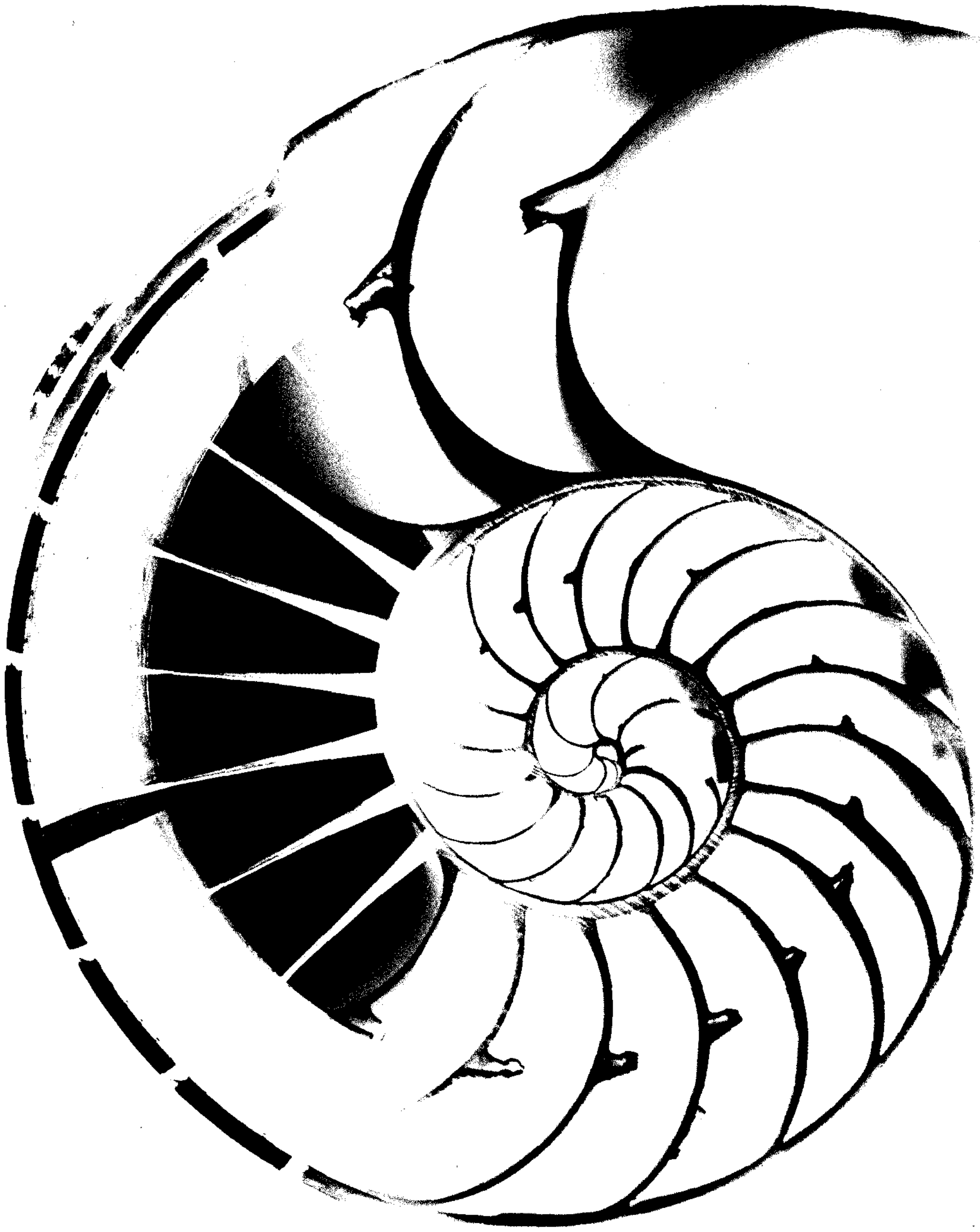
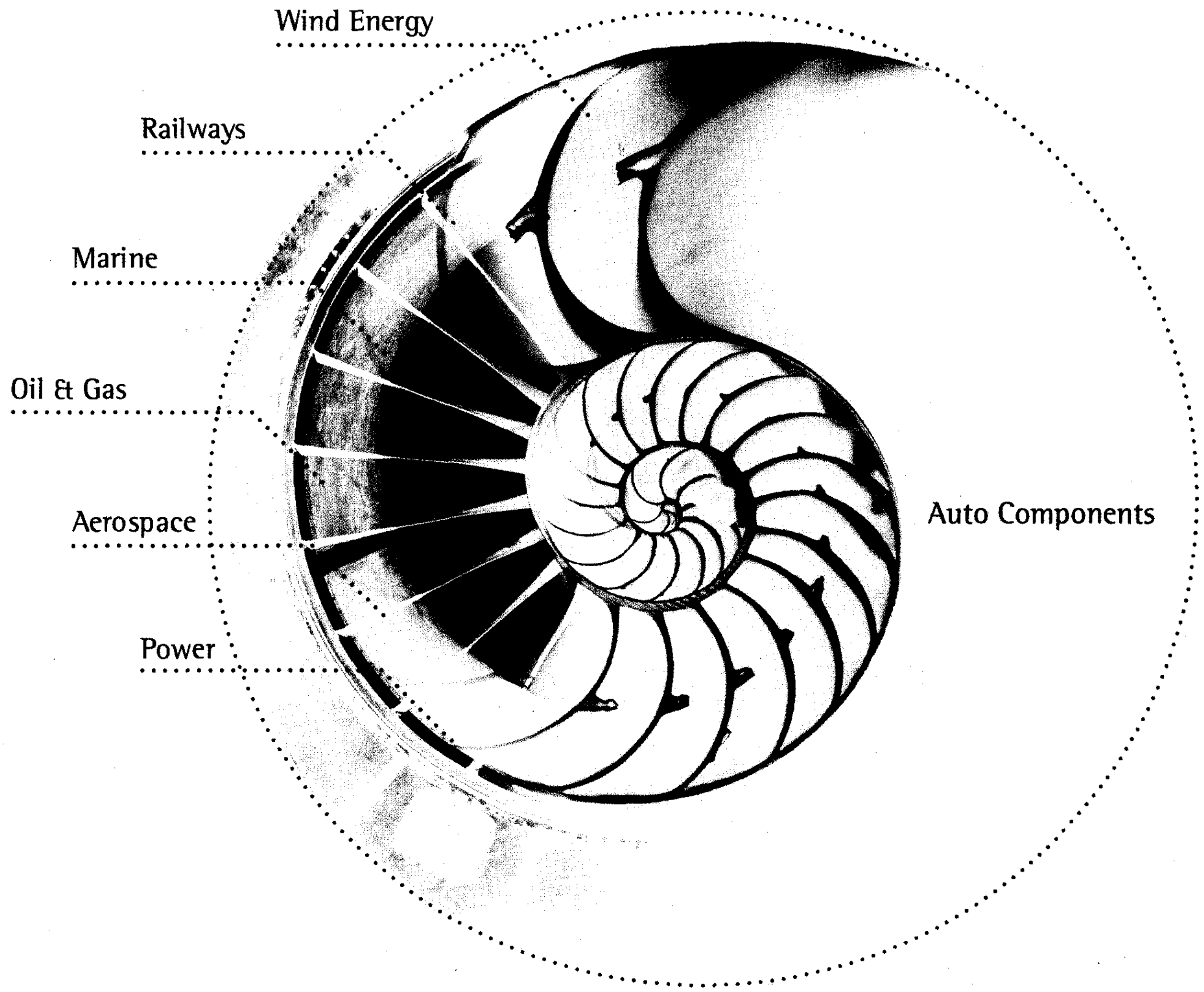
KALYANI

BHARAT FORGE



EXPANDING HORIZONS

47TH ANNUAL REPORT 2007-08


Wind Energy
Railways
Marine
Oil & Gas
Aerospace
Power
Auto Components

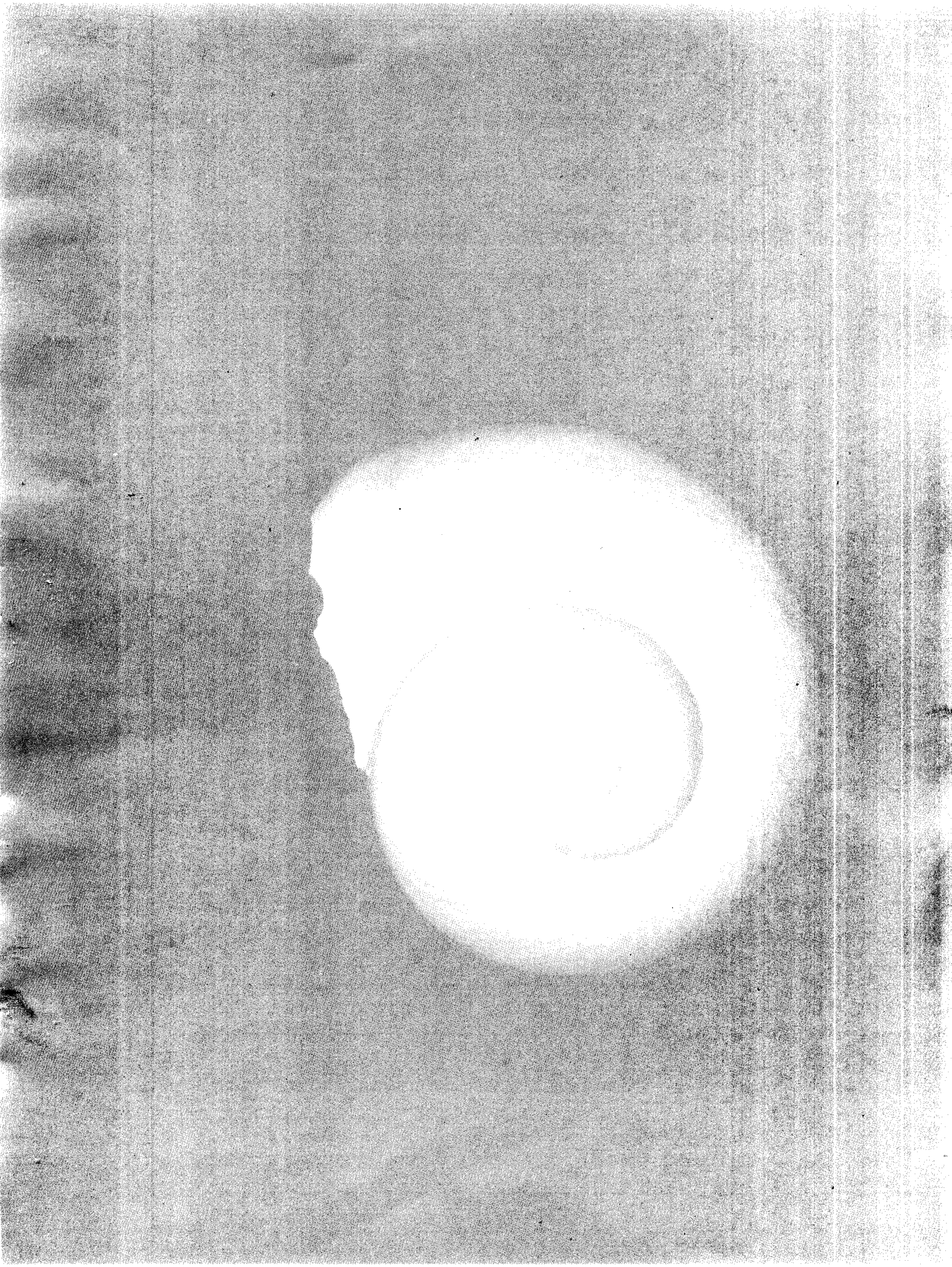
EXPANDING HORIZONS

Bharat Forge, over the years has achieved its objective of creating a strong global leadership position for safety & critical engine & chassis components. Now the company is looking at strategically expanding its horizon into high value, high growth sectors such as energy, oil & gas, aerospace, rail & marine and infrastructure.

These are high growth areas, which are seeing tremendous demand due to new investments from developing markets & replacement investments from developed markets. Bharat Forge will be servicing these global opportunities and has already developed deep customer engagements with some of the leading customers in these sectors. Bharat Forge will use its strong platform of metallurgical knowledge, design & engineering capability and manufacturing prowess to create strong position for itself in these sectors.

'Expanding into new horizons' will give Bharat Forge a completely new growth perspective. It will begin the transformation of the company from an auto component supplier to an engineering & capital goods company with diverse complementary businesses in new high growth sectors.

Underlying this transformation is the company's USP of 'Innovative Indian Engineering' coupled with 'World Class Manufacturing Capabilities'.



