Properties Limited	3. ICICI Venture Funds Management Co. Limited Remuneration Committee – Chairperson
4. Sesa Sterlite Limited	4. Kirloskar Brothers Limited CSR Committee - Member

Mrs. Lalita D. Gupte is not related to any other director of the Company. She does not hold any Equity Shares of the Company as on March 31, 2014.

7. Mr. P. H. Ravikumar [DIN 00280010]

Mr. P. H. Ravikumar (62) has done Bachelors in Commerce and CAIIB, AIB from London and a Senior Diploma in French. He was an ICICI Bank nominee on the Board from April 3, 2001 till withdrawal of his nomination by ICICI Bank on March 26, 2009. He has total work experience of 41 years in Banking and financial services.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. Eveready Industries India Limited	1. Eveready Industries India Limited Audit Committee - Chairman and Remuneration Committee - Member
2. SKS Microfinance Limited	2. SKS Microfinance Limited Audit Committee - Chairman and Remuneration Committee - Member
3. BOB Capital Markets Limited	3. BOB Capital Markets Limited Audit Committee – Member
4. Mcnally Bharat Engg. Co. Limited	4. Sicom Investments & Finance Limited Audit Committee – Member
5. Sicom Investments & Finance Limited	5. I G Petrochemicals Limited Remuneration Committee – Member
6. I G Petrochemicals Limited	6. L&T Investment Management Limited Audit Committee – Member
7. L&T Investment Management Limited	
8. Vastu Housing Finance Corporation Limited	

Mr. P. H. Ravikumar is not related to any other director of the Company. He holds 2,000 Equity Shares of ₹2/- each of the Company as on March 31, 2014.

8. Mr. Naresh Narad [DIN 02737423]

Mr. Naresh Narad (70) holds a bachelor's degree in Arts, LL.B. and has been a veteran I.A.S. Civil Servant. Mr. Naresh Narad has held various important positions in the Government of India and Government of Madhya Pradesh.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
FAT Pipe Networks Limited	FAT Pipe Networks Limited Audit Committee - Member Remuneration Committee - Member and Shareholders Grievances Committee - Member

Mr. Naresh Narad is not related to any other director of the Company. He does not hold any Equity Shares of the Company as on March 31, 2014.

9. Dr. Tridibesh Mukherjee [DIN 00004777]

Dr. T. Mukherjee (71) is M. Met. and Ph.D. Dr. Mukherjee, a veteran Metallurgist, has authored 134 papers in his career spanning four decades. He has been a visiting lecturer at University of Sheffield, U.K. and Adjunct Professor at I.I.T. Kharagpur. He is also a recipient of various prestigious awards. Dr. Mukherjee has total work experience of 46 years.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. TIL Limited	1. TIL Limited
2. Nicco Corporation Limited	Audit Committee - Member and
3. West Bengal Industrial Development Corporation Limited	Remuneration Committee - Member
4. Rane (Madras) Limited	2. Rane (Madras) Limited
5. Tata Advanced Materials Limited	Audit Committee - Member
6. IFB Industries Limited	

Dr. T. Mukherjee is not related to any other director of the Company. He does not hold any Equity Shares of the Company as on March 31, 2014.

10. Mr. Vimal Bhandari [DIN 00001318]

Mr. Vimal Bhandari (55) is a Commerce graduate from Mumbai University and a Chartered Accountant. Mr. Bhandari is a proficient and a proven top management professional with over 26 years of experience in a range of businesses in the financial services industry. He is currently the CEO and Managing Director of IndoStar Capital Finance, a wholesale credit institution sponsored by private equity houses like Everstone, Goldman Sachs, Ashmore and others with an initial capitalization of ₹ 9,000 Millions. Prior to joining IndoStar Capital, he was the Country Head of AEGON N.V., the large Dutch financial services player, which has established a life insurance business in India. In his early career, Mr. Bhandari was with IL&FS, the Indian infrastructure financing and financial services institution, of which twelve years were spent as the Executive Director on the Board of Directors of the Company. He was directly responsible for the financial services business of IL&FS. Mr. Bhandari has also been a member of the Executive Committee and the Listing Committee of National Stock Exchange of India Limited. He is also a member of the Executive Committee of FICCI.

Other Directorship	Committee Membership
Name of the Company	Name of Committee
1. Mirc Electronics Limited	1. Mirc Electronics Limited
2. Kalpataru Power Transmission Limited	Audit Committee - Chairman and
3. DCM Shriram Limited	Remuneration Committee - Member

REPORT ON CORPORATE GOVERNANCE

Other Directorship	Committee Membership
Name of the Company	Name of Committee
4. Bayer Cropsience Limited	2. Kalpataru Power Transmission Limited Audit Committee - Member
5. The Ratnakar Bank Limited	
6. Piramal Glass Limited	3. Bayer Cropsience Limited Audit Committee - Member and Remuneration Committee - Chairman
7. JK Tyre & Industries Limited	4. The Ratnakar Bank Limited Audit Committee - Member
	5. Piramal Glass Limited Audit Committee - Chairman and Remuneration Committee - Chairman
	6. JK Tyre & Industries Limited Remuneration Committee - Member

Mr. Vimal Bhandari is not related to any other director of the Company. He does not hold any Equity Shares of the Company as on March 31, 2014.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The 'Stakeholders Relationship Committee was constituted by the Board on May 27, 2014 after re-naming the 'Shareholder's/ Investor's Grievances Committee'. The Committee's composition and the terms of reference meet with the requirements under the provisions of Section 178(5) of the Companies Act, 2013 and of Clause 49 of the Listing Agreement.

Composition of the Committee as on May 27, 2014

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

Table 6 below gives the details of attendance.

Table 6: Attendance record of Shareholders'/Investors' Grievances Committee for 2013-14

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. S. D. Kulkarni*	Independent	Chairman	2	0
Mr. B. N. Kalyani (Chairman and Managing Director)	Promoter, Executive	Member	2	2
Mr. P. C. Bhalerao	Non-Executive	Member	2	1
Mrs. Lalita D. Gupte	Independent	Member	2	2

* Ceased to be a Director with effect from August 8, 2013.

Compliance Officer :

Mr. Prashant S. Vaishampayan, Vice President (Legal) and Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and Listing Agreements with Stock Exchanges.

Table 7 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 7: Number and nature of complaints received and redressed during the year 2013-14

Nature of complaint	No. of complaints received	No. of complaints redressed
Non-receipt of shares lodged for transfer/transmission	NIL	NIL
Non-receipt of Dividend	NIL	NIL
Non-receipt of Sub-divided Shares	NIL	NIL
Non-receipt of Annual Report	1	1
Change of address	2	2

There are no outstanding complaints, as on March 31, 2014.

SEBI Complaints Redress System (SCORES)

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

Designated Exclusive Email-ID

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Considering the requirements of the Companies Act, 2013, the Board on May 27, 2014 constituted 'Corporate Social Responsibility Committee' (CSR) Committee with composition as under:

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

GENERAL BODY MEETINGS

Annual General Meeting

Date, time and venue for the last three Annual General Meetings are given in Table 8 below:

Table 8: Details of last three Annual General Meetings

Financial year	Date	Time	Venue	Special Resolutions Passed
2010-11	August 10, 2011	10.30 a.m.	Registered office of the Company	None
2011-12	July 27, 2012	10.30 a.m.	Registered office of the Company	None
2012-13	August 8, 2013	10.30 a.m.	Registered office of the Company	None

No Extraordinary General Meeting of the Members was held during the year 2013-14.

Terms of reference inter alia includes the following:

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

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The Board on recommendation of CSR committee, on May 27, 2014 have approved CSR policy for the Company and disclosed the contents of the Policy on the company's website – www.bharatforge.com.

FUNCTIONAL COMMITTEE

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

REPORT ON CORPORATE GOVERNANCE

Postal Ballot

No resolution was passed through Postal Ballot during the year 2013-14.

At present, no special resolution is proposed to be passed through postal ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution conducted through Postal Ballot.

Subsidiary Companies

Bharat Forge has 10 direct subsidiaries, out of which 2 are registered outside India and 8 are in India, whose turnover does not exceed the limit prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges.

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

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

DISCLOSURES

Related Party Transactions

Disclosure on materially significant related party transactions, i.e. transactions of the Company of material nature, with its Promoters, the Directors and the Management, their relatives, of subsidiaries etc. that may have potential conflict with 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 Financial Statements–Schedule –forming part of the Annual Report.

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

Management Discussion and Analysis

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

Disclosure by Management to the Board

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

Details of non-compliance

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

Whistle Blower Policy

The Board on May 27, 2014 has formulated a Whistle Blower Policy for directors and employees of the Company. The policy comprehensively provides an opportunity for an employee/Director to report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and / or laws applicable to the Company and seek redressal. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The policy has been communicated to the employees and also posted on Company's intranet. The Whistle Blower Policy complies with the requirements of Vigil mechanism as stipulated under Section 177 of the Companies Act, 2013. The details of establishment of Whistle Blower Policy/ Vigil Mechanism have been disclosed on website of the Company- www.bharatforge.com.

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

The Company has complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement.

The Board

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

The tenure and other criteria for Independent Directors are now being followed as prescribed under the provisions of the Companies Act, 2013.

Remuneration Committee

The Company has now constituted 'Nomination and Remuneration Committee' to meet the requirements of Clause 49 of the Listing Agreement and of the Companies Act, 2013.

Shareholder Rights

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

Audit Qualification

The Company is in the regime of unqualified financial statements.

Training of Board Members

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

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company and business strategy. Certain training programmes will suitably be arranged for directors during the current FY.

Mechanism for evaluating non-executive Board Members

Suitable mechanism for performance evaluation of non-executive Directors would be devised in terms of the new provisions of the Companies Act, 2013.

Whistle Blower Policy

The Company has now adopted Whistle Blower Policy to meet the requirements of the Companies Act, 2013, wherein the employees/directors of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct or violation of laws applicable to the Company.

MEANS OF COMMUNICATION

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

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

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

Website

The Company's website contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Clause 54 of the Listing Agreement with the Stock Exchanges, is provided on the Company's website: www.bharatforge.com and the same is updated from time to time.

Presentations to Institutional Investors/Analysts

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

NSE Electronic Application Processing System (NEAPS)

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

SHAREHOLDERS

Annual Report

Annual Report containing, inter alia, Audited 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 part of the Annual Report and is displayed on the Company's website: www.bharatforge.com.

Support Green Initiative of MCA

The Ministry of Corporate Affairs ("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 has been forwarding such documents through electronic mode. Company requests shareholders to provide their e-mail addresses to enable Company to forward the notices/documents through e-mail, to the maximum possible extent in order to support more to green initiative. Members are once again requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and members who hold shares in physical form with the Company at secretarial@bharatforge.com or at its registered office at Secretarial Department, Mundhwa, Pune Cantonment, Pune-411 036, Maharashtra, India.

GENERAL SHAREHOLDER INFORMATION

Company registration details

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

REPORT ON CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

Day	: Thursday
Date	: September 4, 2014
Time	: 11:15 a.m.
Venue	: Registered Office of the Company, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

FINANCIAL YEAR

April 1, 2013 to March 31, 2014

For the year ended March 31, 2014, results were announced on:

August 8, 2013	: First quarter
October 25, 2013	: Half yearly
February 4, 2014	: Third quarter
May 27, 2014	: Annual

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

Key financial reporting dates for the financial year 2014-15

Quarter ending June 30, 2014:	on or before August 14, 2014
Quarter ending September 30, 2014:	on or before November 14, 2014
Quarter ending December 31, 2014:	on or before February 14, 2015
Audited results for the financial year 2014-15:	on or before May 30, 2015

BOOK CLOSURE

The books will be closed from Saturday, August 23, 2014 to Thursday, September 4, 2014 (both days inclusive) as annual closure for payment of final dividend.

DIVIDEND

A. Interim Dividend (Equity Shares):

The Board of Directors of the Company at its meeting held on February 4, 2014 had approved payment of Interim Dividend at the rate of ₹2/- per equity Share of ₹ 2/- each (100%) for the financial year ending on March 31, 2014. The said dividend has been paid on February 28, 2014.

B. Final Dividend (Equity Shares):

The Board has recommended a Dividend of ₹2.50 per equity share of ₹2/- each (125%) for the year ended March 31, 2014 and would be payable on and from September 25, 2014.

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

- Who hold shares in physical form and whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company before the closing hours on Friday, August 22, 2014; and
- whose names appear as beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the end of the day on Friday, August 22, 2014.

Dividend declared by the Company for the last 5 years

Financial year	Dividend payment dates	Dividend per share*
2013-14	February 28, 2014 (Interim Dividend)	₹2.00
2012-13	August 26, 2013 (Final Dividend)	₹2.40
2012-13	March 21, 2013 (Interim Dividend)	₹1.00
2011-12	August 14, 2012 (Final Dividend)	₹2.50
2011-12	March 22, 2012 (Interim Dividend)	₹1.50
2010-11	August 26, 2011 (Final Dividend)	₹3.50
2009-10	August 12, 2010 (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 every year.

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

During the year under review, the Company has credited ₹2,216,035/- (Rupees Twenty-two Lakh Sixteen Thousand Thirty-five only) lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. The cumulative amount of unpaid/unclaimed dividend and matured deposits (including accrued interest thereon) transferred to IEPF upto March 31, 2014 is ₹2,309,566/-.

LISTING

Equity

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

BSE Script Code – 500493

NSE Trading Symbol – BHARATFORG

Equity ISIN : INE465A01025

Debt Security

Secured Redeemable Non-convertible Debentures of ₹250 crores (11.95%) issued on January 1, 2009 are listed on National Stock Exchange of India Limited (ISIN:INE465A07022).

Secured Redeemable Non-convertible Debentures of ₹350 crores (10.75%) issued on September 22, 2009 are listed on

Bombay Stock Exchange Limited (ISIN:INE465A07030). After the 25% redemption, the paid up value of the said Debentures stands reduced to ₹ 750,000/- each at the end of 54th month from the date of allotment.

Secured Redeemable Non-convertible Debentures of ₹176 crores (10.75%) issued on April 28, 2010 are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (ISIN : INE465A07048). After the 35% redemption, the paid up value of the said Debentures stands reduced ₹ 650,000/- each at the end of 4th year from the date of allotment.

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

DEBENTURE TRUSTEES

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

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

STOCK DATA

Table 9 below gives the monthly high and low prices and volumes of Bharat Forge Limited (Bharat Forge) Equity Shares at Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE) during the year 2013-14.

Table 9: High and Low Prices and Trading Volumes on 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-13	239.60	202.50	603,672	240.35	202.50	5,546,382
May-13	248.15	220.25	466,773	248.35	222.00	6,955,409
Jun-13	242.90	208.00	406,629	243.40	208.00	5,515,581
Jul-13	230.75	194.05	828,586	230.45	194.55	4,507,507
Aug-13	266.80	185.55	1,512,749	266.70	185.30	10,176,981
Sep-13	267.50	236.45	12,014,887	267.50	236.20	7,680,536
Oct-13	304.85	248.00	1,980,623	305.50	248.00	12,354,496
Nov-13	309.00	280.55	770,029	308.80	280.20	5,375,252
Dec-13	345.35	293.00	937,785	345.45	296.60	8,353,678
Jan-14	352.70	319.00	937,503	352.70	318.00	14,666,911
Feb-14	384.40	333.60	1,616,226	384.40	333.60	16,047,425
Mar-14	424.75	378.35	1,748,103	424.95	378.25	21,278,142

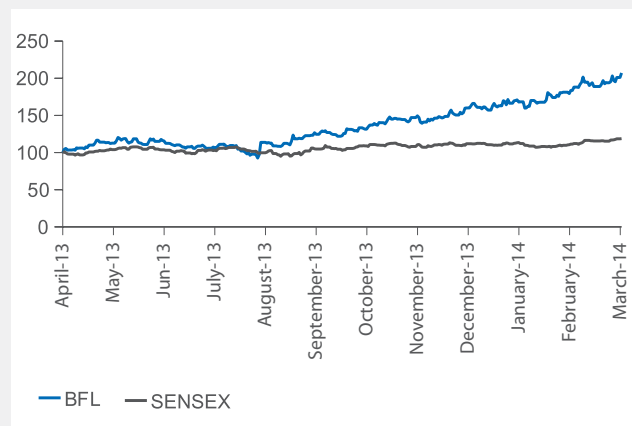
*Price in ₹ per Equity Share.

REPORT ON CORPORATE GOVERNANCE

STOCK PERFORMANCE

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

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



Note: Share prices of Bharat Forge and BSE Sensex have been indexed to 100 as on first working day of financial year 2013-14 i.e. April 1, 2013.

Share Transfer Agents and Share Transfer and Demat System

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

Table 10: Pattern of shareholding by ownership as on March 31, 2014

Category of Shareholder	No. of Shareholders	No. of shares held	Shareholding %
Promoters ¹	22	108,817,920	46.74
Financial Institutions	17	6,823,144	2.93
Mutual Funds (including Unit Trust of India)	116	21,648,545	9.30
Insurance Companies	4	4,910,534	2.11
Nationalised Banks	11	267,892	0.12
Foreign Institutional Investors	158	37,252,231	16.00
Bodies Corporate	876	19,555,096	8.40
Non Resident Indians	987	590,100	0.25
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	1	912	0.00
Public ²	50,794	32,927,942	14.15
Total	52,986	232,794,316	100.00

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

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

Secretarial Audit for reconciliation of capital

In compliance with the requirements of SEBI, the Company has, at the end of every quarter, submitted a certificate of Reconciliation of Share Capital reconciling for 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.

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

Code of Conduct 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 in the securities of the Company ("Code of Conduct or "Code") to its Directors and Designated Employees.

SHAREHOLDING PATTERN

Tables 10 and 11 below give the pattern of shareholding by ownership and share class, respectively.

Table 11: Distribution Schedule as on March 31, 2014

Category (Shares)	Number of shareholders	Number of shares held of ₹ 2/- each	Shareholding %
1 to 5000	51,845	13,927,057	5.98
5001 to 10000	483	3,413,527	1.47
10001 to 20000	229	3,259,435	1.40
20001 to 30000	81	2,008,468	0.86
30001 to 40000	46	1,595,408	0.68
40001 to 50000	33	1,510,085	0.65
50001 to 100000	84	5,746,688	2.47
100001 and above	185	201,333,648	86.49
Total	52,986	232,794,316	100.00

Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2014, dematerialised shares accounted for 96.26% (91.40% upto March 31, 2013) of total Equity share capital. The details of dematerialisation are given in Table 12 below.

Table 12: Dematerialisation of Shares as on March 31, 2014

Sr. No.	Mode of holding	%
1	NSDL	92.05
2	CDSL	4.21
3	Physical	3.74
	Total	100.00

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

GDRs - 9,200

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

(Please refer to Table 13 below)

Table 13: Details of public funding obtained in the last three years and its implication on paid up Equity Share Capital

Financial Year	Amount Raised through Public Funding	Effect on Paid up Equity Share Capital
2013-14	NIL	NIL
2012-13	NIL	NIL
2011-12	NIL	NIL

On 28 April 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. 400 Zero Coupon FCCBs Tranche - A were redeemed on April 27, 2012 and 399 Zero Coupon FCCBs Tranche - B were redeemed on April 26, 2013.

Plant Locations

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

Certificate from the Auditors of the Company, 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.

REPORT ON CORPORATE GOVERNANCE

Particulars of the Cost Auditors :

With reference to the General Circular No. 15/2011-52/5/CAB – 2011 dated April 11, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi - disclosures on Compliances made during FY 2013-14 are given below :

M/s. Dhananjay V. Joshi & Associates, Cost Accountants, (Membership No. : 24118) CMA Pride, Ground Floor, Plot No. 6, SN No. 16/6, Erandawana Co-op. Hsg. Society, Erandawana, Pune – 411 004, have been re-appointed as Cost Auditors of the Company under Section 148 of the Companies Act, 1956 to conduct cost audit of the Company for the financial year 2014-15. The due date for filing the Cost Audit Reports in XBRL mode for the financial year ended March 31, 2013 was September 27, 2013 and the said Cost Audit Reports were filed by the Cost Auditor on September 22, 2013.

Disclosure under Clause 5A of the Listing Agreement in respect of Unclaimed Shares

In compliance with the Clause 5A of the Equity Listing Agreement, to deal with the unclaimed shares in physical form, the Company had sent three reminders to such shareholders, whose sub-divided share certificates remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the Unclaimed Suspense Account. The Company is in the process of forwarding the share certificates to those shareholders who have claimed their respective shares in response to above reminders.

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, 2014 compliance with the Code of Conduct of the company laid down for them.

B. N. Kalyani

Chairman and Managing Director

Pune : May 27, 2014

TO THE MEMBERS OF BHARAT FORGE LIMITED

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of corporate governance by Bharat Forge Limited, for the year ended March 31, 2014, 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 to 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 27, 2014

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 2013-14 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

S. G. JOGLEKAR

Chief Financial Officer

B. N. KALYANI

Chairman & Managing Director

Pune: May 27, 2014

DIRECTORS' REPORT

For the year ended March 31, 2014

To,

The Members,

Your Directors have pleasure in presenting the Fifty-third Annual Report on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2014.

1. PERFORMANCE OF THE COMPANY

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

2013-14	2012-13	% Change
₹ 35,140 Million	₹ 32,428 Million	8.36

During the year under review, the total income of the Company was ₹ 35,140 Million (previous year ₹ 32,428 Million), representing an increase of 8.36%.

Indian automotive Industry witnessed another year of de-growth across all segments. Motor & Heavy Commercial Vehicle Sector de-grew by 18% after 26% de-growth in FY 2012-13. Tractor Industry, however, witnessed a growth of 20%. Domestic sales for the Company had a drop of 3%. The Company was able to largely offset the adverse impact of market conditions in Auto Industry through higher sales to Tractor Industry and other non-automotive sectors.

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

2013-14	2012-13	% Change
₹18,482 Million	₹15,866 Million	16.49

During the year under review, Exports turnover of the Company was ₹18,482 Million (previous year ₹15,866 Million), representing an increase of 16.49%.

Impressive growth in exports turnover is the result of relentless efforts made to develop new customers both in automotive and non-automotive sectors and also due to higher share of business from existing customers.

c) Financials (On stand-alone basis):

	In ₹ Million	
	Current Year	Previous Year
1) Total Income	35,139.73	32,428.52
2) Exports Revenue	18,482.13	15,866.30
3) Net Profit		

	In ₹ Million	
	Current Year	Previous Year
Profit for the year before Taxation & Exceptional Item	5,834.92	4,299.08
Add/(Less): Exceptional Item	123.50	105.69
Provision for Taxation		
Current tax	1,539.00	887.17
MAT Credit	-	(20.30)
- Deferred	426.73	521.97
- (Excess)/short provision for the taxation & tax payments	(6.60)	(40.00)
Net Profit	3,999.29	3,055.93
Balance of Profit from Previous Year	11,469.41	10,051.89
Profit available for appropriation	15,468.70	13,107.82
APPROPRIATIONS:		
Interim Dividend on Equity Shares	465.59	232.79
Tax on above dividend	79.13	37.76
Proposed Final Dividend on Equity Shares	581.99	558.71
Tax on above dividend	98.91	94.95
Debenture Redemption Reserve	403.77	408.60
Transfer to General Reserve	400.00	305.60
Surplus retained in Statement of Profit & Loss	13,439.31	11,469.41

A Cash flow statement for the year 2013-14 is attached to the Balance sheet.

2. DIVIDEND

Your Company paid an Interim Dividend of ₹ 2/- per Equity Share (100%) of the face value of ₹ 2/- each, aggregating to ₹ 465.59 Million (exclusive of tax on dividend) for the financial year ended on March 31, 2014.

Your Directors are pleased to recommend a Final Dividend of ₹ 2.50 per Equity Share (125%) of the face value of ₹ 2/- each, aggregating to ₹ 581.98 Million (exclusive of tax on dividend) for the financial year ended on March 31, 2014 for your consideration. Total Dividend paid for the year ended on March 31, 2013 was ₹ 3.40 per Equity Share (170%).

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 ₹ 400.00 Million to the General Reserves. An amount of ₹ 13,439.31 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 a part of the 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, is presented in a separate section forming part of the Annual Report.

5. SUBSIDIARIES

The Company has 20 subsidiaries including the step-down subsidiaries of which 12 are overseas and 8 are Indian entities. A summary of their performance is given elsewhere in the Annual Report.

During third quarter, the Company through its indirect subsidiary in Hong Kong has divested its 51.85% stake in

DIRECTORS' REPORT

Chinese JV operations (FAW Bharat Forge (Changchun) Company Limited) to its Joint Venture partner, China FAW Corporation Limited, ending its 8 years old Joint Venture in China.

A significant portion of the consolidated revenue is generated on conclusion of this transaction.

During the last quarter of FY 2013-14, a Scheme of Amalgamation under Sections 391 to 394 of the Indian Companies Act, 1956 amongst Kalyani ALSTOM Power Limited (Transferor Company) a joint venture subsidiary Company of Bharat Forge Limited and ALSTOM Power Holdings S.A.; and ALSTOM Bharat Forge Power Limited (Transferee Company) a joint venture Company of ALSTOM Power Holdings S.A. and Bharat Forge Limited has been filed in the Hon'ble High Court of Delhi. The Appointed date as proposed under the scheme is April 01, 2013. On the Scheme becoming effective, the Kalyani ALSTOM Power Limited shall stand dissolved without being wound up and get amalgamated into ALSTOM Bharat Forge Power Limited.

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 subsidiary companies including the step-down 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 step-down 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 Aluminiumtechnik Verwaltungs GmbH & Co. KG, Germany
- v) Bharat Forge Daun GmbH, Germany

- vi) Bharat Forge America Inc., U.S.A.
- vii) Bharat Forge Beteiligungs, GmbH, Germany
- viii) Bharat Forge Kilsta AB, Sweden
- ix) Bharat Forge Scottish Stampings Ltd., Scotland
- x) Bharat Forge Hong Kong Ltd., Hong Kong
- xi) BF New Technologies GmbH, Germany and
- xii) Bharat Forge International Ltd., U.K.

Indian Subsidiaries:

- xiii) BF-NTPC Energy Systems Limited
- xiv) Kalyani ALSTOM Power Limited
- xv) BF Infrastructure Limited
- xvi) BF Infrastructure Ventures Limited
- xvii) Kalyani Strategic Systems Limited
(Formerly BF Power Equipment Limited)
- xviii) Analogic Controls India Limited
- 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 the Annual Report.

7. FOREIGN CURRENCY CONVERTIBLE BONDS

The 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

None of the Warrants issued under QIP was 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. REDEMPTION OF DEBENTURES

- The 25% installment of Company's 10.75% Secured Redeemable Non-Convertible Debentures of ₹ 350 crore of a face value of ₹ 1,000,000/- each was due for redemption on, March 22, 2014 and the same has been paid on due date. As a result, after the said redemption, the paid up value of the said Debentures stands reduced to ₹ 750,000/- each at the end of 54th month from the date of allotment.
- The 35% installment of Company's 10.75% Secured Redeemable Non-Convertible Debentures of ₹ 176

crore of a paid up of ₹ 1,000,000/- each was due for redemption on April 28, 2014 and the same has been paid on due date. As a result, after the said redemption, the face value of the said Debentures stands reduced to ₹ 650,000/- each at the end of 4th year from the date of allotment.

10. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act 1956, 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.

During the year under review, pursuant to the new legislation "Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act 2013" introduced by the Government of India, which came into effect from December 9, 2013, the Company has framed a Policy on Prevention of Sexual Harassment at Workplace.

11. 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.

12. FIXED DEPOSITS

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

13. CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 alongwith the Rules thereunder and revised Schedule VII to the Act, concerning Corporate Social Responsibility (CSR), have been effective from April 1, 2014.

The Company being covered under the provisions of the said section, has taken necessary initial steps in this regard. A committee of the Directors, titled 'Corporate Social Responsibility Committee', has been formed by the Board in its meeting held on May 27, 2014, consisting of

the following Directors:

Mr. P. G. Pawar, Chairman

Mr. B. N. Kalyani, Member

Mr. Amit Kalyani, Member

The Committee has formulated CSR policy for the Company and is in the process of finalisation of its implementation plan.

The said Section being enacted with effect from April 1, 2014, necessary details as prescribed under the said Section shall be presented to the members in the Annual Report for the year 2014-15.

Even when the said provisions were not mandated by the Ministry of Corporate Affairs, the Company has been continuously working on its CSR initiatives in various fields.

14. WHISTLE BLOWER POLICY

The Company has now adopted Whistle Blower Policy to meet the requirements of the Companies Act, 2013, wherein the employees/directors of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. This mechanism provides safeguards against victimization of employees, who avail of the mechanism.

15. DIRECTORS

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sunil K. Chaturvedi and Mr. B. P. Kalyani 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 and Dr. Uwe Loos, Directors of the Company, have conveyed their intentions not to offer themselves for re-appointments at the previous Annual General Meeting held on August 8, 2013 and ceased to be Directors of the Company from that date. The Directors place on record their appreciation of the valuable contribution made by both of them.

Mr. Sunil Kumar Chaturvedi ceased to be an Executive Director of the Company with effect from end of the day on December 31, 2013. However, he continues to be on the Board of the Company as a Non- Executive Director.

Mr. Alan Spencer, Non-Executive Independent Director of the Company has tendered his resignation effective from May 27, 2014 due to his other preoccupation. The Board at

DIRECTORS' REPORT

its meeting held on May 27, 2014 has noted the same and Mr. Alan Spencer ceases to be a Director of the Company with effect from the close of business hours of May 27, 2014. The Directors place on record their appreciation of the valuable contribution made by Mr. Alan Spencer.

Mr. Amit B. Kalyani has been re-appointed as the Executive Director of the Company for a period of 5 years with effect from May 11, 2014, subject to the approval of the Members.

Pursuant to Sections 149 and 152 of the Companies Act, 2013 and in terms of Clause 49 of the Listing Agreement, the Board of Directors has, at its meeting held on May 27, 2014, appointed the existing Independent Directors Mr. S. M. Thakore, Mr. P. G. Pawar, Mrs. Lalita D. Gupte, Mr. P. H. Ravikumar, Mr. Naresh Narad, Dr. Tridibesh Mukherjee and Mr. Vimal Bhandari as Independent Directors for a term of 5 consecutive years with effect from the date of ensuing Annual General Meeting, subject to approval of shareholders. The requisite resolutions for approval of their appointment as Independent Directors, are being proposed in the notice of the ensuing Annual General Meeting for the approval of the members.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the information on the particulars of Directors proposed for appointment/re-appointment has been given in the Report on Corporate Governance.

16. 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, 2014, 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, 2014 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 the financial year ended on March 31, 2014 on a 'going concern' basis.

17. AUDITORS AND AUDITORS' REPORT

M/s. S. R. Batliboi & Co. LLP are holding office as Auditors from the conclusion of 51st Annual General Meeting held on July 27, 2012 prior to the commencement of the Companies Act, 2013 ("the Act"). In terms of the provisions of the Act and the related rules thereunder, in respect of rotation of auditors, M/s. S. R. Batliboi & Co. LLP are eligible for re-appointment. However, in view of the internal process of re-alignment at the SR Batliboi & Affiliates network of firms; M/s. S. R. Batliboi & Co. LLP Chartered Accountants, Pune (Firm Registration No. SRBC 301003E) Statutory Auditors of the Company, hold office upto the conclusion of the ensuing Annual General Meeting. The Directors, based on the recommendation of the Audit Committee, propose the appointment of M/s. S R B C & Co. LLP, Chartered Accountants, Pune - a member of SR Batliboi & Affiliates network of firms; in place of M/s. S. R. Batliboi & Co. LLP as Statutory Auditors for the period from the conclusion of the ensuing 53rd Annual General Meeting till the conclusion of the 56th Annual General Meeting to be held in the year 2017 and seek authority for fixation of their remuneration for the year 2014-15.

The Company has received letter from M/s. S R B C & Co. LLP, Chartered Accountants, Pune to the effect that their appointment, if made, would be within the prescribed limits under the Companies Act, 2013, and the conditions prescribed read with the Rule 4 of Companies (Audit and Auditors) Rules, 2014 and that they are eligible for such appointment.

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

18. COST AUDITORS

M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, have been re-appointed as the Company's Cost Auditors for the financial year 2014-15 under Section 148 of the Companies Act, 2013. The members' approval to the Remuneration of Cost Auditors is sought.

19. 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 the best standards. The report on 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 the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

20. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder and based on the recommendation from the Audit Committee, Mr. S. V. Deulkar proprietor of M/s. S. V. Deulkar & Co. Company Secretaries has been appointed to conduct a secretarial audit of Company's Secretarial and related records for the year ending on March 31, 2015. The Secretarial standards issued by the Institute of Company Secretaries of India from time to time are currently recommendatory in nature. The Company is, however, complying with the most of them.

21. 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.

22. ACKNOWLEDGEMENT

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

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

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

For and on behalf of the Board of Directors

Place: Pune

Date: May 27, 2014

B. N. KALYANI

Chairman and Managing Director

DIRECTORS' REPORT

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, 2014

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

- i) Energy saving by optimum utilization of the furnaces.
- ii) Significant improvement in Overall Equipment Effectiveness (OEE) of forging units.
- iii) Cycle time reduction of forging units.
- iv) Sharp focus on hot billet utilization of Induction heated lines.
- v) Systematic maintenance of furnaces.
- vi) Introduced use of Centrifugal oil cleaning systems to improve oil quality.
- vii) Plant-wise load management to achieve unity power factor.
- viii) Adopted modern regenerative combustion technology on large forge furnace at Baramati plant.
- ix) Achieved zero discharge of effluent at Mundhwa plant.
- x) Re-cycled water from effluent treatment plant for garden.
- xi) Implemented scientific tree plantation to reduce atmospheric pollution.
- xii) Reduced solid waste and adopted eco-friendly waste disposal.
- xiii) Used drip irrigation to reduce water consumption.
- xiv) Implemented rain water harvesting.

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

- i) Conversion of additional forge and heat treatment furnaces to re-generative combustion system.
- ii) Introduction of induction lamps in place of mercury vapour lamps in the shop floor at low heights to improve energy efficiency.