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47TH ANNUAL REPORT 2007-08

ENVIRONMENT

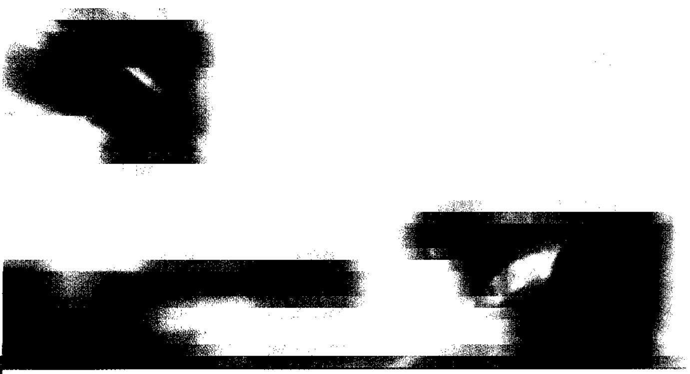
Bharat Forge is environmentally conscious and is committed to creating, maintaining and ensuring a safe & clean environment. We attempt to make our processes & businesses more environmentally friendly, which means less consumption and re-use as much as possible.

SUSTAINABLE GROWTH

The company has achieved significant and sustained growth despite the cyclical nature of the auto industry by implementing de-risking strategy developed over the years. The company has already taken effective steps to address the high growth non-automotive and capital goods sectors to ensure sustainable growth in the long term.

TRANSFORMATION

Bharat Forge has been constantly evolving as a company. It has transformed itself from a domestic player to the leader of the domestic forging industry and eventually the global leader in the automotive forging business. It is now transforming itself from an automotive component supplier to a predominantly engineering and capital goods company. A transformation that is at the forefront of the company's agenda.



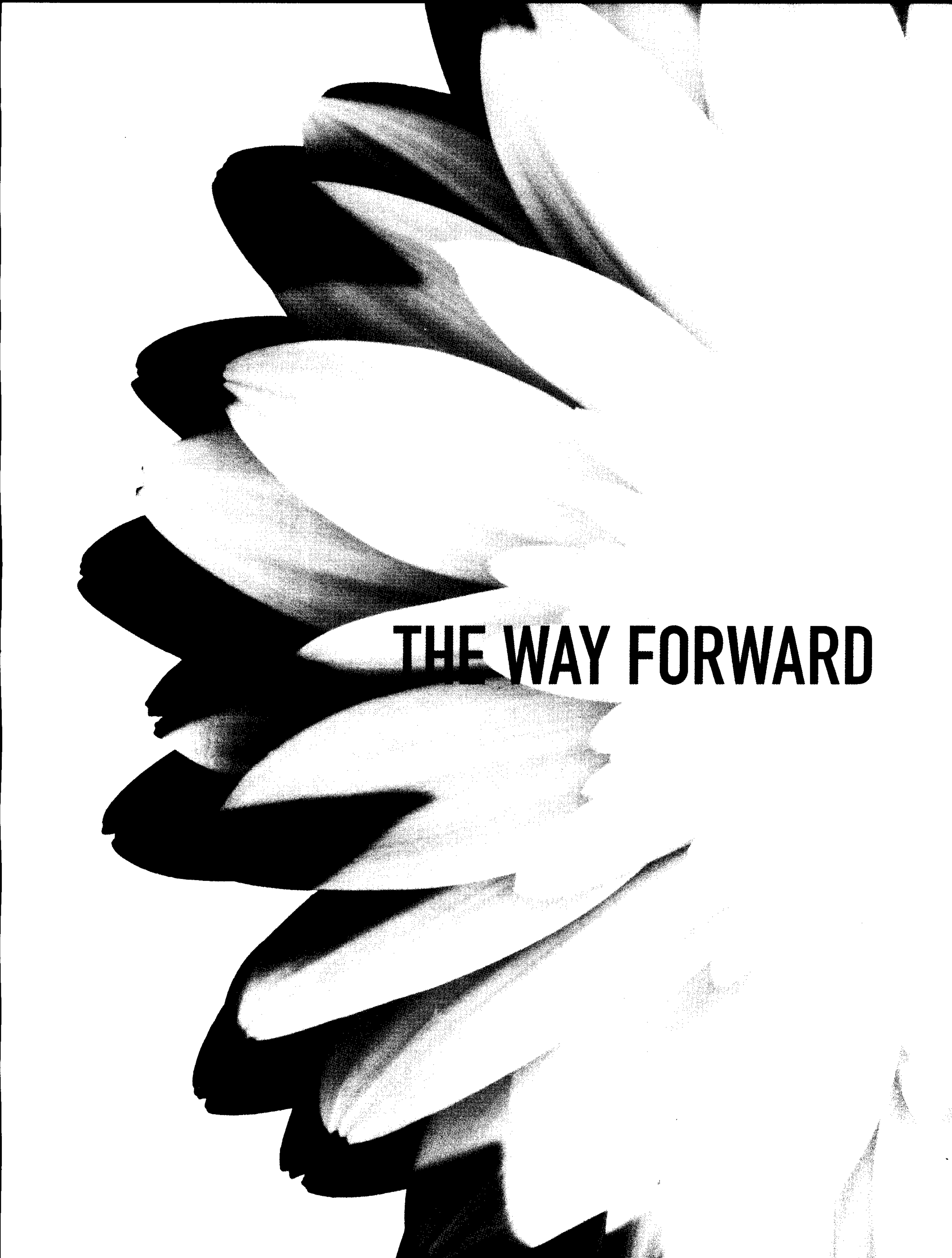
THE ELEMENTS

TECHNOLOGY

Bharat Forge has always been a strong technology driven company. The company invests in future innovation strategies, next generation technologies and in creating intellectual property. Technology & Innovation is a part of our DNA.

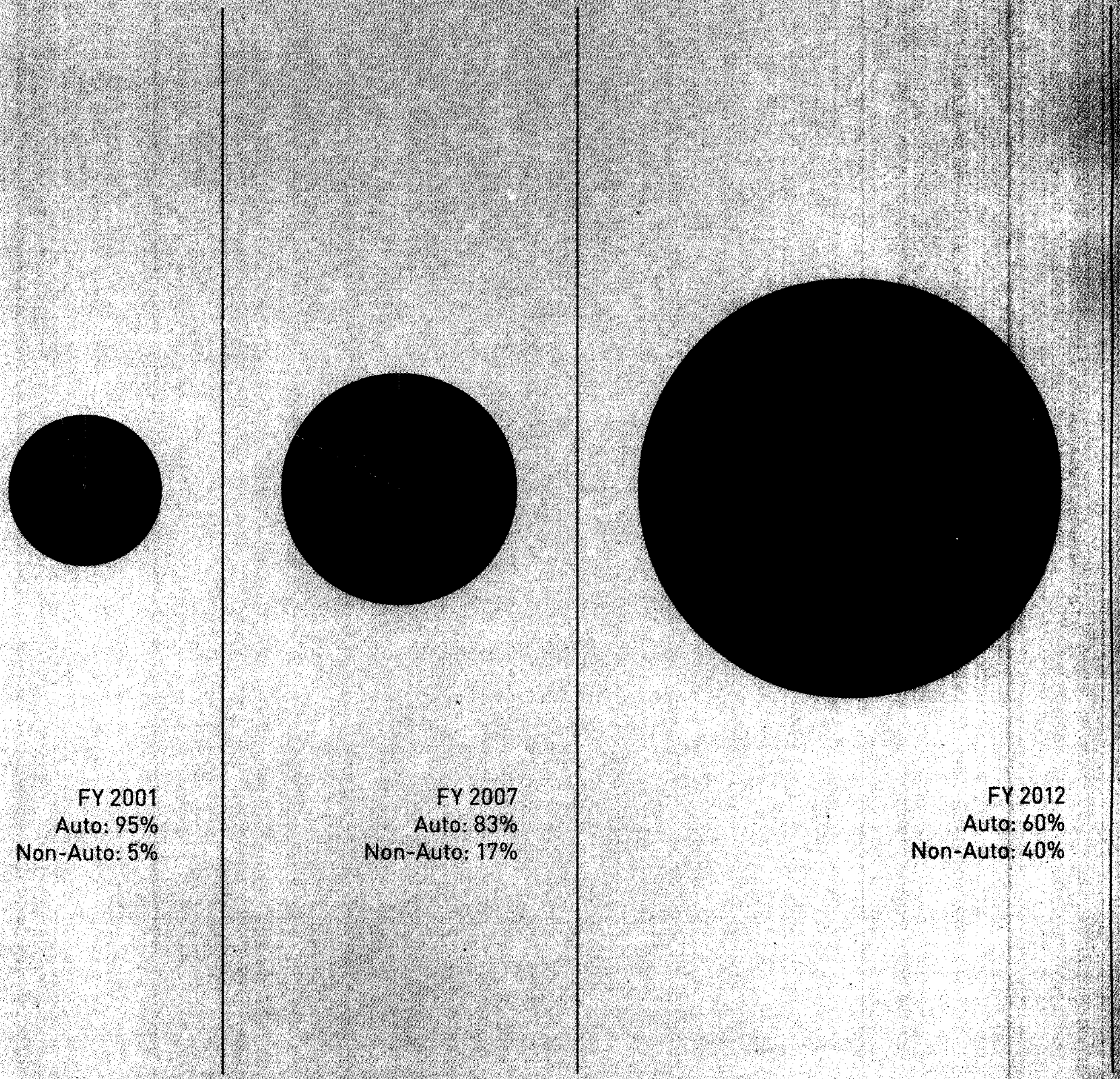
TEAMWORK

Growth is not possible without team work. Our people create new benchmarks and share their best practices across the group. A comprehensive 'Continuous Improvement Programme (CIP)' across all group companies has been launched to exchange ideas and methods of improving production and operations. Teamwork is key to the overall functioning of our company.



THE WAY FORWARD

BFL's vision of realising its foray into the non-auto and capital goods markets is gradually taking shape. With its projected investments, by the year 2012 BFL aims to achieve 40% revenue from non-auto business.



BFL's consolidated revenues grew by 11% despite significant slowdown in two of its principal markets.

Impressive growth of 44% in BFL's (India) exports in foreign currency terms on the back of strong ramp up of exports into Europe.

Sustained performance despite adverse market conditions & rupee appreciation.

Consolidated Earnings Per Share reached Rs. 13.44 (each share of the face value of Rs. 2/-).

Transformation from an auto component supplier to an Engineering & Capital Goods company.

Foray in power sector equipments through setting up of JV with NTPC.

HIGHLIGHTS

BANKERS & AUDITORS

BANKERS

Bank of India

Bank of Baroda

Bank of Maharashtra

Canara Bank

State Bank of India

HDFC Bank Ltd.

ICICI Bank Ltd.

Citibank N A

Standard Chartered Bank

Axis Bank Ltd.

ABN AMRO Bank N V

AUDITORS

Dalal & Shah, Chartered Accountants

REGISTERED OFFICE

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Mundhwa, Pune Cantonment,
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Fax: +91.20.2682 2163
Email: info@bharatforge.com
Website: www.bharatforge.com

BOARD OF DIRECTORS

Mr. B.N. KALYANI
Chairman & Managing Director

Mr. P.H. RAVIKUMAR
(Nominee of ICICI Bank Ltd.)

Mr. S.S. MARATHE

Mr. S.M. THAKORE

Mr. S.D. KULKARNI

Mr. PRATAP G. PAWAR

Prof. Dr. UWE LOOS

Mr. P.C. BHALERAO

Mrs. LALITA D. GUPTE

Mr. ALAN SPENCER

Mr. G.K. AGARWAL
Deputy Managing Director

Mr. AMIT B. KALYANI
Executive Director

Mr. B.P. KALYANI
Executive Director

Mr. S.E. TANDALE
Executive Director

Mr. P.K. MAHESHWARI
Executive Director

Mr. SUNIL K. CHATURVEDI
Executive Director

CHAIRMAN'S LETTER

Dear Shareholder,

The year 2007-08 has been a year of challenges. Challenges like the rupee appreciation, significant slowdown in key markets, increasing fuel prices and increasing steel prices towards later part of the year. One must view our results in the light of these challenges. Due to the foresight of the company's management team, which built a de-risked business model, your company was able to address all these challenges and come out with stable results. It was also one of the most challenging years for the global auto industry.

There were five major negatives that your Company had to face – all of which had to do with external factors. Let me share these with you.

- First, the largest automotive market in the world, the United States of America, went into a severe slowdown. There was a staggering 40% decline in the US medium and heavy commercial vehicles market. This sort of de-growth can break the back of any auto component supplier. But Bharat Forge was able to take this in its stride – and I will explain how a bit later in this letter.

- Second, after growing at a compounded annual rate of 22% between 2002-03 and 2006-07, the overall Indian auto market also witnessed substantially slower growth. In particular, the commercial vehicles market grew by less than 5% – due to steep increases in interest rates on truck loans and reduced credit availability. Despite this, your Company's domestic sales grew by 11%.

- Third, the rupee appreciated against the US dollar by more than 11% in the course of 2007-08. That affected the competitiveness of all exports. Even so, we grew exports from India by 28% in rupee terms.

- Fourth, oil prices went through the roof. As I write this letter, international crude prices are ruling at $127 per barrel – something that no one could have forecast a year earlier. This unabated rise in oil prices did two things. It raised the cost of producing forgings. More importantly, it has effectively imposed a burden on consumer expenditure and is a significant portion of the disposable income. This, coupled with a severe fall in home equity values, has curtailed consumer expenditure and pushed back the demand for cars as well as commercial vehicles.

- Fifth, as if all these were not enough, steel prices continued marching upwards. But your Company's contracts have pass through clauses which should enable us to recover these increases from the customers.