(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, 2013 to March 31, 2014

Particulars	2013-14	2012-13
1 Electricity		
(a) Purchased		
Units (KWH in Thousand)	195,371	196,730
Total Amount (₹ in Million)	1,496.01	1,523.48
Rate / (₹/KWH)	7.66	7.74
(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))	28,294	27,701
Total cost (₹ in Million)	1,284.83	1,224.92
Rate (₹/KL)	45,410	44,219
ii) LPG		
Qty. (Kgs. in thousand)	5,610	5,539
Total Cost (₹ in Million)	374.11	343.29
Rate (₹/Kg.)	66.69	61.98
(B) Consumption per unit of production:		
1 Steel Forgings (Unit: MT)		
Electricity (Unit: KWH)	763	773
Fuel Oil (KL)	0.155	0.158
LPG (Kgs.)	31	32
2 Crankshafts and others (Unit: Nos.)		
Electricity (Unit: KWH)	58	59
3 General Engineering and Material Handling Equipment (Unit: Nos.)		
Electricity (Unit: KWH)	3,265	4,017

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) Technology development for Aerospace forging parts.
- ii) Ring rolling simulation capability establishment.
- iii) An investigation of adiabatic heat rise during Ti-6Al-4V forging process.
- iv) Crankshaft design re-engineering to improve strength to weight ratio.
- v) Die life enhancement.
- vi) Fatigue strength enhancement.
- vii) Die design optimization to improve material yield and forging load.
- viii) Establishment of manufacturing process for Locomotive Crankshaft.

DIRECTORS' REPORT

(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) Establishment of titanium blade forging process.
- ii) Fatigue testing capability enhancement by 40%.
- iii) Fatigue damage evaluation using Finite Element based software.
- iv) Establishment of Additive manufacturing for metals and alloys.
- v) Establishment of fatigue fracture & creep analysis.
- vi) Development of on-line integrated project management system through design gate reviews.

(d) Expenditure on R&D:

		In ₹ Million
Sr. No.	Particulars	Amount
i)	Capital	26.71
ii)	Recurring	229.35
iii)	Total R&D expenditure	256.06
iv)	TOTAL INCOME	35,139.73
v)	Total R&D expenditure as a percentage of total income	0.73%

2. Technology Absorption, Adaptation and Innovation:

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

- i) Development of precision forging (Near net shape forging).
- ii) Establishment of process for impeller machining.
- iii) Additive manufacturing.

Technical Papers:

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

- i) "Study of Microstructure evaluation in Ti-6Al-4V alloy during non-isothermal multiple forging with starting lamellar structure", National Aerospace Manufacturing Seminar 2013.
- ii) "Effect of Heat Treatment on Toughness and Fatigue Properties of Heavy Power Transmission Shafts Made Of Mn-Cr-Ni-Mo Steel", ISAS 2013.
- iii) "Grain refinement in Ti-6Al-4V alloy during thermo-mechanical processing and investigation of flow properties", 143rd TMS Annual Meeting & Exhibition, USA, 2014.
- iv) "Effect of Mill Annealing Temperature on Mechanical, Microstructural and Machining Behaviour of Ti-6Al-4V Alloy", International Conference on Emerging Materials and Processes, Bhubaneswar, India, 2014.
- v) "Effect of Quench Delay on Mechanical and Microstructural behaviour of Ti-6Al-4V alloy", International Conference on Emerging Materials and Processes, Bhubaneswar, India, 2014.

IP Generation:

Filing of seven patents is in progress.

(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	2009	Yes	-
Technology development on precision gears	2013	In progress	Two parts taken for establishment. Initial trials completed.

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, Brazilian and Korean markets.
- Backed by several decades of experience in metallurgy and safety critical automotive component manufacturing, the Company has made foray into the aerospace 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 : ₹18,747.99 Million.
- ii) Total Foreign Exchange outgo: ₹ 2,751.83 Million.

For and on behalf of the Board of Directors

Place: Pune

Date: May 27, 2014

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, 2014, 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 notified under Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated April 4, 2014. 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, 2014;
- (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.
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 notified under Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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**

ICAI Firm Registration Number: 301003E

Chartered Accountants

per **Arvind Sethi**

Partner

Membership No.: 89802

Place: Pune

Date: May 27, 2014

**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.
- (a) The Company has granted unsecured 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 Rs 1,851 million and the year-end balance of loans granted to such party was Rs 82.34 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 loan are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loan granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (d) There is no overdue amount of loan 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 other than LBT payable more fully explained in note 10 of the financial statements 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.

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 Million)	Period to which the amount relates	Forum where the dispute is pending
Service tax	Demand received from various cases (Rs 29.55 mn paid)	46.38	2006 to 2013	Commissioner appeals/ CESTAT
VAT/Sales Tax	Demand received from various cases	3.57	2004 to 2006	Commissioner of Sales Tax
Excise	Demand received from various cases (Rs 4.85 mn paid)	122.67	2004 to 2013	Commissioner appeals/ CESTAT
Property tax	Demand received from various cases (Rs 51.50 mn paid)	105.37	2005 to 2014	High Court
Income tax	Disallowance u/s 40A(9) (Amount paid)	0.3	A.Y 2006 to 2009	Appellate Tribunal and Commissioner
Income tax	Disallowance u/s 14A (Amount paid)	7.9	A.Y 2006 to 2009	Appellate Tribunal and Commissioner
Income tax	Disallowance u/s 40a(ia) (Amount paid)	3.34	A.Y 2006 to 2009	Appellate Tribunal and Commissioner
Income tax	Other disallowances (Amount paid)	2.66	A.Y 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**

ICAI Firm Registration Number: 301003E

Chartered Accountants

per **Arvind Sethi**

Partner

Membership No.: 89802

Place: Pune

Date: May 27, 2014

Balance sheet

As at March 31, 2014

In ₹ Million

	Notes	As at March 31, 2014	As at March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	465.68	465.68
Reserves and surplus	4	26,467.40	22,645.64
		26,933.08	23,111.32
Non-current liabilities			
Long-term borrowings	5	13,599.87	14,489.80
Deferred tax liabilities (net)	6	1,791.03	1,364.30
Other long-term liabilities	7	4.67	7.40
Long-term provisions	8	303.27	332.92
		15,698.84	16,194.42
Current liabilities			
Short-term borrowings	9	1,070.15	390.11
Trade payables	10	5,624.97	4,241.15
Other current liabilities	10	6,616.51	6,282.11
Short-term provisions	8	1,041.48	908.04
		14,353.11	11,821.41
		56,985.03	51,127.15
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	20,254.34	19,988.08
Capital work-in-progress		1,314.02	2,228.06
Non-current investments	12	5,703.52	5,453.46
Long-term loans and advances	13	1,516.91	3,563.35
Other non-current assets	14	261.43	423.89
		29,050.22	31,656.84
Current assets			
Current investments	15	7,705.40	3,852.99
Inventories	16	5,084.10	4,757.01
Trade receivables	17	5,252.14	4,742.32
Cash and bank balances	18	2,516.62	2,790.78
Short-term loans and advances	13	3,465.77	2,570.55
Other current assets	14	3,910.78	756.66
		27,934.81	19,470.31
		56,985.03	51,127.15
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
ICAI 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

B.N.KALYANI
Chairman and
Managing Director

G.K.AGARWAL
Deputy Managing
Director

P.S.VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Statement of profit and loss

For the year ended March 31, 2014

	Notes	Year ended March 31, 2014	In ₹ Million Year ended March 31, 2013
Income			
Revenue from operations (gross)		35,494.30	33,109.46
Less: excise duty		(1,501.57)	(1,597.19)
Revenue from operations (net)	19	33,992.73	31,512.27
Other income	20	1,147.00	916.25
Total income (I)		35,139.73	32,428.52
Expenses			
Cost of raw materials and components consumed	21	14,105.49	13,430.86
(Increase) / decrease in inventories of finished goods, work-in-progress and dies	22	(367.51)	141.46
Employee benefits expense	23	2,788.46	2,573.88
Other expenses	24	8,829.50	8,210.32
Depreciation and amortization expense	25	2,453.15	2,239.33
Finance costs	26	1,495.72	1,533.59
Total expenses (II)		29,304.81	28,129.44
Profit before exceptional items and tax (I - II)		5,834.92	4,299.08
Exceptional items	27	123.50	105.69
Profit before tax		5,958.42	4,404.77
Tax expenses			
Current tax			
- Pertaining to profit for the year		1,539.00	-
- Adjustment of tax relating to earlier years		(6.60)	(40.00)
- MAT payable		-	887.17
- MAT credit entitlement		-	(20.30)
Deferred tax		426.73	521.97
Total tax expenses		1,959.13	1,348.84
Profit for the year		3,999.29	3,055.93
Earnings per equity share			
[nominal value of share ₹ 2, (March 31, 2013: ₹ 2)]	28		
Basic (In ₹)		17.18	13.13
Diluted (In ₹)		17.18	13.13
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
ICAI 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

B.N.KALYANI
Chairman and
Managing Director

G.K.AGARWAL
Deputy Managing
Director

P.S.VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Cash flow statement

For the year ended March 31, 2014

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Profit before tax	5,958.42	4,404.77
Non-cash adjustment to reconcile profit before tax to net cash flows		
Interest (income)	(185.18)	(290.78)
Interest income on loan to wholly owned subsidiaries	(49.81)	(29.56)
Depreciation and amortisation	2,423.15	2,239.33
Unrealised foreign exchange (gain) / loss	(41.27)	94.05
Bad debts, irrecoverable advances and Sundry balances written off	0.44	0.04
(Profit) on sale of fixed assets (including exceptional item)	(424.93)	(2.13)
Provision for diminution in value of investments	308.14	260.00
Interest differential	-	(205.02)
PSI claim received in the previous year	-	(34.08)
Interest expenses	1,495.72	1,533.59
Provision for doubtful debts and advances written off	21.99	0.70
Dividend (income)	(393.57)	(242.17)
Net gain on sale of investments	(58.26)	(70.03)
Provisions no longer required written back	(66.25)	(94.84)
Operating profit before working capital changes	8,988.59	7,563.87
Movements in working capital		
Decrease / (increase) in non-current assets		
Decrease / (increase) in long-term loans and advances	769.68	470.98
Decrease / (increase) in other non-current assets	92.50	164.16
(Increase) / decrease in current assets		
(Increase) / decrease in inventories	(327.09)	274.33
(Increase) / decrease in trade receivables	(265.81)	169.39
(Increase) / decrease in short-term loans and advances	(778.21)	131.17
(Increase) / decrease in other current assets	(1,126.42)	278.13
(Decrease) / increase in non-current liabilities		
(Decrease) / increase in other long-term liabilities	(2.73)	0.25
(Decrease) / increase in long term provisions	(29.65)	5.02
Increase / (decrease) in current liabilities		
Increase / (decrease) in trade payable	1,328.08	(2,415.03)
(Increase) / decrease in other current liabilities	363.86	(267.46)
Increase / (decrease) in short term provisions	9.49	1.42
Cash generated from operations	9,022.29	6,376.23
Direct taxes paid (net of refunds)	(1,399.70)	(1,128.85)
Net cash flows from operating activities (A)	7,622.59	5,247.38
Cash flows from / (used in) investing activities		
Investment in subsidiaries, joint ventures and bonds	(578.20)	(597.94)
Investment in mutual funds	(16,323.46)	(11,312.07)
Proceeds from sale of mutual funds	12,529.31	11,776.08
Purchase of fixed assets	(1,781.78)	(2,381.22)
Proceeds from sale of assets	187.69	6.38
Loan given to wholly owned subsidiaries	(17.18)	(306.88)
Intercorporate deposits given	(10.00)	(120.00)
Proceeds received from loan to wholly owned subsidiaries	1,451.65	86.02
Interest on loan to wholly owned subsidiaries	49.81	29.56
Investments in bank deposits (having original maturity of more than three months)	(1,710.00)	(1,668.00)
Redemption / maturity of bank deposits (having original maturity of more than three months)	1,420.00	4,164.00
Interest income	171.88	290.78
Dividend income	393.57	242.17
Net cash flows (used in) / from investing activities (B)	(4,216.71)	208.88

Cash flow statement

For the year ended March 31, 2014 (Contd.):

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from / (used in) financing activities		
Proceeds from long-term borrowings	3,259.05	2,083.60
Repayment of long-term borrowings (including FCCB and Debentures)	(3,961.41)	(3,437.29)
Premium paid on redemption of FCCB	(1,224.15)	(895.10)
Proceeds from short-term borrowings	4,352.28	1,736.64
Repayment of short-term borrowings	(3,680.68)	(2,158.97)
Interest expenses	(1,516.86)	(1,555.73)
Dividend including tax thereon	(1,202.10)	(967.64)
Net cash flows (used in) financing activities (C)	(3,973.87)	(5,194.49)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(567.99)	261.77
Effects of exchange difference on cash and cash equivalent held in foreign currency	0.01	0.22
Cash and cash equivalents at the beginning of the year	1,321.93	1,059.94
Cash and cash equivalents at the end of the year	753.95	1,321.93
Components of cash and cash equivalents as at	March 31, 2014	March 31, 2013
Cash on hand	0.70	0.64
Balances with banks:		
- on cash credit and current accounts	263.25	740.79
- on deposit accounts	490.00	580.50
	753.95	1,321.93

Notes:

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

As per our report of even date
For S. R. BATLIBOI & Co. LLP
ICAI 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

B.N.KALYANI
Chairman and
Managing Director

G.K.AGARWAL
Deputy Managing
Director

P.S.VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Notes to financial statements

For the year ended March 31, 2014

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 three stock exchanges in India. The Company is engaged in the manufacturing and selling of forged components. The Company caters to both domestic and international markets. The Company's CIN is L25209PN1961PLC012046.

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 accounting principles generally accepted in India, including the accounting standards notified under the Companies Act, 1956 read with general circular 8 / 2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which have been measured at fair value. The 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 capitalized.

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 on tangible assets :

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.

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

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

c) Depreciation and amortization on tangible assets (Contd.):

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%
Plant and machinery – Windmill	SLM	5.28%	5.28%
Others (computers)	SLM	40%	16.21%
Office equipment	WDV	13.91%	13.91%
Railway sidings	SLM	10.34%	10.34%
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 remaining useful 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.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from 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.

Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

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

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

d) Intangible assets (Contd.):

Research and development expenditure (Contd.):

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

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

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

e) Inventories :

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

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

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

Scrap is valued at net realizable value.

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

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

f) Foreign currency translation :

Foreign currency transactions and balances:

i. Initial recognition :

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

ii. Conversion :

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii. Exchange differences :

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

- a. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- b. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- c. All other exchange differences are recognized as income or as expenses in the period in which they arise.

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

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

f) Foreign currency translation (Contd.):

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.

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

Long-term investments are carried at cost. However, provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

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

h) Revenue recognition :

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

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

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim is fulfilled.
- iii. Sale of services :

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

Revenues from die design and preparation charges are recognized as per the terms of the contract as and when 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. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.
- v. Sale of electricity – Windmill :

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

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

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

h) Revenue recognition (Contd.):

vii. Dividend income :

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

viii. Profit / loss on sale of investment :

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

ix. Certified emission reduction units / renewal energy certificates :

Revenue from certified emission reduction units / renewal energy certificates is recognized when there is reasonable assurance that the entity will comply with the conditions attached to it and the grants will be received. At a minimum, these conditions will only be met when the actual emission reductions have been realized and the entity has reasonable assurance that these reductions will be confirmed during the verification and certification process by the respective independent authority.

i) Retirement and other employee benefits :

i Provident fund :

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

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

Actuarial valuation of this provident fund interest shortfall has been done as per the guidance note issued in this respect by the Institute of Actuaries of India.

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

ii Gratuity :

The Company operates two defined benefits plan for its employees viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds, 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' basic salary. The Company recognizes expense toward the contribution paid / payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Company 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.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

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

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 costs 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.

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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

k) Income taxes (Contd.):

Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

l) Provisions :

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

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

m) Impairment of tangible asset :

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve upto the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

n) Leases :

Where the Company is the lessee

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

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.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

o) Government grants and subsidies (Contd.):

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.

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.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

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

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

Fair value hedges

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

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit and loss.

Cash flow hedges

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

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

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

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

3. Share capital

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Authorised shares (No.)		
300,000,000 (March 31, 2013: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00
43,000,000 (March 31, 2013: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2013: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
232,970,666 (March 31, 2013: 232,970,666) equity shares of ₹ 2/- each	465.94	465.94
Subscribed and fully paid-up (No.)		
232,794,316 (March 31, 2013: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59
Add: 172,840 (March 31, 2013: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2013: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2013 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each) [Also refer note 3(f)]	0.09	0.09
Total issued, subscribed and fully paid-up share capital	465.68	465.68

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

Equity shares	As at March 31, 2014		As at March 31, 2013	
	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

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

3. Share capital (Contd.):

(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, 2014, the amount of per share interim dividend recognised as distributions to equity shareholders was ₹ 2.00/- (March 31, 2013: ₹ 1.00/-).

During the year ended March 31, 2014, the amount of per share proposed final dividend recognised as distributions to equity shareholders was ₹ 2.50/- (March 31, 2013: ₹ 2.40/-).

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

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

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

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

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

(e) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder *	As at March 31, 2014		As at March 31, 2013	
	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	29,907,087	12.85	20,986,337	9.01
Life Insurance Corporation Of India	8,120,200	3.49	20,358,099	8.74
Reliance Capital Trustee Company Limited	7,578,185	3.26	12,151,369	5.22

* 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, 2014	As at March 31, 2013
Warrants issued with option to subscribe [Refer note 3(g)(i)]	-	6,500,000
The issue of Foreign Currency Convertible Bonds optionally convertible at an initial price specified in offering circular. As the initial price was 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(c)]	-	-
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

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

3. Share capital (Contd.):

(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 had been credited to capital reserve as the same is not refundable / adjustable.

The Warrant holders were entitled to exercise their right to exchange the warrants in to corresponding number of equity shares, up to April 28, 2013. As no warrants have been exercised on or before the said warrant exercise period, the warrants have lapsed and ceased to be valid.

- ii) Refer note 5(c) 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, 2013: 9,200). The funds raised had been utilised towards the object of the issue.

4. Reserves and surplus

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
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
Less: Amount transferred to general reserve [Refer note 4(a)]	-	(44.00)
Closing balance	-	-
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)
Closing balance	-	-
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	15.50
Capital redemption reserve		
Balance as per the last financial statements	300.00	300.00
Closing balance	300.00	300.00
Securities premium account		
Balance as per the last financial statements	7,096.48	7,990.12
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 ₹ Nil (March 31, 2013 ₹ 429.19 million) [Refer note 5(c)]	-	(893.64)
Closing balance	7,096.48	7,096.48
carried over	7,411.98	7,411.98

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

4. Reserves and surplus (Contd.):

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
brought over	7,411.98	7,411.98
Debenture redemption reserve [Refer note 4(c)]		
Balance as per the last financial statements	1,448.94	1,040.34
Add: Amount transferred from surplus in the statement of profit and loss	403.77	408.60
Closing balance	1,852.71	1,448.94
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 38]		
Balance as per the last financial statements	(175.12)	(28.32)
Add: Arising during the year	(683.38)	(290.49)
Less: Adjusted during the year	187.03	143.69
Closing balance	(671.47)	(175.12)
Hedge reserve [Refer note 2.1(s)]		
Balance as per the last financial statements	241.53	(381.64)
Add: Arising during the year	2,250.05	1,335.46
Less: Adjusted during the year	(705.61)	(712.29)
Closing balance	1,785.97	241.53
General reserve		
Balance as per the last financial statements	2,248.90	1,899.30
Add: Amount transferred from capital reserve	-	44.00
Add: Amount transferred from surplus balance in the statement of profit and loss	400.00	305.60
Closing balance	2,648.90	2,248.90
Surplus in the statement of profit and loss		
Balance as per the last financial statements	11,469.41	10,051.89
Add: Net profit for the year	3,999.29	3,055.93
Less: Appropriations		
- Transfer to debenture redemption reserve	(403.77)	(408.60)
- Transfer to general reserve	(400.00)	(305.60)
- Interim equity dividend [Refer note 4(d)]	(465.59)	(232.79)
- Tax on interim equity dividend	(79.13)	(37.76)
- Proposed final equity dividend [Refer note 4(d)]	(581.99)	(558.71)
- Tax on proposed final equity dividend	(98.91)	(94.95)
	(2,029.39)	(1,638.41)
Closing balance	13,439.31	11,469.41
TOTAL	26,467.40	22,645.64

(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 financial year ended March 31, 2013 the Company has transferred the entire balance to general reserve.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

4. Reserves and surplus (Contd.):

(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 Package 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:

- Electricity duty exemption for the period of 7 years from the date of commencement of the project i.e. April 1, 2009;
- 100% exemption from payment of Stamp duty for the Leasehold land acquired for the Baramati Plant; and
- 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" eligible incentive is considered to be in the nature of grants related to revenue and is accounted under other income in note 20.

(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 by the bondholders, and 10,000,000 equity shares of ₹ 2/- each allotted as detailed in note 3(g) 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 (March 31, 2013: 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 27, 2014 (March 31, 2013: May 25, 2013).

5. Long-term borrowings

In ₹ Million

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Debentures [Refer note 5(a)]				
2,500 (March 31, 2013: 2,500) - 11.95 % Redeemable non-convertible debentures (secured)	1,666.67	2,500.00	833.33	-
1,760 (March 31, 2013: 1,760) - 10.75 % Redeemable non-convertible debentures (secured)	1,144.00	1,760.00	616.00	-
2,625 (March 31, 2013: 3,500) - 10.75 % Redeemable non-convertible debentures (secured)	-	2,625.00	2,625.00	875.00
	2,810.67	6,885.00	4,074.33	875.00
Term loans				
From banks				
Foreign currency term loans				
From Credit Agricole Corporate & Investment Bank, Singapore [Refer note 5(b)(i)] (secured)	-	1,086.40	1,198.80	814.80
On syndication basis [Refer note 5(b)(ii)] (unsecured)	4,795.20	4,345.60	-	-
On syndication basis [Refer note 5(b)(iii)] (unsecured)	2,397.60	2,172.80	-	-
On syndication basis [Refer note 5(b)(iv)] (unsecured)	3,596.40	-	-	-
	10,789.20	7,604.80	1,198.80	814.80
carried over	13,599.87	14,489.80	5,273.13	1,689.80

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

5. Long-term borrowings (Contd.):

In ₹ Million

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
brought over	13,599.87	14,489.80	5,273.13	1,689.80
Foreign Currency Convertible Bonds (FCCB)				
[Refer note 5(c)]				
USD Nil (March 31, 2013: USD 39.9 million)				
0% Tranche B FCCB (Redeemed on April 28, 2013) (unsecured)	-	-	-	2,167.37
	-	-	-	2,167.37
TOTAL	13,599.87	14,489.80	5,273.13	3,857.17
The above amount includes				
Secured borrowings	2,810.67	7,971.40	5,273.13	1,689.80
Unsecured borrowings	10,789.20	6,518.40	-	2,167.37
Amount disclosed under the head "Other current liabilities" [Refer note 10]	-	-	(5,273.13)	(3,857.17)
TOTAL	13,599.87	14,489.80	-	-

(a) Debentures

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

- (i) 2,500 (March 31, 2013: 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; and 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 and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari-passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as all plant and machinery, equipments, tools, furniture and fixtures etc., as described in Debenture Trust-cum-Mortgage Deed dated April 30, 2009 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

- (ii) 1,760 (March 31, 2013: 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 and Chakan, Satara with negative lien on properties situated at Jejuri and Baramati as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010; and (ii) First pari-passu charge in favour of the Trustees on moveable properties, present and future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

- (iii) 2,625 (March 31, 2013: 3,500) - 10.75 % Redeemable secured non-convertible debentures (Seventeenth series) of ₹ 1,000,000/- each redeemable at par in three installment @ 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 as at Mundhwa, Satara and Chakan with negative lien on properties situated at Jejuri and Baramati; and (ii) First pari passu charge in favour of the Trustees by way of hypothecation of movable properties, present and future both such as all plant and machinery, equipments, tools, furniture and fixtures etc., as described in Debenture Trust-cum-Mortgage Deed dated December 14, 2009 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

5. Long-term borrowings (Contd.):

(b) Foreign currency term loans

(i) From Credit Agricole Corporate & Investment Bank, Singapore (Secured)

Balance outstanding USD 20 million (March 31, 2013: USD 35 million)

Secured by first pari passu charge over present and future movable fixed assets viz. plant and machinery, computers, furniture's 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 date of its origination, i.e. October 14, 2012, along with interest.

(ii) Foreign currency term loans on Syndicated basis (Unsecured)

Balance outstanding USD 80 million (March 31, 2013: USD 80 million)

Repayable in 3 half yearly installments from date of its origination i.e. October 31, 2016, along with interest.

(iii) Foreign currency term loans on Syndicated basis (Unsecured)

Balance outstanding USD 40 million (March 31, 2013: USD 40 million)

Repayable in 3 half yearly installments from date of its origination i.e. October 31, 2016, along with interest.

(iv) Foreign currency term loans on Syndicated basis (Unsecured)

Balance outstanding USD 60 million (March 31, 2013: Nil)

Repayable in 3 half yearly installments from date of its origination i.e. October 31, 2017, along with interest.

The interest for the above secured and unsecured loans including refinance ranges from 6M Libor + 200 bps to 400 bps pa.

(c) Foreign currency convertible bonds (FCCB)

The Company had issued FCCB (Tranche B) of USD 39.90 million, to finance capital expenditure, global acquisitions and loan to subsidiaries. The said bonds were 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 was non conversion of FCCB, the amount was to be repaid in full.

The Tranche B of FCCB 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 to 1,322.82 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.

6. Deferred tax liabilities (Net)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
On account of timing difference in		
Impact of difference between tax depreciation / amortization and depreciation / amortization for the financial reporting	2,115.70	2,025.41
Gross deferred tax liability	2,115.70	2,025.41
Deferred tax assets		
On account of timing difference in		
Privilege leave encashment and gratuity	149.70	153.86
Provision for bad and doubtful debts and advance	22.10	13.96
Disallowance under section 43 B of Income Tax Act, 1961	149.91	60.16
Premium on redemption of FCCB [Refer note 5(c)]	-	429.19
Voluntary retirement scheme	2.96	3.94
Gross deferred tax assets	324.67	661.11
Net deferred tax liability	1,791.03	1,364.30

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

7. Other long term liabilities

In ₹ Million

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Voluntary retirement scheme compensation	4.67	7.40	3.66	5.14
	4.67	7.40	3.66	5.14
Amount disclosed under the head "other current liabilities" [Refer note 10]	-	-	(3.66)	(5.14)
TOTAL	4.67	7.40	-	-

8. Provisions

In ₹ Million

	Long-term		Short-term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits				
Provision for gratuity [Refer note 29]	275.85	303.64	-	-
Provision for special gratuity [Refer note 29]	27.42	26.72	11.69	11.08
Provision for employee's provident fund [Refer note 29]	-	2.56	-	-
Provision for leave benefits	-	-	164.59	155.71
	303.27	332.92	176.28	166.79
Other provisions				
Proposed equity dividend	-	-	581.99	558.71
Provision for tax on proposed equity dividend	-	-	98.91	94.95
Provision for tax (net of advance tax)	-	-	184.30	87.59
	-	-	865.20	741.25
TOTAL	303.27	332.92	1,041.48	908.04

9. Short-term borrowings

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Cash credit from banks (secured) [Refer note 9(a)]	12.14	62.66
Preshipment packing credit - foreign currency (secured) [Refer note 9(b)]	673.76	35.56
Preshipment packing credit - foreign currency (unsecured) [Refer note 9(b)]	384.25	-
Buyers' line of credit for import of goods from banks (unsecured) [Refer note 9(c)]	-	291.89
TOTAL	1,070.15	390.11
The above amount includes		
Secured borrowings	685.90	98.22
Unsecured borrowings	384.25	291.89
TOTAL	1,070.15	390.11

- (a) Cash credit from banks is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc. Cash credit is repayable on demand and carries interest @ 10.50% to 13.25% per annum.
- (b) Preshipment packing credit from banks is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks, work-in-progress, consumable stores and spares, book debts etc. Preshipment packing credit (secured & unsecured) is repayable within 180 days and carries interest @ LIBOR + 75 bps to 100 bps per annum.
- (c) 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, 2014 (Contd.):

10. Trade payables and other current liabilities

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Trade payables [Refer note 40 for details of dues to micro and small enterprises]	2,772.84	3,006.64
Acceptances	2,852.13	1,234.51
TOTAL	5,624.97	4,241.15
Other current liabilities		
Current maturities of long-term borrowings [Refer note 5]		
- Secured	5,273.13	1,689.80
- Unsecured	-	2,167.37
Payables for capital goods	263.48	462.85
Premium on redemption of FCCB [Refer note 5(c)]	-	1,224.15
Interest accrued but not due on borrowings	269.47	247.86
Investor Education and Protection Fund (as and when due)		
- Unpaid dividend	22.32	22.22
- Unpaid matured deposits	0.04	0.14
Security deposits	79.21	79.12
Advance from customers	132.08	167.51
Employee contributions and recoveries payable	39.03	32.75
Statutory dues payable including tax deducted at source *	411.14	13.38
Voluntary retirement scheme compensation [Refer note 7]	3.66	5.14
Others	122.95	169.82
TOTAL	6,616.51	6,282.11
TOTAL	12,241.48	10,523.26

* Includes LBT for which the appropriate authority and the administrative mechanism for collection is awaited

Notes to Financial Statements

For the year ended March 31, 2014 (Contd.):

11. Tangible assets

In ₹ Million

	Free hold land (a)	Lease hold land	Buildings (b), (c)	Plant and machinery	Office equipments	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total
As at April 1, 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	-	-	4.78	84.88	-	-	-	0.19	-	-	-	89.85
- Borrowing cost	-	-	110.23	528.87	-	-	3.03	3.54	1.05	-	-	646.72
- Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
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
Additions	-	-	147.19	1,937.19	4.89	-	-	81.68	4.86	5.05	-	2,180.86
Disposals / adjustments	(1.51)	-	(7.71)	(275.72)	(0.04)	-	(1.41)	(1.66)	(5.87)	(16.12)	-	(310.04)
Other adjustments	-	-	0.66	84.77	-	-	-	1.77	-	-	-	87.20
- Borrowing cost	-	0.06	23.65	554.26	-	-	0.52	5.53	0.11	-	-	584.13
- Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2014	176.28	90.08	2,957.70	31,694.61	59.23	0.45	525.32	724.51	268.49	2,180.27	97.77	38,774.71
Depreciation												
As at April 1, 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
Charge for the year	-	0.95	83.75	2,098.96	2.97	-	40.93	61.54	17.03	131.91	15.11	2,453.15
Disposals / adjustments	-	-	(6.09)	(151.01)	(0.03)	-	(1.47)	(1.37)	(3.13)	(14.16)	-	(177.26)
As at March 31, 2014	-	6.15	609.54	15,843.53	37.49	0.43	321.49	499.37	187.33	938.54	76.50	18,520.37
Net Block												
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
As at March 31, 2014	176.28	83.93	2,348.16	15,851.08	21.74	0.02	203.83	225.14	81.16	1,241.73	21.27	20,254.34

(a) Freehold land includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara both of which have been given on lease.

(b) Buildings include cost of hangar jointly owned with other Companies ₹ 0.12 million (March 31, 2013: ₹ 0.12 million).

(c) Documents for the ownership of premises at Sai Nagari, Surajban apartments and Lullanagar at Pune and lease hold land at Baramati and at Jejuri are under execution.

(d) Capitalized borrowing cost:

The borrowing cost capitalized during the year ended March 31, 2014 was ₹ 42.75 million (March 31, 2013: ₹ 52.66 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.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

12. Non-current investments

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
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	3,385.74	3,385.74
	3,673.72	3,673.72
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)	(964.16)
	22.93	22.93
9,999,994 (March 31, 2013: 9,999,994) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited	100.00	100.00
Less: Provision for diminution in value of investments [Refer note 12(c) and 27]	(90.00)	-
	10.00	100.00
40,050,000 (March 31, 2013: 50,000) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Ventures Limited	400.50	0.50
50,000 (March 31, 2013: 50,000) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited (erstwhile BF Power Equipment Limited)	0.50	0.50
10,000 (March 31, 2013: 10,000) equity shares of ₹ 10/- each fully paid up in BF Elbit Advanced Systems Private Limited	0.10	0.10
50,000 (March 31, 2013: 50,000) equity shares of ₹ 10/- each fully paid up in Kalyani Polytechnic Private Limited	0.50	0.50
Other subsidiaries where Company holds 51% or more of the equity share capital		
6,120,000 (March 31, 2013: 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, 2013: 25,499,996) equity shares of ₹ 10/- each fully paid up in Kalyani ALSTOM Power Limited	259.09	259.09
1,655,202 (March 31, 2013: Nil) equity shares of ₹ 10/- each fully paid up in Analogic Controls India Limited	16.55	-
Investments in joint ventures [Refer note 32]		
14,905,000 (March 31, 2013: 9,905,000) equity shares of ₹ 10/- each fully paid up in Impact Automotive Solutions Limited	149.05	99.05
70,927,496 (March 31, 2013: 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% or more of the share capital)		
21,067,894 (March 31, 2013: 21,067,894) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	210.68	210.68
504,432 (March 31, 2013: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited [Refer note 12(d)]	72.13	72.13
	5,611.87	5,235.32
carried over	5,611.87	5,235.32

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

12. Non-current investments (Contd.):

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Trade investments (valued at cost unless stated otherwise) (Contd.):		
brought over	5,611.87	5,235.32
Preference shares (unquoted)		
21,814,050 (March 31, 2013: 21,814,050) preference shares of ₹ 10/- each fully paid up in BF Infrastructure Limited, a wholly owned subsidiary	218.14	218.14
Less: Provision for diminution in value of investments [Refer note 12(c) and 27]	(218.14)	-
	-	218.14
Debentures (unquoted)		
866,467 (March 31, 2013: Nil) 0% Compulsorily Convertible Debentures of ₹ 100/- each in Analogic Controls India Ltd.	86.65	-
Bonds (unquoted)		
500 (March 31, 2013: Nil) Non-convertible redeemable secured taxable bonds of ₹ 10,000/- each - Series IX (2013-14)	5.00	-
TOTAL	5,703.52	5,453.46
Aggregate amount of unquoted investments	5,703.52	5,453.46
Aggregate amount of provision for diminution in value of investments	(1,272.30)	(964.16)

(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 had registered losses which has substantially eroded its net worth.