For any automobile equipment manufacturer, especially forgings, the economic environment, therefore, was very bearish throughout 2007-08. Yet, your Company succeeded in registering a stable performance.

Before explaining how we overcame such adverse conditions, let me share with you the key achievements.

- On a consolidated basis, Bharat Forge grew net sales by over 11% to Rs.46.5 billion in 2007-08. Total revenue increased at the same rate to Rs.47.5 billion.

- Established the world's largest forging capacity of over 700,000 tonnes per annum (including the ongoing expansion).

- Have a global manufacturing presence with 12 plants spread across India, China, Europe and the USA.

- Put in place the first building blocks of its non-auto strategy by setting up plants at Baramati and Mundhwa.

- Profits before depreciation, interest, taxes and amortisation (PBDIT) grew by 8% to Rs.8 billion. Your Company, thus, had PBDIT margin of almost 17% of total revenue – which was a reasonably good performance considering the fact that 2007-08 was such a difficult year.

- Despite significant increase in depreciation (on account of building larger capacities), in interest and taxes, your Company earned post-tax net profits of Rs.3 billion, which was marginally above last year's.

How have we managed to grow despite such an adverse business environment? To my mind, there are five reasons.

The first is creating scale and sharing best-in-class manufacturing practices. With a capacity of over 700,000 tonnes per annum, and further expansions taking place, Bharat Forge has not only the scale but also the flexibility in product lines to generate large volumes of both basic and value-added machined products. Moreover, we strive to enhance growth in rated capacity by sharing within the group best-in-class shop floor practices – which result in further productivity and throughput gains.

Our second strength is our diversified product portfolio combined with our global footprint. In 2000-01, supplying chassis components for commercial vehicles in India constituted the overwhelming bulk of our business. Today, this product segment accounts for only a third of our business; and India accounts for a quarter of our sales. Our product mix is now well diversified: commercial vehicles chassis is 35%; passenger vehicle parts is 22%; diesel engine parts is 25%; and the non-automotive business is 18%. Our geographical footprint is equally diversified. Europe accounts for 49% of our business; India 26%, North America 17% and Asia Pacific 8%. Diversification has not only de-risked our business, but also created great opportunities for dual shoring.

Here is a specific example of how product diversification helped us in 2007-08. As I mentioned earlier, the US commercial vehicles market shrank by 40% during the year. Had we been only in the medium and heavy commercial vehicles / heavy axles segment, we would have suffered greatly. But by virtue of having expanded to the manufacture of components for other sectors, we countered the fall in truck demand with a 61% increase in sales to the passenger vehicles and non-automotive sectors.

Bharat Forge's third strength has been assiduously developing marquee customers. Almost every major OEM in Europe and North America is our customer. And we have migrated from being a supplier of components to a preferred development partner – one that now spans collaboration in the design stage to joint development of the prototype to commercial production and delivery. These deep relationships withstand downturns much better than superficial, transaction-by-transaction, buyer-seller arrangements.

Our fourth strength is unwavering attention to costs and productivity. Nothing takes our eyes and attention away from the basics of manufacturing excellence. I can assure you that however large we are, we will always be concerned about productivity, throughputs and costs. It is a part of our DNA.

The fifth strength is being established, and you will see more of it going forward. It is our well-defined strategy to diversify into key non-automotive businesses. This includes forgings for conventional and non-conventional energy, power, aerospace, oil and gas exploration, infrastructure metals and mining, and rail and marine. Having decided to enter this segment, Bharat Forge has embarked on a Rs.5.0 billion investment plan for creating specialised capacities at Mundhwa and Baramati, near Pune. Implementation of these capacities is progressing according to schedule.

I expect the non-automotive business to be a major growth driver by 2010-11, if not a year earlier.

As you know, a company is only as good as its people. I have always been proud of the capability and dedication of each and every one of my colleagues at Bharat Forge, its subsidiaries and joint ventures. This year has made me prouder still because despite such adverse conditions the senior management team was able to produce satisfactory results with the support of every employee of your Company. Many a times the results are not reflective of the efforts that have gone in. That is the story of last year. But these efforts have helped us build a strong platform which will help us achieve better results in the years to come.

Yes, we have done reasonably well in a difficult year. But let me say this quite categorically: 2008 will be just as difficult, if not more so. I don't see oil prices significantly easing off in the near term; steel prices may continue remaining firm; and call it what you will, the US will be in pain for some more time.

Therefore, we will have to work even harder in 2008-09. Knowing your Company's employees as well as I do, I am sure that they will rise yet again and collaborate together to achieve stretched targets.

The performance in the last year was not up to the mark, primarily because of external factors. The management is cognizant of this and has taken steps which will help us achieve better results in the next year.

We are already the recognised global major in the auto forgings space. The next goal: getting to the top in non-auto forgings, towards which we have taken our initial steps. With the dedication of all our employees and your good wishes, we will get there. And then plan for the next journey.

Thanks for your continuing support.

Yours sincerely,

Baba N. Kalyani
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year 2007-08 has been a very challenging year for the global auto industry. The United States felt the most severe impact of this leading to a major slowdown for various reasons including the housing crisis, the slowdown in the automotive industry and overall extremely high energy & fuel prices which have led to inflation in all sectors including food & everyday consumables. As a global auto component supplier, Bharat Forge (BFL) has also been affected by the slowdown in its key markets, India & US. The commercial vehicle market in the United States, which is BFL's largest export market segment, fell by 40%. In India the commercial vehicle market was flat, after 5 years of continuous growth. Despite such profound weakness in two of its largest markets, BFL's intrinsic strength & de-risked business model has helped it to post a moderate growth. Other factors that have severely affected BFL's performance in the previous year were the unprecedented appreciation of the rupee against foreign currencies such as the US dollar and rising energy prices.

Five years ago, BFL had set for itself certain targets for the year 2007-08. Let us now review, what we have achieved:

- **Revenues in excess of US$1 billion.**
- **Established the world's largest forging capacity – over 700,000 tons per annum (TPA) including the ongoing expansion.**
- **Global manufacturing presence with 12 plants in all major continents including USA, Europe, Asia (India & China).**
- **Forged relationships with a large number of marquee global customers, which includes Top 5 CV and passenger vehicle manufacturers.**
- **Global leadership in the commercial vehicle chassis component business.**
- **Strong position in heavy duty and passenger car engine component business.**
- **Technology leadership that has helped BFL to migrate from a component supplier status to a development partner with all major OEMs.**

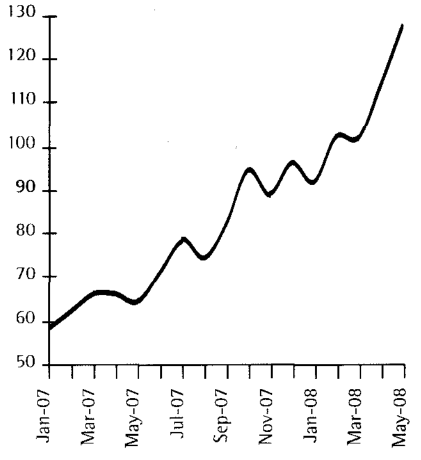
THE GLOBAL BUSINESS ENVIRONMENT

First, is the significant slowdown in the US economy during the year 2007-08. The US economy is almost in recession. In the last year the US economy faced widespread impact of the sub-prime crisis, which led to its slowing down in a major way. This is reflected in the CV production drop of 40%.

Second, as chart A shows, global crude oil prices have been increasing steadily over the course of 2007-08. And, crude oil price for June delivery rose to US$ 127.05 a barrel on 19th May 2008, the highest since the futures trading began in 1983. High fuel prices have direct impact of inflating prices of inputs and also reduces consumers' propensity to buy automobiles.

Chart A

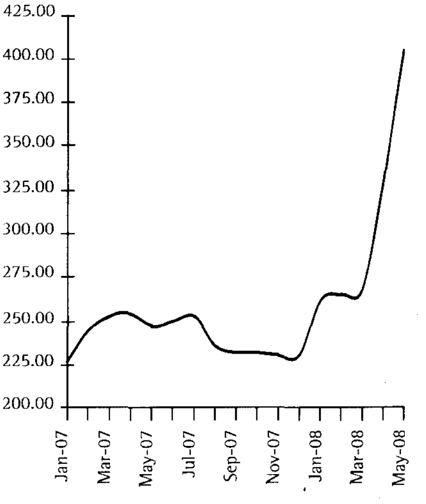
Crude Oil Futures (USD/bbl)



Source: Bloomberg

Chart B

Europe Scrap Prices (Euro/Tonne)



Source: EUROFORGE

Third, is the spiralling price of a key input in production of auto-components - steel. Chart B shows that prices of scrap, the key input for steel has increased steeply in the first five months of 2008 and they are expected to increase further in the coming quarters. However, BFL draws comfort from its customer contracts which have a pass through clause for steel price escalation.

Fourth, is an issue relevant to companies which have earnings in foreign currency, especially in US$. FY 2007-08 saw the Indian rupee appreciate significantly against the US$. BFL's average realization from sales in US$ was lower by 11% in FY 2007-08 as compared to FY 2006-07.

All these factors have affected different entities differently within the consolidated BFL group. The proactive steps taken by BFL to de-risk its business model across geographies, customers and product segments, have helped BFL in facing these challenges successfully.

AUTOMOTIVE BUSINESS

TODAY, BHARAT FORGE OPERATES IN THREE CONTINENTS: EUROPE, NORTH AMERICA AND ASIA. ITS PRESENCE IN EUROPE IS THROUGH ITS ACQUISITIONS – CDP-BHARAT FORGE (CDP-BF) AND BHARAT FORGE ALUMINIUMTECHNIK (BF-AT) IN GERMANY, BHARAT FORGE KILSTA AB (BFK) IN SWEDEN AND BHARAT FORGE SCOTTISH STAMPINGS LIMITED (BFSSL) IN SCOTLAND. ITS PRESENCE IN USA IS THROUGH BHARAT FORGE AMERICA (BFA). BFL ALSO HAS A MAJORITY STAKE IN A JOINT VENTURE WITH FIRST AUTO WORKS (FAW) CALLED FAW BHARAT FORGE (CHANGCHUN) COMPANY LIMITED THAT OPERATES IN CHINA.

AUTOMOTIVE BUSINESS: DIVERSIFIED PORTFOLIO

The well thought out acquisition strategy adopted by BFL has created a global automotive forging entity that has diversity in terms of product mix, market thrust and geographical spread. This diversity has helped de-risk the different parts of their business. It has also benefited BFL in achieving economies of scale and cross fertilisation of ideas and processes between group companies.

Today, BFL operates in three continents: Europe, North America and Asia. Its presence in Europe is through its acquisitions – CDP-Bharat Forge (CDP-BF) and Bharat Forge Aluminiumtechnik (BF-AT) in Germany, Bharat Forge Kilsta AB (BFK) in Sweden and Bharat Forge Scottish Stampings Limited (BFSSL) in Scotland. Its presence in USA is thru Bharat Forge America (BFA). BFL also has a majority stake in a joint venture with First Auto Works (FAW) called FAW Bharat Forge (Changchun) Company Limited that operates in China. The Chinese subsidiary is analysed in a separate sub-section.

These businesses operate in different markets and have different product specialisations. As charts C and D show, BFL along with its subsidiaries has a well *diversified product and market distribution.*

Chart C

BFL's consolidated Product Distribution

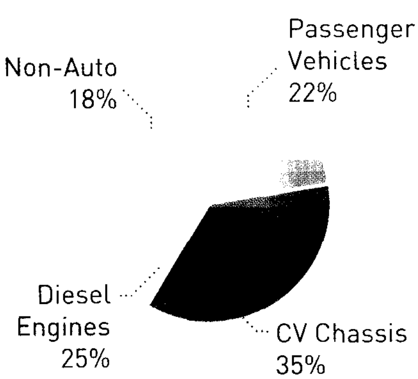
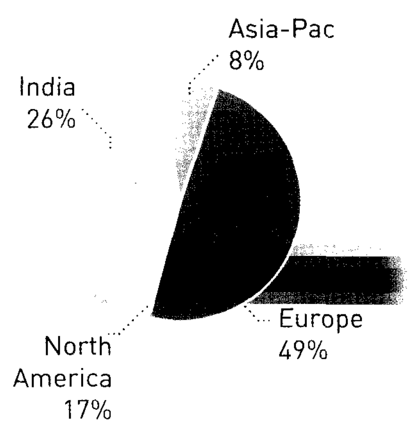


Chart D

BFL's consolidated Geographical Distribution



With this diversification, BFL as a group has managed to significantly de-risk its business. The de-risked business model protects the company in tough years, like 2007-08, and allows it to leverage the growth opportunities in good years. Thus, the company has created a much more stable business model. In 2007-08, one witnessed this phenomenon across BFL and its subsidiaries. The adverse impact of slowdown in the commercial vehicle segment in US and India was offset to a great extent by good growth in sales to European markets and passenger car & non-automotive segments in the US. With the ramping up of production in the Indian operations and improved productivity in the Chinese operations, BFL as a consolidated entity was able to grow its top line by 11%. However due to factors like the rupee appreciation and increased fixed costs due to capacity expansion carried out in the recent past, the profit has been more or less flat.