Given the uncertainties in the American economy and its further impact on the auto industries slow revival, the Company had, as a matter of prudence, tested the investment in BFA for impairment / diminution with reference to the value of assets. Accordingly, the Company had provided for additional impairment ₹ Nil (March 31, 2013: ₹ 260.00 million) which was recognised as an exceptional item in the statement of profit and loss in the previous year.

During the last financial year, the Company had announced to close down the operations on account of prolonged recessionary conditions in the US auto market and had decided to sell off the assets. As on May 5, 2013, the Company sold all its fixed assets in BFA to a third party.

(c) BF Infrastructure Limited (BFIL)

BF Infrastructure Limited, a wholly owned subsidiary has registered losses which has affected its net worth. Given the losses in the business activities carried out by the Company, the Company has, as a matter of prudence, tested the investment in BFIL for impairment / diminution with reference to the value of assets. Accordingly, the Company has provided for impairment of ₹ 308.14 million (March 31, 2013: ₹ Nil) which has been recognised as an exceptional item in the statement of profit and loss.

(d) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited pledged against the facility obtained by Gupta Global Resources Private Limited.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

13. Loans and advances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Capital advances				
Unsecured, considered good	820.95	557.65	-	-
	820.95	557.65	-	-
Security deposits (including statutory deposits)				
Unsecured, considered good	399.81	391.59	-	-
	399.81	391.59	-	-
Loans and advances				
To related parties [Refer note 33]				
Unsecured, considered good				
Loan to wholly owned subsidiaries	-	1,504.07	82.34	-
Amount recoverable from wholly owned subsidiaries	108.00	457.06	43.81	70.24
Amount recoverable from other subsidiaries and joint ventures	-	-	135.31	0.77
Intercompany deposit	-	-	10.00	-
	108.00	1,961.13	271.46	71.01
Recoverable in cash or kind				
Unsecured, considered good	-	-	421.24	178.08
Unsecured, considered doubtful	-	-	45.12	33.12
Less: Provision for doubtful advance	-	-	(45.12)	(33.12)
	-	-	421.24	178.08
Others				
Unsecured, considered good				
Loan to a company [Refer note 13(a)]	-	309.09	-	-
Share application money pending allotment to related party	-	-	20.00	-
Loan to employees	16.52	16.27	-	-
Advance income tax (Net of provision for tax)	171.63	187.32	-	-
MAT credit entitlement	-	20.30	-	-
Advances to suppliers	-	-	348.36	181.78
Balances with statutory / government authorities	-	-	746.94	356.28
Taxes and duty credits receivables (including VAT)	-	-	1,657.77	1,783.40
Intercompany deposits	-	120.00	-	-
	188.15	652.98	2,773.07	2,321.46
	296.15	2,614.11	3,465.77	2,570.55
TOTAL	1,516.91	3,563.35	3,465.77	2,570.55

(a) Loan to a company

In earlier years interest free loan of ₹ 309.09 million was given to a Private Limited Company which had given an undertaking to purchase and hold the Company's 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. In the current year, the Private Company has sold all the shares held by them on behalf of the Trust and refunded the loan amount to the Company. Consequently the said "BFL Executives Welfare and Share Option Trust" has been renamed to "BFL Staff Welfare Trust".

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

14. Other assets

In ₹ Million

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless stated otherwise				
Non-current bank balance [Refer note 18]	0.03	0.03	-	-
	0.03	0.03	-	-
Derivative assets				
Forward contracts	-	-	1,800.60	247.62
	-	-	1,800.60	247.62
Others				
Export incentives receivable	31.21	172.21	1,412.47	417.31
Government grant under PSI Scheme	230.19	181.69	-	-
Interest accrued on fixed deposits etc.	-	-	38.16	64.81
Energy credit receivable - Windmills	-	-	28.31	26.92
Interest accrued on loan given to subsidiary	-	69.96	109.91	-
Others	-	-	521.33	-
	261.40	423.86	2,110.18	509.04
TOTAL	261.43	423.89	3,910.78	756.66

15. Current investments (valued at lower of cost and market value, unless stated otherwise)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Investments in mutual funds [Refer note 15(a)]	7,705.40	3,852.99
	7,705.40	3,852.99
Aggregate amount of quoted investments	643.62	502.09
[# Market value ₹ 660.96 million (March 31, 2013: ₹ 513.89 million)]		
Aggregate amount of unquoted investments	7,061.78	3,350.90
TOTAL	7,705.40	3,852.99
# Included in market value at NAV as on March 31, 2014 and March 31, 2013 respectively as there was no trade for the schemes, hence quotations are not available.		

Notes to financial statements

For the year ended March 31, 2014 (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, 2014	As at March 31, 2013
In mutual fund units at cost:		
Quoted:		
Nil (March 31, 2013: 5,000,000.000) Units of ₹10 each of Birla Sun Life Fixed Term Plan Series GO (369 Days) - Growth - Regular	-	50.00
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of Birla Sun Life Fixed Term Plan Series JO (367 Days) - Growth - Regular	20.00	-
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of Birla Sun Life Fixed Term Plan Series KC (368 Days) - Growth - Regular	20.00	-
3,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of Birla Sun Life Fixed Term Plan Series KG (367 Days) - Growth - Regular	30.00	-
Nil (March 31, 2013: 1,000,000.000) Units of ₹10 each of DSP BlackRock FMP - Series 68 - 12M - Growth	-	10.00
Nil (March 31, 2013: 1,000,000.000) Units of ₹10 each of DSP BlackRock FMP - Series 90 - 12M - Reg - Growth	-	10.00
Nil (March 31, 2013: 2,000,000.000) Units of ₹10 each of DSP BlackRock FMP - Series 81 - 12M - Growth	-	20.00
Nil (March 31, 2013: 5,490,450.000) Units of ₹10 each of DSP BlackRock FMP - Series 82 - 12M - Growth	-	54.90
Nil (March 31, 2013: 5,503,150.000) Units of ₹10 each of DSP BlackRock FMP - Series 84 - 12M - Reg. - Growth	-	55.03
3,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of DSP BlackRock FMP - Series 146 12M - Growth	30.00	-
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of DSP BlackRock FMP - Series 153 12M - Regular - Growth	20.00	-
Nil (March 31, 2013: 2,000,000.000) Units of ₹10 each of DWS Fixed Maturity Plan - Series 27 - Regular Plan - Growth	-	20.00
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of DWS Fixed Maturity Plan - Series 48 - Regular Plan - Growth	20.00	-
Nil (March 31, 2013: 3,000,000.000) Units of ₹10 each of HDFC FMP 371D July 2012 (1) - Growth - Series 22	-	30.00
Nil (March 31, 2013: 2,000,000.000) Units of ₹10 each of HDFC FMP 371D November 2012 (1) - Growth - Series 23	-	20.00
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of HDFC FMP 369D June 2013 (1) Regular - Growth - Series 26	20.00	-
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of HDFC FMP 370D July 2013 (1) Regular - Growth - Series 26	20.00	-
3,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of HDFC FMP 371D July 2013 (1) Regular - Growth - Series 26	30.00	-
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of HDFC FMP 370D November 2013 (1) Regular - Growth - Series 28	20.00	-
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of HDFC FMP 370D February 2014 (1) Regular - Growth - Series 29	20.00	-
2,000,000.000 (March 31, 2013: Nil) Units of ₹10 each of HDFC FMP 371D February 2014 (2) Regular - Growth - Series 29	20.00	-
Nil (March 31, 2013: 5,000,000.000) Units of ₹10 each of ICICI Prudential FMP Series 64 - 367 Days Plan C Cumulative	-	50.00
carried over	270.00	319.93

Notes to financial statements

For the year ended March 31, 2014 (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, 2014	As at March 31, 2013
brought over		270.00	319.93
Nil	(March 31, 2013: 3,000,000.000) Units of ₹10 each of ICICI Prudential FMP Series 66 - 366 Days Plan H Regular Plan Cumulative	-	30.00
2,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of ICICI Prudential FMP Series 72 - 368 Days Plan A Regular Plan Cumulative	20.00	-
5,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of ICICI Prudential FMP Series 72 - 366 Days Plan C Regular Plan Cumulative	50.00	-
3,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of ICICI Prudential FMP Series 72 - 368 Days Plan D Regular Plan Cumulative	30.00	-
5,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of ICICI Prudential FMP Series 72 - 366 Days Plan K Regular Plan Cumulative	50.00	-
Nil	(March 31, 2013: 3,000,000.000) Units of ₹10 each of IDFC Fixed Term Plan Series 13 Regular Plan - Growth	-	30.00
Nil	(March 31, 2013: 2,215,580.000) Units of ₹10 each of IDFC Fixed Term Plan Series 17 Regular Plan - Growth	-	22.16
3,273,240.000	(March 31, 2013: Nil) Units of ₹10 each of IDFC Fixed Term Plan Series 85 Regular Plan- Growth	32.73	-
2,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of JPMorgan India Fixed Maturity Plan Series 31 Regular - Growth	20.00	-
2,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of Kotak Fixed Maturity Plan Series 104 Regular - Growth	20.00	-
Nil	(March 31, 2013: 3,000,000.000) Units of ₹10 each of LIC Nomura MF FMP Series 54 - 375 Days - Growth Plan	-	30.00
3,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of LIC Nomura MF FMP Series 66 - 371 Days - Growth Plan	30.00	-
2,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of LIC Nomura MF FMP Series 73 - 366 Days - Growth Plan	20.00	-
2,000,000.000	(March 31, 2013: Nil) Units of ₹10 each of Reliance Fixed Horizon Fund Series - XXV - Series 10 - Growth Plan	20.00	-
Nil	(March 31, 2013: 5,000,000.000) Units of ₹10 each of SBI Debt Fund Series - 366 Days - 23 - Regular Plan - Growth	-	50.00
2,000,000.00	(March 31, 2013: Nil) Units of ₹10 each of SBI Debt Fund Series - 366 Days - 33 Regular Plan - Growth	20.00	-
5,000,000.00	(March 31, 2013: Nil) Units of ₹10 each of Tata Fixed Maturity Plan Series 46 - Scheme L - Plan A - Growth	50.00	-
Nil	(March 31, 2013: 1,000,000.000) Units of ₹10 each of UTI Fixed Term Income Fund Series XII - IX (368 Days) - Growth Plan	-	10.00
Nil	(March 31, 2013: 1,000,000.000) Units of ₹10 each of UTI Fixed Term Income Fund Series XIII - I (368 Days) - Growth Plan	-	10.00
1,089,070.000	(March 31, 2013: Nil) Units of ₹10 each of UTI Fixed Term Income Fund Series XVI - VII (366 Days) - Growth Plan	10.89	-
TOTAL (A)		643.62	502.09

Notes to financial statements

For the year ended March 31, 2014 (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, 2014	As at March 31, 2013
Unquoted:			
108,378.426	(March 31, 2013: 42,248.718) Units of ₹1,000 each of Axis Liquid Fund - Growth	153.82	54.83
4,370,902.437	(March 31, 2013: 2,178,433.411) Units of ₹100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	897.74	408.70
184,299.841	(March 31, 2013: 44,307.701) Units of ₹1,000 each of DSP BlackRock Liquidity Fund - Institutional Plan - Growth	337.76	74.27
1,035,835.061	(March 31, 2013: 600,608.489) Units of ₹100 each of DWS Insta Cash Plus Fund - Super Institutional Plan - Growth	172.18	91.40
20,501,895.199	(March 31, 2013: 4,329,004.329) Units of ₹10 each of HDFC Liquid Fund - Growth	518.09	100.00
19,487,687.081	(March 31, 2013: 17,425,030.566) Units of ₹10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	426.05	348.49
677,930.460	(March 31, 2013: 466,911.127) Units of ₹100 each of ICICI Prudential Flexible Income - Regular Plan - Growth	162.86	102.17
4,004,094.893	(March 31, 2013: 1,179,076.055) Units of ₹100 each of ICICI Prudential Liquid -Regular Plan - Growth	758.98	204.24
266,554.232	(March 31, 2013: 106,970.080) Units of ₹1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	414.94	152.31
3,311,092.550	(March 31, 2013: 3,382,935.738) Units of ₹10 each of JP Morgan India Liquid Fund Super Inst. - Growth	54.97	51.37
85,205.285	(March 31, 2013: 21,319.532) Units of ₹1,000 each of Kotak Liquid Scheme Plan A - Growth	221.43	50.65
8,149,796.322	(March 31, 2013: 8,322,385.858) Units of ₹10 each of Kotak Floater Long Term - Growth	165.80	155.09
94,267.257	(March 31, 2013: 31,650.553) Units of ₹1,000 each of L&T Liquid Fund - Growth	165.59	50.84
14,191.966	(March 31, 2013: Nil) Units of ₹1,000 each of L&T Liquid Fund - Growth	32.96	-
63,013.387	(March 31, 2013: 64,433.427) Units of ₹1,000 each of Reliance Money Manager Fund - Growth	110.56	103.17
6,226,444.069	(March 31, 2013: 6,352,508.679) Units of ₹10 each of Reliance Medium Term Fund - Growth	164.56	154.48
147,537.786	(March 31, 2013: 63,384.640) Units of ₹1,000 each of Reliance Liquidity Fund - Growth	284.69	111.84
Nil	(March 31, 2013: 18,947.117) Units of ₹1,000 each of Religare Liquid Fund - Growth	-	30.51
18,534.741	(March 31, 2013: Nil) Units of ₹1,000 each of Religare Invesco Liquid Fund - Growth Plan	32.65	-
259,859.320	(March 31, 2013: 132,001.174) Units of ₹1,000 each of SBI Premier Liquid Fund - Regular Plan - Growth	523.19	242.99
5,215,145.919	(March 31, 2013: 2,220,933.825) Units of ₹10 each of Sundaram Money Fund - Regular - Growth	140.90	54.84
80,658.882	(March 31, 2013: 73,343.291) Units of ₹ 1,000 each of Tata Liquid Fund Plan A - Growth	190.71	158.57
200,068.190	(March 31, 2013: 103,262.327) Units of ₹ 1,000 each of Templeton India Treasury Management Account Super Institutional Plan - Growth	382.07	180.01
3,417,650.211	(March 31, 2013: 3,498,328.468) Units of ₹10 each of Templeton India Ultra Short Bond Fund - Super Institutional Plan - Growth	57.55	53.40
276,887.584	(March 31, 2013: 163,236.788) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth Option	581.05	313.51
63,837.251	(March 31, 2013: 65,247.689) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth	110.68	103.22
	TOTAL (B)	7,061.78	3,350.90
	TOTAL (A) + (B)	7,705.40	3,852.99

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

16. Inventories (valued at lower of cost and net realizable value)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Raw materials and components [includes lying with third parties] (Refer note 21)	1,171.62	1,146.78
Work-in-progress [includes lying with third parties] (Refer note 22)	1,994.99	1,560.50
Finished goods [includes in transit] (Refer note 22)	29.62	126.90
Stores, spares and loose tools	800.20	865.46
Dies and dies under fabrication (Refer note 22)	1,067.30	1,034.03
Scrap (Refer note 22)	20.37	23.34
TOTAL	5,084.10	4,757.01

17. Trade receivables

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
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	130.47	225.84
Considered doubtful	19.90	9.91
Less: Provision for doubtful receivables	(19.90)	(9.91)
	-	-
	130.47	225.84
Other receivables		
Considered good	5,121.67	4,516.48
	5,121.67	4,516.48
TOTAL	5,252.14	4,742.32

18. Cash and bank balances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents				
Balances with banks				
In Cash Credit and Current accounts	-	-	263.25	740.79
Deposits with original maturity of less than 3 months	-	-	490.00	580.50
Cash on hand	-	-	0.70	0.64
	-	-	753.95	1,321.93
Other bank balances				
Earmarked balances (on unclaimed dividend accounts) *	-	-	22.67	18.85
Deposits with original maturity of more than 3 months but less than 12 months	-	-	1,740.00	1,150.00
Deposits with original maturity of more than 12 months #	0.03	0.03	-	300.00
	0.03	0.03	1,762.67	1,468.85
Amount disclosed under non-current assets (Refer note 14)	(0.03)	(0.03)	-	-
TOTAL	-	-	2,516.62	2,790.78

* Includes Earmarked balances with bank against unclaimed dividend ₹ 22.67 million (March 31, 2013: ₹ 18.85 million).

₹ 0.03 million (March 31, 2013: ₹ 0.03 million) in non-current portion pledged with sales tax department.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

19. Revenue from operations

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from operations		
Sale of products (net of returns, rebates etc.)		
- Finished goods	32,163.73	30,129.39
- Manufacturing scrap	1,844.66	1,724.02
Sale of services		
- Job work charges	184.17	267.83
- Die design and preparation charges	302.89	309.34
Revenue from operations (gross)	34,495.45	32,430.58
Less: Excise duty *	(1,501.57)	(1,597.19)
	32,993.88	30,833.39
Other operating revenues		
- Export incentives	939.03	620.48
- Sale of electricity / REC - Windmills	59.82	58.40
	998.85	678.88
TOTAL	33,992.73	31,512.27

* Excise duty on sales amounting to ₹ 1,501.57 million (March 31 2013: ₹ 1,597.19 million) has been reduced from sales in statement of profit and loss and excise duty on (decrease) / increase in stock amounting to ₹ 0.33 million (March 31, 2013: ₹ (0.36) million) has been considered as expense / (income) in note 24 of financial statements.

(a) Details of product sold (Gross of excise duty)

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Finished goods sold		
Steel forgings	12,671.68	12,008.80
Finished machined crankshaft	12,374.17	12,351.40
Front axle assembly and components	4,690.94	3,959.84
Ring rolling	1,014.03	483.88
Transmission parts	893.08	1,000.32
Aluminium road wheel	430.20	244.42
General engineering equipments	89.63	80.73
TOTAL	32,163.73	30,129.39

20. Other income

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Interest income on		
- Deposits	185.18	290.78
- Loans to subsidiary	49.81	29.56
Dividend income from investment in mutual funds - current investment	393.57	242.17
Net gain on sale of		
- current investments	12.58	43.96
- non-current investments	45.68	26.07
Gain on foreign exchange fluctuation (net)	110.58	-
Government grant under PSI scheme	122.22	125.71
Bad debts recovered	-	0.10
Net gain on sale of fixed assets	-	2.13
Provision for doubtful debts and advances written back	0.30	2.77
Provisions no longer required written back	66.25	94.84
Insurance (including key man insurance) (net)	70.00	-
Miscellaneous income	90.83	58.16
TOTAL	1,147.00	916.25

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

21. Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Inventory at the beginning of the year	1,146.78	1,312.85
Add: Purchases	14,130.33	13,264.79
	15,277.11	14,577.64
Less: Inventory at the end of the year (Refer note 16)	(1,171.62)	(1,146.78)
Cost of raw materials and components consumed	14,105.49	13,430.86

Details of inventories:

(a) Details of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Carbon and alloy steel	13,134.63	12,713.73
Components	612.43	403.39
Die blocks, die and tools steel	358.43	313.74
TOTAL	14,105.49	13,430.86

(b) Imported and indigenous raw materials and components consumed

	Year ended March 31, 2014		Year ended March 31, 2013	
	(%)	In ₹ Million	(%)	In ₹ Million
Imported	4.93	695.30	5.63	756.37
Indigenous	95.07	13,410.19	94.37	12,674.49
TOTAL	100.00	14,105.49	100.00	13,430.86

(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. (Increase) / decrease in inventories of finished goods, work-in-progress and dies

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013	(Increase) / decrease
Inventories at the end of the year (Refer note 16)			
Work-in-progress	1,994.99	1,560.50	(434.49)
Finished goods	29.62	126.90	97.28
Dies and dies under fabrication	1,067.30	1,034.03	(33.27)
Scrap	20.37	23.34	2.97
	3,112.28	2,744.77	(367.51)
Inventories at the beginning of the year (Refer note 16)			
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
	2,744.77	2,886.23	141.46
TOTAL	(367.51)	141.46	

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

23. Employee benefits expense

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus (including managing and whole time director's remuneration)	2,394.26	2,155.17
Contributions to		
- Provident fund	61.89	61.34
- Superannuation scheme	28.82	29.55
- Other fund / scheme	39.18	40.41
- Gratuity fund [Refer note 29]	35.87	65.49
- Special Gratuity fund [Refer note 29]	6.31	3.87
Employee voluntary retirement scheme compensation	1.39	6.36
Staff welfare expenses	220.74	211.69
TOTAL	2,788.46	2,573.88

24. Other expenses

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Consumption of stores, spares and tools	1,733.66	1,682.21
Machining charges	753.63	732.44
Power, fuel and water	3,250.21	3,165.67
Less: Credit for energy generated	(85.89)	(64.19)
	3,164.32	3,101.48
Repairs and maintenance		
- Building repairs and road maintenance	37.02	52.37
- Plant and machinery	436.45	384.02
Rent (Refer note 30)	12.95	6.53
Rates and taxes (including wealth tax)	28.51	33.59
Insurance (including key man insurance) (net)	-	38.29
Legal and professional fees	401.90	194.56
Commission and discount	79.12	83.44
Donations:		
a) Political parties *	62.50	-
b) Others	45.11	18.04
Packing material	507.98	492.76
Freight forwarding charges	293.53	271.76
Directors' fees and travelling expenses	1.87	2.53
Commission to directors other than managing and whole time directors	10.00	8.40
Loss on sale of fixed assets (net)	6.71	-
Provision for doubtful debts and advances	22.29	3.47
Bad debts / advances written off	0.44	0.14
Exchange difference (net)	-	116.31
Payment to Auditors (Refer details below)	10.46	8.81
Excise duty on decrease / (increase) of stock	0.33	(0.36)
Miscellaneous expenses **	1,220.72	979.53
TOTAL	8,829.50	8,210.32

* Donations to political parties includes those to Bharatiya Janata Party, Shiv Sena, Maharashtra Pradesh Nationalist Congress Party, All India Congress Committee, Maharashtra Pradesh Congress Committee

** Miscellaneous expenses include travelling expenses, printing, stationery, postage, telephone etc.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

24. Other expenses (Contd.):

Payment to auditors

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
As auditor:		
- Audit fee	7.00	6.50
- Limited review	2.20	1.80
- Others (including certification fees)	1.10	0.37
Reimbursement of expenses	0.16	0.14
TOTAL	10.46	8.81

Above expenses include research and development expenses for details of which refer note 45

25. Depreciation and amortization expense

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation and amortization on tangible assets [Refer note 11]	2,453.15	2,239.33
TOTAL	2,453.15	2,239.33

26. Finance costs

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Interest on bank facilities	1,348.67	1,305.54
Interest on bills discounting	92.49	211.66
Bank charges including loan processing fees	54.56	16.39
TOTAL	1,495.72	1,533.59

27. Exceptional items

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Provision for diminution in value of investments in subsidiaries [Refer note (a) and (b)]	308.14	260.00
Reversal of interest differential for FY 2011-12 [Refer note (c)]	-	(205.02)
Government grant under PSI scheme [Refer note (d)]	-	(160.67)
Profit on sale of land [Refer note (e)]	(431.64)	-
TOTAL	(123.50)	(105.69)

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

27. Exceptional items (Contd.):

(a) Provision for diminution in value of investment in BF Infrastructure Limited (BFIL)

Considering the losses in the business activities carried out by BFIL, the Management, has provided an amount of ₹ 308.14 million towards diminution in the carrying cost of its investments in current financial year.

(b) 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 in last financial year.

(c) 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 had exercised the option retrospectively from April 1, 2011 and the exchange loss amounting to ₹ 205.02 million representing the interest differential up to March 31, 2012 previously expensed was reversed and corresponding adjustment was made to the cost of fixed assets and FCMITDA as appropriate in previous year.

(d) Package Scheme of Incentive (PSI)

During the previous year the Company had accrued 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 the Government of Maharashtra, for its plant set up in Baramati.

(e) Profit on sale of land

During the current year, the Company has sold its land situated at Jalgaon resulting in a gain of ₹ 431.64 million.

28. Earnings per share (EPS)

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Numerator for basic and diluted EPS		
Net profit attributable to Shareholders as at March 31	3,999.29	3,055.93
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 ₹)	17.18	13.13
Weighted average number of equity shares in calculating diluted EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	232,794,316
EPS - Diluted - (in ₹)	17.18	13.13

29. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

The Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The scheme is funded with 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 plan.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

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, 2014	Year ended March 31, 2013
Current service cost	41.72	42.69
Interest cost on benefit obligation	44.62	43.54
Expected (return) on plan assets	(25.74)	(21.90)
Net actuarial (gain) / loss recognised in the year	(24.73)	1.16
Interest income	-	-
Net benefit expense	35.87	65.49
Actual return on plan assets	25.69	24.80

Balance sheet

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening fair value of plan assets	274.74	236.86
Expected return	25.74	21.90
Contribution by employer	63.67	61.43
Benefits (paid)	(41.12)	(48.35)
Actuarial (losses) / gains	(0.05)	2.90
Closing fair value of plan assets	322.98	274.74

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening defined benefit obligation	578.38	536.44
Interest cost	44.63	43.54
Current service cost	41.72	42.69
Benefits (paid)	(41.12)	(48.35)
Actuarial (gains) / losses on obligation	(24.78)	4.06
Closing defined benefit obligation	598.83	578.38

Benefit (liability)

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	322.98	274.74
Present value of defined benefit obligations	(598.83)	(578.38)
Plan (liability)	(275.85)	(303.64)

The Company expects to contribute ₹ 65.00 million to gratuity fund in the next year (March 31, 2013: ₹ 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, 2014	As at March 31, 2013
Investments with insurer	100%	100%

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	As at March 31, 2014	As at March 31, 2013
Discount rate	9.10%	8.00%
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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Plan assets	322.98	274.74	236.86	211.11	193.39
Defined benefit obligation	598.83	578.38	536.44	486.01	411.14
(Deficit)	(275.85)	(303.64)	(299.58)	(274.90)	(217.75)
Experience adjustments on plan liabilities	(6.00)	9.66	(2.69)	(59.59)	2.94
Experience adjustments on plan assets	(0.05)	2.90	1.10	(0.58)	1.18

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet.

Statement of profit and loss

Net employee benefit expense recognised in employee cost in statement of profit and loss

	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	0.09	0.16
Interest cost on benefit obligation	2.83	3.15
Expected return on plan assets	-	-
Net actuarial loss recognised in the period	3.39	0.56
Interest income	-	-
Net benefit expense	6.31	3.87
Actual return on plan assets	-	-

Balance sheet

Changes in the present value of the defined benefit obligation (recognised in balance sheet) are as follows:

	Year ended March 31, 2014	Year ended March 31, 2013
Opening defined benefit obligation	37.80	40.13
Interest cost	2.83	3.15
Current service cost	0.09	0.16
Benefits paid	(5.00)	(6.20)
Actuarial losses on obligation	3.39	0.56
Closing defined benefit obligation	39.11	37.80

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

Benefit (liability)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	-	-
Present value of defined benefit obligations	(39.11)	(37.80)
Less : Unrecognised past service cost	-	-
Plan asset (liability)	(39.11)	(37.80)

The principal assumptions used in determining gratuity for the Company's plan is shown below:

In % per annum

	As at March 31, 2014	As at March 31, 2013
Discount rate	9.00%	8.00%
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.

Amount for the current and previous three periods are as follows:

In ₹ Million

	As at			
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Plan assets	-	-	-	-
Defined benefit obligation	39.11	37.80	40.13	45.37
Surplus / (deficit)	(39.11)	(37.80)	(40.13)	(45.37)
Experience adjustments on plan liabilities	5.04	0.20	(2.69)	-
Experience adjustments on plan assets	-	-	-	-

(c) Provident fund

In accordance with law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under defined contribution plan, provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

Under defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report is as follows:

The Company has provided ₹ Nil towards shortfall in the interest payment on provident fund as per actuary report during the year ended March 31, 2014 (March 31, 2013: ₹ 4.92 million).

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.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

29 Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund (Contd.):

Statement of profit and loss

Net employee benefit expense recognised as employee cost in statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	1.85	2.15
Interest cost on benefit obligation	0.95	-
Expected (return) on plan assets	(0.84)	(0.48)
Net actuarial (gain) / loss recognised in the period	(16.61)	3.25
Interest income	-	-
Net benefit (income) / expense #	(14.65)	4.92

The income has not been accounted for in the current year.

Balance sheet

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening fair value of plan assets	9.28	2.36
Expected return	0.84	0.48
Contribution by employer	-	-
Benefits paid	-	-
Actuarial gains	1.97	6.44
Closing fair value of plan assets	12.09	9.28

Changes in the present value of guaranteed interest rate obligation:

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening guaranteed interest rate obligation	11.84	-
Interest cost	0.95	-
Current service cost	1.85	2.15
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(14.64)	9.69
Closing guaranteed interest rate obligation	-	11.84

Benefit asset / (liability)

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	12.09	9.28
Present value of guaranteed interest rate obligation	-	11.84
Plan asset / (liability) #	12.09	(2.56)

The Company has not recognised the plan asset in the books based on the concept of prudence.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund (Contd.):

Assumptions under the Black Scholes option pricing approach are as follows:

	In % per annum	
	As at March 31, 2014	As at March 31, 2013
Discount rate	9.10%	8.00%
Expected guaranteed rate	8.75%	8.50%

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 had 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 financial year 2011-12. Hence, earlier years' data is not available.

	In ₹ Million		
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Plan assets	12.09	9.28	2.36
Guaranteed interest rate obligation	-	11.84	-
Surplus / (deficit)	-	-	-
Experience adjustments on rate obligation	-	-	-
Experience adjustments on plan assets	-	-	-

30. Leases

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 option of the lessee. There are no escalation clauses or restrictions placed upon the Company by entering into these leases.