The highlights of BFL's financial performance are:

- **Income from BFL (stand alone) increased by 17.5% to Rs.2,285 crore in 2007-08**
- **Total income (consolidated) increased by 11.2% to Rs.4,752 crore in 2007-08**
- **Consolidated earnings before interest, depreciation, tax and amortisation (EBIDTA) increased by 8.2% to Rs. 804 crore in 2007-08**
- **Consolidated profit after tax and minority interest increased by 3.8% to Rs. 302 crore in 2007-08**

This performance is in the backdrop of an adverse global market environment. The next section analyses BFL group's performance across different markets and specifically how the de-risking model has worked well.

MARKETS

From catering to the Indian automobile market with a small presence in the export market, BFL has leapfrogged the gap through organic growth and strategic acquisitions. In this process the company has not only increased its business but also enhanced its addressable market size.

MARKETS

USA
BFL (India)

USA is one of BFL's biggest export markets. Besides this, it has a manufacturing presence in the US through its subsidiary Bharat Forge America (BFA). Due to the massive slowdown in demand in the US automobile market, the exports from India were affected, and BFA had a particularly difficult year. Table1 shows that there was a significant slowdown in the M&HCV and the passenger car segments in USA.

The performance of exports from BFL (India) to US demonstrated the effectiveness of the de-risking strategy. With the significant de-growth in the M&HCV segment, the company's mainstay in the US market, sale of chassis and engine components to the CV segment was adversely affected. However, this fall in sales was offset by 61% increase in sales to the passenger vehicles and non-automotive sectors. Consequently, BFL was able to maintain its exports into the US. Though in rupee terms BFL's exports to US were flat, in foreign currency terms BFL actually registered a growth of 11.9%.

The company has built the de-risked business model over a period of time and this has helped the company insulate itself from the downturn in its biggest customer segment in the US.

Table 1: US Automobile Market Nos. in '000

USA Production Data	Jan - Dec 07	Jan - Dec 06	YoY%
Passenger Vehicles	3,925	4,367	-10.1%
LCVs	6,548	6,431	1.8%
M&HCVs	279	462	-39.6%
Total	10,752	11,260	-4.5%

Source: Wards Auto

Bharat Forge America (BFA)

BFA operates mainly in the pick-up truck space, which witnessed a significant slowdown in 2007-08. Consequently BFA's performance for the year was adversely affected. BFA depends upon this segment for a large portion of its revenues.
BFA has now established an order pipeline that will help it in diversifying its customer base. It is also working on development of engine parts like crankshafts and pistons for the passenger car segment in order to further de-risk its business.

EUROPE

Table 2 shows that European automobile markets remained largely stable during 2007-08.

Table 2: Automobile Sales in Europe. Nos. in '000

Europe Sales Data	Jan - Dec 07	Jan - Dec 06	YoY%
Passenger Cars	15,959	15,783	1.1%
LCVs	2,245	2,095	7.2%
M&HCVs	780	737	5.8%
Total	18,984	18,615	2.0%

Source: ACEA

The European automotive market is of strategic importance to BFL because it serves this market through exports from India as well as through a large manufacturing base locally. The European market accounts for about 50% of BFL's consolidated sales. In FY 2008, BFL (India) successfully ramped up several programs for Commercial Vehicle Chassis, Heavy Duty Engine Parts (HDEP) and Passenger car businesses.

As a result of this, exports into Europe took a quantum jump, growing by 82%. Consequently, Europe now constitutes 45% of BFL (India)'s total exports as against 31% last year. The strong growth in European exports has helped BFL to grow its total exports by almost 28%. Substantial part of the growth in the European business is due to BFL's strong presence and relationships with major OEMs through its operations in Europe. BFL's subsidiaries in Europe already had long-term relationships with these OEMs and BFL was able to secure more business in BFL (India) by leveraging this relationship.

In Europe, much of the growth in M&HCVs has come from increased demand from Eastern Europe. On the back of this growth, BFK, the subsidiary in Sweden performed well, improving its profit margins. This company caters to European markets, especially the Scandinavian region, producing CV engine and chassis components.

The other subsidiaries in Europe have recorded a stable performance in line with the markets except BFSSL. CDP-BF is also de-risking its product profile by developing new products like passenger car crankshafts. BFSSL experienced operational issues due to sudden & unforeseen breakdown of its press line. The resultant loss of production was, however, limited to one month by the other subsidiaries supplying the customer from their plants. This ensured that the customer did not suffer and demonstrated the success of the dual-shoring model.

The Indian auto industry had witnessed strong CAGR of 22% over the past 4 years. This year, the rate of growth slowed down to 11.7%. The CV segment which constitutes a major portion of BFL's sales grew by less than 5%.

Table 3: Vehicle Production in India

Nos. in '000

	2007-08	2006-07	YoY%
Passenger Vehicles	**1,762**	**1,545**	**14.0%**
LCVs	254	226	12.4%
M&HCVs	**291**	**294**	**-1.0%**
Grand Total	2,307	2,065	11.7%

Source: SIAM

The M&HCV segment constitutes the biggest market segment for BFL's sales within India. Despite this sector de-growing by 1.0% on a YoY basis BFL has been able to post a moderate growth of 11%. This has been possible because of increased market share with all major OEMs.

T GY

While the businesses operate independently, analysing them in isolation does not tell the right story. Subsidiaries contribute moderately to the consolidated profitability of BFL. However they have helped BFL (India) significantly in improving the export performance to Europe. A major reason for the good export performance of the Indian operations is due to the access provided by the global subsidiaries to their customer base. Thus, group level support is playing a critical role in accelerating the pace of relationship building and business initiation.

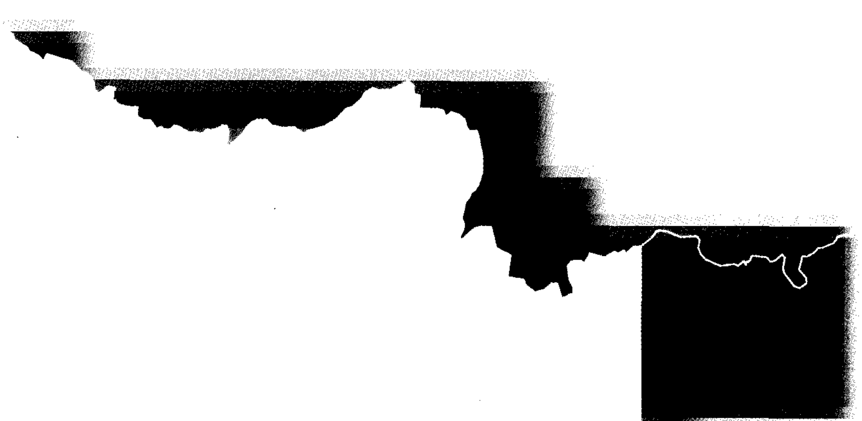
Across all these businesses, BFL has been putting in continuous efforts for up-gradation and value addition. The company is also developing its full service capabilities from design to testing to provide a catalyst for transforming key relationships to development partnerships. As a result, the company is increasingly assuming the role of "development partner" to most large OEMs. This brings a new concept of technology based relationship management.

THE CHINA ST Y

As has been stated earlier, BFL's foray into China is based on a long term strategic objective. The company believes in having a strong manufacturing presence in China. Consequently, it had formed a 52:48 JV between BFL and FAW Corporation of China. FAW Corporation is the largest automotive group in China – churning out approximately 1.1 million vehicles annually, apart from engines and auto parts – in international cooperation with large OEMs like Volkswagen, Toyota, Mazda among others.

China has a large automobile base and given the economic well being, the spurt in automobile growth is expected to continue in the long-term. However the Chinese market is very volatile. Today, the forging plant caters to the requirements of FAW. BFL wants to significantly enhance the scope of FAW-BF's operations. A new 12,500 ton press has been installed and production has commenced recently. With this press, the capacity of this plant goes up to 135,000 MT.

A team from BFL (India) with different functional backgrounds has been stationed in China for a 6-month period to implement best practices. Small group from the Chinese JV has also been visiting BFK and BFL (India) to share best practices. In terms of overall production, there has been an improvement in this facility, with utilization improving substantially. The higher production level has translated into an improvement at the EBITDA level but has not yet started reflecting in the bottom line. These actions should result in improved profitability in the next couple of years.



Having established and stabilised itself as a global leader in the automotive forging business, BFL decided to aggressively pursue the non-automotive business in 2006-07.

For the first time since transforming itself into a global entity, BFL in 2007-08 operated under adverse global economic conditions and in more ways than one, it has displayed its resilience at dealing with tough times. The demonstration of the automotive business to withstand downside risk would be an important factor in BFL's future growth. It gives the company greater confidence to aggressively pursue the new business opportunities.

To understand the non-automotive business foray one needs to trace the growth of BFL over the last ten years. Initially it was a forging entity that catered to the US$1 billion Indian forging market. Then, through improvements in internal efficiencies, aggressively moving into the global automotive market and strategic acquisitions, the company now has an addressable market size of US$ 30-35 billion. The non-automotive forging space including conventional and non-conventional energy, power, rail and marine, oil and gas exploration, metals and mining and aerospace offers a global market which is much larger than the global automotive forgings space.

The tremendous growth in the non-auto businesses is driven by:

- **New investments in the emerging markets in areas such as energy, infrastructure and transportation.**
- **Replacement investment in transport and power related infrastructure in developed markets to comply with stricter emission norms and overhaul of legacy infrastructure.**

These growth opportunities are in sectors that complement and leverage the strong technology, design & engineering, manufacturing capability and customer relationships that BFL has built over the years. Having decided to enter this segment, the company embarked on Rs. 500 crores investment plan for creating capacities in Mundhwa, Satara & Baramati, near Pune.

The details of this plan are given in table 4.

BEYOND THE HORIZON

Table 4: Investment plan for BFL's non-automotive business

Facilities	Type of Products and industry addressed	Location	Capacity	Estimated Start of Production
Centre For Advanced Manufacturing - 80 Mtr Ton Hammer	Large components for Energy Sector, Hydro Carbon exploration sector, Transportation including Aerospace, Railways & Marine	Baramati	40,000 TPA	Q2 FY2009
Machining Capacity for above	Supply of Machined components	Baramati	12,000 Nos	Q4 FY2009
Heavy Forge Division - 4000T Press	Wind Turbine components. Hydro, Gas & Steam turbines components and components for Mining, Metal Industry & General Engineering applications	Pune	60,000 TPA	Q2 FY2009
Machining capacity for HFD	Supply of machined windmill shafts	Satara	1,400 Nos	Q2 FY2009
Ring Rolling facility	Large rings & gears blanks for various sectors	Baramati	25,000 TPA	Q4 FY2009

While the production facility is being installed, the marketing team has already actively developed relationships and secured orders for the capacity as it comes on-stream. The sectors targeted in the beginning include conventional and non-conventional energy, power, rail and marine, oil and gas exploration, metals and mining and aerospace. A few of these sectors are addressed in the discussion ahead.

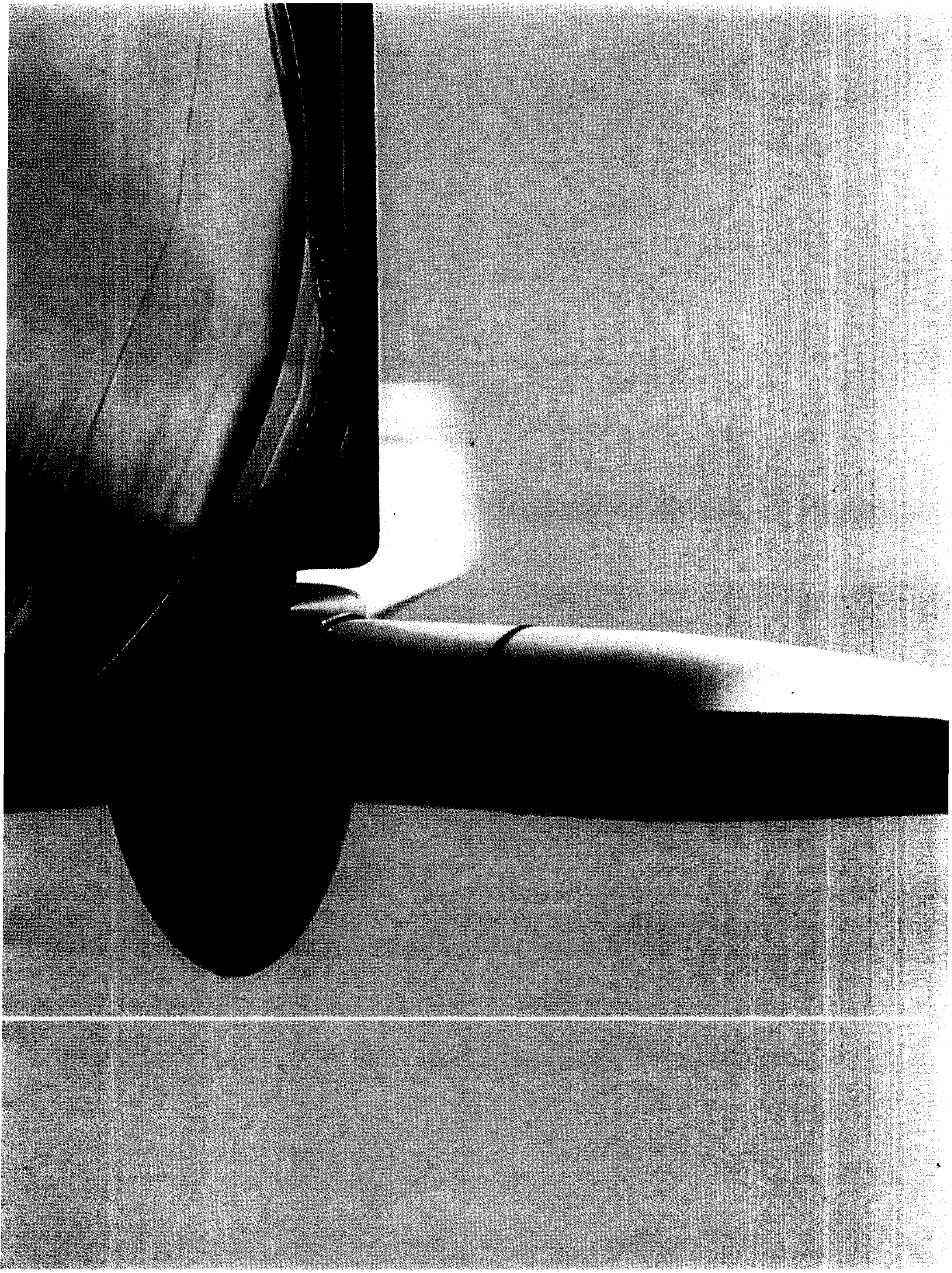
HARNESSING THE WIND FOR A GREENER TOMORROW