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Lease rentals during the year		
- on cancellable leases	12.95	6.53
- on non-cancellable leases	-	-
	12.95	6.53

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, 2014 (Contd.):

32. Interest in joint ventures

In ₹ Million

	Percentage of ownership / interest	
	As at March 31, 2014	As at March 31, 2013
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	588.95	435.17
Non-current liabilities	440.29	488.29
Current liabilities	5,402.09	2,294.52
	6,431.33	3,217.98
Assets		
Fixed assets (net)	416.09	1.52
Capital work-in-progress	1,967.83	541.00
Preoperative expenses pending allocation	185.15	109.00
Deferred tax assets (net)	13.29	19.59
Long term loans and advances	798.51	615.07
Current assets	3,050.46	1,931.80
	6,431.33	3,217.98
- Share of the Company in the contingent liabilities incurred by jointly controlled entity	-	-
- Share of the Company in the capital commitment of jointly controlled entity	1,964.68	1,935.09

In ₹ Million

	For the Year ended	
	March 31, 2014	March 31, 2013
Income		
Revenue from operations	3,936.47	1,062.31
Other income	69.77	31.02
	4,006.24	1,093.33
Expenses		
Material cost and erection services	3,451.77	856.69
Tender cost	54.35	25.42
Employee benefit expenses	165.21	129.83
Depreciation and amortisation	4.75	0.17
Other expenses	153.55	161.86
	3,829.63	1,173.97
Profit / (loss) before tax	176.61	(80.64)
Tax expenses		
Current tax	37.34	-
MAT credit entitlement	(20.80)	-
Deferred tax	6.29	(10.40)
Profit / (loss) after tax	153.78	(70.24)

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

32. Interest in joint ventures (Contd.):

		In ₹ Million	
		Percentage of ownership / interest	
		As at March 31, 2014	As at March 31, 2013
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		76.25	61.50
Non current liabilities		0.04	0.01
Current liabilities		28.79	3.30
		105.08	64.81
Assets			
Fixed assets (net)			
Tangible assets		19.65	22.66
Intangible assets		6.76	8.57
Long-term loans and advances		13.39	12.09
Current assets		65.28	21.49
		105.08	64.81
- Share of the Company in the contingent liabilities incurred by jointly controlled entity		-	-
- Share of the Company in the capital commitment of jointly controlled entity		0.68	0.48

		In ₹ Million	
		For the Year ended	
		March 31, 2014	March 31, 2013
Income			
Revenue from operations		2.77	0.09
Other income		2.15	1.95
		4.92	2.04
Expenses			
Cost of materials consumed		0.95	2.46
Purchases of Stock-in-trade		2.48	0.02
Changes in inventories of finished goods and work-in-progress		(0.01)	(0.02)
Employee benefit expenses		5.59	2.78
Depreciation and amortisation expense		7.19	5.72
Other expenses		23.87	18.13
		40.07	29.09
(Loss) before tax		(35.15)	(27.05)
Current tax		-	-
Taxation for earlier years		0.09	(0.07)
Deferred tax		-	-
(Loss) after tax		(35.24)	(26.98)

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

32. Interest in joint ventures (Contd.):

In ₹ Million

	Percentage of ownership / interest	
	As at March 31, 2014	As at March 31, 2013
David Brown Bharat Forge Gear Systems India Limited (incorporated in India) (Joint venture of one of the subsidiary of the Company)		
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	33.25	32.65
Long-term provisions	0.12	0.05
Current liabilities	10.00	3.44
	43.37	36.14
Assets		
Fixed assets (net)		
Tangible assets	7.57	8.09
Intangible assets	0.17	0.04
Long term loans and advances	1.95	1.80
Current assets	33.68	26.21
	43.37	36.14
- Share of the Company in the contingent liabilities incurred by jointly controlled entity	-	-
- Share of the Company in the capital commitment of jointly controlled entity	-	-

In ₹ Million

	For the Year ended	
	March 31, 2014	March 31, 2013
Income		
Revenue from operations (net)	25.61	3.30
Other income	1.19	1.45
	26.80	4.75
Expenses		
Cost of raw material and components consumed	11.24	-
Changes in inventories of finished goods and work in progress	(0.60)	-
Employee benefits expense	6.48	4.51
Depreciation and amortization expense	0.58	0.28
Other expenses	8.50	8.79
	26.20	13.58
Profit / (Loss) before tax	0.60	(8.83)

Notes to financial statements

For the year ended March 31, 2014 (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 Kalyani Strategic Systems Limited (formerly known as BF Power Equipment Limited) BF Elbit Advanced Systems Private Limited Kalyani Polytechnic Private Limited (Section 25 Company) Analogic Controls India Limited (w.e.f. May 14, 2013)
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	
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 relatives	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. B. P. Kalyani Mr. S. E. Tandale Mr. S. K. Chaturvedi (up to December 31, 2013)

Notes to financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
1	Purchase of goods	Step down subsidiaries		
		Bharat Forge Kilsta AB	0.04	-
		Bharat Forge Scottish Stampings Limited	-	0.07
			0.04	0.07
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	9,367.63	9,098.56
		Kalyani Steels Limited	3,211.12	2,408.15
			12,578.75	11,506.71
			12,578.79	11,506.78
		2	Services received	Enterprises owned or significantly influenced by key management personnel or their relatives
BF Utilities Limited	255.63			246.17
		255.63	246.17	
3	Sale of goods	Subsidiaries		
		Kalyani ALSTOM Power Limited	-	2.30
		CDP Bharat Forge GmbH	-	0.47
			-	2.77
		Step down subsidiaries		
		Bharat Forge International Limited	7,806.21	6,126.48
		Bharat Forge Kilsta AB	173.06	15.87
			7,979.27	6,142.35
		Step down joint ventures		
		David Brown Bharat Forge Gear Systems India Limited	2.69	0.61
			2.69	0.61
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	1,511.91	1,432.11
		Automotive Axle Limited	93.55	23.06
		Kalyani Steels Limited	-	1.49
			1,605.46	1,456.66
	9,587.42	7,602.39		
4	Sale of export incentive licence	Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	24.91	-
			24.91	-
5	Services rendered	Subsidiaries		
		CDP Bharat Forge GmbH	-	12.98
			-	12.98
		Step down subsidiaries		
		Bharat Forge International Limited	33.73	12.48
			33.73	12.48
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Automotive Axle Limited	83.72	99.86
		Kalyani Carpenter Special Steels Limited	59.07	65.29
			142.79	165.15
	176.52	190.61		

Notes to financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
6	Purchase of fixed assets	Subsidiaries		
		CDP Bharat Forge GmbH	5.54	-
		Kalyani ALSTOM Power Limited	0.38	-
			5.92	-
7	Sale of fixed assets	Step down joint ventures		
		David Brown Bharat Forge Gear Systems India Limited	-	0.36
			-	0.36
8	Reimbursement of expenses paid	Subsidiaries		
		Bharat Forge America Inc.	102.18	16.90
		CDP Bharat Forge GmbH	61.40	20.73
			163.58	37.63
		Step down subsidiaries		
		Bharat Forge Kilsta AB	4.06	3.07
		Bharat Forge International Limited	82.57	54.95
			86.63	58.02
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	0.32	-
		Kalyani Steels Limited	0.32	-
			0.64	-
			250.85	95.65
9	Reimbursement of expenses received	Subsidiaries		
		BF Elbit Advanced Systems Private Limited	11.99	31.82
		CDP Bharat Forge GmbH	9.06	-
		Others	0.22	0.04
			21.27	31.86
		Step down subsidiaries		
		Bharat Forge International Limited	199.68	178.75
		Bharat Forge Kilsta AB	12.23	7.35
			211.91	186.10
		Join ventures		
		Impact Automotive Solutions Limited	-	0.43
			-	0.43
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	0.19	57.96
		Others	0.39	3.81
			0.58	61.77
			233.76	280.16

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

33. Related Party disclosures (Contd.):

(ii) Related party transactions (Contd.):

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million	
			Year ended	
			March 31, 2014	March 31, 2013
10	Finance provided:			
	-Investments			
		Subsidiaries		
		BF Infrastructure Ventures Limited	400.00	-
		BF Infrastructure Limited	-	308.14
		CDP Bharat Forge GmbH	-	93.18
		Kalyani ALSTOM Power Limited	-	66.11
		Analogic Controls India Limited	103.20	-
		Others	-	0.60
			503.20	468.03
		Joint ventures		
		Impact Automotive Solutions Pvt. Limited	50.00	50.00
			50.00	50.00
	- Loan / ICD	Subsidiaries		
		CDP Bharat Forge GmbH	29.92	292.10
		Analogic Controls India Limited	10.00	-
			39.92	292.10
	- Advance given	Subsidiaries		
		BF Infrastructure Ventures Limited	-	173.81
		Bharat Forge America Inc.	-	164.76
		BF Infrastructure Limited	47.25	-
			47.25	338.57
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		BF Utilities Limited	10.00	-
			10.00	-
	- Share application money pending allotment	Joint ventures		
		Impact Automotive Solutions Limited	20.00	-
			20.00	-
			670.37	1,148.70
11	Interest on loan / ICD	Subsidiaries		
		CDP Bharat Forge GmbH	48.93	29.56
		Analogic Controls India Limited	0.88	-
			49.81	29.56
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Steels Limited	22.49	22.50
		Kalyani Carpenter Special Steels Limited	-	2.60
			22.49	25.10
			72.30	54.66

Notes to financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
12	Managerial remuneration paid	Key management personnel		
		Mr. B. N. Kalyani	125.33	95.59
		Mr. A. B. Kalyani	40.26	31.57
		Mr. G. K. Agarwal	40.75	32.05
		Mr. S. E. Tandale	32.76	22.76
		Mr. S. K. Chaturvedi	23.53	23.77
		Mr. B. P. Kalyani	30.49	20.89
			293.12	226.63
13	Dividend paid	Key management personnel		
		Mr. B. N. Kalyani	0.17	0.14
		Mr. A. B. Kalyani	1.54	1.23
		Mr. G. K. Agarwal	0.01	0.01
		Mr. B. P. Kalyani	0.01	0.01
			1.73	1.39
14	Provision for diminution in value of investment	Subsidiaries		
		Bharat Forge America Inc.	-	(260.00)
		BF Infrastructure Limited	(308.14)	-
			(308.14)	(260.00)

(iii) 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, 2014	March 31, 2013
1	Payable towards purchases	Step down subsidiaries		
		Bharat Forge Kilsta AB	0.04	-
			0.04	-
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	724.49	772.08
		Kalyani Steels Limited	73.05	691.32
			797.54	1,463.40
			797.58	1,463.40
2	Payable towards services	Enterprises owned or significantly influenced by key management personnel or their relatives		
		BF Utilities Limited	1.52	6.67
			1.52	6.67

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

33. Related Party disclosures (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Str. No.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2014	March 31, 2013
3	Receivable for sale of goods			
		Subsidiaries		
		Kalyani ALSTOM Power Limited	0.20	0.20
			0.20	0.20
		Step down subsidiaries		
		Bharat Forge International Limited	1,222.23	896.12
		Bharat Forge Kilsta AB	157.71	27.69
			1,379.94	923.81
		Step down joint ventures		
		David Brown Bharat Forge Gear Systems India Limited	1.68	0.61
			1.68	0.61
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	509.43	403.52
		Others	41.83	14.63
			551.26	418.15
			1,933.08	1,342.77
4	Receivable towards services			
		Subsidiaries		
		CDP Bharat Forge GmbH	-	5.25
			-	5.25
		Step down joint ventures		
		Bharat Forge International Limited	1.32	-
			1.32	-
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	17.34	-
		Automotive Axle Limited	20.35	-
			37.69	-
			39.01	5.25
5	Reimbursement receivable			
		Subsidiaries		
		CDP Bharat Forge GmbH	19.97	0.04
		Bharat Forge America Inc.	0.34	0.34
		BF Elbit Advanced Systems Private Limited	43.81	31.82
		Others	0.20	0.04
			64.32	32.24
		Step down subsidiaries		
		Bharat Forge Kilsta AB	142.95	111.95
		Bharat Forge International Limited	28.95	21.56
		Others	0.22	0.57
			172.12	134.08
		Join ventures		
		Impact Automotive Solutions Limited	-	0.43
			-	0.43
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	0.01	0.12
		Kalyani Steels Limited	0.04	0.04
			0.05	0.16
			236.49	166.91

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

33. Related Party disclosures (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

S r . No.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2014	March 31, 2013
6	Reimbursement payable			
		Subsidiaries		
		CDP Bharat Forge GmbH	123.51	62.11
		Bharat Forge America Inc.	0.56	0.56
			124.07	62.67
		Step down subsidiaries		
		Bharat Forge Kilsta AB	18.51	11.46
		Bharat Forge International Limited	32.79	13.53
		Others	0.06	0.06
			51.36	25.05
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Carpenter Special Steels Limited	0.32	-
		Kalyani Steels Limited	0.32	-
			0.64	-
			176.07	87.72
7	Investments balance			
		Subsidiaries		
		CDP Bharat Forge GmbH	3,673.72	3,673.72
		Bharat Forge America Inc.	987.09	987.09
		Kalyani ALSTOM Power Limited	259.09	259.09
		Others	886.17	382.97
			5,806.07	5,302.87
		Joint ventures		
		ALSTOM Bharat Forge Power Limited	732.88	732.88
		Impact Automotive Solutions Pvt. Limited	149.05	99.05
			881.93	831.93
			6,688.00	6,134.80
8	Loans given / ICD placed			
		Subsidiaries		
		CDP Bharat Forge GmbH	82.34	1,504.07
		Analogic Controls India Limited	10.00	-
			92.34	1,504.07
9	Amounts recoverable			
		Subsidiaries		
		BF Infrastructure Ventures Limited	60.56	457.06
		BF Infrastructure Limited	47.25	-
		Bharat Forge America Inc.	-	164.76
			107.81	621.82
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		BF Utilities Limited	210.00	200.00
			210.00	200.00
			317.81	821.82

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

33. Related Party disclosures (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

S r . No.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2014	March 31, 2013
10	Share application money pending allotment	Joint ventures		
		Impact Automotive Solutions Limited	20.00	-
			20.00	-
11	Interest receivable	Subsidiaries		
		CDP Bharat Forge GmbH	109.55	69.96
		Analogic Controls India Limited	0.36	-
			109.91	69.96
		Enterprises owned or significantly influenced by key management personnel or their relatives		
		Kalyani Steels Limited	5.55	4.99
	5.55	4.99		
		115.46	74.95	
12	Advance from customers	Enterprises owned or significantly influenced by key management personnel or their relatives		
		Automotive Axle Limited	35.00	35.00
			35.00	35.00
13	Managerial remuneration payable	Key management personnel		
		Mr. B. N. Kalyani	75.00	41.20
		Mr. A. B. Kalyani	15.00	9.00
		Mr. G. K. Agarwal	15.00	9.00
		Mr. S. E. Tandale	20.00	12.00
		Mr. S. K. Chaturvedi	4.50	6.00
		Mr. B. P. Kalyani	19.00	11.00
	148.50	88.20		
14	Provision for diminution in value of investment	Subsidiaries		
		Bharat Forge America Inc.	(964.16)	(964.16)
		BF Infrastructure Limited	(308.14)	-
	(1,272.30)	(964.16)		

Notes to financial statements

For the year ended March 31, 2014 (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, 2014	Year ended March 31, 2013
Salaries, wages and bonus	23.45	21.54
Consumption of stores and spares	0.91	0.96
Others	3.65	3.34
	28.01	25.84

35. Contingent liabilities

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Sales bills discounted	7,103.34	5,584.61
Of which:		
- Bills since realised	1,674.57	1,231.55
- Matured, overdue and outstanding since close of the period	-	-
Guarantees given by the Company on behalf of other companies:		
Balance Outstanding	1,457.92	1,898.71
(Maximum Amount)	(1,952.14)	(2,269.38)
Claims against the Company not acknowledged as Debts - to the extent ascertained * #	118.97	138.83
Excise / Service tax demands - matters under dispute #	358.51	176.39
Customs demands - matters under dispute #	50.97	50.97

* The Claim against the Company comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

The Company is contesting the demands and the management, including its tax / legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised.

The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations

36. Capital and other commitments

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
(a) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 4,000 million (March 31, 2013 ₹ 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.	718.18	863.43
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	762.64	401.13
(c) For commitments relating to lease agreements, please refer note 30		
	1,480.82	1,264.56

(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.

Notes to financial statements

For the year ended March 31, 2014 (Contd.):

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, 2014		As at March 31, 2013	
			Foreign currency in million	In ₹ Million	Foreign currency in million	In ₹ Million
Forward contracts	USD	Hedging of highly probable sales	328.32	19,672.93	111.05	6,031.13
Forward contracts	EUR	Hedging of highly probable sales	149.13	12,279.36	33.50	2,331.60
Forward contracts	GBP	Hedging of highly probable sales	-	-	2.20	181.47

Cross currency swap

On August 5, 2009, the Company had 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, 2014		As at March 31, 2013	
		Foreign currency in million	In ₹ Million	Foreign currency in million	In ₹ Million
Export trade receivables	USD	22.90	1,372.31	18.71	1,016.14
	EUR	7.38	608.08	9.85	685.56
	GBP	1.11	110.15	1.88	155.08
	JPY	3.24	1.89	0.57	0.33
Import trade payables	USD	0.65	38.96	0.90	48.89
	EUR	3.28	270.17	5.28	367.65
	GBP	0.01	1.00	0.01	0.83
	JPY	240.07	139.84	265.33	152.91
	SEK	0.09	0.83	-	-
Foreign currency term loan	USD	200.00	11,988.00	194.90	10,586.97
Packing credit	USD	9.58	574.04	-	-
	EUR	4.67	384.34	-	-
	GBP	1.00	99.63	0.43	35.56
Buyers credit	EUR	-	-	1.14	79.23
	JPY	-	-	369.00	212.65
Bank deposits	USD	2.06	123.22	1.45	78.77
	EUR	0.39	31.95	1.19	82.63
	GBP	-	-	0.29	23.57
Loan to subsidiary	USD	-	-	22.45	1,219.40
	EUR	1.00	82.34	4.09	284.66
Other receivables	EUR	2.07	207.02	1.03	69.96
	SEK	1.51	13.94	-	-
Other payables	USD	3.02	184.11	1.37	82.89
	EUR	1.03	84.86	-	0.31
	JPY	-	-	1.93	1.11
Investments	EUR	58.76	3,673.72	58.76	3,673.72
	USD	21.60	22.93	21.60	22.93

Notes to financial statements

For the year ended March 31, 2014 (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 has other long-term foreign currency monetary item, where the gain / (loss) due to fluctuation in foreign currency is accounted for as FCMITDA and disclosed under reserve and surplus.

Accordingly foreign exchange gain / (loss) adjusted against:

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Cost of the assets / Capital work-in-progress	(576.27)	(613.51)
FCMITDA	(683.38)	(290.49)
Amortised in the current year	(187.03)	(143.69)

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, 2014	As at March 31, 2013
CDP Bharat Forge GmbH		
- Balance as at March 31	82.34	1,504.07
- Maximum amount outstanding during the year	1,850.92	1,597.49
BF Infrastructure Ventures Limited		
- Balance as at March 31	60.55	457.06
- Maximum amount outstanding during the year	457.26	457.06
BF Infrastructure Limited		
- Balance as at March 31	47.25	-
- Maximum amount outstanding during the year	47.25	308.14
Kalyani Carpentter Special Steels Limited		
- Balance as at March 31	-	-
- Maximum amount outstanding during the year	-	50.00

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, 2014	As at March 31, 2013
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	44.95	22.53
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	0.09	0.01
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.98	0.89

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, 2014 (Contd.):

41. Value of imports calculated on CIF basis

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Raw materials and components	590.88	661.38
Die blocks, die steel, tool steel and stores spares	592.35	718.26
Capital goods	217.00	865.89
TOTAL	1,400.23	2,245.53

42. Expenditure in foreign currency (on accrual basis)

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Legal and professional fees	248.75	62.57
Commission and discount	82.77	78.82
Freight forwarding charges	-	0.41
Foreign travel expenses [Including capitalised ₹ 0.68 millions (March 31, 2013: ₹ 1.22 million)]	41.77	34.29
Aircraft expenses	176.35	105.67
Service charges paid to deputed employees	-	64.72
Rework charges	144.51	204.57
Other expenses	49.89	90.31
Interest [Including capitalised ₹ 42.75 millions (March 31, 2013: ₹ 58.08 millions)]	524.35	433.18
Interest on Bills discounting	83.21	194.17
TOTAL	1,351.60	1,268.71

43. Earnings in foreign currency (on accrual basis)

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
F.O.B. value of exports	18,268.67	15,613.35
Insurance and freight on exports	207.87	189.20
Die design and preparation charges	213.46	252.95
Interest received on fixed deposits / others	-	0.09
Interest on loan to subsidiary	48.93	29.56
Guarantee commission	9.06	4.59
TOTAL	18,747.99	16,089.74

Notes to financial statements

For the year ended March 31, 2014 (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 is ₹ (522.37) million (March 31, 2013 ₹ (461.76) 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 ₹ 708 million (March 31, 2013: ₹ 775 million).

45. Expenditure on research and development

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
A. On revenue account		
Manufacturing expenses:		
Materials	18.49	9.52
Stores, spares and tools consumed	37.60	10.34
Repairs and maintenance		
- Machinery repairs	4.17	1.75
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, Contribution to provident and other funds and schemes etc.	126.52	76.71
Other expenses:		
Legal and professional charges	4.68	2.95
Membership fees	0.75	0.76
EDP expenses	18.72	16.01
Other expenses	18.43	12.12
Total	229.36	130.16
B. On capital account	26.71	17.02
Total research and development expenditure (A + B)	256.07	147.18

46. The financial statements are presented in ₹ million and decimal thereof except for per share information or as otherwise stated.

47. Previous year figures have been regrouped / reclassified, where necessary, to confirm to the current year's classification.

As per our report of even date
For S. R. BATLIBOI & Co. LLP
ICAI 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

B.N.KALYANI
Chairman and
Managing Director

G.K.AGARWAL
Deputy Managing
Director

P.S.VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF BHARAT FORGE LIMITED

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, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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 accounting principles generally accepted in India. 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.

AUDITOR'S RESPONSIBILITY

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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

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

- a. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- 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.

EMPHASIS OF MATTER

We draw attention to the following emphasis of matter paragraph included in the audit reports as under:

1. ALSTOM Bharat Forge Power Limited vide report dated May 6, 2014 issued by an Independent firm of Accountants, reproduced by us as under:

"We draw your attention to Note No. 39 regarding the uncertainty arising out of the stay imposed by the Hon'able High court of Gujarat on the development and construction work being carried out by the joint venture ALSTOM Bharat Forge Power Limited and Kalyani ALSTOM Power Limited to set up a manufacturing facility at Adani Port and Special Economic Zones (APSEZ) prior to the developer of the SEZ obtaining clearance from the ministry of environment and forests. The future outcome of the matter cannot presently be determined and hence no impact thereof has been considered by the management in the preparation and presentation of these consolidated financial statements. Our opinion is not qualified in respect of this matter." Also Refer note 39 of consolidated financial statement.

2. Kalyani ALSTOM Power Limited vide report dated May 1, 2014 issued by an Independent firm of Accountants, reproduced by us as under:

"We draw your attention to Note No. 24 regarding the uncertainty arising out of the stay imposed by the Hon'able High court of Gujarat on the development and construction work being carried out by the joint venture ALSTOM Bharat Forge Power Limited and Kalyani ALSTOM Power Limited to set up a manufacturing facility at Adani Port and Special Economic Zones (APSEZ) prior to the developer of the SEZ obtaining clearance from the ministry of environment and forests. The future outcome of the matter cannot presently be determined and hence no impact thereof has been considered by the management in the preparation and presentation of these consolidated financial statements. Our opinion is not qualified in respect of this matter." Also refer note 39 of consolidated financial statement.

OTHER MATTERS

We did not audit the financial information of all the 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 Rs. 19,014.74 million as at year ended December 31, 2013 and March 31, 2014 as applicable, revenues of Rs. 39,397.04 million and net cash outflows of Rs. 188.27 million, for the year ended December 31, 2013 and March 31, 2014 as applicable. We also did not audit the financial information of an overseas associate whose financial information reflects net income of Rs. Nil 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, insofar as it relates to these subsidiaries and associates is based solely on the reports of the other auditors and the review of the aforesaid conversion undertaken by the management. Our opinion is not qualified in respect of this matter.

We did not audit the financial statements of the all 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 Rs. 9,771.08 million as at March 31, 2014, total revenues of Rs. 7,952.84 million and net cash outflows amounting to Rs. 802.13 million for the year ended March 31, 2014, 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.

We did not audit the financial statements of Bharat Forge Scottish Stampings Limited (BFSSL), an overseas subsidiary, whose financial information included in the accompanying consolidated financial statements, reflects total assets of Rs. 6.10 million as at December 31, 2013, total revenues of Rs. Nil and net cash outflows amounting to Rs. 8.12 million for the year ended December 31, 2013. Such financial information has not been audited but has been approved by the Board of Directors of BFSSL and has been furnished to us by the management. The management of the Company has converted this financial information to accounting principles generally accepted in India, for the purpose of preparation of the Company's 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 certified accounts and our review of the conversion process undertaken by the management. Our opinion is not qualified in respect of this matter.

For S.R. BATLIBOI & CO. LLP

ICAI Firm Registration Number: 301003E

Chartered Accountants

per Arvind Sethi

Partner

Membership No.: 89802

Place: Pune

Date: May 27, 2014

Consolidated balance sheet

As at March 31, 2014

		In ₹ Million	
	Notes	As at March 31, 2014	As at March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	465.68	465.68
Reserves and surplus	4	26,366.73	22,098.21
		26,832.41	22,563.89
Minority interest			
		170.18	1,642.46
Non-current liabilities			
Long-term borrowings	5	15,212.01	18,274.02
Deferred tax liabilities (Net)	6	1,644.60	1,345.37
Other long-term liabilities	7	180.63	382.80
Long-term provisions	8	1,168.66	1,069.40
		18,205.90	21,071.59
Current liabilities			
Short-term borrowings	9	4,861.61	5,052.44
Trade payables	10	10,554.22	9,211.31
Other current liabilities	10	12,883.85	15,341.63
Short-term provisions	8	1,836.90	1,063.47
		30,136.58	30,668.85
		75,345.07	75,946.79
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11.1	25,151.68	28,918.25
Intangible assets	11.2	131.75	147.76
Intangible assets under development		-	568.62
Capital work-in-progress	11.3	5,826.71	5,755.48
Goodwill arising on consolidation		56.80	32.49
Non-current investments	12	290.61	285.13
Long-term loans and advances	13	2,361.30	2,233.25
Other non-current assets	14	261.77	374.41
		34,080.62	38,315.39
Current assets			
Current investments	15	7,721.38	3,874.44
Inventories	16	10,385.81	11,320.19
Trade receivables	17	8,659.72	7,966.96
Cash and bank balances	18	4,227.35	5,553.45
Short-term loans and advances	13	5,397.48	4,585.85
Other current assets	14	4,871.38	3,784.33
Assets held for sale	41	1.33	546.18
		41,264.45	37,631.40
		75,345.07	75,946.79
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S. R. BATLIBOI & Co. LLP
ICAI 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

B. N. KALYANI
Chairman and
Managing Director

G. K. AGARWAL
Deputy Managing
Director

P.S. VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Consolidated statement of profit & loss

For the year ended March 31, 2014

		In ₹ Million	
	Notes	Year ended March 31, 2014	Year ended March 31, 2013
Continuing operations			
Income			
Revenue from operations (gross)	19	68,669.74	53,262.66
Less: excise duty		(1,508.53)	(1,597.19)
Revenue from operations (net)		67,161.21	51,665.47
Other income	20	1,248.97	1,120.61
Total income (I)		68,410.18	52,786.08
Expenses			
Cost of raw materials and components consumed	21	25,420.35	22,876.06
(Increase) in inventories of finished goods, work-in-progress and dies	22	(807.93)	(847.64)
Project cost	21 (a)	7,628.76	763.44
Employee benefits expense	23	7,900.62	7,015.93
Other expenses	24	16,747.99	13,942.33
Depreciation and amortization expense	25	3,578.67	3,195.32
Finance costs	26	1,691.52	1,671.54
Total expenses (II)		62,159.98	48,616.98
Profit before exceptional item and tax (I - II)		6,250.20	4,169.10
Exceptional items	27	1,037.07	365.69
Profit before tax		7,287.27	4,534.79
Tax expenses			
Current tax			
- Pertaining to profit for the year		1,744.18	5.89
- Adjustment of tax relating to earlier years		(6.60)	(40.00)
- Share in adjustment of tax relating to earlier years of Joint Venture		-	(0.08)
- Share in MAT payable of Joint Venture		37.34	887.17
- MAT credit entitlement		-	(20.30)
- Share in MAT credit entitlement of Joint Venture		(20.80)	-
Deferred tax		339.74	706.91
Share in deferred tax of Joint Venture		6.38	(10.40)
Total tax expenses		2,100.24	1,529.19
Profit for the year		5,187.03	3,005.60

Consolidated statement of profit & loss

For the year ended March 31, 2014 (Contd.):

		In ₹ Million	
	Notes	Year ended March 31, 2014	Year ended March 31, 2013
Profit for the year		5,187.03	3,005.60
Share in associate's (loss) / profit after tax		(0.02)	1.96
Share of loss of minority		28.49	39.07
Profit for the year after minority interest from continuing operations (A)		5,215.50	3,046.63
Discontinuing operations			
Profit / (loss) before tax from discontinuing operations		(359.26)	(785.76)
Tax expenses of discontinuing operations		2.81	198.59
(Loss) after tax from discontinuing operations		(362.07)	(984.35)
Minority interest		131.86	413.47
(Loss) after minority interest from discontinuing operations (B)		(230.21)	(570.88)
Profit for the year after minority interest (A + B)		4,985.29	2,475.75
Earnings per equity share [nominal value of share ₹2 (March 31, 2013: ₹2)]	28		
Basic (In ₹)			
On the basis of profit from continuing operations		22.40	13.09
On the basis of total profit for the year		21.41	10.63
Diluted (In ₹)			
On the basis of profit from continuing operations		22.40	13.09
On the basis of total profit for the year		21.41	10.63
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S. R. BATLIBOI & Co. LLP
ICAI 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

B. N. KALYANI
Chairman and
Managing Director

G. K. AGARWAL
Deputy Managing
Director

P.S. VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Consolidated cash flow statement

For the year ended March 31, 2014

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities		
Profit before tax	7,287.27	4,534.79
Add /(Less) : Share of (Profit)/Loss in Associate	(0.02)	1.96
	7,287.25	4,536.75
Non-cash adjustment to reconcile profit before tax to net cash flows		
Interest (income)	(206.29)	(334.92)
Depreciation and amortisation	3,578.67	3,195.32
Unrealised foreign exchange loss/(gain)	148.91	165.29
Bad debts, irrecoverable advances, and sundry balances written off	6.28	0.04
Loss/(profit) on sale of fixed assets	(431.64)	0.55
Profit on disposal of subsidiary	(605.44)	-
Interest differential	-	(205.02)
Government grant and PSI Claim	-	(171.58)
Interest expenses	1,691.52	1,671.54
Provision for doubtful debts and advances written off/(back)	56.87	1.66
Dividend (income)	(394.76)	(243.62)
Net (gain)/loss on sale of investments	(58.26)	(70.03)
Provisions no longer required	(92.31)	(122.52)
Effects of consolidation*	133.76	855.94
	11,114.56	9,279.40
Operating profit before working capital changes		
Movements in working capital :		
(Increase)/decrease in non-current assets		
Decrease in long-term loans and advances	339.75	198.68
Decrease in other non-current assets	112.64	131.85
(Increase)/decrease in current assets		
(Increase) in inventories	(1,252.91)	(359.35)
Decrease in inventory due to disposal of subsidiary	2,187.29	-
(Increase)/decrease in trade receivables	(1,978.31)	166.63
Decrease in trade receivable due to disposal of subsidiary	1,523.72	-
(Increase) in short-term loans and advances	(868.50)	(754.72)
(Increase) in other current assets	(1,267.38)	(78.75)
Decrease in other current assets due to disposal of subsidiary	293.74	-
(Increase) in assets held for sale	-	(546.18)
(Increase)/decrease in non-current liabilities		
(Decrease)/increase in other long-term liabilities	(202.17)	159.71
Increase in long term provisions	99.26	193.50
(Increase)/decrease in current liabilities		
Increase/(decrease) in trade payables	4,066.59	(2,577.19)
(Decrease) in trade payable due to disposal of subsidiary	(2,779.42)	-
(Decrease)/increase in other current liabilities	(2,821.31)	3,375.37
(Decrease) in other current liabilities due to disposal of subsidiary	(219.03)	-
Increase/(decrease) in short term provisions	1,172.14	(117.04)
(Decrease) in short term provision due to disposal of subsidiary	(35.35)	-
Cash generated from operations	9,485.31	9,071.91
Direct taxes paid (net of refunds)	(2,112.89)	(1,192.93)
Add/Less: Minority interest's share of profit/loss	28.49	39.07
Add/Less: Profit / (loss) from discontinued operations	(230.21)	(570.88)
Net cash flows from operating activities	(A) 7,170.70	7,347.17
Cash flows from investing activities		
Investment in subsidiaries associates and others	(32.54)	(81.93)
Proceeds from disposal of investment in subsidiary	1,871.46	-
Investment in mutual funds	(16,323.46)	(11,350.54)
Proceeds from sale of mutual funds	12,534.78	11,793.09
Purchase of fixed assets (including CWIP)	(6,758.41)	(5,609.65)
Proceeds from sale of fixed assets	908.25	28.34
Movement in fixed assets on disposal of subsidiary	5,640.29	-
Interest income	230.48	334.92
Investments in bank deposits (having original maturity of more than three months)	(1,767.31)	(1,678.56)
Redemption/ maturity of bank deposits (having original maturity of more than three months)	1,420.00	4,210.50
Dividend income	394.76	243.62
Net cash flows (used in) investing activities	(B) (1,881.70)	(2,110.21)

Consolidated cash flow statement

For the year ended March 31, 2014

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from financing activities		
Proceeds from long term borrowings	4,103.43	3,220.45
Repayment of long term borrowings	(4,712.13)	(3,774.71)
Decrease in long term loans due to disposal of subsidiary	(2,669.34)	-
Proceeds from short term borrowings	6,100.07	2,259.43
Repayment of short term borrowings	(2,123.45)	(2,158.97)
Decrease in short term loans due to disposal of subsidiary	(4,175.89)	-
Interest expenses	(1,701.55)	(1,874.22)
Dividend including tax thereon	(1,220.95)	(967.64)
Net cash flows (used in) / from financing activities (C)	(6,399.81)	(3,295.66)
Net increase in cash and cash equivalents (A+B+C)	(1,110.81)	1,941.30
Effects of exchange difference on cash and cash equivalent held in foreign currency	-	0.22
Cash and cash equivalents at the beginning of the year	4,074.04	2,344.95
Cash and cash equivalents at the end of the year	2,963.23	4,286.47
Foreign currency translation reserve movement	(566.42)	(212.43)
	2,396.81	4,074.04
Components of cash and cash equivalents as at (Refer note 18)	March 31, 2014	March 31, 2013
Cash on hand	1.76	0.96
Balances with banks:		
- on current accounts	1,905.05	3,466.79
- on deposit accounts	490.00	606.29
	2,396.81	4,074.04

Notes :

- The figures in brackets represent outflows/adjustments.
- Previous period's figures have been regrouped / reclassified, wherever necessary to conform to current year presentation.

* Primarily includes impact of foreign currency translation and other consolidation adjustments.

As per our report of even date
For S. R. BATLIBOI & Co. LLP
ICAI 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

B. N. KALYANI
Chairman and
Managing Director

G. K. AGARWAL
Deputy Managing
Director

P.S. VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Notes to consolidated financial statements

For the year ended March 31, 2014

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 three stock exchanges in India. The Company is engaged in the manufacturing and selling of forged components. The Company caters to both domestic and international markets. The Company's CIN is L25209PN1961PLC012046.

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 accounting principles generally accepted in India including the accounting standards notified and read with general circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. 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 consolidated financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Principles of consolidation

These consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" as notified.

These consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its 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 consolidated financial statements in respect of overseas subsidiaries/associate companies (other than Bharat Forge International Limited) are drawn for the year ended December 31, 2013, whereas the financial statements of the Company are drawn for the year ended March 31, 2014. The effect of significant transactions and other events that occur between January 1, 2014 and March 31, 2014 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, 2014. The financial statements of Indian subsidiaries/associates/joint ventures have been drawn for the year ended March 31, 2014. The Group has converted these audited financial information and financial statements, as the case may be, 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 intra group 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, 2014 (Contd.):

a. Principles of consolidation (Contd.):

Subsidiaries (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 subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted.