Wind energy is slated to grow at a CAGR of 17% upto 2011 with the global annual installed capacity increasing from 15,000 MW to a projected installed capacity of 33,000 MW. Already severe constraints exist in the supply chain and with this projected increase the supply chain constraints will become even more acute. This augurs well for BFL as this would mean increased demand for forged and machined components.

The US wind energy market is the fastest growing market in the world today. Similarly the Indian wind energy market is witnessing high growth rates. The European market is already a very mature market and growth levels are low, but re-sourcing opportunities exist.

All these markets offer large opportunities to BFL. BFL plans to supply products like Main shafts, Rings and Gear box components to this sector. These products will be manufactured in the new 4000 ton press line in Mundhwa and the Ring rolling facility at Baramati.

WIND ENERGY



ENHANCING THE INFRASTRUCTURE BACKBONE

The Railway industry is enjoying its biggest boom in nearly a century, largely fueled by growing global trade and rising fuel costs for transportation by road. Worldwide rail market represents today a business volume of about *Euro 103.3 billion and is expected to grow at a CAGR of 2 % till 2015.

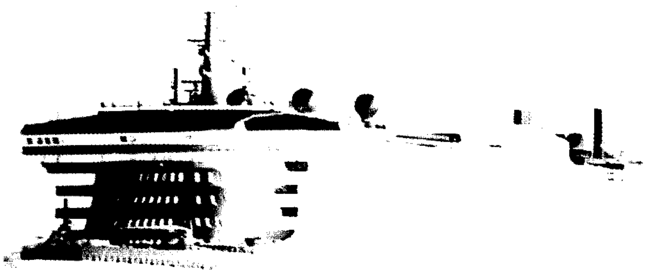
*Source: UNIFE

Although the markets in US and Western Europe are not expected to grow substantially, there are re-sourcing opportunities available. There is strong growth expected in East Europe. Similarly high levels of growth are projected for the Indian and Chinese markets. There are major opportunities in all these markets and BFL plans to supply components like crankshafts, connecting rods, pistons etc. These products will be made on the 80-Meter ton hammer at Baramati.

RAILWAYS

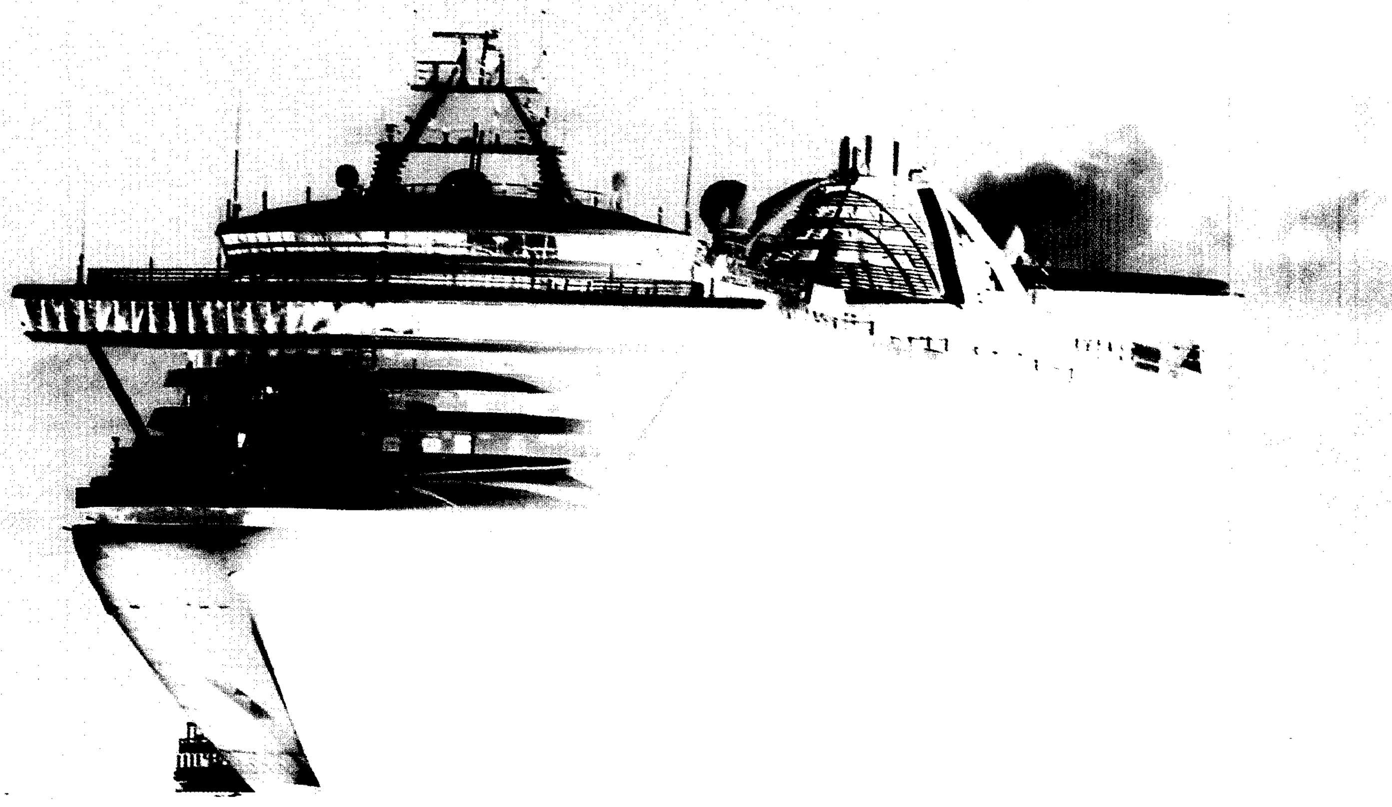
SUPPORTING A GIANT ECONOMY

This sector has been very strong for the last 4-5 years and is projected to continue growing for the next 3-4 years. New shipbuilding orders are surging on the back of growth in economies like India and China leading to increased seaborne trade. As of May 2008, there were orders for over 6,500 new vessels (Source: Bloomberg). Due to this, the demand for engine components for ships remains extremely buoyant.



The Japanese, Korean and Chinese shipbuilders are currently having a backlog of three to four years. While this reflects a strong demand for ships, it points to a sharp constraint in the supply of components required. This is a niche segment and BFL plans to grow using its already strong relationships with OEMs in this sector by supplying products like crankshafts, connecting rods and propeller shafts. These products will be made on the 80-Meter ton hammer at Baramati.

MARINE



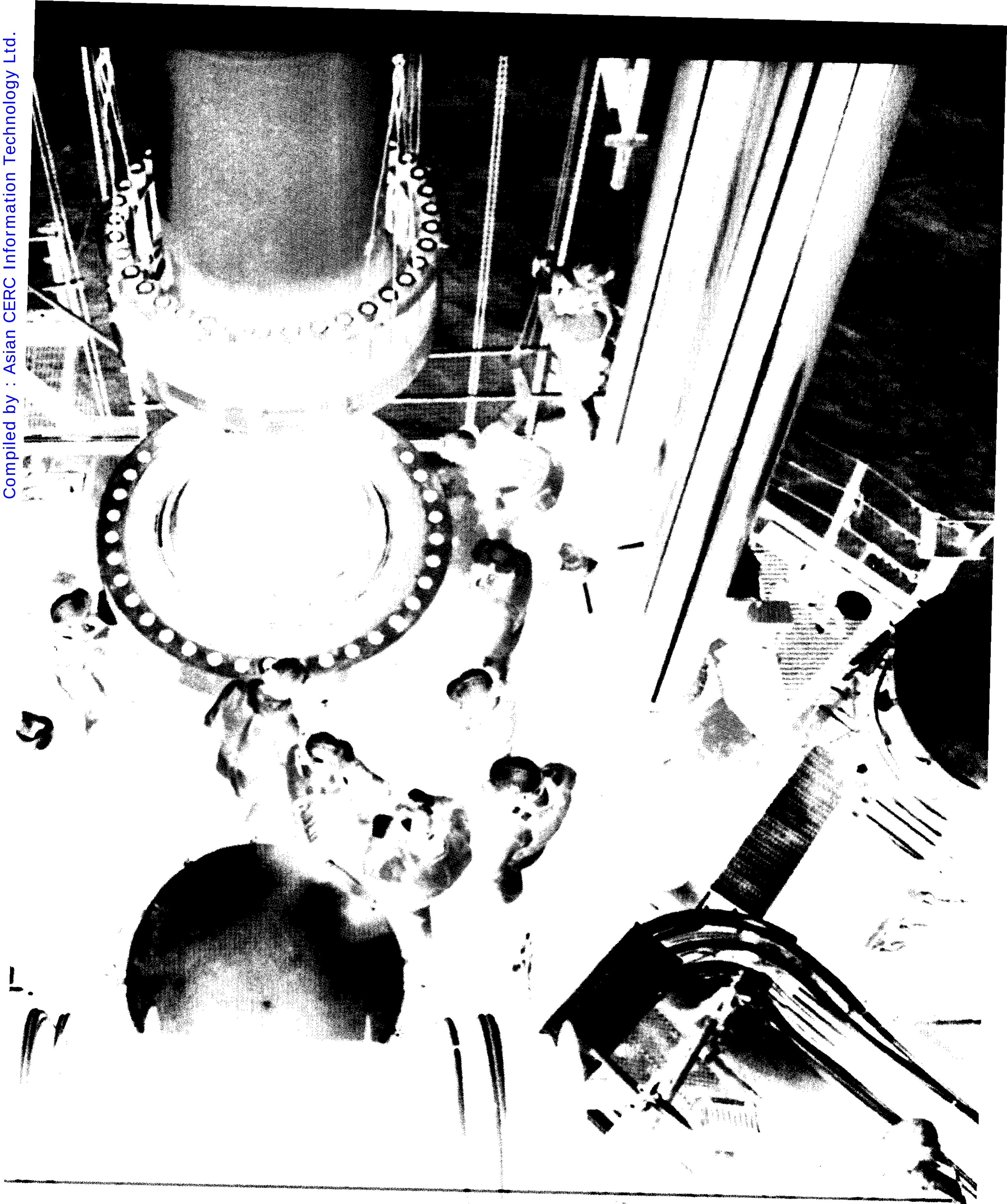
FUELLING A POWER HUNGRY WORLD

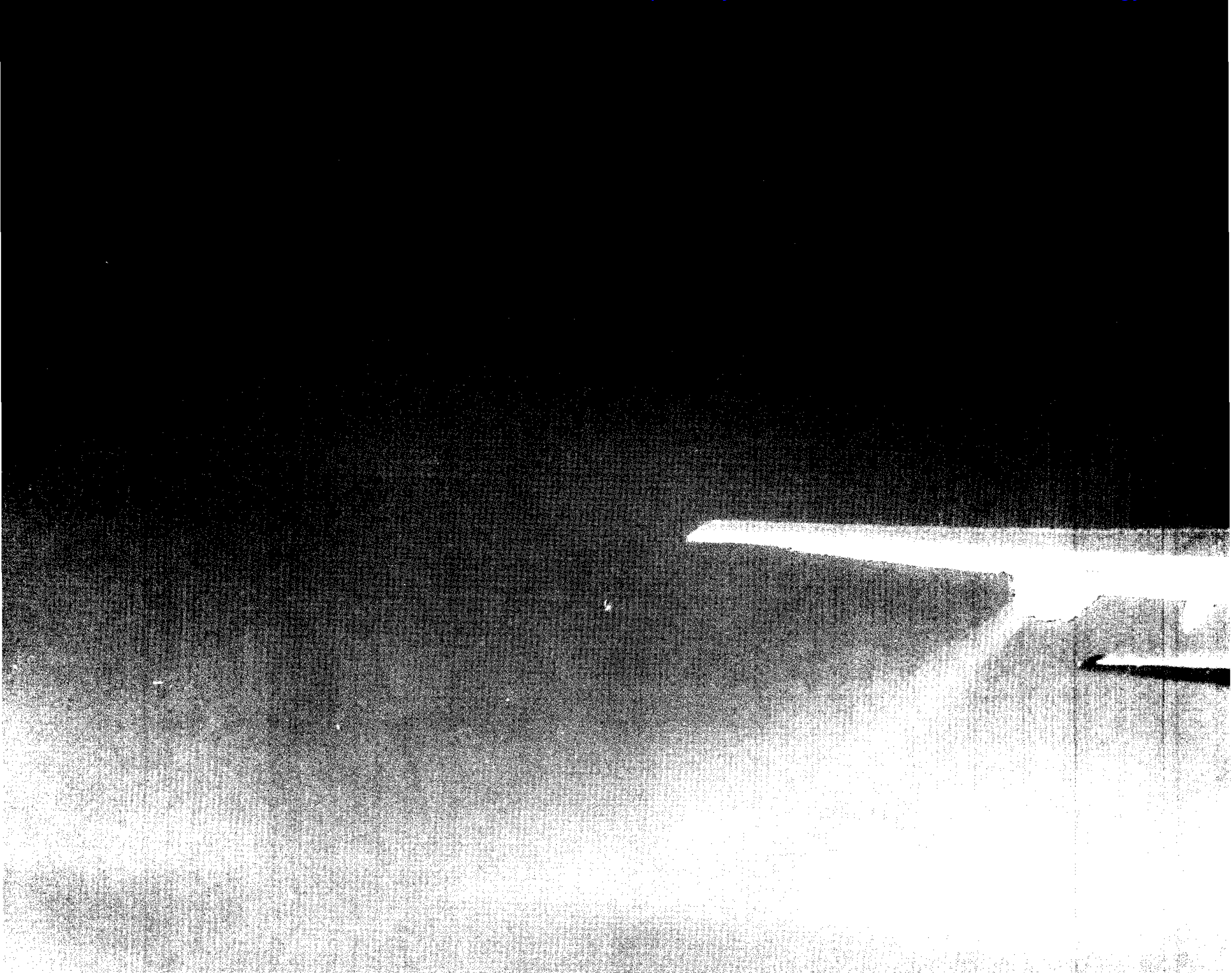
Oil & gas exploration initiatives are intensifying the world over, the key growth area being the sub-surf (undersea) explorations. Over the past few years, BFL has:

- Acquired product and design capabilities in this sector
- Developed manufacturing capabilities for these components
- Acquired and grown customer relationships.
- Built material capabilities for this through the steel mills within the group

Thus, BFL has positioned itself strategically to realize this business opportunity. On the whole BFL is in a strong position to leverage its current relationships and capabilities and grow its business in this space quite rapidly. With the 80 Meter Ton Hammer at Baramati, as well as the 4000 ton open forge press at Mundhwa, BFL plans to widen its product range in terms of size and capability and offer higher value products that span the entire requirements of its customers.

OIL & GAS





THRUST FOR MAMMOTH ASPIRATIONS

The aviation sector is due to witness substantial growth in the coming years. The industry is currently benefiting from several favourable trends such as replacement & refurbishment of legacy fleets driven by the need for more fuel efficient aircrafts & fleet commonality and the increase in global passenger & freight traffic. Boeing estimates an increase in global passenger and freight traffic through to 2026 of 5.0% and 6.1% respectively. It also estimates that the global aircraft fleet would expand from the current level of 18,200 to close to 36,400 which means an increase in demand for critical and safety forgings required for the aircraft.

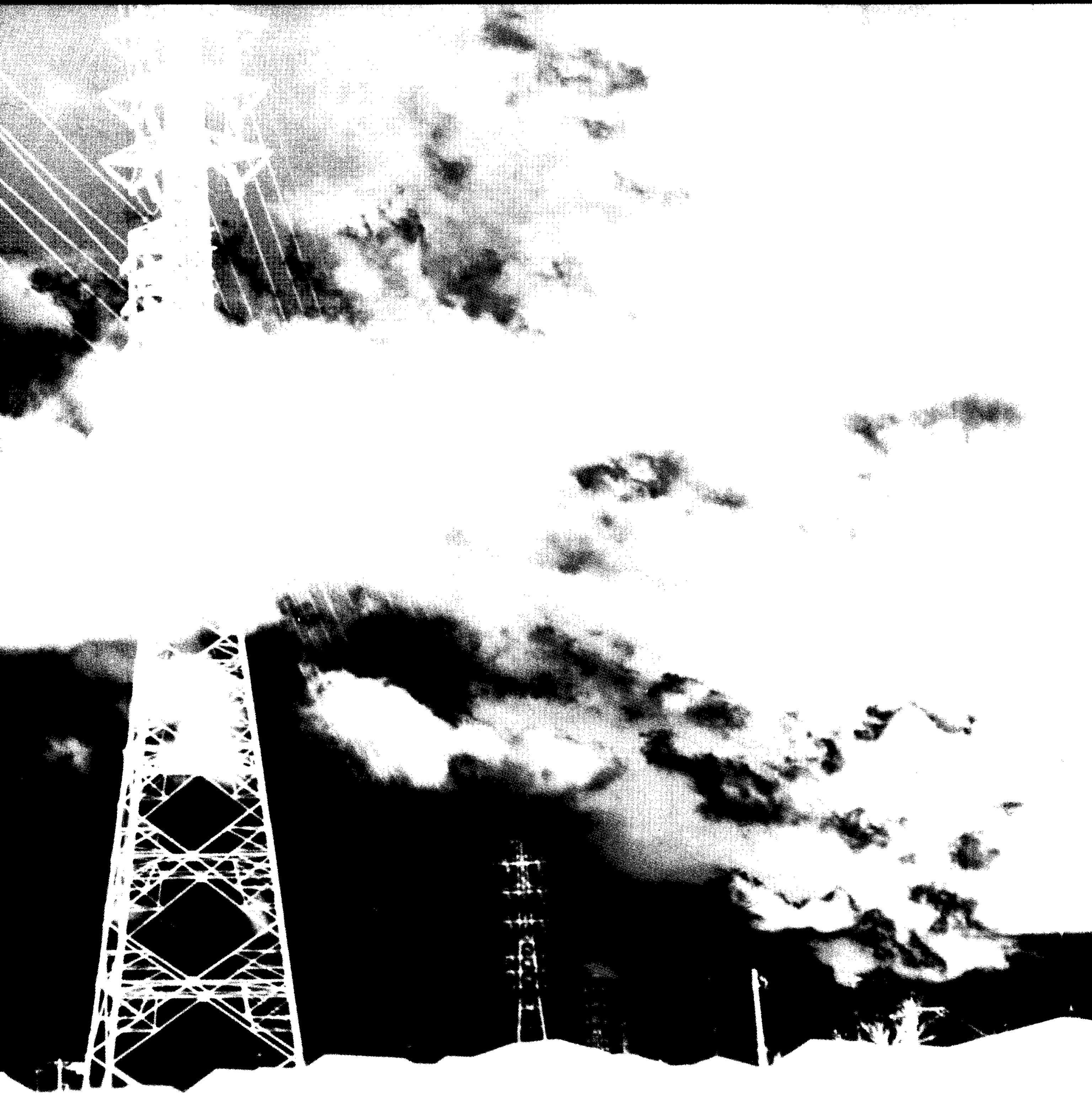
AEROSPACE

Besides, under the off-set clause, 30-50% of the value of the aircraft bought by India will have to be offset by procurements of manufactured goods / services from India. The offset programme on the back of large aircraft acquisitions by Indian companies will drive growth further. BFL has decided to enter this sector and is in the final stages of accreditation. BFL targets to supply structural, airframe and engine parts for the aviation sector from its facility in Baramati.

SHOULDERING THE NATIONS AMBITIONS

The power sector is seeing new investments for Nuclear, Hydel and Thermal generation with new projects coming on line to meet the demand of power hungry countries like India and China. At the same time legacy infrastructure in the developed markets is getting replaced to conform to the new emission norms. The power equipment sector is already facing severe bottlenecks in its supply chain with lead times for critical components ranging from 3 to 5 years. This augurs well for Bharat Forge as it is ready to take advantage of these opportunities with its two new plants at Baramati and Mundhwa.

POWER



The facilities for the non-auto businesses are coming on line in FY 2009. Serial production of parts for some of the above-mentioned sectors would commence towards the end of the financial year and will ramp up volumes in FY 2010.

Going forward the non-auto business would become a major growth driver. It would also add a further dimension to BFL's de-risked business model. Currently BFL is predominantly an automotive forging entity with less than 20% of its consolidated revenues being contributed by the non-auto sector.
BFL plans to increase the share of non-auto revenues to 40% by FY 2011-12.

OPERATIONS

Year 2007-08 was one in which BFL's operations team successfully stabilised its manufacturing processes in its new production lines, implemented 'best in class' manufacturing practices and went further on its way to becoming a 'preferred development partner' to global OEMs for all their new automotive and commercial vehicle platforms.

Consolidation & flexibility of operations

Over the past few years, BFL had been investing in capital expansion for its forging and machining operations at Mundhwa. During 2007-08, the Company has stabilised various production lines and the increased production throughput has reflected the success of these endeavours.

Production flexibility between lines has also been an area of focus for BFL, especially in its Mundhwa plant. It allows BFL to handle surprises and also enables the company to effectively balance loads across various lines, thereby saving valuable time and costs.

Sharing Best Practices

The international acquisitions that BFL has made over the past four years have had two significant benefits: (a) further deepening of relationships with global OEMs and access to new customers in international markets; and (b) the opportunity to share manufacturing and quality best practices not only between the parent company and its subsidiaries but also among the subsidiaries themselves. There is a 'Best Practices' team which meets regularly to review different processes in each company and identify potential improvement opportunities. They address areas like material yield, internal rejections, die making, die life, utilization levels, maintenance practices etc.

Besides this, BFL has launched a comprehensive Continuous Improvement Programme (CIP) across all Group companies, where a normalised measure of performance is tracked and reported every month. A quarterly review then enables participants to exchange ideas and methods for improving production and operations.

Product Development & Design Engineering

BFL has evolved from being a supplier of components to becoming a 'development partner of choice' for nearly all global OEMs. The Company follows a principle of being closer to the customer, where it is deeply involved in the product development cycle for new products and platforms. This involves executing a complete design analysis (based on customer data and specifications), weight optimisation, checking the simulated performance of the product and fatigue testing. BFL's in-house testing facilities and procedures have been certified by all its global OEM customers, which is a mark of confidence about the Company's capabilities to design and test products according to stringent international standards. It also significantly reduces the product development cycle time and creates a shorter 'time to market' period. All these have resulted in BFL's products consistently showing better performance results and longer life than that of its main competitors in this space.

In order to improve upon its design and engineering capabilities even further, BFL has institutionalised cross-border knowledge fertilisation across all its units, both in India and overseas. These are in the areas of collaborative engineering and knowledge sharing, fatigue testing procedures and design simulation through computational clusters.

HUMAN RESOURCES

People make organisations. Recognising this axiom, BFL has over the years developed and nurtured its people pool. As the organisation grows in scope, size and locations, the need to get quality people into the organisation and continuously enhance the skill levels and competencies of people keeps growing in importance – and those have been the focus areas for HR initiatives during FY 2007-08.

As reported in the previous year, BFL's people measures concentrate on four major areas: (a) creating a talent pipeline; (b) increasing competency levels of the existing workforce; (c) creating a manager pool through enhanced training and development activities; and (d) enhancing the qualifications and capabilities of employees through focused superior education programmes. FY 2007-08 was the year of consolidation for all these activities.

BFL has tied up with colleges from where it is recruiting entry level employees under its 'talent pipeline' programme. The first batch has joined the Company during FY 2007-08 and have been allocated work on the shop floor. It is expected that this shall be an ongoing initiative in order to bring in entry-level talent into the organisation. The company is taking a few other initiatives to create 'bench strength' at the 'machine operator' level also.

The Company has also identified employees who have the potential to become 'in-house experts' in various technical skills. These employees are extensively trained through various levels of expertise, thus expanding the pool of 'skills expertise' within the organisation and also developing future trainers.

In order to grow managerial and leadership talent within the organisation, BFL has embarked upon an 'on-campus' learning programme, using a 'learn while you earn' approach.

BFL amicably concluded a wage settlement with the workers during the year 2007-08. BFL continued to have peaceful industrial relations during 2007-08.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

BFL has actively pursued the path of being a responsible corporate citizen. The Company has, through the years, pursued three major corporate social *responsibility (CSR) initiatives:* (a) NGO support; (b) Community centres; and (c) Commitment to sustainable development. In FY 2007-08, these initiatives were carried out even further.