A change in the ownership/ interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any minority interest;
- derecognises the cumulative translation differences, recorded in foreign currency translation reserve;
- recognises fair value of the consideration received;
- recognises the carrying value of any investment retained;
- recognises any surplus or deficit in consolidated statement of profit 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 consolidated statement of profit and loss reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the 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. 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.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

a. Principles of consolidation (Contd.):

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, 2014	March 31, 2013	
CDP Bharat Forge GmbH and its wholly owned subsidiary:	Germany	100%	100%	December 31, 2013
i. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2013
- Bharat Forge Aluminiumtechnik GmbH & Co. KG and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2013
- Bharat Forge Aluminiumtechnik Verwaltungs GmbH	Germany	100%*	100%*	December 31, 2013
ii. Bharat Forge Beteiligungs GmbH and its wholly owned subsidiary	Germany	100%*	100%*	December 31, 2013
a. Bharat Forge Kilsta AB, Sweden and its wholly owned subsidiary	Sweden	100%*	100%*	December 31, 2013
- Bharat Forge Scottish Stampings Ltd.	Scotland	100%*	100%*	December 31, 2013
b. Bharat Forge Hong Kong Limited and its Subsidiary	Hong Kong	100%*	100%*	December 31, 2013
FAW Bharat Forge (Changchun) Company Ltd.	China	52%* (up to Nov. 12, 2013)	52%*	December 31, 2013
c. Bharat Forge International Limited	U. K.	100%*	100%*	March 31, 2014
iii. Bharat Forge Daun GmbH	Germany	100%*	100%*	December 31, 2013
iv. BF New Technologies GmbH	Germany	100%*	100%*	December 31, 2013
Bharat Forge America Inc.	U.S.A.	100%	100%	December 31, 2013
BF NTPC Energy Systems Limited.	India	51%	51%	March 31, 2014
BF Infrastructure Limited	India	100%	100%	March 31, 2014
BF Infrastructure Ventures Limited	India	100%	100%	March 31, 2014
Kalyani Strategic Systems Limited (formerly known as BF Power Equipments Limited)	India	100%	100%	March 31, 2014
Kalyani ALSTOM Power Limited	India	51%	51%	March 31, 2014
BF Elbit Advances Systems Private Limited	India	100%	100%	March 31, 2014
Analagic Controls India Limited	India	60%	-	March 31, 2014

List of Subsidiaries which are not included in the consolidation based on materiality or where control is intended to be temporary/ restrictive:

Name of the company	Country of incorporation	Parent's ultimate holding as on		Financial year ends on
		March 31, 2014	March 31, 2013	
Kalyani Polytechnic Private Limited	India	100%	100%	March 31, 2014

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, 2014	March 31, 2013	
Talbahn GmbH	Germany	35%	35%	December 31, 2013
Tecnica UK Limited (shares held through subsidiary)	U. K.	30%	30%	December 31, 2013

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

a. Principles of consolidation (Contd.):

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, 2014	March 31, 2013	
Ferrovia Transrail Solutions Private Limited	India	49%	49%	March 31, 2014

(in ₹ Million)

Name of the Company	Original cost of investment	Goodwill/ (capital reserve)	Accumulated profit/ (loss) as on December 31, 2013	Provision for diminution	Carrying amount of investment as at December 31, 2013
Tecnica UK Limited (shares held through subsidiary)	1.97 (1.97)	2.75 (2.75)	- 1.96	- -	1.97 (1.97)
Ferrovia Transrail Solutions Private Limited	0.05 (0.05)	- -	0.03 1.86	- -	0.05 (0.05)

(Figures in bracket represents previous year) Tecnica U. K. was consolidated in the previous year on the basis of management accounts.

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, 2014	March 31, 2013	
ALSTOM Bharat Forge Power Limited	India	49%	49%	March 31, 2014
Impact Automotive Solutions Private Limited	India	50%	50%	March 31, 2014
David Brown Bharat Forge Gear Systems India Limited*	India	50%	50%	March 31, 2014
BFIL-CEC JV* (Jointly Control Operation)	India	-	-	March 31, 2014

* held through subsidiaries

b) Summary of significant diverse accounting policies followed by the subsidiaries and joint ventures

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 AB (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 company's 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. In the current year there is no impact on the results for the year as the amount is immaterial.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

b) Summary of significant diverse accounting policies followed by the subsidiaries and joint ventures (Contd.):

iii) Depreciation:

a) In respect of Bharat Forge America Inc.

Till previous year, depreciation expense on production related assets is calculated using units of production method. This is in contrast to the practice followed by the Company, where the depreciation on assets is calculated by using "straight line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year. In the current year there is no impact as all the assets have been disposed off during the year.

b) In respect of Indian subsidiaries (except BF Infrastructure Limited and Kalyani Strategic Systems Limited)

Depreciation expense is calculated using "straight line" basis on all the assets. This is in contrast to the practice followed by the Company, where the depreciation on assets is calculated by using "straight line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

c) In respect of certain Indian subsidiaries i.e. BF Infrastructure Limited and Kalyani Strategic Systems Limited

Depreciation expense is calculated using "Written Down Value" basis on all the assets. This is in contrast to the practice followed by the Company, where the depreciation on assets is calculated by using "straight line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

d) In respect of foreign subsidiaries

Depreciation expense is calculated using "straight line" basis on all the assets. This is in contrast to the practice followed by the Company where the depreciation on assets is calculated by using "straight line" basis or "Written Down Value" basis depending on asset classification. The practice would not have any material impact over the life of the asset and on the profit for the year.

c) Use of estimates

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

d) Tangible fixed assets

Fixed assets are stated at cost 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 consolidated statement of 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 consolidated statement of profit and loss when the asset is derecognized.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

e) Depreciation and amortization on tangible assets

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:

In case of the Company:

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. office equipments, factory equipments, furniture and fixtures, computers, 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.

	Rates* (Range)
Building	2% - 12.5%
Plant and machinery	4.75% - 33.33%
Plant and machinery – Windmill	5.28%
Others (computers)	16.21% - 40%
Dies	14.29% - 33.33%
Office equipment	9.09% - 40%
Railway sidings	10.34%
Electrical installation	4.75% - 10.34%
Factory equipments	9.09% - 50%
Furniture and fixtures	6.33% - 18.1%
Vehicles	9.5% - 33.33%
Aircraft	5.60%

*Range represents rates for SLM/WDV for respective companies. Also refer note 2.1 (b) (iii)

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.

In case of subsidiaries:

Depreciation in respect of the assets in case of certain subsidiaries is being provided either on "Straight Line Method" or "Written Down Method" on all assets. Refer note number 2.1(b) (iii) for the effects of the different accounting policies followed by the subsidiary company.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

f) Intangible assets

Acquired intangible assets

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Group amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from 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 consolidated 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.

Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

g) Inventories

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

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

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

g) Inventories (Contd.):

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

Scrap is valued at 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 consolidated statement of profit and loss.

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

h) Foreign currency translation

Foreign currency transactions and balances

i) Initial recognition

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

ii) Conversion

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

iii) Exchange differences

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

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- c) All other exchange differences are recognized as income or as expenses in the period in which they arise.

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

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

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

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

h) Foreign currency translation (Contd.):

v) Foreign operations

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve.

On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the consolidated statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in classification.

i) Investments

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

Long-term investments are carried at cost. However, provision for diminution in value of investments is made to recognize a decline other than temporary in the value of investment.

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

j) Revenue recognition

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

i) Sales of goods

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

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

ii) Export incentives

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

iii) Sale of services

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

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

j) 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 Group collects service tax and value added tax (VAT) on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

v) Sale of electricity – Windmill

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

vi) Interest income

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

vii) Dividend income

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

viii) Profit / loss on sale of investment

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

ix) Project revenue

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. Till then such costs are carried forward in the other current assets. Other tender costs are charged to the statement of profit and loss as period costs.

In case of one of the 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 remaining to be charged to this statement of profit & loss is ₹ 12.15 million (march 31,2013: ₹ 36.26 million).

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

j) Revenue recognition (Contd.):

- 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 that these reductions will be confirmed during the verification and certification process by the respective independent authority.

k) Retirement and other employee benefits

- i) Provident fund

The Company and some of its 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.

The employees of the Company and Indian subsidiaries which are not covered under the above scheme, their portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme. The Company and Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The Company and Indian subsidiaries recognize contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the 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 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 consolidated 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 and Indian subsidiaries recognize expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Company and Indian subsidiaries should recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Company recognises that difference excess as a liability. The Company and Indian subsidiaries have no obligation, other than the contribution payable to the superannuation fund.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

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

iv Privilege leave benefits

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

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

v Termination benefits

The 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.

vi Other long-term employee benefits

In case of certain overseas subsidiaries there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation. Separate actuarial valuation is carried out for each plan using the project unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

l) Borrowing costs

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

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

m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the other entities of the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

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

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

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

m) Income taxes (Contd.):

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

n) Provisions

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

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit and loss net of any reimbursement.

o) Impairment of asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

o) Impairment of asset (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 profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

p) 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 consolidated statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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

q) Government grants and subsidies

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

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

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

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

r) Earnings per share

Basic earnings per share are calculated by dividing the net profit 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.

s) Contingent liabilities

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

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

s) Contingent liabilities (Contd.):

because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

t) Cash and cash equivalents

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

u) Derivative instruments and hedge accounting

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

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

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

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

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

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit and loss.

Cash flow hedges

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

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

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

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

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

3. Share capital

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Authorised shares (No.)		
300,000,000 (March 31, 2013: 300,000,000) equity shares of ₹ 2/- each	600.00	600.00
43,000,000 (March 31, 2013: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2013: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
232,970,666 (March 31, 2013: 232,970,666) equity shares of ₹ 2/- each	465.94	465.94
Subscribed and fully paid-up (No.)		
232,794,316 (March 31, 2013: 232,794,316) equity shares of ₹ 2/- each	465.59	465.59
Add: 172,840 (March 31, 2013: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2013: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2013: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each) [Also refer note 3(f)]	0.09	0.09
Total issued, subscribed and fully paid-up share capital	465.68	465.68

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

Equity shares	As at March 31, 2014		As at March 31, 2013	
	No.	In ₹ Millions	No.	In ₹ Millions
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, 2014, the amount of per share interim dividend recognised as distributions to equity shareholders was ₹ 2.00/- (March 31, 2013: ₹ 1.00/-).

During the year ended March 31, 2014, the amount of per share proposed final dividend recognised as distributions to equity shareholders was ₹ 2.40/- (March 31, 2013: ₹ 2.40/-).

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, 2014 (Contd.):

3. Share capital (Contd.):

(e) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder *	As at March 31, 2014		As at March 31, 2013	
	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	29,907,087	12.85	20,986,337	9.01
Life Insurance Corporation Of India	8,120,200	3.49	20,358,099	8.74
Reliance Capital Trustee Company Limited	7,578,185	3.26	12,151,369	5.22

* 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, 2014	As at March 31, 2013
Warrants issued with option to subscribe [Refer note 3(g)(i)].	-	6,500,000
The issue of Foreign Currency Convertible Bonds optionally convertible at an initial price specified in offering circular. As the initial price was 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 in to 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.

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 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, 2013: 9,200). The funds raised have been utilised towards the object of the issue.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

4. Reserves and surplus

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
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
Less: Amount transferred to general reserve [Refer note 4(a)]	-	(44.00)
Closing balance	-	-
Subsidy for setting up new Industrial Unit [Refer note 4(b)]		
Balance as per the last financial statements	-	34.08
Less: Amount transferred to statement of profit and loss	-	(34.08)
Closing balance	-	-
Subsidy for capital investment [Refer note 4(e)]		
Balance as per the last financial statements	-	137.50
Add: Received during the year	-	17.85
Less: Reclassified to Other long term liabilities [Refer note 7]	-	(155.35)
Closing balance	-	-
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	15.50
Capital redemption reserve		
Balance as per the last financial statements	300.00	300.00
Closing balance	300.00	300.00
Securities premium account		
Balance as per the last financial statements	7,096.48	7,990.12
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 ₹ Nil (March 31, 2013 ₹ 429.19 million) [Refer note 5(d)]	-	(893.64)
Closing balance	7,096.48	7,096.48
Debenture redemption reserve [Refer note 4(c)]		
Balance as per the last financial statements	1,448.94	1,040.34
Add: Amount transferred from surplus in the consolidated statement of profit and loss	403.77	408.60
Closing balance	1,852.71	1,448.94
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 37]		
Balance as per the last financial statements	(163.07)	(28.32)
Add: Arising during the year	(692.09)	(278.44)
Less: Adjusted during the year	185.55	143.69
Closing balance	(669.61)	(163.07)
Hedge reserve		
Balance as per the last financial statements	204.16	(381.64)
Add: Arising during the year	2,235.87	1,298.09
Less: Adjusted during the year	(654.06)	(712.29)
Closing balance	1,785.97	204.16
General reserve		
Balance as per the last financial statements	2,248.90	1,899.30
Add: Amount transferred from capital reserve	-	44.00
Add: Amount transferred from surplus balance in the consolidated statement of profit and loss	400.00	305.60
Closing balance	2,648.90	2,248.90
carried over	13,029.95	11,150.91

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

4. Reserves and surplus (Contd.):

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
brought over	13,029.95	11,150.91
Foreign currency translation reserve		
Balance as per the last financial statements	362.31	574.74
Less: Movement during the year	(566.42)	(212.43)
Closing balance	(204.11)	362.31
Surplus in the consolidated statement of profit and loss		
Balance as per the last consolidated financial statements	10,584.99	9,747.65
Add: Net profit for the year	4,985.29	2,475.75
Less: Appropriations		
- Transfer to debenture redemption reserves	(403.77)	(408.60)
- Transfer to general reserves	(400.00)	(305.60)
- Interim dividend [Refer note 4(d)]	(465.59)	(232.79)
- Tax on interim dividend	(79.13)	(37.76)
- Proposed final equity dividend [Refer note 4(d)]	(581.99)	(558.71)
- Tax on proposed final equity dividend	(98.91)	(94.95)
	(2,029.39)	(1,638.41)
Closing balance	13,540.89	10,584.99
TOTAL	26,366.73	22,098.21

(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 previous year, the Company had 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", eligible incentive is considered to be in the nature of grants related to revenue and is accounted under other income in note 20.

(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, 2014 (Contd.):

4. Reserves and surplus (Contd.):

(d) The equity shares allotted on exercise of option to convert FCCB by the bondholders, and 10,000,000 equity shares of ₹ 2/- each allotted as detailed in note 3(g) 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 shares (March 31, 2013: 232,794,316) of ₹ 2/- each at the rate recommended by Board of Directors on the basis of equity shares issued and allotted up to May 27, 2014, (March 31, 2013: May 25, 2013).

(e) Subsidy for capital investment

One of the overseas subsidiary, has received government grant relating to fixed asset which has been accounted for under deferred income approach. In the earlier years, the amount was shown as capital reserve and was transferred to "Other long term liability" as per AS 12 in the previous year.

5. Long-term borrowings

In ₹ Million

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Debentures [Refer note 5(a)]				
2,500 (March 31, 2013: 2,500) - 11.95 % Redeemable non-convertible debentures (secured)	1,666.67	2,500.00	833.33	-
1,760 (March 31, 2013: 1,760) - 10.75 % Redeemable non-convertible debentures (secured)	1,144.00	1,760.00	616.00	-
2,625 (March 31, 2013: 3,500) - 10.75 % Redeemable non-convertible debentures (secured)	-	2,625.00	2,625.00	875.00
	2,810.67	6,885.00	4,074.33	875.00
Term loans				
From banks				
Foreign currency term loans				
Secured				
From Credit Agricole Corporate & Investment Bank, Singapore [Refer note 5(b)(i)]	-	1,086.40	1,198.80	814.80
From Hypo Vereins Bank, Germany [Refer note 5(b) (ii)]	131.61	151.30	41.29	36.13
From ICICI Bank, New York [Refer note 5(b) (iii)]	-	-	-	243.21
From ICICI Bank, Frankfurt [Refer note 5(b) (iv)]	165.16	289.04	165.15	144.52
From Unicredit Bank, Germany [Refer note 5(b) (v)]	8.72	12.13	5.15	4.28
From Unicredit Bank, Germany [Refer note 5(b) (vi)]	7.33	12.53	6.98	5.82
From Bank of Communication, China [Refer note 5(b) (vii)]	-	1,348.87	-	-
From Standard Chartered Bank, London [Refer note 5(b)(viii)]	660.61	-	-	-
From Unicredit Bank and Sachsenbank, Germany [Refer note 5(b) (ix)]	26.71	-	6.68	-
From Sachsenbank, Germany [Refer note 5(b)(x)]	132.46	-	6.35	-
Unsecured				
On syndication basis [Refer note 5(b) (xi)]	4,795.20	4,345.60	-	-
On syndication basis [Refer note 5(b) (xii)]	2,397.60	2,172.80	-	-
On syndication basis [Refer note 5(b) (xiii)]	3,596.40	-	-	-
	11,921.80	9,418.67	1,430.40	1,248.76
carried over	14,732.47	16,303.67	5,504.73	2,123.76

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

5. Long-term borrowings (Contd.):

In ₹ Million

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
brought over	14,732.47	16,303.67	5,504.73	2,123.76
Rupee term loan				
Secured				
From Axis Bank [Refer note 5(c)(i)]	-	121.45	-	-
Share in loan from ICICI Bank of Joint venture [Refer note 5(c)(ii)]	-	477.26	-	-
From Andhra Bank and HDFC Bank [Refer note 5(c)(iii)]	7.55	-	4.02	-
Unsecured				
From Axis Bank [Refer note 5(c)(iv)]	419.93	525.85	-	-
From NBFC [Refer note 5(c)(v)]	-	212.82	-	-
	427.48	1,337.38	4.02	-
Foreign Currency Convertible Bonds (FCCB) [Refer note 5(d)]				
USD 39.9 million (March 31, 2013: USD 39.9 million) 0% Tranche B FCCB (Redeemed on April 28, 2013)(unsecured)	-	-	-	2,167.37
	-	-	-	2,167.37
Finance Lease [Refer note 30] [Refer note 5(e)] (secured)				
	52.06	632.97	30.74	227.29
	52.06	632.97	30.74	227.29
	15,212.01	18,274.02	5,539.49	4,518.42
The above amount includes				
Secured borrowings	4,002.88	11,016.95	5,539.49	2,351.05
Unsecured borrowings	11,209.13	7,257.07	-	2,167.37
Amount disclosed under the head "Other Current Liabilities" [Refer note 10]	-	-	(5,539.49)	(4,518.42)
TOTAL	15,212.01	18,274.02	-	-

(a) Debentures

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

- (i) 2,500 (March 31, 2013; 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 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, equipment's, tools, furniture and fixtures etc., as described in Debenture Trust-cum- Mortgage Deed dated April 30, 2009 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

- (ii) 1,760 (March 31, 2013; 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 and Satara with negative lien on properties situated at Jejuri and Baramati as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010; and (ii) First pari-passu charge in favour of the Trustees, on moveable properties, present and future as described in Schedule-II as per Debenture Trust-cum-Mortgage Deed dated June 28, 2010 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

- (iii) 2,625 (March 31, 2013; 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 and Chakan with negative

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

5. Long-term borrowings (Contd.):

(a) Debentures (Contd.):

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, equipment, tools, furniture and fixtures etc., as described in Debenture Trust - cum- Mortgage Deed dated December 14, 2009 and a revised Mortgage Deed dated April 30, 2014, when the immovable property situated at Jalgaon was removed as a security.

(b) Foreign currency term loans

(i) From Credit Agricole Corporate & Investment Bank, Singapore (Secured)

Balance outstanding USD 20 million (March 31, 2013: USD 35 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.

(ii) From Hypo Vereins Bank, Germany (Secured)

Balance outstanding Euro 2.09 million (March 31, 2013: Euro 2.59 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.

(iii) From ICICI Bank, New York (Secured)

Balance outstanding Nil (March 31, 2013: USD 4.44 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. This loan was fully repaid in May 2013.

(iv) From ICICI Bank, Frankfurt (Secured)

Balance outstanding Euro 4 million (March 31, 2013: Euro 6 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.

(v) From Unicredit Bank, Germany (Secured)

Balance outstanding Euro 0.17 million (March 31, 2013: Euro 0.23 million)

Secured by charge over specific assets of one of the subsidiary located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from August 2011, along with interest.

(vi) From Unicredit Bank, Germany (Secured)

Balance outstanding Euro 0.17 million (March 31, 2013: Euro 0.25 million)

Secured by charge over specific assets of one of the subsidiary located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from January 2011, along with interest.

(vii) From Bank of Communication, China (Secured)

Balance outstanding Nil (March 31, 2013: RMB 155.44 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. The stake in subsidiary was disposed off on November 12, 2013.

(viii) From Standard Chartered Bank, London (Secured)

Balance outstanding Euro 8.00 million (March 31, 2013: Nil)

Secured by charge over specific assets of one of the subsidiary located at Brand Erbisdorf, Germany repayable in 18 equal quarterly instalments starting from September 2015, along with interest.

(ix) From Unicredit Bank and Sachsenbank, Germany (Secured)

Balance outstanding Euro 0.40 million (March 31, 2013: Nil)

Secured by charge over specific assets of one of the subsidiary located at Brand Erbisdorf, Germany repayable in 23 equal quarterly instalments starting from March 2013, along with interest.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

5. Long-term borrowings (Contd.):

- (x) From Sachsenbank, Germany (Secured)

Balance outstanding Euro 1.68 million (March 31, 2013: Nil)

Secured by charge over specific assets of one of the subsidiary located at Brand Erbisdorf, Germany repayable in 28 equal quarterly instalments starting from December 2014, along with interest.

- (xi) Foreign currency term loans on Syndicated basis (Unsecured)

Balance outstanding USD 80 million (March 31, 2013: USD 80 million)

Repayable in 3 half yearly installments from date of it's origination i.e. October 31, 2016, along with interest.

- (xii) Foreign currency term loans on Syndicated basis (Unsecured)

Balance outstanding USD 40 million (March 31, 2013: USD 40 million)

Repayable in 3 half yearly installments from date of it's origination i.e. October 31, 2016, along with interest.

- (xiii) Foreign currency term loans on Syndicated basis (Unsecured)

Balance outstanding USD 60 million (March 31, 2013: Nil)

Repayable in 3 half yearly installments from date of it's origination i.e. October 31, 2017, along with interest. The interest for all the above secured and unsecured loans including refinance ranges from 6 months Libor + 200 bps to 400 bps p.a.

(c) Rupee term loans

- (i) From Axis Bank (Secured)

Balance outstanding NIL (March 31, 2013: ₹ 121.45 million)

Secured by 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. This loan has been paid off during the year.

- (ii) From ICICI Bank and Axis Bank share of Joint Venture (Secured)

Balance outstanding NIL (March 31, 2013: ₹ 477.26 million)

Secured by charge over all fixed assets(movable and immovable) and second charge on current asset of one of the Joint Venture repayable in 32 equal quarterly installments starting from September 30, 2014, along with interest. This loan has been paid off during the year.

- (iii) From Andhra Bank and HDFC Bank (Secured)

Balance outstanding 11.57 million (March 31, 2013: NIL)

Secured by Equitable Mortgage of Land, Building and Hypothecation of equipment, furniture & fittings (Present & future) and by hypothecation of motor cars purchased. The loans are repayable in 36 to 72 monthly instalments.

- (iv) From Axis Bank (Unsecured)

Balance outstanding ₹ 419.93 million (March 31, 2013: ₹ 525.85 million)

Repayable in 32 equal quarterly instalments starting from September 30, 2014, along with interest.

- (v) From NBFC (Unseured)

Balance outstanding NIL million (March 31, 2013: ₹ 212.82 million)

Repayable in 4 equal quarterly instalments starting from September 30, 2014, along with interest. This loan has been paid off during the year.

The interest for all the above secured and unsecured loans ranges from base rate + 200 to 250 bps per annum.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

5. Long-term borrowings (Contd.)

(d) Foreign currency convertible bonds (FCCB)

The Company had issued FCCB (Tranche B) of USD 39.90 million, to finance capital expenditure, global acquisitions and loan to subsidiaries. The said bonds were 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 was non conversion of FCCBs, the amount was to be repaid in full.

The Tranche B of FCCBs amounting to USD 39.90 million outstanding as at April 26, 2013 which were redeemed on April 26, 2013 along with the redemption premium amounting to USD 22.54 million. The premium on redemption aggregating ₹ 1,322.82 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.

(e) Finance lease

Finance lease is secured by hypothecation of said asset. The rate of interest on finance lease ranges from 2.8 % to 5.0 %. The finance lease is due for repayment over a period of 6 years.

6. Deferred tax liabilities (net)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
On account of timing difference in:		
Impact of difference between tax depreciation/amortization and depreciation / amortisation for the financial reporting	2,115.70	2,025.41
Gross deferred tax liability	2,115.70	2,025.41
Deferred tax assets		
On account of timing difference in:		
Privilege leave encashment and gratuity	149.70	153.86
Provision for bad and doubtful debts and advance	22.10	13.96
Disallowance under Section 43 B of Income Tax Act, 1961	149.91	60.16
Premium on redemption of FCCB [Refer note 5(d)]	-	429.19
Voluntary retirement scheme	2.96	3.94
Gross deferred tax assets	324.67	661.11
Net deferred tax asset related to subsidiaries and joint ventures of the Company	146.43	18.93
	471.10	680.04
Net deferred tax liability	1,644.60	1,345.37

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

7. Other long term liabilities

In ₹ Million

	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Voluntary retirement scheme compensation	4.67	7.40	3.66	5.14
Deferred income	147.80	123.83	18.43	15.76
Others	28.16	251.57	-	-
	180.63	382.80	22.09	20.90
Amount disclosed under the head "Other Current Liabilities" [Refer note 10]	-	-	(22.09)	(20.90)
TOTAL	180.63	382.80	-	-

8. Provisions

In ₹ Million

	Long-term		Short-term	
	As at	As at	As at	As at
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Provision for employee benefits				
Provision for gratuity [Refer note 29 (a), (f)]	278.28	304.93	-	-
Provision for pension and similar obligation [Refer note 29 (d)]	740.21	639.78	119.56	88.38
Provision for special gratuity [Refer note 29 (b)]	27.42	26.72	11.69	11.08
Share in provision for gratuity of Joint Venture	5.89	2.97	0.02	0.03
Provision for employees' provident fund [Refer note 29 (c)]	-	2.56	-	-
Provision for leave benefits	-	2.15	430.64	157.27
Share in provision for leave benefits of Joint Venture	11.27	7.57	2.33	1.74
Provision for Jubilee scheme [Refer note 29 (e)]	46.94	40.70	-	-
Provision for Early retirement scheme [Refer note 29 (e)]	58.65	42.02	-	-
Other provisions				
Proposed dividend	-	-	581.99	558.71
Provision for tax on proposed dividend	-	-	98.91	94.95
Provision for tax (Net of advance tax)	-	-	286.51	104.09
Share in provision for tax (Net of advance tax) Joint Venture	-	-	28.91	-
Share in Derivative liability - Forward contracts of Joint Venture	-	-	276.34	47.22
TOTAL	1,168.66	1,069.40	1,836.90	1,063.47

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

9. Short term borrowings

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Cash credit from banks (secured) [Refer note (a)]	1,835.07	1,982.31
Preshipment packing credit - foreign currency (secured) [Refer note (a)]	1,058.01	35.56
Buyers line of credit for import of goods from banks (unsecured) [Refer note (b)]	-	291.89
Short term loans from banks (unsecured) [Refer note (c)]	-	2,669.18
Share in short term loan from banks of Joint Venture (secured) [Refer note (c)]	1,543.50	73.50
Loan from Joint Venture company to subsidiary company (Unsecured) [Refer note (d)]	415.31	-
Other short term loans (Unsecured) [Refer note (e)]	9.72	-
TOTAL	4,861.61	5,052.44
The above amount includes:		
Secured borrowings	4,436.58	2,091.37
Unsecured borrowings	425.03	2,961.07
TOTAL	4,861.61	5,052.44

- (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.
- (d) Short term loan from Joint Venture company to subsidiary is repayable on demand. The rate of interest on this loan is 14.50 % per annum.
- (e) Other short term loans are repayable on demand and carry interest ranging from 12% to 18% per annum.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

10. Trade payables and other current liabilities

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Trade payables	6,841.13	7,930.40
Share in trade payables of Joint Venture	860.96	46.40
Acceptances	2,852.13	1,234.51
TOTAL	10,554.22	9,211.31
Other current liabilities		
Current maturities of long-term borrowings [Refer note 5]		
- Secured	5,539.49	2,351.05
- Unsecured	-	2,167.37
Current portion of other long term liabilities [Refer note 7]	22.09	20.90
Payable to capital creditors	349.70	751.36
Share in payable to capital creditors of Joint Venture	357.47	27.34
Construction contracts in progress	2,264.45	2,047.21
Income billed not accrued	-	1,041.18
Premium on redemption of FCCB [Refer note 5(d)]	-	1,224.15
Interest accrued but not due on borrowings	298.02	265.30
Investor Education and Protection Fund (as and when due)		
- Unpaid dividend	22.32	22.22
- Unpaid matured deposits	0.04	0.14
Security deposits	79.21	79.12
Advance from customers	801.44	2,120.81
Share in advance from customers of Joint Venture	0.91	0.84
Employee contributions and recoveries payable	39.03	33.80
Other payable related to employees	237.18	406.34
Share in other payable related to employees of Joint Venture	35.30	25.93
Statutory dues payable including tax deducted at source *	455.43	81.93
Share in statutory dues payable including tax deducted at source of joint venture	32.27	7.78
Earnest money received	272.09	-
Others	2,057.09	2,643.30
Share in others of Joint Venture	20.32	23.56
TOTAL	12,883.85	15,341.63
TOTAL	23,438.07	24,552.94

* Includes LBT payable for which the appropriate authority and the administrative mechanism for collection is awaited.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

11.1 Tangible assets

In ₹ Million

	Free hold land (a)	Lease hold land	Share in lease hold land of Joint Venture	Share in lease hold improvements of Joint Venture	Buildings (b), (c)	Plant and machinery	Plant and machinery on Finance Lease	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, 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	262.24	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	-	-	-	-	4.78	84.88	-	-	-	-	-	89.66
- Borrowing cost	-	-	-	-	110.23	528.87	-	-	-	-	-	639.10
- Exchange differences	-	-	-	-	(91.16)	(940.96)	-	-	(77.33)	-	-	(1,123.39)
- Transferred to assets held for sale	(13.94)	-	-	-	-	-	-	-	-	-	-	-
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
Foreign Currency Translation Reserve	28.34	86.84	-	-	231.86	1,467.60	255.54	-	99.80	0.07	-	2,170.05
Additions	2.01	-	326.19	0.05	222.40	2,536.75	-	0.63	-	4.89	0.13	3,093.05
Additions on acquisition of subsidiary	0.41	-	-	-	33.93	10.22	-	-	-	2.60	-	47.16
Disposals	(1.51)	-	-	-	(17.54)	(358.31)	-	-	(128.46)	(0.27)	-	(506.09)
On account of disposal of subsidiary	(672.94)	-	-	-	(683.58)	(2,404.04)	(1,658.19)	-	(871.45)	-	-	(6,290.20)
Other adjustments	-	-	-	-	0.66	84.72	-	-	-	0.04	-	85.42
- Borrowing cost	-	-	-	-	23.65	554.26	-	-	-	-	-	577.97
- Exchange differences	-	0.06	-	-	-	(2,528.24)	-	-	-	-	-	(2,528.24)
- Other adjustments (Refer note e)	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2013	477.22	193.26	425.74	22.82	4,411.30	39,579.34	114.90	11.25	131.80	68.03	1.35	45,437.00
Depreciation/ Amortisation												
As at April 1, 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)
Other adjustments	-	-	-	-	(11.12)	(508.99)	-	-	(72.84)	-	-	(592.95)
- Transferred to assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
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
Foreign Currency Translation Reserve	-	0.64	-	-	78.57	969.94	13.67	-	8.86	0.03	-	1,071.71
Additions on acquisition of subsidiary	-	-	-	-	2.24	5.70	-	-	-	0.06	-	8.00
Charge for the year	-	9.09	4.40	4.37	166.41	2,712.40	96.02	0.99	17.34	4.20	0.15	3,015.37
Disposals	-	-	-	-	(13.36)	(169.20)	-	-	-	(0.03)	-	(182.59)
On account of disposal of subsidiary	-	(15.38)	-	-	(82.17)	(643.72)	(118.21)	-	(115.99)	-	-	(975.47)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
- Transferred to assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
- Other adjustments (Refer note e)	-	-	-	-	(2,528.24)	-	-	-	-	-	-	(2,528.24)
As at March 31, 2014	-	20.38	14.77	8.66	1,275.20	21,574.46	97.88	1.51	-	42.69	0.29	23,035.84
Net Block												
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
As at March 31, 2014	477.22	172.88	410.97	14.16	3,136.10	18,004.88	17.02	9.74	131.80	25.34	1.06	22,401.17

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

11.1 Tangible assets (Contd.):

In ₹ Million

	Railway sidings	Electrical installations	Electrical installations Finance Lease	Factory equipments	Furniture and fixtures	Share in Furniture and fixtures Joint Venture	Vehicles and aircraft	Vehicles Joint Venture	Share in Power line Vehicles Joint Venture	Sub Total (A+B)	Grand Total (A+B)
Cost											
As at April 1, 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	-	-	-	0.19	-	-	-	-	-	0.19	89.85
- Borrowing cost	-	-	-	-	-	-	-	-	-	-	-
- 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)
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
Foreign Currency Translation Reserve	-	-	-	423.74	-	-	7.92	-	-	431.66	2,601.71
Additions	-	-	-	583.68	5.35	4.10	12.60	1.33	-	607.06	3,700.11
Disposals	-	-	-	(275.30)	(9.36)	-	(25.89)	-	-	(312.31)	(818.40)
On account of disposal of subsidiary	-	-	-	(52.95)	-	-	(32.03)	-	-	(84.98)	(6,375.18)
Other adjustments	-	-	-	1.77	-	-	-	-	-	1.77	87.19
- Borrowing cost	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences	-	0.52	-	5.53	0.11	-	-	-	-	6.16	584.13
- Other adjustments (Refer note e)	-	-	-	-	-	-	-	-	-	-	(2,528.24)
As at March 31, 2014	0.45	525.32	-	4,453.63	278.74	6.22	2,229.58	2.18	97.77	7,593.89	53,030.90
Depreciation											
As at April 1, 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)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
- 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
Foreign Currency Translation Reserve	-	-	-	337.64	-	-	6.68	-	-	344.32	1,416.03
Additions on acquisition of subsidiary	-	-	-	0.90	-	-	1.06	-	-	1.96	9.96
Charge for the year	-	40.99	-	465.56	18.15	0.41	138.12	0.23	15.11	678.57	3,693.94
Disposals	-	(1.58)	-	(273.62)	(5.36)	(0.06)	(23.29)	-	-	(303.91)	(486.50)
On account of disposal of subsidiary	-	-	-	(38.96)	-	-	(18.88)	-	-	(57.84)	(1,033.31)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Transferred to assets held for sale	-	-	-	-	-	-	-	-	-	-	-
- Other adjustments (Refer note e)	-	-	-	-	-	-	-	-	-	-	(2,528.24)
As at March 31, 2014	0.43	321.49	-	3,269.69	189.94	0.62	984.40	0.31	76.50	4,843.38	27,879.22
Net Block											
As at March 31, 2013	0.02	244.48	-	988.99	101.77	1.85	1,383.16	0.77	36.38	2,757.42	28,918.25
As at March 31, 2014	0.02	203.83	-	1,183.94	88.80	5.60	1,245.18	1.87	21.27	2,750.51	25,151.68