NGO Support: BFL has, over the years, actively supported the efforts of 'Pratham Pune Education Foundation' (PPEF), which imparts primary education to the young children of economically weaker sections of the society. The foundation, co-founded by the Kalyani Foundation, has delivered education programmes to a large number of children during its existence.

Community Centres: The Company has been sponsoring community centres in and around Pune, where the member families are trained in various vocational and income generating activities, such as hand-glove stitching, stitching uniforms and making incense sticks. BFL then helps them get finance from self help groups (SHGs) to start and run new businesses. The Community centres help the members improve their "Quality of life".

Green energy: Energy is one of the major input costs for the Company. BFL has been actively pursuing measures that reduce fossil fuel consumption (thereby reducing carbon emissions) and using green energy. The Company has invested in a wind farm project; additionally, it also purchases 'green power' (i.e. power from renewable resources) from its Group companies. In FY 2007- 08, Bharat Forge used approximately 40 million units of power generated from wind energy, which is around 20% of its total energy usage. The Company has also actively adopted production and design measures for optimising fossil fuel usage and minimising waste heat, thereby using less fuel for a greater quantum of production. These measures have reduced fuel costs (and quantum of fossil fuels used) quite substantially.

INFORMATION TECHNOLOGY

Information technology is not a support function at BFL, it is a business enabler. The organisation is focused on creating operational efficiencies, optimising costs, saving time and receiving real time data in order to enable mid-course corrections, and the IT infrastructure (hardware, software and communications backbone) plays a significant part in these business processes.

As part of its standardization initiatives, BFL has:

- Begun central procurement of Microsoft licences including for its subsidiaries.
- Migrated its Indian operations to a common Microsoft platform for all its IT communication needs.

Besides this the company has also introduced the new generation Voice-Over-IP (VOIP) solution in its telecommunications infrastructure. This is expected to substantially reduce communication costs, while simultaneously boosting communications quality.

During the year, BFL has also invested in server technology for server virtualisation and data encryption. BFL's data security measures are now comparable to global standards. The blade server technology has helped the Company to reduce its IT infrastructure costs, while simultaneously increasing the availability of the overall infrastructure.

BFL also uses IT as a 'cutting edge' tool for production technology and design development. During FY 2007-08, the Company has implemented a 16-CPU grid-computing cluster for the forge software. Using this software, BFL can reduce design testing time as well as increase its capability to process even larger and more complicated products.

BFL has also implemented an on-line performance appraisal system in FY 2007-08.

During FY 2008-09, BFL plans to execute the following IT initiatives

1. Implementing a comprehensive Business Intelligence Solution

2. Implementing workforce management solution from Kronos.

3. Storage consolidation – as the first step to a comprehensive Disaster Recovery mechanism.

4. Move towards a unified communications platform-both from the IT as well as from the VOIP perspectives.

5. Upgrade the current SAP system to the new Netweaver platform and initiate measures to migrate to 'open-standard' architecture.

We first analyse the summarised financial performance for the year ended 31 March 2008 for BFL on a consolidated basis, then proceed to the Profit & Loss Statement and key ratios of BFL as a standalone entity.

Table 5 enumerates the consolidated financial performance of Bharat Forge and Table 6 reflects the consequent key ratios.

The Total revenue has grown by 11.1% to Rs.47,516 million on the back of strong growth in Export business from the Indian operations, moderate growth in BFK and good improvement in utilization levels in the Chinese operations.

The Profit after tax (PAT) has remained more or less flat because of increased fixed costs and the loss of revenue on account of rupee appreciation.

Table 5: Abridged Consolidated Profit & Loss Statement (Rs. Millions)

		2007-08	2006-07
1	**Sales and Operating Income**	**48,248.85**	**43,343.17**
2	Excise Duty	1,726.08	1,560.19
3	**Net Sales (1-2)**	**46,522.77**	**41,782.98**
4	Other Income	781.78	924.43
5	Exchange Gain / (Loss)	211.15	44.72
6	Total Revenue (3+4+5)	47,515.70	42,752.13
7	Raw Materials and Components	22,038.99	19,906.53
8	Manufacturing Expenses	7,742.15	6,823.93
9	Employee Costs	6,780.35	6,164.37
10	Other Expenses	2,916.73	2,424.58
11	Total Expenses (7+8+9+10)	39,478.22	35,319.41
12	PBDIT (6-11)	8,037.48	7,432.72
13	Depreciation and Amortisation	2,270.55	1,881.10
14	PBIT (12-13)	5,766.93	5,551.62
15	Interest	1,269.38	1,066.95
16	PBT before exceptional items (14-15)	4,497.55	4,484.67
17	Exceptional Items	-	(121.44)
18	PBT after exceptional items (16+17)	4,497.55	4,363.23
19	Current Tax	1,369.08	1,366.54
20	Deferred Tax	152.33	142.08
21	Fringe Benefit Tax	68.00	19.95
22	PAT (18-19-20-21)	2,908.14	2,834.66
23	Share of Profit in Associate Companies	1.22	-
24	Less: Minority Interest	(105.87)	(71.22)
25	**PAT after Minority Interest (22+23-24)**	**3,015.23**	**2,905.88**
26	Basic Earnings per Share in Rs.	13.44	13.13
27	Diluted Earnings per Share in Rs.	13.44	13.13

Table 6: Key Ratios (Consolidated)

	2007-08	2006-07
PBDIT / Total Revenue	16.9%	17.4%
PBIT / Total Revenue	12.1%	13.0%
PBT / Total Revenue	9.5%	10.2%
PAT / Total Revenue	6.3%	6.8%

FINANCIAL REVIEW

Table 7 & 8 give the financial performance and key ratios of BFL on a stand alone basis respectively.

Total revenues increased by 17.5% from 19,453 million in 2006-07 to Rs. 22,849 million in 2007-08.

PBDIT improved from Rs.5,485 million to Rs.6,106 million. The PBDIT margins however dropped from 28.2% to 26.7% essentially due to Rupee appreciation.

There has been an increase in fixed costs (Employee costs and Interest & Depreciation) as a result of the capacity expansion undertaken in the recent past.

*The company, as a step to reorganize and restructure its holdings in its Global ventures has, during the year, sold its interest in BF-Beteilingungs GmbH, a wholly owned subsidiary to CDP BF GmbH, another wholly owned subsidiary, at a fair value determined by a valuer. Consequently, the Company has recognised a profit of Rs.303.47 million.

Table 7: Abridged Stand-alone Profit & Loss Statement (Rs. Millions)

		2007-08	2006-07
1	**Sales and Operating Income**	**23,691.04**	**20,204.41**
2	Excise Duty	1,726.08	1,560.19
3	**Net Sales (1-2)**	**21,964.96**	**18,644.22**
4	Other Income	623.41	783.88
5	Exchange Gain / (Loss)	260.63	24.87
6	Total Revenue (3+4+5)	22,849.00	19,452.97
7	Raw Materials and Components	9,913.11	8,409.33
8	Manufacturing Expenses	3,781.56	3,223.09
9	Employee Costs	1,448.83	1,076.64
10	Other Expenses	1,599.87	1,259.19
11	Total Expenses (7+8+9+10)	16,743.37	13,968.25
12	PBDIT (6-11)	6,105.63	5,484.72
13	Depreciation and Amortisation	1,389.40	998.02
14	PBIT (12-13)	4,716.23	4,486.70
15	Interest	1,049.91	821.11
16	PBT before exceptional items(14-15)	3,666.32	3,665.59
17	Exceptional Items	*303.47	(67.50)
18	PBT after exceptional items (16+17)	3,969.79	3,598.09
19	Current Tax	982.00	1,007.34
20	Deferred Tax	183.90	161.27
21	Fringe Benefits Tax	68.00	19.95
22	PAT (18-19-20-21)	2,735.89	2,409.53
23	Basic Earnings per Share in Rs.	12.25	10.97
24	Diluted Earnings per Share in Rs.	12.25	10.97

Table 8: Key Ratios (Stand-alone)

	2007-08	2006-07
PBDIT / Total Revenue	26.7%	28.2%
PBIT / Total Revenue	20.6%	23.1%
PBT / Total Revenue	17.4%	18.5%
PAT / Total Revenue	12.0%	12.4%

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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

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

RISK & CONCERNS

Other than the operational and business risks faced by BFL, there are three important risks that the company faces. These are :

Market Risk

BFL's operations and markets are spread across Asia Pacific, Europe and US with a significant exposure to the automotive sector. The sector has been characterised by fluctuations in overall demand for vehicles and the cyclical nature of the automotive industry cannot be predicted with certainty. Thus, the company is always exposed to risk of a slowdown in any particular geography or a slowdown in the automobile industry. However, as a risk mitigation strategy, the company has been diversifying its geographic markets and user industries. The initiatives in the non-automotive sector will further diversify the company's business and reduce adverse effects of any slowdowns.

Currency Risk

BFL's exposure to currency risk arises from the fact that exports form a significant part of the company's overall revenue. However, the company has been successfully following a strategy on "natural" hedging. A large portion of the company's capital needs has been met by foreign currency loans. The impact of foreign currency rate movements on export collections is opposite to that of interest and principal paybacks of these loans. Natural hedging is a method of finely balancing the two to avoid any significant impact of movements in foreign exchange rates, over a longer period of time. However the Company has started partly hedging this risk through booking of simple forward contracts.

Interest Rate Risk

Since the last few years, the company has been in an expansion mode and has used borrowings to fund its expansion cum acquisition needs. At the same time, BFL has judiciously managed its debt-equity ratio, increasing equity in line with increase in debt levels. The company has been using a mix of loans, GDRs, FCCBs, domestic rights issue and internal cash accruals to fund this expansion program. With any increase in interest rates the corresponding interest outgo on such loans increases. But, since a large part of the company's borrowing is in foreign currency, lower interest rates along with domestic currency appreciation effectively imply that the extent of the outgo due to a combination of these events is reduced.

OUTLOOK

The year 2007-08 was a year full of challenges and BFL with its global manufacturing footprint and de-risked business model has been able to meet those challenges successfully. The company has over the years, through strategic acquisitions and building strong customer relationships, become a leading player in the global automotive forging industry. By offering the customer full service supply capability it has become a development partner on many programmes of large OEMs.

Geographically, Europe continues to be the largest market for BFL because of its strong manufacturing presence in the continent as well as the large exports from India. The European market, driven by demand from Eastern Europe is projected to be strong in the coming year. This augurs well for BFL and its European subsidiaries. On the other hand, the Indian automotive market is projected to grow at a slow pace. In India, BFL expects increased market shares with newer platforms being introduced by Indian OEMs. The US automotive market is still struggling to recover to 2006 levels. In US, with the de-risked business model, the downside is protected and in case of an upturn in the market, it could lead to growth for BFL.

The Chinese market continues to be strong but volatile. Analysts predict a slowdown post the August 2008 Olympics. From India, we continue to address business opportunities in forging but are cautious in committing machining capacities for China. BFL has initiated discussions with large OEMs in China and their needs for localization of components are being addressed jointly with FAW-BF. The improvement in productivity achieved in FAW-BF in current year would continue in the coming year.

Steel prices continue to be a cause for concern. Steel prices have increased very steeply in the last few months. This does not augur well for the US markets which have already seen a drop of 40% in Truck production vis-à-vis CY2006, besides it can affect the overall demand across geographies. Rising Fuel prices is also a concern and this leads to cost increases which cannot be easily passed on to customers. Volatility on the exchange front is another cause for concern.

The company's non-automotive facilities will start production in the coming year and is expected to be a major growth driver going forward. All the core infrastructure sectors are currently booming and this augurs well for BFL. The company is exploring various business opportunities in this space and would take further investment decisions based on this.

Going forward, the company's de-risked business model will continue to help it overcome the market related issues and the non-automotive business would become a major vehicle for growth. The company intends to grow the share of its non-auto business in its consolidated revenues from the current level of under 20% to 40%. BFL continues to build intrinsic value by focussing on strengthening its design, engineering and delivery skills through various initiatives discussed above. Besides, the focus on building a talent pipeline and skill development would provide it with the people backbone necessary to sustain growth. The result of all this is the making of a world-class entity which is resilient enough to absorb the shocks of market cyclicality and take advantage of growth opportunities provided by the market.

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 automobile industry – global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs.

CORPORATE GOVERNANCE

OVERVIEW

Bharat Forge believes that it is imperative and non-negotiable for a world-class company to adopt transparent accounting policies, appropriate disclosure norms, best-in-class board practices and consistently high standards of corporate conduct towards its stakeholders. Bharat Forge has consistently aimed at developing and internalising such policies and implementing best-in-class actions that make it a good model of corporate governance. To that effect, Bharat Forge has adopted practices mandated in Clause 49 of listing agreement and has established procedures and systems to be fully compliant with it.

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

BOARD OF DIRECTORS

Composition of the Board

As on 31 March 2008, Bharat Forge's Board comprised fifteen Directors. The Board consists of the Chairman and Managing Director, who is a promoter Director, five Executive Directors, including the Deputy Managing Director and nine non-executive Directors, eight of whom are independent, including one Director who is nominee of a Financial Institution. Details are given in Table 1.