- (a) Freehold land includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara both of which has been given on lease.
- (b) Buildings include cost of hangar jointly owned with other Companies ₹ 0.12 million (March 31, 2013: ₹ 0.12 million)
- (c) Documents for the ownership premises at Sai Nagari, Surajban apartments and Lullanagar at Pune and Lease hold land at Baramati and at Jejuri are under execution
- (d) Capitalized borrowing cost:
The borrowing cost capitalized during the year ended March 31, 2014 was ₹ 42.75 million (March 31, 2013: ₹ 52.66 million).
The Company capitalized this borrowing cost in the capital work-in-progress (CWIP).
- (e) The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from CWIP.
Depreciation/amortisation amounting to ₹ 5.06 million (March 31, 2013: ₹ 5.06 million) has been transferred to capital work in progress.
- (f) Fixed assets of the value of Rs. 2,528.24 and accumulated depreciation ₹ 2,528.24 have been removed from the block on account of retirement of assets.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

11.2 Intangible assets

In ₹ Million

Cost	Software of Joint Venture	Share in Software of Joint Venture	Share in Technical Knowhow of Joint Venture	Development cost	Patents	Total
As at April 1, 2012	141.85	-	-	174.37	302.17	618.39
Foreign Currency Translation Reserve	7.31	-	-	9.28	1608	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
Foreign Currency Translation Reserve	22.14	-	-	31.90	45.43	99.47
Additions	17.06	0.21	-	43.04	5.37	65.68
Disposals	(14.85)	-	-	-	-	(14.85)
On account of disposal of subsidiary	(7.40)	-	-	-	-	(7.40)
Other adjustments	-	-	-	-	-	-
- Borrowing cost	-	-	-	-	-	-
- Exchange differences	-	-	-	-	-	-
- Transferred to assets held for sale	-	-	-	-	-	-
As at March 31, 2014	179.66	0.26	9.50	298.38	369.05	856.85
Depreciation/ Amortisation						
As at April 1, 2012	104.60	-	-	65.92	255.67	426.19
Foreign Currency Translation Reserve	6.58	-	-	6.17	1602	28.77
Charge for the year	21.39	-	0.95	49.64	46.23	118.21
Disposals	(0.84)	-	-	-	-	(0.84)
Other adjustments	-	-	-	-	-	-
- 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
Foreign Currency Translation Reserve	18.58	-	-	21.33	45.46	85.37
On account of disposal of subsidiary	(4.58)	-	-	-	-	(4.58)
Charge for the year	23.55	0.02	1.90	66.37	1.27	93.11
Disposals	(14.84)	-	-	(0.15)	-	(14.99)
Other adjustments	-	-	-	-	-	-
- Transferred to assets held for sale	-	-	-	-	-	-
As at March 31, 2014	148.30	0.02	2.85	209.28	364.65	725.10
Net Block						
As at March 31, 2013	37.12	0.05	8.55	101.71	0.33	147.76
As at March 31, 2014	31.36	0.24	6.65	89.10	4.40	131.75

In ₹ Million

11.3 Capital work-in-progress

	As at March 31, 2014	As at March 31, 2013
Capital work-in-progress	3,858.88	5,214.48
Share in capital work-in-progress of joint venture	1,967.83	541.00
	5,826.71	5,755.48

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

12. Non-current investments

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Trade investments (valued at cost unless stated otherwise)		
Equity instruments (unquoted)		
Investments in subsidiary		
50,000 (March 31, 2013: 50,000) equity shares of ₹ 10/- each fully paid up in Kalyani Polytechnic Private Limited (Refer note a)	0.50	-
Investments in associates		
Talbahn GmbH (Refer note b)	0.30	0.30
4,286 (March 31, 2013: 4,286) shares of GBP 1/- each fully paid in Tecnica UK Limited	1.97	1.97
4,900 (March 31, 2013: 4,900) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited (including share in (loss) in associate: loss of ₹ (0.02) million (March 31, 2013: NIL))	0.03	0.05
	2.80	2.32
Investments in others		
21,067,894 (March 31, 2013: 21,067,894) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited [Holding Company holds 5% (March 31, 2013: 5%) of the share capital]	210.68	210.68
504,432 (March 31, 2013: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note c)	72.13	72.13
Bonds of Rural Electrification Corporation	5.00	-
	287.81	282.81
TOTAL	290.61	285.13
Aggregate amount of unquoted investments	290.61	285.13
Aggregate amount of provision for diminution in value of investments	-	-

- a) Kalyani Polytechnic Private Limited
Not included in consolidation based on materiality or where control is intended to be temporary / restricted.
- b) CDP Bharat Forge GmbH has, through a 35% equity participation, exercise significant influence over Talbahn GmbH, a Company which manages infrastructure facilities. Since there are no significant transactions and the financial impact on the consolidated financial statements being negligible, the same has not been consolidated.
- c) Gupta Energy Private Limited
Shares of Gupta Energy Private Limited pledged against the facility obtained by Gupta Global Resources Private Limited.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

13. Loans and advances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Capital advances				
Unsecured, considered good	882.33	633.76	-	-
Share in capital advances of joint venture	692.96	441.90	-	-
	1,575.29	1,075.66	-	-
Security deposits (including statutory deposits)				
Unsecured, considered good	406.01	391.94	10.41	3.93
Share in security deposits of joint venture	11.01	9.22	2.25	2.94
	417.02	401.16	12.66	6.87
Loans and advances				
Unsecured, considered good unless stated otherwise				
Share in loans and advances of Joint venture	-	-	537.01	348.32
	-	-	537.01	348.32
Advances recoverable in cash or kind				
Unsecured, considered good	41.50	-	490.65	190.39
Unsecured, considered good share of Joint Venture	104.41	-	337.61	19.08
Unsecured, considered doubtful	-	-	45.12	33.13
Less: Provision for doubtful advance	-	-	(45.12)	(33.13)
	145.91	-	828.26	209.47
Other loans and advances				
Unsecured, considered good				
Loan to a company [Refer note (a)]	-	309.09	-	-
Loan to employees	16.52	16.27	0.04	-
Advance income tax (Net of provision for tax)	176.14	187.77	-	-
MAT credit entitlement	-	20.30	-	-
Share in MAT credit entitlement of Joint Venture	20.80	-	-	-
Share in Advance income tax of Joint Venture (Net of provision for tax)	0.42	0.32	-	3.76
Retention money	-	86.20	272.09	-
Advances to suppliers	-	-	1,043.85	1,474.84
Share in advances to suppliers of Joint Venture	-	-	3.39	0.27
Balances with statutory/ government authorities	1.23	1.23	779.13	356.28
Share in balances with statutory/ government authorities of joint venture	5.00	4.11	2.20	5.41
Taxes and duty credits receivables	-	-	1,672.55	1,832.96
Share in Taxes and duty credits receivables of Joint Venture	-	-	0.04	0.71
Intercorporate deposit	-	120.00	-	-
Others	2.96	11.14	246.26	233.68
Share in others of Joint Venture	0.01	-	-	113.28
	223.08	756.43	4,019.55	4,021.19
	368.99	756.43	5,384.82	4,578.98
TOTAL	2,361.30	2,233.25	5,397.48	4,585.85

(a) Loan to a company

In earlier years interest free loan of ₹ 309.09 million was given to a Private Limited Company which had given an undertaking to purchase and hold the Company's 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. In the current year, the Private Company has sold all the shares held by them on behalf of the Trust and refunded the loan amount to the Company. Consequently, the said "BFL Executives Welfare and Share Option Trust" has been renamed to "BFL Staff Welfare Trust".

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

14. Other assets

In ₹ Million

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good unless stated otherwise				
Non-current bank balance [Refer note 18]	0.37	0.03	-	-
	0.37	0.03	-	-
Derivative assets				
Forward contracts	-	-	1,800.60	247.62
	-	-	1,800.60	247.62
Others				
Export incentives receivable	31.21	172.21	1,412.47	417.31
Government grant under PSI Scheme	230.19	181.69	-	-
Deferred financing charges	-	9.26	-	-
Energy credit receivable - Windmills	-	-	28.31	26.92
Interest accrued on deposits	-	11.22	40.54	64.81
Share in interest accrued on fixed deposits of Joint Venture	-	-	0.08	0.02
Project work in progress	-	-	51.72	1,922.41
Others	-	-	1,421.14	995.15
Share in Others of Joint Venture	-	-	116.52	110.09
	261.40	374.38	3,070.78	3,536.71
TOTAL	261.77	374.41	4,871.38	3,784.33

15. Current investments (valued at lower of cost and market value, unless stated otherwise)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Investments in mutual funds (Refer standalone note 15(a) for details)	7,705.40	3,852.99
Share in investments of Joint Venture in mutual funds	15.98	21.45
TOTAL	7,721.38	3,874.44

16. Inventories (valued at lower of cost and net realizable value)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Raw materials and components [Refer note 21]	1,879.74	2,495.21
Share in raw materials and components of Joint Venture [Refer note 21]	11.39	8.37
Work-in-progress (includes lying with third party) [Refer note 22]	3,829.32	3,364.09
Finished goods (including in transit) [Refer note 22]	2,360.54	2,925.21
Share in finished goods of Joint Venture [Refer note 22]	0.57	0.02
Dies and dies under fabrication [Refer note 22]	1,067.30	1,034.03
Scrap [Refer note 22]	20.37	23.34
Stores, spares and loose tools	1,216.58	1,469.65
Share in construction contracts in progress of Joint Venture	-	0.27
TOTAL	10,385.81	11,320.19

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

17. Trade receivables

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
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	197.83	689.13
Share in considered good of Joint Venture	3.18	0.07
Considered doubtful	49.48	10.45
Less: Provision for doubtful receivables	(49.48)	(10.45)
	-	-
	201.01	689.20
Other receivables		
Considered good	7,461.35	7,271.65
Share in other receivable of Joint Venture	997.36	6.11
	8,458.71	7,277.76
TOTAL	8,659.72	7,966.96

18. Cash and bank balances

In ₹ Million

	Non-Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents				
Balances with banks				
In cash credit and current accounts	-	-	1,294.12	2,053.29
Share in balances in cash credit and current accounts of Joint Venture	-	-	610.93	1,413.50
Deposits with original maturity of less than 3 months	-	-	490.00	591.57
Share in Deposits of Joint Venture with original maturity of less than 3 months	-	-	-	14.72
Cash on hand	-	-	1.75	0.90
Share in cash on hand of Joint Venture	-	-	0.01	0.06
	-	-	2,396.81	4,074.04
Other bank balances				
Earmarked balances (on unclaimed dividend accounts) (*)	-	-	22.67	18.85
Deposits with original maturity of more than 3 months but less than 12 months	-	-	1,740.00	1,150.00
Share in Deposits with original maturity of more than 3 months but less than 12 months of Joint Venture	-	-	67.87	10.56
Deposits with original maturity of more than 12 months (#)	0.37	0.03	-	300.00
	0.37	0.03	1,830.54	1,479.41
Amount disclosed under non-current assets (under note 14)	(0.37)	(0.03)	-	-
TOTAL	-	-	4,227.35	5,553.45

(*) Includes Earmarked balances with bank (against unclaimed dividend) ₹ 22.67 million (March 31, 2013: ₹ 18.85 million).

(#) Rs. 0.03 million (March 31, 2013; Rs. 0.03 million) in non-current portion pledged with Sales tax department.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

19. Revenue from operations

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from operations		
Sale of products (net of returns, rebates etc.)		
- Finished goods	56,199.31	48,016.15
- Share in finished goods of Joint Venture	29.15	0.06
- Manufacturing scrap	2,868.91	2,715.35
- Share in manufacturing scrap of Joint Venture	0.23	-
Sale of services		
- Job work / service charges	231.79	267.83
- Die design and preparation charges	478.45	518.75
- Share in services of Joint Venture	12.45	9.70
Project revenue		
- Project revenue	3,881.14	-
- Share in project revenue of Joint Venture	3,896.85	1,055.89
Revenue from operations (gross)	67,598.28	52,583.73
Less: Excise duty #	(1,508.53)	(1,597.19)
	66,089.75	50,986.54
Other operating revenues		
- Export incentives	939.03	620.48
- Sale of electricity / REC - Windmills	59.82	58.40
- Share in Other operating revenues of Joint Venture	72.61	0.05
	1,071.46	678.93
TOTAL	67,161.21	51,665.47

Excise duty on sales amounting to ₹ 1,508.53 million (March 31, 2013: ₹ 1,597.19 million) has been reduced from sales in consolidated statement of profit and loss and excise duty on decrease/increase in stock amounting to ₹ 0.33 million (March 31, 2013: ₹ (0.36) million) has been considered as expense / (income) in note 24 of financial statements.

20. Other income

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Interest income on		
- Deposits	177.00	293.65
- Share in interest on deposits of Joint Venture	23.81	32.67
- Others	5.48	8.60
Dividend income from investment in mutual funds - current investment	393.57	242.17
Share in dividend income from investment in mutual funds of Joint Venture	1.19	1.45
Net gain on sale of current investments	12.58	43.96
Net gain on sale of non-current investments	45.68	26.07
Gain on foreign exchange fluctuation (net)	5.90	-
Share in gain on foreign exchange fluctuation of Joint Venture (net)	158.28	-
Government grant under PSI scheme	122.22	125.71
Bad debts recovered	-	0.10
Net gain on sale of fixed assets	-	3.62
Provision for doubtful debts and advances written back	15.89	2.77
Provisions no longer required written back	92.31	122.52
Share in Provisions no longer required written back of Joint Venture	0.08	-
Insurance (including keyman insurance) (net)	15.96	-
Miscellaneous income	178.24	217.25
Share in miscellaneous income of Joint Venture	0.78	0.07
TOTAL	1,248.97	1,120.61

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

21. Cost of raw materials and components consumed*

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Inventory at the beginning of the year (including Joint Venture)	2,503.58	3,268.57
Add: Purchases	28,117.03	25,865.05
	30,620.61	29,133.62
Less: Inventory at the end of the year (including Joint Venture)	1,891.13	2,503.58
Less: Consumption relating to discontinued operation	3,309.13	3,753.98
Cost of raw material and components consumed (Refer note 41)	25,420.35	22,876.06
21 (a) Project cost includes cost of Joint Venture	3,507.07	763.44

22. (Increase) in inventories of finished goods, work-in-progress and dies

	In ₹ Million		
	Year ended March 31, 2014	Year ended March 31, 2013	(Increase)/ decrease
Inventories at the end of the year			
Work-in-progress	3,829.32	3,364.09	465.23
Finished goods	2,360.54	2,925.23	(564.69)
Share in finished goods of Joint Venture	0.57	0.02	0.55
Dies and dies under fabrication	1,067.30	1,034.03	33.27
Scrap	20.37	23.34	(2.97)
Share in construction contracts in progress of Joint Venture	-	0.27	(0.27)
TOTAL	7,278.10	7,346.98	(68.88)
Inventories at the beginning 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)
Less: Opening inventory related to discontinued operations *	(767.19)	-	(767.19)
TOTAL	6,579.79	6,545.69	34.10
Less: Change in inventory related to discontinued operation (Refer note 41)	109.62	46.35	63.27
TOTAL	(807.93)	(847.64)	39.71

* Adjustment of opening inventory related to disposal of subsidiary. Also refer note 41.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

23. Employee benefits expense*

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus (including Managing and whole time director's remuneration)	6,411.52	5,492.60
Share in salaries, wages and bonus (including Managing and whole time director's remuneration) of Joint Venture	153.21	116.60
Contributions to		
- Provident fund	63.64	63.54
- Share in provident fund of Joint Venture	5.66	4.31
- Superannuation scheme	28.82	29.55
- Other fund / scheme #	1,051.72	1,021.40
- Gratuity fund [Refer note 29 (a), (f)]	35.92	68.33
- Special gratuity fund [Refer note 29 (b)]	6.31	3.87
- Share in Gratuity fund of Joint Venture	0.07	-
Employee voluntary retirement scheme compensation	1.39	6.36
Staff welfare expenses	124.02	193.17
Share in staff welfare expenses of Joint Venture	18.34	16.20
TOTAL	7,900.62	7,015.93

Other fund /scheme includes contribution towards jubilee scheme, early retirement scheme and ESIC scheme.

24. Other expenses

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Consumption of stores, spares and tools	2,544.58	2,047.13
Share in stores, spares and tools consumed of Joint Venture	0.27	-
Machining charges	2,606.33	2,270.80
Power, fuel and water	4,472.38	4,429.59
Less: Credit for energy generated	(85.89)	(64.19)
	4,386.49	4,365.40
Share in power, fuel and water of Joint Venture	0.60	0.56
Repairs and maintenance		
- Building repairs and road maintenance	72.95	79.13
- Share in building repairs and road maintenance of Joint Venture	1.57	0.04
- Plant and machinery	1,339.92	1,149.74
Other manufacturing expenses	232.13	144.77
Share in other manufacturing expenses of Joint Venture	0.41	-
Rent	158.86	132.25
Share in rent of Joint Venture	64.10	56.61
Rates and taxes (including wealth tax)	55.09	84.95
Share in rates and taxes (including Wealth Tax) of Joint Venture	0.49	0.44
Insurance (including Keyman insurance) (net)	-	82.66
Share in Insurance of Joint Venture	1.78	2.00
Legal professional fees	575.21	291.19
Commission and discount	118.05	113.63
Carried Over	12,158.83	10,821.30

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

24. Other expenses (Contd.):

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Brought Over	12,158.83	10,821.30
Donations	107.61	18.04
Packing material	507.98	492.76
Freight forwarding charges	1,075.55	907.90
Directors' fees and travelling expenses	1.87	2.53
Commission to directors other than Managing and whole time directors	10.00	8.40
Loss on sale of fixed assets (Net)	2.01	1.47
Provision for doubtful debts and advances	72.37	4.43
Share in provision for doubtful debts and advances of Joint Venture	0.39	-
Bad debts / advances written off	6.28	0.14
Share in bad debts / advances written off of Joint Venture	0.01	-
Loss on foreign exchange fluctuation	-	91.35
Share in loss on foreign exchange fluctuation of Joint Venture	-	4.40
Excise duty on decrease / (increase) of stock	0.33	(0.36)
Share in provision for mark to market losses on forward contracts of Joint Venture	152.25	9.85
Miscellaneous expenses *	2,564.60	1,508.17
Share in miscellaneous expenses of Joint Venture *	87.91	71.95
TOTAL	16,747.99	13,942.33

Above expenses include research and development expenses for details of which refer note 42

* Miscellaneous expenses include travelling expenses, printing, stationary, postage, telephone etc.

25. Depreciation and amortization expense

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation of tangible assets (Refer note 11.1)	3,683.39	3,238.66
Share in Depreciation of tangible assets of Joint Venture (Refer note 11.1)	10.55	8.57
Depreciation on assets held for sale for discontinuing operations (Refer note 40)	0.35	67.72
Amortization on intangible assets (Refer note 11.2)	91.19	117.26
Share in amortization on intangible assets (Refer note 11.2) of Joint Venture	1.92	0.95
Less: Depreciation in respect of discontinuing operation (Refer note 41)	(208.73)	(232.78)
Less: Transferred capital work in progress (Refer note 11.1)	-	(5.06)
TOTAL	3,578.67	3,195.32

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

26. Finance costs

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Interest on bank facilities	1,515.78	1,443.29
Share in Interest on bank facilities of Joint Venture	13.20	-
Interest on bills discounting	92.49	211.66
Loan processing fees	55.30	16.59
Share in loan processing fees of Joint Venture	14.75	-
TOTAL	1,691.52	1,671.54

27. Exceptional items

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Reversal of interest differential for FY 2011-12 (Refer note a)	-	205.02
PSI claim received (Refer note b)	-	160.67
Profit on disposal of subsidiary (Refer note 41)	605.43	-
Profit on sale of land (Refer note c)	431.64	-
TOTAL	1,037.07	365.69

(a) Reversal of interest differential 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 9th 2012, the Company had 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 was reversed and corresponding adjustment was made to the cost of fixed assets and FCMITDA as appropriate.

(b) Package Scheme of Incentives (PSI)

During the previous year the Company had 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.

(c) Profit on sale of land

During the current year the Company, has sold its land situated at Jalgaon resulting into a gain of ₹ 431.64 million.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

28. Earnings per share (EPS)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Numerator for basic and diluted EPS for continuing operations		
Net profit from continuing operations attributable to Shareholders	5,215.50	3,046.63
Numerator for basic and diluted EPS		
Net profit attributable to Shareholders including discontinuing operations	4,985.29	2,475.75
Weighted average number of equity shares in calculating basic EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	232,794,316
EPS - Basic - computed on the basis of profit from continuing operations (in ₹)	22.40	13.09
EPS - Basic - computed on the basis of total profit for the year (in ₹)	21.41	10.63
Weighted average number of equity shares in calculating diluted EPS		
Number of equity shares outstanding at the end of the year (nos.)	232,794,316	232,794,316
	232,794,316	232,794,316
EPS - Diluted - computed on the basis of profit from continuing operations (in ₹)	22.40	13.09
EPS - Diluted - computed on the basis of total profit for the year (in ₹)	21.41	10.63

29. Gratuity and other post-employment benefits plans

Holding Company

(a) Gratuity plan

Funded scheme

The holding Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed atleast five years of service get a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plan.

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	41.72	42.69
Interest cost on benefit obligation	44.63	43.54
Expected (return) on plan assets	(25.74)	(21.90)
Net actuarial (gain) / loss recognised in the year	(24.73)	1.16
Interest income	-	-
Net benefit expense	35.88	65.49
Actual return on plan assets	25.69	24.80

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

(a) Gratuity plan (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, 2014	Year ended March 31, 2013
Opening fair value of plan assets	274.74	236.86
Expected return	25.74	21.90
Contribution by employer	63.67	61.43
Benefits (paid)	(41.12)	(48.35)
Actuarial (losses) / gains	(0.05)	2.90
Closing fair value of plan assets	322.98	274.74

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening defined benefit obligation	578.38	536.44
Interest cost	44.63	43.54
Current service cost	41.72	42.69
Benefits (paid)	(41.12)	(48.35)
Actuarial (gains) / losses on obligation	(24.78)	4.06
Closing defined benefit obligation	598.83	578.38

Benefit asset/ (liability)

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	322.98	274.74
Present value of defined benefit obligations	(598.83)	(578.38)
Plan asset / (liability)	(275.85)	(303.64)

The holding Company expects to contribute ₹ 65.00 million to gratuity fund in the next year (March 31, 2013: ₹ 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, 2014	As at March 31, 2013
Investments with insurer	100%	100%

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

(a) Gratuity plan (Contd.):

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	In % per annum	
	As at March 31, 2014	As at March 31, 2013
Discount rate	9.10%	8.00%
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, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Plan assets	322.98	274.74	236.86	211.11	193.39
Defined benefit obligation	598.83	578.38	536.44	486.01	411.14
Surplus/ (deficit)	(275.85)	(303.64)	(299.58)	(274.90)	(217.75)
Experience adjustments on plan liabilities	(6.00)	9.66	(2.69)	(59.59)	2.94
Experience adjustments on plan assets	(0.05)	2.90	1.10	(0.58)	1.18

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service get an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and amounts recognised in the consolidated balance sheet.

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	0.09	0.16
Interest cost on benefit obligation	2.83	3.15
Expected return on plan assets	-	-
Net actuarial loss recognised in the period	3.39	0.56
Interest income	-	-
Net benefit expense	6.31	3.87
Actual return on plan assets	-	-

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

(b) Special gratuity (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, 2014	Year ended March 31, 2013
Opening defined benefit obligation	37.80	40.13
Interest cost	2.83	3.15
Current service cost	0.09	0.16
Benefits (paid)	(5.00)	(6.20)
Actuarial losses on obligation	3.39	0.56
Closing defined benefit obligation	39.11	37.80

Benefit asset/ (liability)

In ₹ Million

	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	-	-
Present value of defined benefit obligations	(39.11)	(37.80)
Plan asset / (liability)	(39.11)	(37.80)

The principal assumptions used in determining special gratuity for the holding Company's plan is shown below:

	As at March 31, 2014	As at March 31, 2013
Discount rate	9.00%	8.00%
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 holding company expects to contribute ₹ Nil to the plan assets in the next year. (March 31, 2013: ₹ Nil).

Amount for the current and previous three periods are as follows:

	As at			
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Plan assets	-	-	-	-
Defined benefit obligation	39.11	37.80	40.13	45.37
Surplus/ (deficit)	(39.11)	(37.80)	(40.13)	(45.37)
Experience adjustments on plan liabilities	5.04	0.20	(2.69)	-
Experience adjustments on plan assets	-	-	-	-

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

(c) Provident fund

In accordance with law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under defined contribution plan provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund.

Under defined benefit plan, the Holding Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report is as follows:

The Holding Company has provided ₹ Nil towards shortfall in the interest payment on provident fund as per actuary report during the year ended March 31, 2014 (March 31, 2013: ₹ 4.92 million)

The actuary has followed Black Scholes Option Pricing approach

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Consolidated statement of profit and loss

Net employee benefit expense recognised as employee cost in consolidated statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	1.85	2.15
Interest cost on benefit obligation	0.95	-
Expected (return) on plan assets	(0.84)	(0.48)
Net actuarial (gain) / loss recognised in the period	(16.61)	3.25
Interest (income)	-	-
Net benefit expense #	(14.65)	4.92

The income has not been accounted for the current year.

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, 2014	Year ended March 31, 2013
Opening fair value of plan assets	9.28	2.36
Expected return	0.84	0.48
Contribution by employer	-	-
Benefits (paid)	-	-
Actuarial gains	1.97	6.44
Closing fair value of plan assets	12.09	9.28

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

(c) Provident fund (Contd.):

Changes in the present value of guaranteed interest rate obligation:

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening guaranteed interest rate obligation	11.84	-
Interest cost	0.95	-
Current service cost	1.85	2.15
Benefits paid	-	-
Actuarial (gains)/losses on obligation	(14.64)	9.69
Closing guaranteed interest rate obligation	-	11.84

Benefit asset/(liability)

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	12.09	9.28
Present value of guaranteed interest rate obligation	-	11.84
Plan asset/(liability) #	12.09	(2.56)

The Company has not recognised the plan asset in the books based on the concept of prudence.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2014	As at March 31, 2013
Investments with insurer including accrued interest	100%	100%

Assumptions under the Black Scholes option pricing approach are as follows:

	In % per annum	
	As at March 31, 2014	As at March 31, 2013
Discount rate	9.10%	8.00%
Expected guaranteed rate	8.75%	8.50%

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 years 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 financial year 2011-12. Hence earlier years' data is not available.

	In ₹ Million		
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Plan assets	12.09	9.28	2.36
Guaranteed interest rate obligation	-	(11.84)	-
Surplus/(deficit)	12.09	(2.56)	2.36
Experience adjustments on rate obligation	-	-	-
Experience adjustments on plan assets	-	-	-

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

Overseas subsidiaries

(d) Pension plan

The subsidiaries have a defined pension plan. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and amounts recognised in the consolidated balance sheet for the respective plans.

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, 2014	Year ended March 31, 2013
Current service cost	20.27	13.86
Interest cost on benefit obligation	21.91	18.87
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the year	(13.91)	103.82
Interest income	-	-
Net benefit expense	28.27	136.55

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, 2014	Year ended March 31, 2013
Opening defined benefit obligation	539.04	408.24
Interest cost	21.91	18.87
Current service cost	20.27	13.86
Benefits paid	(6.55)	(5.75)
Actuarial (gains) / losses on obligation	(13.91)	103.82
Closing defined benefit obligation	560.76	539.04

Benefit asset/ (liability)

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	-	-
Present value of defined benefit obligations	(560.76)	(539.04)
Plan asset / (liability)	(560.76)	(539.04)

In case of certain subsidiary companies, actuarial liability is determined based on estimates amounting to ₹ 299.01 million. (March 31, 2013: ₹ 189.12 million)

The principal assumptions used in determining pension for the Company's plan is shown below:

	As at March 31, 2014	As at March 31, 2013
Discount rate	3.70%	4.90%
Increment rate	2.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The subsidiaries expect to contribute ₹ Nil to the plan assets in the next year. (March 31, 2013: ₹ Nil).

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

(d) Pension plan (Contd.):

Amount for the current and previous four periods are as follows:

In ₹ Million

	As at				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Plan assets	-	-	-	-	-
Defined benefit obligation	560.76	539.04	408.24	399.67	342.64
Surplus/ (deficit)	-	-	-	-	-
Experience adjustments on plan liabilities	(13.91)	103.82	(24.01)	27.36	(21.82)
Experience adjustments on plan assets	-	-	-	-	-

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 58.65 million (March 31, 2013: Rs. 42.02 million) and jubilee scheme as governed by the local laws amounting to ₹ 46.94 million (March 31, 2013: Rs. 40.70 million).

Indian subsidiaries

(f) Gratuity plan

Funded scheme

Some of the Indian subsidiaries have a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed atleast five years of service get a gratuity on departure at 15 days last drawn basic salary for each completed year of service. The gratuity plan is funded in few Indian subsidiaries in the form of a qualifying insurance policies. The disclosure given below is on the basis of such information as has been disclosed in the standalone financial statements of the subsidiaries.

The following tables summarize the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans.

Consolidated statement of profit and loss

Net employee benefit expense recognised in employee cost in consolidated statement of profit and loss

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	0.78	2.29
Interest cost on benefit obligation	0.20	0.04
Expected return on plan assets	-	(0.05)
Net actuarial (gain) / loss recognised in the year	(0.93)	1.01
Interest income	-	-
Net benefit expense	0.05	3.28
Actuarial return on plan asset	-	0.38

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, 2014	Year ended March 31, 2013
Opening fair value of plan assets	-	-
Expected return	-	-
Contribution by employer	4.72	1.81
Benefits paid	(472)	(0.80)
Actuarial gains / (losses)	-	0.33
Closing fair value of plan assets	-	1.34

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

29. Gratuity and other post-employment benefits plans (Contd.):

(f) Gratuity plan (Contd.):

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

	In ₹ Million	
	Year ended March 31, 2014	Year ended March 31, 2013
Opening defined benefit obligation	3.62	0.76
Opening defined benefit obligation on acquisition of subsidiary	1.33	-
Interest cost	0.20	0.04
Current service cost	0.78	2.29
Benefits paid	(4.72)	(0.80)
Actuarial losses / (gains) on obligation	(0.93)	1.34
Closing defined benefit obligation	0.28	3.62

Benefit asset/ (liability)

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Fair value of plan assets	-	1.34
Present value of defined benefit obligations	(0.28)	(3.62)
Plan asset / (liability)	(0.28)	(2.28)

In case of certain subsidiary companies, actuarial liability is determined based on estimates amounting to ₹ 2.15 million since AS - 15 is not applicable to such companies .

(March 31, 2013: ₹ 1.29 million)

The principal assumptions used in determining gratuity for the subsidiary companies' plan is shown below:

	As at March 31, 2014	As at March 31, 2013
Discount rate	8% to 9%	8% to 8.10%
Increment rate	4% to 6%	6% to 8%

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. The subsidiary companies expect to contribute ₹ Nil to the plan assets in the next year. (March 31, 2013: ₹ Nil).

Amount for the current and previous four periods are as follows:

	In ₹ Million			
	As at			
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Plan assets	-	1.34	-	-
Defined benefit obligation	0.28	2.65	0.44	0.07
Surplus/ (deficit)	(0.28)	(1.31)	(0.44)	(0.07)
Experience adjustments on plan liabilities	-	-	-	-
Experience adjustments on plan assets	-	-	-	-

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

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. There is no contingent rent clause in the lease agreements.

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Lease rentals during the year		
- On cancellable leases	158.86	223.55
- On non-cancellable leases	-	5.19
	158.86	228.74

Finance leases: Group as lessee

The Group has finance leases for various items of plant and machinery. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	March 31, 2014		March 31, 2013	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	33.24	30.74	279.65	227.29
After one year but not more than five years	55.18	52.06	701.56	632.97
More than five years	-	-	-	-
Total Minimum Lease Payments (MLP)	88.42	82.80	981.21	860.26
Less: Finance charges	5.62	-	120.95	-
Present value of Minimum Lease Payments	82.80	82.80	860.26	860.26

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

31. Segment information

The Company has identified its business segment as its primary reporting segment which comprises of "Steel forgings", "Projects (Capital goods)" and "others". Secondary information is reported geographically.

The "Steel forging" segment, produces and sells steel forging products comprising of steel forgings, finished machined crankshafts, front axle assembly & components and ring rolling etc. The "Projects (Capital goods)" includes engineering, procurement and commissioning business for power and infrastructure related projects. The "Others" segment includes general engineering and windmill operations etc.

In ₹ Million

Sr. No.	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
1	Segment Revenue		
a	Steel forging	59,043.01	51,450.07
b	Projects (Capital goods)	7,817.60	-
c	Others	259.66	296.98
d	Discontinuing operations (Steel forging)	5,800.11	6,449.98
	TOTAL	72,920.38	58,197.03
	Less: Inter Segment Revenue	94.30	81.58
	Net Sales/Income from Operations	72,826.08	58,115.45
2	Segment Results		
	Profit/(Loss) (before tax and interest from each segment)		
a	Steel forging	10,116.74	8,532.61
b	Projects (Capital goods)	(92.98)	-
c	Others	83.77	129.57
d	Discontinuing operations (Steel forging)	(119.80)	(520.54)
	TOTAL	9,987.73	8,141.64
	Less:		
1	Finance costs from continuing operations	1,691.52	1,671.54
2	Finance costs from discontinuing operations	239.46	265.22
3	Other un-allocable expenditure net off un-allocable income	2,165.81	2,821.54
4	Total Profit Before Tax & Exceptional Items	5,890.94	3,383.34
	Add:		
	Exceptional items	1,037.07	365.69
	Profit/(Loss) before Tax from continuing operations	7,287.27	4,534.79
	Profit/(Loss) before Tax from discontinued operations (before minority interest)	(359.26)	(785.76)
3	Total carrying amount of segment assets		
a	Steel forging	51,616.17	43,928.86
b	Projects (Capital goods)	8,104.14	7,323.65
c	Others	470.93	1,590.25
d	Discontinuing operations (Steel forging)	10.05	11,408.77
e	Unallocable Assets including Unutilised Fund	15,086.98	11,662.77
	TOTAL	75,288.27	75,914.30

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

31. Segment information (Contd.):

In ₹ Million

Sr. No.	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
4	Total amount of segment liabilities		
a	Steel forging	16,754.58	8,212.58
b	Projects (Capital goods)	1,479.79	5,603.42
c	Others	50.14	56.22
e	Discontinuing operations (Steel forging)	31.82	3,898.28
d	Unallocable	2,768.40	4,779.55
	TOTAL	21,084.73	22,550.05
5	Capital Employed (Segment assets - Segment Liabilities)		
a	Steel forging	34,861.59	35,716.28
b	Projects (Capital goods)	6,624.35	1,720.23
c	Others	420.79	1,534.03
d	Discontinuing operations (Steel forging)	(21.77)	7,510.49
e	Unallocable Assets less Liabilities including Unutilised Fund temporarily deployed	12,318.58	6,883.22
	TOTAL	54,203.54	53,364.25
6	Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
a	Steel forging	6,457.83	6,735.41
b	Projects (Capital goods)	331.41	-
c	Others	56.72	30.47
d	Discontinuing operations (Steel forging)	-	97.42
e	Unallocable	292.33	862.43
	TOTAL	7,138.29	7,725.73
7	Depreciation		
a	Steel forging	3,101.47	2,827.84
b	Projects (Capital goods)	8.66	4.89
c	Others	109.24	99.50
d	Discontinuing operations (Steel forging)	208.72	232.78
e	Unallocable	359.30	263.09
	TOTAL	3,787.39	3,428.10
8	Secondary information in respect of geographical segment on the basis of location of customers		
8.1	Segment revenue		
a	Within India	23,328.30	16,701.90
b	Outside India	49,497.78	41,413.55
	TOTAL	72,826.08	58,115.45
8.2	Segment assets (excluding unallocable assets)		
a	Within India	41,335.27	41,237.33
b	Outside India	18,876.07	23,014.20
	TOTAL	60,211.34	64,251.53
8.3	Total cost incurred during the year to acquire segment assets (excluding cost of unallocable assets) that are expected to be used during more than one period		
a	Within India	3,079.71	4,239.05
b	Outside India	3,766.25	2,624.25
	TOTAL	6,845.96	6,863.30

The total carrying amount of segment assets does not include goodwill arising on consolidation amounting to ₹ 56.80 million (March 31, 2013: ₹ 32.49 million).

Total segment revenue from operations does not include revenue from some of the insignificant business lines amounting to ₹ 135.24 million, which has been considered as unallocable income.

Total cost incurred to acquire segment assets that are expected to be used for more than one period excludes additions to fixed assets on account of acquisition of shares in Analogic Controls India Limited amounting to ₹ 53.99 million.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

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)
	Ferrovial Transrail Solutions Private Limited (Investment through wholly owned subsidiary)
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 , China (upto November 12, 2013)
	Tianjin FAW XIALI Automobile Co Limited , China (upto November 12, 2013)
	FAW Volkswagen Automobile Co., Limited , China (upto November 12, 2013)
	Changchun Gear Factory of FAW CAR Co., Limited , China (upto November 12, 2013)
	FAW Jiefang Automobile Co., Limited , China (upto November 12, 2013)
	FAW Foundry Co., Limited. Foundry Model Tooling Plant , China (upto November 12, 2013)
	Purchase Centre of FAW , China (upto November 12, 2013)
	FAW Power Energy Branch Company , China (upto November 12, 2013)
	Technical Center of FAW , China (upto November 12, 2013)
	Inspection Center of FAW , China (upto November 12, 2013)
	FAW Import and Exports Corporation , China (upto November 12, 2013)
	Qiming Information Technology Co., Limited , China (upto November 12, 2013)
	Harbin Light-duty truck Factory of FAW , China (upto November 12, 2013)
	FAW Jiefang Automobile Co., Limited Transmission Company , China (upto November 12, 2013)
	Warehouse Centre of FAW , China (upto November 12, 2013)
	Axle Branch Company FAW Jiefang Automobile Co., Limited , China (upto November 12, 2013)
	Engine Branch Company of FAW Jiefang Automobile Co Limited, China (upto November 12, 2013)
	Wuxi Diesel Oil Branch Company of FAW Jiefang Automobile Co Limited , China (upto November 12, 2013)
	FAW Jiefang Automotive company Limited - Special Vehicle Branch , China (upto November 12, 2013)
	MI Ninth Design & research institute co. Ltd. , China (upto November 12, 2013)
	Changchun FAW Tianqi Hot forging and Die Co Ltd. , China (upto November 12, 2013)
	Changchun FAW Comprehensive Utilisation Co Ltd. , China (upto November 12, 2013)
	ALSTOM
	ALSTOM Holdings, France
	ALSTOM Power Holding SA
	ALSTOM India Limited (formally known as ALSTOM Projects India Limited)
	ALSTOM Technology Limited
	ALSTOM Switzerland Limited
	ALSTOM Power GmbH
ALSTOM Beizhong Power (Beijing) Co., China	
ALSTOM POWER SPZ O.O., Poland	
ALSTOM Power Systems SA, France	
ALSTOM Support, France	
ALSTOM Carbon Capture GmbH, Germany	

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

32. Related party disclosures (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Related parties with whom transactions have taken place during the year (Contd.):

Joint Ventures of fellow subsidiary	NTPC Limited, India
	KPIT Technologies Limited, India
	Cimechel Electrical Company, India
Enterprises having common Key Management Personnel	Integrated Clean Room Technologies Limited
Key management personnel	Mr. Babasaheb Neelkanth Kalyani
	Mr. Amit Babasaheb Kalyani
	Mr. G. K. Agarwal
	Mr. B. P. Kalyani
	Mr. S. E. Tandale
	Mr. S. K. Chaturvedi (Ceased to be Executive Director w.e.f. January 1, 2014)
	Mr. Tushar V. Mane (Till March 22, 2014)
	Mr. Vijay Kumar Jain
	Mr. Jean-Pierre Fouilloux (Appointed w.e.f. April 8, 2013)
	Mr. Andreas Lusch
	Mr. Philippe Choquet
	Mr. Alain Spohr (Appointed w.e.f. July 19, 2013)
	Mr Vijay Kumar K. Neginjal
Mr. Venkatesh Subramanyam	
Mr. Abhijit Bhattacharya	

(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2014	March 31, 2013
1	Purchase of goods	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Kalyani Carpenter Special Steels Limited	9,367.63	9,098.56
		Kalyani Steels Limited	3,211.12	2,408.15
		ALSTOM Power GmbH	865.81	-
		ALSTOM POWER SP.Z O.O.	14.54	-
		ALSTOM (SWITZERLAND) Limited	22.33	-
		ALSTOM Technology Limited	0.04	-
		13,481.47	11,506.71	
2	Procurement of software	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Qiming Information Technology Co., Limited	-	3.91
		-	3.91	

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

32. 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, 2014	March 31, 2013
3	Procurement of Die	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Changchun FAW TIANQI Hot Forging & Die Co. Ltd.	141.76	-
			141.76	-
4	Procurement of material	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		FAW Jiefang Automobile Co., Ltd.	20.71	-
			20.71	-
5	Procurement of construction side	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		MI Ninth Design & Research Institute Co. Ltd.	182.90	-
			182.90	-
6	Sale of finished goods	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Kalyani Carpenter Special Steels Limited	1,511.91	1,432.11
		Automotive Axle Limited	93.55	23.06
		Kalyani Steels Limited	-	1.49
		Changchun Gear Factory of FAW CAR Co., Limited	-	38.80
		FAW Jiefang Automobile Co., Ltd.	-	1,963.80
		FAW Jiefang Automobile Co., Limited (Procurement Division)	2,291.01	-
		FAW Jiefang Automobile Co., Limited Transmission Company	-	111.46
		FAW Volkswagen Automobile Co., Limited	604.38	-
		FAW Foundry Co., Limited. Foundry Model Tooling Plant	-	0.01
		Harbin Light-duty truck Factory of FAW	57.24	45.40
		Technical Center of FAW	6.01	-
		Tianjin FAW XIALI Automobile Co., Limited	12.43	29.04
		FAW Volkswagen Automobile Co., Limited	-	4.55
		KPIT Technologies Limited	2.54	0.04
			4,579.07	3,649.76
7	Sale of Export Incentives	Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	24.91	-
			24.91	-
8	Procurement of power and fuel	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		FAW Power Energy Branch Company	410.59	524.14
			410.59	524.14

Notes to consolidated financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
9	Network rental fee	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		FAW Volkswagen Automobile Co., Limited	-	0.05
			-	0.05
10	Labour services	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		FAW Foundry Co., Limited. Foundry Model Tooling Plant	-	0.16
			-	0.16
11	Testing service	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Inspection Center of FAW	-	3.22
			-	3.22
12	Storage service	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Warehouse Centre of FAW	-	12.21
			-	12.21
13	Quality inspection	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		FAW Jiefang Automobile Co., Ltd	-	13.37
			-	13.37
14	Technology transfer fee	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Qiming Information Technology Co., Limited	-	0.40
			-	0.40
15	Finance provided: Issue of equity share capital	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM Power Holding SA	-	63.52
			-	63.52
	Equity Contribution, inclusive of advances against equity	Joint Ventures of fellow subsidiary		
		KPIT Technologies Limited	70.00	50.00
			70.00	113.52
16	Support of technical Services	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Alstom Switzerland	4.54	6.64
		Alstom (Switzerland) Limited	-	9.51
		Alstom Technology Limited	-	2.32
			4.54	18.47

Notes to consolidated financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
17	Reimbursement of expenses paid	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Alstom Power Holding SA	-	118.93
		Kalyani Carpenter Special Steels Limited	0.32	-
		Kalyani Steels Limited	0.32	-
		KPIT Technologies Limited	9.57	9.32
		Mr. Venkatesh Subramanyam	0.55	-
			10.76	128.25
18	Advance given to vendors	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM Power GmbH	182.79	347.98
		ALSTOM India Limited	50.93	-
		ALSTOM Beizhong Power (Beijing) Co.	4.84	-
			238.56	347.98
19	Sale of services for projects	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM (SWITZERLAND) Limited	1.82	2.76
		ALSTOM Power GmbH	0.59	-
		ALSTOM Beizhong Power (Beijing) Co.	28.96	-
		ALSTOM Power SP.Z O.O.	2.56	-
		ALSTOM Power System SA	0.70	-
		ALSTOM India Limited	4.03	2.91
			38.66	5.67
20	Technical Services availed	Joint Ventures of fellow subsidiary		
		ALSTOM Switzerland Ltd.	6.49	6.64
		Alstom Technology Limited	-	2.32
		Alstom Holdings	2.35	-
			8.84	8.96
21	Sale of materials towards capital work in progress	Joint Ventures of fellow subsidiary		
		ALSTOM Bharat Forge Power Limited	104.81	-
			104.81	-
	Capital advances transferred	Joint Ventures of fellow subsidiary		
		ALSTOM Bharat Forge Power Limited	77.53	-
			77.53	-
	Short term financial arrangement received	Joint Ventures of fellow subsidiary		
		ALSTOM Bharat Forge Power Limited	333.59	-
			333.59	-

Notes to consolidated financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
22	Technical knowhow purchased	Joint Ventures of fellow subsidiary		
		KPIT Technologies Limited	-	9.50
			-	9.50
23	Fund reimbursed (includes expenses incurred on behalf of company)	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM Power Holdings SA	-	0.45
		ALSTOM Holdings	-	0.44
		ALSTOM India Ltd.	0.38	6.06
		ALSTOM Bharat Forge Power Limited	0.28	4.38
		0.66	11.33	
24	Rent and maintenance expenses	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM India Ltd	38.30	37.40
		38.30	37.40	
25	Reimbursement of salary and employee related costs	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM India Ltd.	4.10	4.43
		4.10	4.43	
26	IT/Software/ Hardware Cost	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM (Switzerland) Ltd.	16.49	12.65
		ALSTOM Power Systems SA	-	1.71
		ALSTOM India Ltd.	10.44	8.62
		26.93	22.98	
27	Purchase of sevices	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM Power Systems SA	8.71	9.07
		ALSTOM India Limited	72.61	27.41
		ALSTOM (SWITZERLAND) Limited	0.33	-
		81.65	36.48	
28	Purchase of fixed assets	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Integrated Clean Room Technologies Limited	0.51	-
		0.51	-	

Notes to consolidated financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
29	Services received	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		BF Utilities Limited	255.63	246.17
		KPIT Technologies Limited	0.17	-
			255.80	246.17
30	Lease payments, including facility charges received	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		KPIT Technologies Limited	0.77	-
			0.77	-
31	Services rendered	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Automotive Axle Limited	83.72	99.86
		Kalyani Carpenter Special Steels Limited	59.07	65.29
			142.79	165.15
32	Reimbursement of expenses received	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Kalyani Carpenter Special Steels Limited	0.19	57.96
		Kalyani Steels Limited	0.39	3.81
		Kalyai Alstom Power Limited	-	0.12
		ALSTOM Carbon Capture GmbH	0.61	-
			1.19	61.89
33	Interest on loan taken	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Integrated Clean Room Technologies Limited	0.30	0.15
			0.30	0.15
34	Interest on loan given	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Kalyani Steels Limited	22.49	22.50
		Kalyani Carpenter Special Steels Limited	-	2.60
		ALSTOM Bharat Forge Limited	3.99	-
			26.48	25.10
35	Reimbursement of salary and allowances	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		ALSTOM India Limited	4.10	-
			4.10	-

Notes to consolidated financial statements

For the year ended March 31, 2014 (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, 2014	March 31, 2013
36	Remuneration paid	Key management personnel (including subsidiaries/joint ventures)		
		Mr. B. N. Kalyani	125.33	95.59
		Mr. A. B. Kalyani	40.26	31.57
		Mr. G. K. Agarwal	40.75	32.05
		Mr. S. E. Tandale	32.76	22.76
		Mr. S. K. Chaturvedi	23.53	23.77
		Mr. B. P. Kalyani	30.49	20.89
		Mr. Tushar Mane	1.53	0.04
		Mr. Vijay Kumar Neginal	0.01	-
		Mr. Vijay Kumar Jain	2.75	2.75
		Mr. Jean-Pierre Fouilloux (CEO & Managing Director)	0.34	14.20
		Alain Spohr (current CEO & Managing director)	14.22	-
		Mr. Venkatesh Subramanyam	3.08	1.81
			315.05	245.43
37	Dividend provided	Key management personnel		
		Mr. B. N. Kalyani	0.17	0.14
		Mr. A. B. Kalyani	1.54	1.23
		Mr. G. K. Agarwal	0.01	0.01
		Mr. B. P. Kalyani	0.01	0.01
			1.73	1.39

(iii) 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, 2014	March 31, 2013
1	Payable towards purchases	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		FAW Power Energy Branch Company	-	66.89
		FAW Foundry Co., Limited. Foundry Model Tooling Plant	-	3.30
		Qiming Information Technology Co., Limited	-	1.62
		Kalyani Carpenter Special Steels Limited	724.49	772.08
		Kalyani Steels Limited	73.05	691.32
			797.54	1,535.21
2	Advances against equity	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		KPIT Technologies Limited	20.00	-
			20.00	-

Notes to consolidated financial statements

For the year ended March 31, 2014 (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	As at	
			March 31, 2014	March 31, 2013
3	Payable towards services	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		BF Utilities Limited	1.52	6.67
		Warehouse Centre of FAW	-	6.29
		Inspection Center of FAW	-	3.22
			1.52	16.18
4	Trade receivable	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Axle Branch Company FAW Jiefang Automobile Co., Limited	-	7.92
		Changchun Gear Factory of FAW CAR Co., Limited	-	19.45
		FAW Jiefang Automobile Co., Limited	-	285.06
		FAW Jiefang Automobile Co., Limited Transmission Company	-	56.69
		FAW Volkswagen Automobile Co., Limited	-	20.37
		FAW Jiefang Automotive Company Limited - Special Vehicle Branch	-	10.75
		Harbin Light-duty truck Factory of FAW	-	25.54
		Technical Center of FAW	-	0.13
		Wuxi Diesel Oil Branch Company of FAW Jiefang Automobile Co Limited	-	1.04
		Engine Branch Company of FAW Jiefang Automobile Co Limited	-	1.47
		Tianjin FAW XIALI Automobile Co Limited	-	16.65
		Kalyani Carpenter Special Steels Limited	509.43	403.52
		ALSTOM Power GmbH	0.59	-
		ALSTOM POWER SP.Z O.O.	2.56	-
		ALSTOM Power System SA	0.70	-
		ALSTOM India Limited	7.13	-
		KPIT Technologies Limited	2.94	0.03
		Others	41.83	14.63
				565.18
5	Receivable for sale of services	Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	17.34	-
		Automotive Axle Limited	20.35	-
		37.69	-	

Notes to consolidated financial statements

For the year ended March 31, 2014 (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	As at	
			March 31, 2014	March 31, 2013
6	Other payable	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		China FAW Corporation Limited	-	107.77
		ALSTOM Bharat Forge Power Limited	418.75	60.65
		ALSTOM India Limited	67.11	30.33
		ALSTOM Support France	0.24	-
		ALSTOM Power Systems SA	0.81	1.53
		ALSTOM (SWITZERLAND) LTD	22.25	19.31
		ALSTOM Power GmbH	604.81	-
		ALSTOM Holdings	2.11	0.44
		ALSTOM Technology Limited	-	2.09
		Integrated Clean Room Technologies Limited	0.60	-
		Alstom Power SA	-	0.25
			1,116.68	222.37
		Joint Ventures of fellow subsidiary		
		NTPC Limited	1.18	1.18
		Ferrovial Transrail Solutions Private Limited	0.02	0.02
			1.20	1.20
			1,117.88	223.57
7	Short term loans and Advances	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Kalyani Alstom Power Limited	405.78	0.12
		ALSTOM India Ltd	48.12	-
		ALSTOM Power GmbH	483.30	347.98
		ALSTOM Beizhong Power (Beijing) Co	4.84	-
		ALSTOM Carbon Capture GmbH	0.61	-
		ALSTOM Technology Limited	0.13	-
			942.78	348.10
8	Investments balance	Joint Ventures of fellow subsidiary		
		NTPC Limited	58.80	58.80
			58.80	58.80
9	Trade receivable	Joint Ventures of fellow subsidiary		
		KPIT Cummins Infosystems Limited	2.94	0.03
			2.94	0.03
10	Interest receivable	Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Steels Limited	5.55	4.99
			5.55	4.99
11	Other current liabilities	Joint Ventures of fellow subsidiary		
		KPIT Cummins Infosystems Limited	2.29	2.04
			2.29	2.04

Notes to consolidated financial statements

For the year ended March 31, 2014 (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	As at	
			March 31, 2014	March 31, 2013
12	Reimbursement Receivable	Enterprises owned or significantly influenced by key management personnel or their relation		
		Kalyani Carpenter Special Steels Limited	0.32	-
		Kalyani Steels Limited	0.32	-
			0.64	-
13	Loan taken	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		Integrated Clean Room Technologies Limited	2.00	2.00
			2.00	2.00
14	Advances receivable	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		BF Utilities Limited	210.00	200.00
			210.00	200.00
15	Advance from customer	Enterprises owned or significantly influenced by key management personnel or through their subsidiaries		
		FAW Import & Exports Corporation	-	0.05
		Automotive Axle Limited	35.00	35.00
			35.00	35.05
16	Remuneration payable	Key management personnel (including subsidiaries/ joint ventures)		
		Mr. B. N. Kalyani	75.00	41.20
		Mr. A. B. Kalyani	15.00	9.00
		Mr. G. K. Agarwal	15.00	9.00
		Mr. S. E. Tandale	20.00	12.00
		Mr. S. K. Chaturvedi	4.50	6.00
		Mr. B. P. Kalyani	19.00	11.00
			148.50	88.20

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, 2014	Year ended March 31, 2013
Salaries, wages and bonus	205.02	150.90
Share in salaries, wages and bonus of Joint Venture	57.01	52.22
Consumption of stores and spares	0.91	89.90
Others	105.32	136.30
Share in others of Joint Venture	19.13	7.73
	387.39	437.05

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

34. Contingent liabilities

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
Sales bills discounted	5,425.77	3,732.03
Of which:		
- Bills since realised	1,674.57	1,231.55
- Matured, overdue and outstanding since close of the period	-	-
Guarantees given by the Company on behalf of other companies:		
Balance Outstanding	1,915.40	1,898.71
(Maximum Amount)	(2,732.80)	(2,269.38)
Claims against the Companies not acknowledged as Debts - to the extent ascertained * #	138.97	138.83
Excise/Service tax demands - matters under dispute #	359.86	176.39
Customs demands - matters under dispute #	50.97	50.97
Income tax matters under dispute #	0.66	-
Others	73.87	1.94

* The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

The Group companies are contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. 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.

Share in joint venture in export obligation amounting to ₹ 993.53 million (USD 15.59 million) against import of capital goods under EPCG license on which Custom duty is saved is ₹ 165.59 million. (March 31, 2013: ₹ Nil).

One of the joint venture company is defending Penalty Proceedings initiated under Sec.274 r.w.s 271(1) (C) of the Income Tax Act, 1961 for Assessment Year 2011-12 and liability of the same is not quantifiable.

35. Capital and other commitments

	In ₹ Million	
	As at March 31, 2014	As at March 31, 2013
(a) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 4,000 million (March 31, 2013: ₹ 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.	718.18	863.43
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	2,149.27	1,400.02
Share in estimated value of contracts of Joint Venture remaining to be executed on capital accounts and not provided for, net of advances	1,965.36	1,935.09
(c) For commitments relating to lease agreements.	4.92	-
	4,837.73	4,198.54

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, 2014 (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, 2014		As at March 31, 2013	
			Foreign currency in million	In ₹ Million	Foreign currency in million	In ₹ Million
Forward contracts	USD	Hedging of highly probable sales	328.32	19,672.93	111.05	6,031.13
Forward contracts	Euro	Hedging of highly probable sales	149.13	12,279.36	33.50	2,331.60
Forward contracts	GBP	Hedging of highly probable sales	-	-	2.20	181.47

(ii) Share in Derivatives outstanding of Joint Ventures as at the reporting date

Nature of instrument	Currency	Purpose	As at March 31, 2014		As at March 31, 2013	
			Foreign currency in million	In ₹ Million	Foreign currency in million	In ₹ Million
Forward contracts	EURO	Hedge of payable/expected future purchases	121.90	10,041.07	63.44	5,225.37
Forward contracts	GBP	Hedge of payable/expected future purchases	-	-	0.18	17.90
Forward contracts	CHF	Hedge of payable/expected future purchases	0.39	26.65	-	-
Forward contracts	CNH	Hedge of payable/expected future purchases	-	-	16.80	104.48
Forward contracts	USD	Hedge of payable/expected future purchases	18.76	1,124.26	12.05	722.18
Forward contracts	EURO	Hedge of receivables/expected future sales	110.52	9,100.42	46.64	3,839.95
Forward contracts	GBP	Hedge of receivables/expected future sales	10.33	1,029.21	4.22	420.69
Forward contracts	USD	Hedge of receivables/expected future sales	20.61	1,235.01	8.30	497.56

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.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

(ii) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Foreign currency in Million	In ₹ Million	Foreign currency in Million	In ₹ Million
Export trade receivables	USD	17.12	1,029.57	18.71	1,016.14
	EUR	21.47	1,769.90	19.06	1,350.76
	GBP	2.94	292.44	2.56	212.03
	JPY	3.24	1.89	0.57	0.33
Import trade payables	USD	3.08	184.62	0.90	48.89
	EUR	25.87	2,133.70	14.98	1,067.69
	GBP	0.01	1.00	0.01	0.84
	JPY	240.07	139.84	265.33	152.91
	SEK	0.09	0.83	-	-
Foreign currency term loan	USD	200.00	11,988.00	194.90	10,586.97
	EUR	4.00	330.31	6.00	433.56
Packing credit	USD	9.58	574.04	-	-
	EUR	4.67	384.34	-	-
	GBP	1.00	99.63	0.43	35.56
Working capital loan	EUR	12.00	990.92	12.57	908.24
	GBP	4.40	438.28	3.59	308.74
Buyers credit	EUR	-	-	1.14	79.23
	JPY	-	-	369.00	212.65
Bank deposits	USD	2.30	137.64	1.45	78.77
	EUR	2.90	239.20	1.19	82.63
	GBP	-	-	0.29	23.57
Other receivables	EUR	0.07	5.80	1.03	69.96
Other payables	USD	1.81	111.79	1.37	82.89
	EUR	1.32	108.62	-	0.31
	GBP	0.22	21.91	-	-
	JPY	-	-	1.93	1.11

Notes to consolidated financial statements

For the year ended March 31, 2014 (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, 2014	As at March 31, 2013
Cost of the assets/ Capital work in progress	(576.27)	(613.51)
FCMITDA	(692.09)	(278.44)
Amortised in the current year	185.55	(143.69)

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 consolidated statement of profit and loss account is ₹ (522.37) million (March 31, 2013 ₹ (461.76) 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 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 ₹ 708 million (March 31, 2013: ₹ 775 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. BFSSL has applied for liquidation and order is expected by June 2014. BFSSL financial statements included in the consolidated financial statements are unaudited and are based on management accounts as there are no significant balances or activities as at December 31, 2013.

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

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 12 parties including Alstom Bharat Forge Power Limited (ABFPL) and Kalyani Alstom Power Limited (KAPL). The grievances stated in the Writ Petition relate to environmental clearances for Mundra Port and Special Economic Zone Ltd. and ABFPL'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: :

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

39. Significant notes to financial statements of subsidiaries which provide a better understanding to these financial statements (Contd.):

1. The first issue relates to whether ABFPL and KAPL individual environmental clearance under the EIA Notification considering their proposed activities. The Hon'ble Court has answered this issue in favour of ABFPL and KAPL confirming that the individual units do not require individual environmental clearance under the respective EIA Notification from MoEF.
2. The second issue relates for whether in the absence of Mundra Port and Special Economic Zone Ltd. (MPSEZ) having environmental clearance the individual units (ABFPL and KAPL) 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 12 parties (including ABFPL and KAPL) to immediately stop any/all construction activities on the land allotted to them until MPSEZ obtains requisite environmental clearance.

Further the Hon'ble High Court of Gujarat passed another judgment recently on January 13, 2014 in relation to Writ Petition No. 21 of 2013 (petition against 12 parties operating in Mundra SEZ whereby the petitioners had sought directions from the court to immediately stop those 12 parties from any further development and business operations) and Special Civil Application No. 2621 of 2013 (Deemed EC application filed by ABFPL and KAPL) and ordered the said 12 parties to stop the operation of activities immediately and ordered that these parties cannot undertake any further development or business activity till the decision is taken by the Central Government and also rejected ABFPL and KAPL's application with a direction to the Central Government to take its decision, with respect to the issue of grant of environmental clearance, within 30 days from the date of judgment without fail. The Hon'ble High Court of Gujarat has also stated that while taking into consideration the issue of grant of environmental clearance, it would be open to the Central Government to even take into consideration the Sunita Narain Committee report. The Central Government has asked for the extension for the same.

Pursuant to the aforesaid orders, certain parties filed appeal in the Supreme Court against this judgment of Gujarat High Court. Hon'ble Supreme Court issued notice and directed that in the meantime, units in SEZ in respect of which impugned order has been passed, may continue to function, but there will be no further construction with regard to any units which are existing or incumbent. Respondents have been directed to file affidavits in respect of existing units. The Hon'ble Supreme Court further made it clear that the direction to MoEF to complete the process of environment clearance has not been stayed. The MoEF has sought time to file its reply on the same. It was further recorded that it is the case of the petitioners that no further clearance is required.

3. In addition to above, local villagers have filed a PIL (WP PIL 204 of 2012) in Gujarat High Court alleging that ABFPL and KAPL have blocked a natural way. The matter is pending before the Gujarat High Court. On October 25, 2011, ABFPL and KAPL had already received confirmation from the Ministry of Environment & Forests that its activities in Mundra do not attract the provisions of EIA Notification of 2006. Presently, ABFPL and KAPL do not expect any material impact of this disruption in meeting its business commitments.

C) Merger of Kalyani ALSTOM Power Ltd. (KAPL) and ALSTOM Bharat Forge Power Ltd. (ABFPL)

The Board of Directors in its meeting held on August 28, 2013 considered and granted its in principle approval for the proposal of Amalgamation of Kalyani Alstom Power Ltd. (KAPL) with ABFPL and subsequently approved the scheme in its meeting held on October 22, 2013, to consolidate the business operations, leading to synergies of operations, economies of scale, reducing and aligning costs and to increase the net worth of the merged entity.

On November 20, 2013, ABFPL filed a joint application with KAPL to the Competition Commission of India (CCI) for proposed combination under the provisions of Competition Act, 2002 and CCI has approved the same vide its order dated December 10, 2013.

Further, the Scheme of Amalgamation has been filed to the Hon'ble High Court of Delhi on February 10, 2014. The Hon'ble High Court of Delhi on February 14, 2014 directed the dispensation for convening the meeting of Shareholders and Unsecured creditors and ordered the secured creditors meeting to be held on March 29, 2014 for this purpose.

The Court convened meeting of the secured creditors of ABFPL and KAPL were held on March 29, 2014 with positive voting and successfully passing of resolution approving the scheme of amalgamation. The order of the Hon'ble High Court of Delhi is awaited. Pending Hon'ble High Court order, the merger is not effected in the consolidated financial statements.

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

40. Disclosure pursuant to Accounting Standard-7 (AS-7) 'Construction Contracts

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
Contract revenue recognised during the period*	7,791.73	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	6,267.84	2,241.53
Amount of customer advances outstanding for contracts in progress up to the reporting date#	2,713.72	4,282.19
Retention amount due from customers for contract in progress up to the reporting date ⁵	489.49	9.94
Due from customers@	409.72	635.27
Due to customers#	2,677.99	2,378.35

* Included in project revenue to the extent of ₹ 7,777.99 million and in sale of products to the extent of ₹ 13.74 million.

Included in advance from customer to the extent of ₹ 661.85 million, in construction contracts in progress to the extent of ₹ 2,264.45 million and in trade payable to the extent of ₹ 2,465.41 million.

\$ Included in earnest money received to the extent of ₹ 272.09 million and in trade receivable to the extent of ₹ 217.40 million.

@ Included in trade receivable.

41. Discontinuing operations

Bharat Forge America Inc

In November 2012, the management of Bharat Forge America Inc. (BFA), a wholly owned subsidiary of the Company in USA, decided to close down manufacturing operations of BFA. Business of BFA was transferred to other Group Companies and fixed assets of BFA were sold to a forging company in US on May 2, 2013.

At December 31, 2013, the carrying amount of assets of BFA was ₹ 104.84 million (December 31, 2012: ₹ 842.09 million) and its liabilities were ₹ 36.08 million (December 31, 2012: ₹ 625.02 million)

The following statement shows the revenue and expenses of discontinuing operations:

In ₹ Million

	Year ended December 31, 2013	Year ended December 31, 2012
Income		
Revenue from operations (gross)	149.46	1,093.58
Other income	42.90	5.59
Total income	192.36	1,099.17
Expenses		
Cost of raw material and components consumed	7.03	558.49
(Increase)/ decrease in inventories of finished goods and work-in-progress	109.62	(38.30)
Employee benefits expense	72.97	296.56
Other expenses	75.03	354.00
Depreciation and amortization expenses	0.34	67.72
Finance costs	13.60	28.89
Total expenses	278.59	1,267.36
(Loss) before tax	(86.23)	(168.19)
Tax expenses	2.81	-
(Loss) for the year	(89.04)	(168.19)

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

The carrying amounts of the total assets and liabilities relating to discontinuing operations included within the Group is as follows

In ₹ Million

	As at December 31, 2013	As at December 31, 2012
Total assets	104.84	842.09
Total liabilities	36.08	625.02
Net assets	68.76	217.07

The net cash flows attributable to BFA are as below:

In ₹ Million

	Year ended December 31, 2013	Year ended December 31, 2012
Operating activities	(182.04)	126.04
Investing activities	622.81	2.59
Financing activities	(499.11)	(63.87)
Net cash inflows / (outflows)	(58.34)	64.76

FAW Bharat Forge (Changchun) Company Limited

During the year, Bharat Forge Hong Kong Limited, one of the indirect subsidiary in the group, divested its 51.85% stake in Chinese Joint Venture operation (FAW Bharat Forge (Changchun) Company Limited to its Joint Venture partner, China FAW Corporation Limited, for USD 28.208 million (INR 1,793.84 million). The transaction was completed on November 12, 2013, with effect from October 31, 2013. Profit (including reversal of foreign currency translation reserve) pre tax amounting to ₹ 605.44 million (Tax effect: ₹ Nil), on divestment of stake has been recorded as an exceptional item.

The following statement shows the revenue and expenses of discontinuing operations:

	Period ended October 31, 2013	Year ended December 31, 2012
Income		
Revenue from operations (gross)	5,650.65	5,356.40
Other income	7.23	5.19
Total income	5,657.88	5,361.59
Expenses		
Cost of raw material and components consumed	3,302.11	3,195.51
(Increase)/ decrease in inventories of finished goods and work-in-progress	68.00	84.66
Employee benefits expense	950.67	997.38
Other expenses	1,175.89	1,300.22
Depreciation and amortization expenses	208.38	165.06
Finance costs	225.86	236.33
Total expenses	5,930.91	5,979.16
(Loss) before tax	(273.03)	(617.57)
Tax expenses	-	198.59
(Loss) for the year	(273.03)	(816.16)
Minority interest	131.86	413.47
(Loss) for the year after Minority Interest	(141.17)	(402.69)

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

The carrying amounts of the total assets and liabilities relating to discontinuing operations included within the Group is as follows:

	As at October 31, 2013	As at December 31, 2012
Total assets	-	10,566.68
Total liabilities	-	7,406.88
Net assets	-	3,159.80

The net cash flows attributable to FAW Bharat Forge (Changchun) Company Limited are as below:

	Period ended October 31, 2013	Year ended December 31, 2012
Operating activities	101.94	954.31
Investing activities	(418.53)	(1,164.09)
Financing activities	438.98	17.07
Net cash inflows / (outflows)	122.39	(192.71)

42. Expenditure on research and development

In ₹ Million

	Year ended March 31, 2014	Year ended March 31, 2013
A. On revenue account		
Manufacturing expenses:		
Materials	18.49	9.52
Stores, spares and tools consumed	37.60	10.34
Repairs and maintenance		
- Machinery repairs	4.17	1.75
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, Contribution to provident and other funds and schemes etc.	141.02	78.52
Other expenses:		
Legal and professional charges	4.68	2.95
Membership fees	0.75	0.76
EDP expenses	18.72	16.01
Other expenses	20.30	12.12
Total	245.73	131.97
B. On capital account	26.71	17.02
Total research and development expenditure (A+B)	272.44	148.99

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

43. The financial statements are presented in ₹ Million and decimal thereof, except for per share information or as otherwise stated.

44. Previous year figures have been regrouped / reclassified, where necessary, to confirm to the current year's classification.

As per our report of even date
For S. R. BATLIBOI & Co. LLP
ICAI 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

B. N. KALYANI
Chairman and
Managing Director

G. K. AGARWAL
Deputy Managing
Director

P.S. VAISHAMPAYAN
Company Secretary

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Place: Pune
Date: May 27, 2014

Notes to consolidated financial statements

For the year ended March 31, 2014 (Contd.):

Annex - 1 Summarized Statement of Financials of Subsidiary Companies pursuant to approval u/s 212 (8) of the Companies Act, 1956.

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	412.88	6,888.45	12,317.28	5,015.94	0.36	13,401.80	682.99	106.31	576.68	-
2	Bharat Forge Holding GmbH, Germany	2.06	393.56	743.85	348.23	-	2.42	(0.62)	25.56	(26.19)	-
3	Bharat Forge Aluminiumtechnik GmbH & Co. KG, Germany	621.47	551.28	3,213.38	2,040.63	-	3,513.15	188.85	22.45	166.40	-
4	Bharat Forge Aluminiumtechnik Verwaltungs GmbH & Co. KG, Germany	2.11	4.11	6.22	0.00	-	0.42	0.40	0.06	0.34	-
5	Bharat Forge America Inc., U.S.A.	-	(33.42)	104.81	138.23	-	152.43	(86.24)	2.81	(89.06)	-
6	Bharat Forge Beteiligungs GmbH, Germany	2.06	3,620.15	3,670.69	48.47	12.22	0.00	(369.67)	10.76	(380.43)	-
7	Bharat Forge Kilsta AB, Sweden	192.08	(33.14)	4,224.07	4,065.13	-	7,109.88	(122.25)	-	(122.25)	-
8	Bharat Forge Scottish Stampings Ltd., Scotland	586.56	(580.23)	6.33	-	-	0.00	-	-	-	-
9	Bharat Forge Hongkong Ltd., Hong Kong	2,611.49	(1,025.23)	1,706.90	120.64	-	0.02	(305.86)	-	(305.86)	-
10	FAW Bharat Forge (Changchun) Company Limited, China 3	-	-	-	-	-	5,777.36	(278.18)	-	(278.18)	-
11	Bharat Forge Daun GmbH, Germany 1	4.13	292.07	420.07	123.86	-	860.07	-	-	-	-
12	B F New Technologies GmbH, Germany 1	2.06	127.99	148.72	18.66	-	3.78	-	-	-	-
13	BF NTPC Energy Systems Ltd. 2	120.00	(66.74)	60.09	6.83	-	0.01	(6.33)	-	(6.33)	-
14	Kalyani ALSTOM Power Limited 2	500.00	(171.82)	1,163.19	835.01	-	6.05	(31.99)	-	(31.99)	-
15	BF Infrastructure Limited	318.14	(227.13)	1,741.37	1,650.36	-	3,899.60	(226.05)	-	(226.05)	-
16	BF Infrastructure Ventures Limited	400.50	(4.12)	457.20	60.82	-	-	(3.52)	-	(3.52)	-
17	Kalyani Strategic Systems Limited (Formerly B F Power Equipments Limited)	0.50	(0.71)	0.02	0.23	-	-	(0.23)	-	(0.23)	-
18	Bharat Forge International Limited, UK	6.30	141.40	4,489.84	4,342.14	-	8,954.90	148.84	34.59	114.25	-
19	BF Elbit Advanced Systems Private Limited	0.10	(43.18)	0.78	43.86	-	-	(43.01)	-	(43.01)	-
20	Analogic Controls India Limited	27.59	(69.42)	216.60	258.43	-	108.94	(3.65)	20.27	(23.92)	-

Note: The above information has been drawn up to co-relate with the Consolidated Financial Statements.

- 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
- 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.
- Figures are as per Financial Statements & represent 100% of the Company's Financials before Minority Interest.
- 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.





BHARAT FORGE

BHARAT FORGE LIMITED

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www.bharatforge.com

BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046

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

**KALYANI****NOTICE**

NOTICE is hereby given that the Fifty-third Annual General Meeting (AGM) of the Members of **Bharat Forge Limited** will be held on Thursday, September 4, 2014 at 11:15 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, 2014, 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 for the financial year 2013-14.
3. To appoint a Director in the place of Mr. S. K. Chaturvedi (DIN: 02183147), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. B. P. Kalyani (DIN: 00267202), who retires by rotation, and being eligible, offers himself for re-appointment.

5. To appoint Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, M/s. S R B C & Co. LLP [Firm Registration No. 324982E] be and are hereby appointed as Statutory Auditors of the Company, in place of retiring Auditors M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, to hold the office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the fifty-sixth (56th) AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) at such remuneration plus service tax, out of pocket and travelling expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit Committee."

SPECIAL BUSINESS:**6. Appointment of Mr. S. M. Thakore as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule

IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. S. M. Thakore** (DIN: 00031788), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from September 4, 2014 upto September 3, 2019."

7. Appointment of Mr. P. G. Pawar as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. P. G. Pawar** (DIN: 00018985), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from September 4, 2014 upto September 3, 2019."

8. Appointment of Mrs. Lalita D. Gupte as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mrs. Lalita D. Gupte** (DIN: 00043559), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of

the Company for a term of 5 (five) consecutive years with effect from September 4, 2014 upto September 3, 2019.”

9. Appointment of Mr. P. H. Ravikumar as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. P. H. Ravikumar** (DIN: 00280010), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from September 4, 2014 upto September 3, 2019.”

10. Appointment of Mr. Naresh Narad as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. Naresh Narad** (DIN: 02737423), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from September 4, 2014 upto September 3, 2019.”

11. Appointment of Dr. Tridibesh Mukherjee as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time

being in force) and Clause 49 of the Listing Agreement, **Dr. Tridibesh Mukherjee** (DIN: 00004777), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from September 4, 2014 upto September 3, 2019.”

12. Appointment of Mr. Vimal Bhandari as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and the other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mr. Vimal Bhandari** (DIN: 00001318), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from September 4, 2014 upto September 3, 2019.”

13. Re-appointment of Mr. Amit B. Kalyani as Executive Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and all applicable provisions of the Companies Act, 2013 read with the Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Company be and is hereby accorded to the re-appointment of **Mr. Amit B. Kalyani** (DIN: 00089430) as the Executive Director of the Company for a period of 5 (five) years with effect from May 11, 2014 upto May 10, 2019, not liable to retire by rotation, on the following terms and conditions including remuneration:

i. SALARY

A salary of ₹ 1,583,000/- (Rupees Fifteen Lakhs Eighty Three Thousand Only) Per Month in the grade of ₹ 1,100,000/- (Rupees Eleven Lakhs Only) to ₹3,000,000/- (Rupees Thirty Lakhs Only).

The Board is authorized to determine the salary and grant such increases in salary and / or allowances by whatever name called from time to time within the aforesaid limit.

II. COMMISSION:

Commission to be paid based on Net Profits of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceilings laid down in Sections 197 and 198 of the Companies Act, 2013.

III. PERQUISITES:

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

CATEGORY 'A'

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

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.

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 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'

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity to be paid as per the Rules of the Company.
- c. Encashment of leave at the end of the tenure.
- d. Retirement and other benefits as per the Rules of the Company.

CATEGORY 'C'

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

Notwithstanding anything herein, where in any financial year during the currency of tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above subject to requisite approvals and limits, if any, as may be required under the Companies Act, 2013 and the rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors of the Company on recommendation from the Nomination & Remuneration Committee of the Board, be and is hereby authorised and empowered to approve annual increments and to make such improvements in the terms of remuneration to **Mr. Amit B. Kalyani**, as may be permissible under Schedule V to the Companies Act, 2013 (as may be amended from time to time) or by way of any government guidelines or instructions, the intention being that no further approval of the Company would be required so long as remuneration of the Executive Director is not in excess of the maximum permissible under the relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution"

14. Authority to the Board to create Charge

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the earlier resolution passed at the 48th Annual General Meeting held on July 24, 2009 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on

the Board by this resolution) to mortgage, hypothecate, create charge, pledge and/or also to create liens, floating charges and all other encumbrances of whatsoever nature on all or any of the Company's immovable and movable properties wherever situate, present and future, in such form and in such manner as the board may think fit and proper, in favour of any of the banks/Financial institutions/other lenders/trustees of the holders of securities, aggregating to a nominal value not exceeding ₹30,000 millions (Rupees Thirty Thousand millions only) to be provided from time to time in one or more tranches under its borrowing powers, to secure the principal amount together with interest, compound interest and all costs, charges and expenses and all other monies as may become due and payable by the Company in that behalf and to vary or modify existing securities, from time to time, in such manner and in such form on all or any of the properties or part of any of the property and the undertakings of the Company, both present and future, as may be decided by the Board and as agreed to by the said banks/Financial institutions/other lenders/ trustees of the holders of securities issued hereunder and the existing or future series of debentures/bonds or other lenders, bankers and financial institutions, both present and future, to secure existing series of debentures, loans, financial facilities as may be obtained by the Company from time to time and as may be deemed appropriate by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorised to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution."

15. Authority to the Board to Borrow money

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the earlier Resolution passed at the 48th Annual General Meeting held on July 24, 2009 and pursuant to the provisions of the Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹15,000 millions (Rupees Fifteen Thousand millions only) over and above the aggregate of the paid up share capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution."

16. Payment of commission to Non Whole time Directors of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) a sum not exceeding one percent (1%) per annum of net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and Executive Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year, for a period of five years, commencing from April 1, 2014.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

17. To approve the remuneration of the Cost Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for the payment of remuneration of ₹900,000/- (Rupees Nine Lacs only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses to M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration No. : 00030) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

18. Related party Transactions of the Company with Kalyani Carpenter Special Steels Limited

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder and in terms of

the revised Clause 49 of the Listing Agreement (including statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other statutory approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into transaction/s of purchase/sale of goods / services, lease, transfer, assign or otherwise etc., whether material or otherwise, for the period of five (5) financial years with effect from April 1, 2014, of the Company with Kalyani Carpenter Special Steels Limited - Related Party, upto an estimated annual value of ₹ 20,000 millions, to be discharged in a manner and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Kalyani Carpenter Special Steels Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate and finalise other terms and conditions and to do all such acts, deeds and things including delegation of powers as may be necessary, proper or expedient to give effect to this Resolution."

19. Related party Transactions of the Company with Kalyani Steels Limited

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder and in terms of the revised Clause 49 of the Listing Agreement (including statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other statutory approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into transaction/s of purchase/sale of goods / services, transfer, assign or otherwise etc., whether material or otherwise, for the period of five (5) financial years with effect from April 1, 2014, of the Company with Kalyani Steels Limited - Related Party, upto an estimated annual value of ₹ 20,000 millions, to be discharged in a manner and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Kalyani Steels Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate and finalise other terms and conditions and to do all such acts, deeds and things including delegation of powers as may be necessary, proper or expedient to give effect to this Resolution."

20. Related party Transactions of the Company with Bharat Forge International Limited

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder and in terms of

the revised Clause 49 of the Listing Agreement (including statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other statutory approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into transaction/s of purchase/sale of goods / services, transfer, assign or otherwise etc., whether material or otherwise, for the period of five (5) financial years with effect from April 1, 2014, of the Company with Bharat Forge International Limited - Related Party, upto an estimated annual value of ₹ 30,000 millions, to be discharged in a manner and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Bharat Forge International Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate and finalise other terms and conditions and to do all such acts, deeds and things including delegation of powers as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board of Directors,
For Bharat Forge Limited,

Prashant S. Vaishampayan
Vice President (Legal)
& Company Secretary

Pune : July 30, 2014

Registered Office:
Mundhwa, Pune Cantonment,
Pune - 411 036, Maharashtra, India
CIN: L25209PN1961PLC012046

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special business under item Nos. 6 to 20 of the notice is annexed herewith.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) 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.**
3. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty eight (48) hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions / authority as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case, a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.

4. Corporate Members are requested to send a board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.
5. The Company's Share Transfer Books and the Register of Members will remain closed from Saturday, August 23, 2014 to Thursday, September 4, 2014 (both days inclusive) for determining the names of the members eligible for final dividend on equity shares, if declared at the meeting.
6. The final dividend on Equity Shares, if declared at the meeting, shall be paid/credited on and from September 25, 2014 as under to those members:
 - i. whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company before the closing hours on Friday, August 22, 2014; and
 - ii. whose names appear as beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the end of the day on Friday, August 22, 2014.
7. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depositories Participants and those holding shares in physical form are requested to intimate the above mentioned changes to the Secretarial Department at the Registered Office of the Company.
8. 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.
9. 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.
10. Members are requested to bring their Attendance Slip alongwith 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. In terms of Article 161 of the Articles of Association of the Company, read with Section 152 of the Companies Act, 2013 Mr. S.K. Chaturvedi and Mr. B. P. Kalyani, 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.
13. Non-Executive Director, Mr. S. K. Chaturvedi is not holding any shares of the Company. However, Executive Director - Mr. B. P. Kalyani is holding 3,130 equity shares of ₹ 2/- each of the Company.
14. Brief Profile of Directors proposed to be appointed/re-appointed, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under 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.
15. 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. to 1:00 p.m. excluding Saturday upto the date of the meeting.
16. 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.
17. 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 Members shall lie for the unclaimed Dividend once the same is transferred to IEPF.
18. On July 27, 2005, the Company had sub-divided its Equity Shares of the Face Value of ₹ 10/- each into Equity Shares of the Face Value of ₹ 2/- each. Accordingly, the Members were requested to surrender their old Share Certificate(s) of the face value of ₹ 10/- each and obtain from the Company the new Share Certificate(s) of the face value of ₹ 2/- each. Those Members who have still not obtained the new Share Certificate(s) of the face value of ₹ 2/- each are requested to approach the Secretarial Department at the Registered Office of the Company and exchange their old Share Certificate(s) with the new one.
19. Non-Resident Indian Members are requested to inform the Company/Depository Participant, immediately of:
 - a. Change in their residential status on return to India for permanent settlement.
 - b. Particulars of their bank account maintained in India with complete name, branch, account type, MICR number, account number and address of the bank with pin code number, if not furnished earlier.
20. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
21. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names, are requested to send the Share Certificate(s) to the Company for consolidation into a single folio.

22. Green initiative in the Corporate Governance:

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

The Notice of the AGM alongwith the Annual Report 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any member has requested for the physical copy of the same.

23. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 53rd Annual General Meeting (AGM) by electronic means and the business that may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- a. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
 - i. Open email and open PDF file viz: "bharatforgee-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - iii. Click on Member - Login.
 - iv. In case you are already registered with NSDL for evoting then you can use your existing user ID and password else, put user ID and password as initial password/ PIN noted in step (i) above. Click Login.
 - v. Password change menu will appear. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly

recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vi. Once the e-voting Home page opens, Click on e-Voting: Active Voting Cycles.
 - vii. Select "EVEN" (e-voting event No.) of Bharat Forge Limited, which is 100622.
 - viii. Now you are ready for e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - xii. Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of their relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory/(ies) who are authorized to vote, to the Scrutinizer through e-mail to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in
- b. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:
- i. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (E-Voting Event Number) USER ID
PASSWORD
 - ii. Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloads Section of www.evoting.nsdl.com
 - III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - IV. The e-voting period commences on August 29, 2014 (9:00 a.m.) and ends on August 31, 2014 (6:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date July 18, 2014, may cast their vote electronically.
 - V. The e-voting module shall be disabled by NSDL for e-voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of July 18, 2014.
- VII. Mr. S.V. Deulkar proprietor of M/s. S.V. Deulkar & Co., Company Secretaries (Membership No. FCS 1321 & CP No. 965) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. Members who do not have access to e-voting facility, may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S. V. Deulkar propreitor of M/s. S. V. Deulkar & Co., Company Secretaries, (Membership No. FCS 1321 & CP No. 965), at the Registered Office of the Company not later than August 31, 2014 (6:00 p.m.).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to secretarial@bharatforge.com by mentioning their Folio/ DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than August 31, 2014 (6:00 pm).

Ballot Form received after this date will be treated as invalid.

A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

- X. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.bharatforge.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.`

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

As required by Section 102 of the Companies Act, 2013 (Act), the following Explanatory Statement sets out the material facts relating to the Special Business mentioned under item Nos. 5 to 20 in the accompanying Notice:

ITEM NO. 5 :

This explanatory statement is provided though strictly not required as per Section 102 of the Act. M/s. S. R. Batliboi & Co. LLP holding office as Auditors from the conclusion of 51st Annual General Meeting held on July 27, 2012 prior to the commencement of the Companies Act, 2013 ("the Act"). In terms of the provisions of the Act and the related rules thereunder, in respect of rotation of auditors, M/s. S. R. Batliboi & Co. LLP should be eligible for re-appointment as Auditors in the Company for three years under the first term i.e. upto conclusion of 56th Annual General meeting to be held in the year 2017, out of two terms of five consecutive years.

However, in view of the internal process of re-alignment at the SR Batliboi & Affiliates network of firms, it was proposed to consider the appointment of M/s. S R B C & Co. LLP, Chartered Accountants, Pune instead of S.R. Batliboi & Co LLP (both being member firm of SR Batliboi & Affiliates network of firms) as Statutory Auditors of the Company.

M/s. S R B C & Co. LLP, Chartered Accountants, Pune [Firm Registration No. 324982E] have furnished certificate to the effect that their appointment, if made, at the ensuing Annual General Meeting would be in accordance with the conditions laid down under the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014.

In view of the above, M/s. S R B C & Co. LLP, Chartered Accountants, Pune being eligible for appointment and based on the recommendation of the Audit Committee, the Board of Directors has at its meeting held on May 27, 2014 proposed the appointment of M/s. S R B C & Co. LLP, Chartered Accountants, Pune as the Statutory Auditors for three years of the Company i.e. from conclusion of 53rd Annual General Meeting upto conclusion of 56th Annual General meeting to be held in the year 2017, (subject to ratification of their appointment at every AGM).

The Board recommends the resolution at Item No. 5 for approval by the members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested financially or otherwise, in this resolution.

ITEM NOS. 6 to 12:

Pursuant to provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the Company is having seven Non-executive Independent Directors on the Board liable to retire by rotation. However, in view of the provisions of Sections 149 and 152 and other applicable provisions read with the Schedule IV of the Companies Act, 2013, the appointment of these Directors viz. Mr. S. M. Thakore, Mr. P. G. Pawar, Mrs. Lalita

D. Gupte, Mr. P. H. Ravikumar, Mr. Naresh Narad, Dr. Tridibesh Mukherjee and Mr. Vimal Bhandari as Independent Directors is now being placed before the members for their approval for five consecutive years from September 4, 2014 upto September 3, 2019.

The Company has received a declaration in writing from all the above Directors that they meet the criteria of independence as provided in sub-Section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, each of these Directors fulfil the condition specified in the Act and the rules framed thereunder for appointment as Independent Directors and they are independent of the management. The Board also considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of all of them as Independent Directors on the Board of the Company and not liable to retire by rotation.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of said Directors of the Company.

Accordingly, the Board recommends the resolution set out in Item Nos. 6 to 12 of the notice for the approval by the members of the Company.

The Copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturday. They are also posted on Company's website – www.bharatforge.com.

Brief Profiles alongwith other details of said Directors are provided in the Report on Corporate Governance forming part of the Annual Report. None of the above Directors is holding any equity shares of the Company except Mr. S. M. Thakore, who is holding 24,650 equity shares of ₹ 2/- each of the Company and Mr. P. H. Ravikumar, who is holding, 2,000 equity shares of ₹ 2/- each of the Company.

Save and except, Mr. S. M. Thakore, Mr. P. G. Pawar, Mrs. Lalita D. Gupte, Mr. P.H. Ravikumar, Mr. Naresh Narad, Dr. Tridibesh Mukherjee and Mr. Vimal Bhandari being appointees to their respective reappointments, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 6 to 12.

Item No. 13 :

The previous terms of appointment of Mr. Amit B. Kalyani, Executive Director expired on May 10, 2014. The Board of Directors (the "Board"), at its meeting held on February 4, 2014 has, subject to the approval of members, re-appointed Mr. Amit B. Kalyani as Executive Director, for a period of 5 (five) years from May 11, 2014. Further, the Board, subject to approval of members, at its meeting held on May 27, 2014, on the recommendations from the Nomination and Remuneration Committee, has approved the terms of remuneration as detailed in the resolution.

Approval of the Members is sought for re-appointment and payment of remuneration to Mr. Amit B. Kalyani as Executive

Director in terms of the applicable provisions of the Act. The Directors recommend the resolution(s) for approval of the Members.

Brief Profile alongwith other details of Mr. Amit B. Kalyani is provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. B. N. Kalyani and Mr. Amit B. Kalyani, being relatives, may be regarded as concerned with or interested in the Resolution. No other Director/ Key Managerial Personnel /their relatives is concerned or interested, financially or otherwise, in this Resolution.

Item No.14

The members of the Company at the 48th Annual General Meeting held on July 24, 2009 approved an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 and authorized the Board of Directors to hypothecate, mortgage, create charge or otherwise encumber the Company's immovable and movable properties aggregating to a nominal value not exceeding ₹ 30,000 millions (Rupees Thirty Thousand millions) from time to time under the borrowing limits. In terms of the General Circular No. 04/2014 dated March 25, 2014 issued by the Ministry of Corporate Affairs, the resolution passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 in this regard would be valid for a period of one year from the date of notification of Section 180 of the Act.

Section 180(1)(a) of the Companies Act, 2013, effective from September 12, 2013 requires that the Board of Directors shall not hypothecate, mortgage, charge or otherwise encumber such properties of the Company, except with the consent of the Company by way of a Special Resolution.

Therefore, a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No.14 of the Notice, placed before the members, authorizing the Board of Directors to hypothecate, mortgage, charge or otherwise encumber the immovable and movable properties of the Company for securing loans etc. aggregating to a nominal value not exceeding ₹ 30,000 millions (Rupees Thirty Thousand millions only) to be availed from time to time in one or more tranches. The Board recommends the resolution for the approval of members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution.

ITEM NO. 15

The members of the Company at the 48th Annual General Meeting held on July 24, 2009 approved an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 authorising borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 15,000 millions (Rupees fifteen thousand millions). In terms of the General Circular No. 04/2014 dated March 25, 2014 issued by the Ministry of Corporate Affairs, the resolution passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 in this regard would be valid for a period of one year from the date of notification of Section 180 of the Act.

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, without the consent of the Company accorded by way of a special resolution.

Therefore, a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 15 of the Notice, is placed before the members to authorize the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹ 15,000 millions (Rupees fifteen thousand millions only) in excess of the aggregate of the paid up share capital and free reserves of the Company. The Board recommends the resolution for the approval of members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution.

Item No. 16

Members at the 48th Annual General Meeting held on July 24, 2009, had approved of the payment of commission to Non Whole time directors of the Company not exceeding one percent (1%) per annum of the Net Profits of the Company for a period of five years commencing from the financial year April 1, 2009.

It is proposed to continue with the payment of Commission to Non whole time Directors of the Company. Accordingly, it is proposed that in terms of the provision of Section 197 of the Companies Act, 2013, the Directors (other than Managing Director and Executive Directors) be paid, for each of the 5 (five) consecutive financial years commencing from April 1, 2014, remuneration not exceeding one percent (1%) per annum of the net profits of the Company computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

The said remuneration to Non-Executive Directors shall be in addition to the sitting fee payable to them for attending the meetings of the Board and Committees thereof.

The Board recommends the special resolution set out at item No.16 of the Notice for approval by the members.

All the Directors of the Company except Managing Director and Executive Directors and other KMPs/ their relatives, is concerned or interested, financially or otherwise, in this resolution.

Item No. 17

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors – M/s. Dhananjay V. Joshi & Associates, Cost Accountants to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at remuneration of ₹ 900,000/- (Rupees Nine Lacs only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 17 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

The Board recommends the Ordinary Resolution set out at Item No.17 of the Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution.

Item Nos. 18 to 20

Further to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder, the Securities and Exchange Board of India vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 has amended the Clause 49 (VII) of the Equity Listing Agreement, which is effective from October 1, 2014. Under the said amendment, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the shareholders by a Special Resolution.

The Company has been in the field of supplying critical forged and machined components for automotive and industrial applications. Basic and most important raw material for such parts is specialty steel. Steel source need to be validated and approved by the customers before the company can start supplies, hence choice of steel mill becomes very critical. Automotive market is cyclical in nature and the demand may vary from time to time, hence it is very important to have just in time supplies for raw material. Also since the company is diversifying into new segments of industrial business, complexity of raw material source has increased substantially. The company buys majority of its raw material requirement from Kalyani Carpenter Special Steels Limited and Kalyani Steels Limited which are related party for the company. Both these companies are Specialty steel manufacturers, have been approved by customers for sourcing of steel, and are in close proximity of the Company which benefits in just-in-time supplies and these companies can provide steel for all new potential strategic business segments at competitive pricing. In light of all these advantages, the Company has been dealing through such transactions with the said related parties.

The Company has been focusing on export market as one of the main growth area. It is expanding its customer base as well as geographies. In order to serve its customer in a most efficient way and for providing them just-in-time deliveries, the Company is doing part of its international business through Bharat Forge International Limited (BFIL) – a step-down subsidiary. BFIL offers logistic and inventory management support and the Company can focus on its core strength of development and manufacturing of critical components for automotive and industrial applications.

The individual transaction values would be revised, if required, based on mutual discussions to align the same at arm's length rates, as far as possible duly certified / advised by the Third Party Independent Consultants at current market rates.

In compliance of the said amendment, the Audit Committee of the Company has reviewed and approved the said on-going transactions. These transactions are material in terms of the provisions of Revised Clause 49 of the Listing Agreement and therefore, the Board has proposed the same to be placed before the shareholders for their approval as a Special Resolution at the Annual General Meeting of the Company. The said approval would be effective for the period of five financial years with effect from April 1, 2014. Looking at the nature of business of the Company and the transactions, such approval of shareholders for the period of five years would be essentially required at this point of time.

The key details as required under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as below:

1. Name of the related party and nature of relationship :
Kalyani Carpenter Special Steels Limited, Kalyani Steel Limited are under same Group and Bharat Forge International Limited is a step-down subsidiary.
2. Applicability of the agreement / arrangement is subject to statutory approval, if any.
3. Notice period for termination : Various contracts.
4. Manner of determining the pricing and other commercial terms : On arm's length basis, as far as possible and in tune with market parameters.
5. Disclosure of interest : Mr. B. N. Kalyani and Mr. Amit B. Kalyani are Key Managerial Personnel (KMP) of the Company and hold positions of Directors in all the Companies. Mr. Subodh E. Tandale, Executive Director and Mr. Sanjeev G. Joglekar, CFO are holding position of Directors in Bharat Forge International Limited.
6. Duration – 5 years, as stated above.
7. Monetary value : Estimated values as mentioned in the resolution.
8. Nature, material terms and particulars of the arrangement :

Company	Contract Purpose
Kalyani Carpenter Special Steels Limited	Purchase of Raw Material- Speciality steel, sale of scrap, job work, leasing etc.
Kalyani Steels Limited	Purchase of Raw Material- steel, sale of scrap, etc.
Bharat Forge International Limited	Sale of goods, etc.
9. Any other information relevant or important for the members to make a decision on the proposed transaction : None.

The Board recommends the Special Resolutions set out at Item Nos.18 to 20 of the Notice for approval by the members.

Except as mentioned above, no Director, Key Managerial Personnel or their respective relatives is concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors,
For Bharat Forge Limited,

Prashant S. Vaishampayan
Vice President (Legal)
& Company Secretary

Pune : July 30, 2014

Registered Office:
Mundhwa, Pune Cantonment,
Pune - 411 036, Maharashtra, India
CIN: L25209PN1961PLC012046

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BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046

Registered Office:

Mundhwa, Pune Cantonment, Pune - 411 036.

**KALYANI****53rd Annual Report 2013-14****BALLOT FORM**

(In lieu of E-voting)

Sr. No. :

1. Name :
Registered Address of the sole/first named Shareholder :
2. Name (s) of the Joint Shareholder (s) if any :
3. Registered Folio/DPID & Client ID No. :
4. No. of Shares held :

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 53rd annual general meeting of the Company dated July 30, 2014, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (√) mark at the appropriate box below.

Item No.	Description	No. of equity shares	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1	Adoption of Financial Statements for the year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon.			
2	Confirm the payment of an interim dividend and declare a final dividend			
3	Re-appointment of Mr. S. K. Chaturvedi as a director, who retires by rotation			
4	Re-appointment of Mr. B. P. Kalyani as a director, who retires by rotation			
5	Appointment of M/s. S R B C & Co. LLP as auditors of the Company			
6	Appointment of Mr. S. M. Thakore as an Independent Director			
7	Appointment of Mr. P. G. Pawar as an Independent Director			
8	Appointment of Mrs. Lalita D. Gupte as an Independent Director			
9	Appointment of Mr. P. H. Ravikumar as an Independent Director			
10	Appointment of Mr. Naresh Narad as an Independent Director			
11	Appointment of Dr. Tridibesh Mukherjee as an Independent Director			
12	Appointment of Mr. Vimal Bhandari as an Independent Director			
13	Re-appointment of Mr. Amit B. Kalyani as Executive Director			
14	Authority to the Board to create Charge			
15	Authority to the Board to Borrow money			
16	Payment of commission to Non Whole time Directors of the Company			
17	Approve the remuneration of the Cost Auditors			
18	Related party Transactions of the Company with Kalyani Carpenter Special Steels Limited			
19	Related party Transactions of the Company with Kalyani Steels Limited			
20	Related party Transactions of the Company with Bharat Forge International Limited			

Place : _____

Date: _____

Signature of Shareholder

NOTE: Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 6:00 p.m. on August 31, 2014 shall only be considered.

INSTRUCTIONS

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, M/s. S. V. Deulkar & Co. Company Secretaries, c/o. BHARAT FORGE LIMITED, Mundhwa, Pune Cantonment, Pune – 411 036 or to his email id deulkarcs@gmail.com, so as to reach by 6:00 p.m. on August 31, 2014. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the of the Company. Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/ DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorization / Board resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice of annual general meeting and are also placed on the website of the Company.



KALYANI

PROXY FORM

BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046

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

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) :	
Registered address :	
E-mail Id :	
Folio No. :	
*Client Id :	*DP ID :

I/We, being the member (s) of shares of Bharat Forge Limited, hereby appoint:

- Name :
 Address :
 E-mail Id :
 Signature :, or failing him
- Name :
 Address :
 E-mail Id :
 Signature :, or failing him
- Name :
 Address :
 E-mail Id :
 Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53rd Annual General Meeting of the company, to be held on Thursday, the 4th day of September, 2014 at 11:15 a.m. (I.S.T.) at Mundhwa, Pune Cantonment, Pune - 411 036 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution	Vote *(Optional See Note 4)		
		For	Against	Abstain
Ordinary Business				
1	Adoption of the audited Balance Sheet as at March 31, 2014, 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	Confirm the payment of an interim dividend and declare a final dividend on Equity Shares for the financial year 2013-14			
3	Appointment of Mr. S.K. Chaturvedi as a director, who retires by rotation, and being eligible, offers himself for re-appointment			
4	Appointment of Mr. B.P. Kalyani as a director, who retires by rotation, and being eligible, offers himself for re-appointment			
5	Appointment of M/s. S R B C & Co. LLP as auditors of the Company			

Item No.	Resolution	Vote *(Optional See Note 4)		
		For	Against	Abstain
Special Business				
6	Appointment of Mr. S. M. Thakore as an Independent Director of the Company			
7	Appointment of Mr. P. G. Pawar as an Independent Director of the Company			
8	Appointment of Mrs. Lalita D. Gupte as an Independent Director of the Company			
9	Appointment of Mr. P. H. Ravikumar as an Independent Director of the Company			
10	Appointment of Mr. Naresh Narad as an Independent Director of the Company			
11	Appointment of Dr. Tridibesh Mukherjee as an Independent Director of the Company			
12	Appointment of Mr. Vimal Bhandari as an Independent Director of the Company			
13	Re-appointment of Mr. Amit B. Kalyani as Executive Director of the Company			
14	Authority to the Board to create Charge			
15	Authority to the Board to Borrow money			
16	Payment of commission to Non Whole time Directors of the Company			
17	To approve the remuneration of the Cost Auditors			
18	Related party Transactions of the Company with Kalyani Carpenter Special Steels Limited			
19	Related party Transactions of the Company with Kalyani Steels Limited			
20	Related party Transactions of the Company with Bharat Forge International Limited			

Signed this..... day of..... 2014

Signature of member

Please affix
Revenue
Stamp

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 4.* It is optional to indicate your preference. If you leave the 'For', 'Against' or Abstain column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.



ATTENDANCE SLIP

BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046

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

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

I hereby record my presence at the Fifty-third Annual General Meeting held at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India, on Thursday, September 4, 2014 at 11:15 a.m. (I.S.T.)

SIGNATURE OF THE MEMBER/PROXY*

--

* Strike out whichever is not applicable.

** Applicable for Members holding shares in Dematerialised form.

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

E-VOTING

Users who wish to opt for e-voting may use the following login credentials.

EVEN (E Voting Event No.)	User ID	PASSWORD

Please follow steps for e-voting procedure as given in the Notice of AGM