Number of Board Meetings

In 2007-08, the Board of the company met 6 (six) times on 04 April 2007, 22 May 2007, 24 July 2007, 26 October 2007, 21 January 2008 and 27 February 2008. The maximum gap between any two Board meetings was less than four months.

Table 1 below gives the details:

Table 1: Composition of the Board of Directors

Name of the Director	Category	Attendance Particulars			No. of other Directorships and Committee Memberships / Chairmanships in other Indian public companies		
		Number of Board Meetings		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. B.N. Kalyani (Chairman and Managing Director)	Promoter, Executive & Managing Director	6	6	Yes	13	4	2
Mr. P.H. Ravikumar (Nominee of ICICI Bank Ltd.)	Independent	6	5	Yes	7	2	2
Mr. S.S. Marathe	Independent	6	5	Yes	9	8	1
Mr. S.M. Thakore	Independent	6	4	Yes	7	5	2
Mr. S.D. Kulkarni	Independent	6	6	Yes	3	3	1
Mr. P.G. Pawar	Independent	6	5	Yes	5	2	NIL
Dr. Uwe Loos	Independent	6	3	Yes	NIL	NIL	NIL
Mr. P.C. Bhalerao	Non-Executive	6	5	Yes	6	1	NIL
Mrs. Lalita D. Gupte	Independent	6	5	Yes	5	4	NIL
Mr. Alan Spencer *	Independent	2	1	NA	NIL	NIL	NIL
Mr. G.K. Agarwal	Executive	6	6	Yes	1	NIL	NIL
Mr. Amit B. Kalyani	Executive	6	6	Yes	14	4	NIL
Mr. B.P. Kalyani	Executive	6	5	Yes	1	NIL	NIL
Mr. S.E. Tandale	Executive	6	4	Yes	NIL	NIL	NIL
Mr. P.K. Maheshwari	Executive	6	6	Yes	3	2	2
Mr. Sunil K. Chaturvedi**	Executive	-	-	NA	NIL	NIL	NIL

Notes:

* Joined the Board with effect from 21 January, 2008 (appointed as Additional Director).

** Joined the Board with effect from 20 May, 2008.

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is chairman of more than 5 such Committees.

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

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the:
  a) Statutory audit firm or the internal audit firm that is associated with the company.
  b) Legal firm(s) and consulting firm(s) that have a material association with the company.
- Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director.
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares.

Among others, information supplied to the Board includes:

Annual operating plans & budgets and any update thereof.
Capital budgets and any updates thereof.
Quarterly results for the company and operating divisions and business segments.
Minutes of the meetings of the Audit Committee and other Committees of the Board.
Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
Materially important show cause, demand, prosecution notices and penalty notices.
Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
Any material default in financial obligations to and by the company or substantial non-payment for goods sold by the company.
Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
Details of any joint venture or collaboration agreement.
Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

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

Directors with Materially Pecuniary or Business Relationship with the Company

There has been no materially relevant pecuniary transaction or relationship between Bharat Forge and its Non-Executive and/or Independent Directors during the year 2007-08.

REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended 31 March 2008 is set forth in Table 2 below.

Table 2: Remuneration paid or payable to Directors for the year ended 31 March 2008 and relationship with each other

Name of the Director	Relationship with other Directors*	Sitting Fees** (in Rs.)	Salary and Perquisites (in Rs.)	Provident Fund and Super-annuation Fund (in Rs.)	Commission*** (in Rs.)	Total **** (in Rs.)
Mr. B.N. Kalyani (Chairman and Managing Director)	Father of Mr. Amit B. Kalyani	NA	18,925,081	3,892,355	31,000,000	53,817,436
Mr. P.H. Ravikumar (Nominee of ICICI Bank Ltd.)	None	45,000	NA	NA	700,000	745,000
Mr. S.S. Marathe	None	170,000	NA	NA	1,400,000	1,570,000
Mr. S.M. Thakore	None	20,000	NA	NA	800,000	820,000
Mr. S.D. Kulkarni	None	75,000	NA	NA	1,200,000	1,275,000
Mr. P.G. Pawar	None	50,000	NA	NA	900,000	950,000
Dr. Uwe Loos	None	15,000	NA	NA	600,000	615,000
Mr. P.C. Bhalerao	None	35,000	NA	NA	900,000	935,000
Mrs. Lalita D. Gupte	None	25,000	NA	NA	800,000	825,000
Mr. Alan Spencer	None	5,000	NA	NA	200,000	205,000
Mr. G.K. Agarwal	None	NA	9,683,482	1,620,000	9,500,000	20,803,482
Mr. Amit B. Kalyani	Son of Mr. B.N. Kalyani	NA	9,371,555	1,584,290	9,500,000	20,455,845
Mr. B.P. Kalyani	None	NA	3,734,735	624,919	6,000,000	10,359,654
Mr. S.E. Tandale	None	NA	3,918,783	624,919	6,500,000	11,043,702
Mr. P.K. Maheshwari	None	NA	4,300,889	705,919	6,000,000	11,006,808
Mr. Sunil K. Chaturvedi*****	None	NA				

Notes:

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

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

*** Commission proposed and payable after approval of accounts by shareholders in the AGM.

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

***** Joined the Board with effect from 20 May, 2008 (appointed as Additional Director). Earlier joined the company as Chief Operating Officer, Capital Goods Division w.e.f. 1 February, 2008 and remuneration drawn during 2007-08 is Rs. 1,956,694.

Code of Conduct

The Board of Bharat Forge has laid down a code of conduct for all Board members and Senior Management of the company.

The code of conduct is available on the website of the company: www.bharatforge.com. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct. The Managing Director has also confirmed and certified the same to the Board of Directors.

COMMITTEES OF THE BOARD

Audit Committee

As on 31 March 2008, the Audit Committee of Bharat Forge consisted of Mr. S.S. Marathe (Chairman), independent Director, Mr. P.H. Ravikumar (nominee of ICICI Bank Ltd.), independent Director, Mr S.D. Kulkarni, independent Director and Mr. P.G. Pawar, independent Director. All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 24 July 2007 to answer shareholders' queries.

The Committee met 6 (six) times during the course of the year on 4 April 2007, 5 May 2007, 22 May 2007, 24 July 2007, 26 October 2007 and 21 January 2008.
Table 3 below gives attendance record.

Table 3: Attendance record of Audit Committee members for 2007-08.

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. S.S. Marathe	**Independent**	**Chairman**	**6**	**6**
Mr. P.H. Ravikumar (Nominee of ICICI Bank Ltd.)	Independent	Member	6	4
Mr. S.D. Kulkarni	**Independent**	**Member**	**6**	**6**
Mr. P.G. Pawar	Independent	Member	6	5

The Director responsible for the finance function, the head of internal audit and the representative of the statutory auditors and internal auditors are regularly invited to the Audit Committee meetings. Mr. Ashish Boradkar, Asst. Company Secretary, is the Secretary to the Committee.

The functions of the Audit Committee of the company include 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 auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

  a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  b) Changes, if any, in accounting policies and practices and reasons for the same.
  c) Major accounting entries involving estimates based on the exercise of judgment by management.
  d) Significant adjustments made in the financial statements arising out of audit findings.
  e) Compliance with listing and other legal requirements relating to financial statements.
  f) Disclosure of any related party transactions.
  g) Qualifications in the draft audit report.

Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
Reviewing, the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing, the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors and
- Reviewing, any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.

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

a) Investigate any activity within its terms of reference and to seek any information it requires from any employee and
b) Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

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

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditor.
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc.) as part of the quarterly declaration of financial results and
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

In addition, the Audit Committee of the company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies, in view of the requirements under Clause 49.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business and
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

The Committee specifically looks into redressing complaints of shareholders and investors such as transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends and interest on matured debentures. The Committee comprises three members; Mr. S.D. Kulkarni (Chairman), independent Director, Mr. B.N. Kalyani (Managing Director) and Mr. P.C. Bhalerao (non-executive Director). The Committee met twice during the year on 26 October 2007 and 21 January 2008. Table 4 below gives the details of attendance.

Table 4: Attendance record of Shareholders'/Investors' Grievances Committee for 2007-08

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

Remuneration Committee

Bharat Forge does not have a Remuneration Committee. The Board determines commission payable to Directors. Commission to Non-Executive Directors and performance related bonus to Chairman and Managing Director and Executive Directors, paid in the form of commission, is disclosed in Table 2. Detailed terms of appointment of the Chairman and Managing Director, and the Executive Directors are governed by Board and shareholders' resolutions.

Shares and Convertible Instruments held by Non-Executive Directors

Table 5 below gives details of the shares and *convertible instruments held by the non-executive directors as on 31 March 2008.

Table 5: Details of the shares and *convertible instruments held by the non-executive directors as on 31 March 2008

Name of the Director	Category	Number of shares held
Mr. P.H. Ravikumar (Nominee of ICICI Bank Ltd.)	Independent	1,200
Mr. S.S. Marathe	Independent	1,895
Mr. S.M. Thakore	Independent	24,650
Mr. S.D. Kulkarni	Independent	2,740
Mr. P.G. Pawar	Independent	NIL
Dr. Uwe Loos	Independent	NIL
Mr. P.C. Bhalerao	Independent	NIL
Mrs. Lalita D. Gupte	Independent	NIL
Mr. Alan Spencer **	Independent	NIL

Notes:

* None of the Non-Executive Directors hold any Convertible Instruments as of 31 March 2008.

** Joined the Board with effect from 21 January 2008 (appointed as Additional Director).

Appointment / Re-appointment of Directors

Seeking re-appointment at the ensuing Annual General Meeting:

Mr. S.S. Marathe
Mr. S.D. Kulkarni
Dr. Uwe Loos

Seeking appointment by shareholders at the ensuing Annual General Meeting:

Mrs. Lalita D. Gupte
Mr. Alan Spencer
Mr. Sunil K. Chaturvedi

Mr. S.S. Marathe

Mr. S.S. Marathe (84) is B.Sc. (Honours) from the London School of Economics, London and a Masters in Economics from Mumbai. He is a former Secretary of the Ministry of Industry, Government of India.

Other Directorships:
Automotive Axles Ltd., Deepak Fertilisers & Petrochemicals Ltd., Finolex Industries Ltd., Futura Polyesters Ltd., Kinetic Motors Ltd., Kirloskar Brothers Ltd., Sandvik Asia Ltd., Synise Technologies Ltd., Force Motors Ltd., GDA Trustee & Consultancy Pvt. Ltd., Life & General Associates (Pvt.) Ltd., Tata Asset Management Pvt. Ltd. and Pan Gulf Group Ltd.

***Committee Memberships:**
Chairman of Audit Committee of Deepak Fertilisers & Petrochemicals Ltd., Member of Audit Committee and Shareholders'/Investors' Grievance Committee of Automotive Axles Ltd., Member of Audit Committee and Shareholders'/Investors' Grievance Committee of Finolex Industries Ltd., Member of Audit Committee of Futura Polyesters Ltd., Member of Audit Committee of Kirloskar Brothers Ltd. and Member of Audit Committee of Sandvik Asia Ltd.

Mr. Marathe is not related to any Director.

Mr. S.D. Kulkarni

Mr. S.D. Kulkarni (72) is a Fellow Member of The Institute of Chartered Accountants of India. He is former Managing Director and Chief Executive Officer of Larson & Turbo Limited.

Other Directorships:
Sesa Goa Ltd., Syngenta India Ltd., Voltas Ltd. and SICOM Capital Management Pvt. Ltd.

***Committee Memberships:**
Member of Audit Committee of Sesa Goa Ltd., Chairman of Audit Committee of Syngenta India Ltd. and Chairman of Audit Committee of Voltas Ltd.

Mr. Kulkarni is not related to any Director.

Subsidiary Companies

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. While Bharat Forge has three direct subsidiaries, all of them are registered outside India and, thus, are out of the scope of the above definition.

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

MANAGEMENT

Management Discussion and Analysis

This annual report has a detailed chapter on Management Discussion and Analysis.

Disclosures by Management to the Board

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

Disclosure of Accounting Treatment in Preparation of Financial Statements

Bharat Forge has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Code for Prevention of Insider-Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its management staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations.

CEO/ CFO Certification

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

Dr. Uwe Loos

Dr. Uwe Loos (61) is a Graduate Engineer, Ph.D.

Other Directorships:
Member of Advisory Board of Claas GmbH, Trumpt GmbH, CDP Bharat Forge GmbH, EDAG GmbH and Rodeustod GmbH and Member of Supervisory Board of Dorma GmbH, Trumpt GmbH, Gildemeistes AG and Rodeustod GmbH.

***Committee Memberships:**
NIL

Dr. Loos is not related to any Director.

Mrs. Lalita D. Gupte

Mrs. Lalita D. Gupte (59) holds a Bachelor's Degree in Economics and a Master's Degree in Business Management. She is former Joint Managing Director of ICICI Bank Ltd.

Other Directorships:
ICICI Venture Funds Management Company Limited, Godrej Properties Ltd., Firstsource Solutions Ltd., HPCL-Mittal Energy Ltd., Kirloskar Brothers Ltd., Swadhaar Finaccess and Nokia Corporation.

***Committee Memberships:**
Member of Audit Committee of ICICI Venture Funds Management Company Ltd., Godrej Properties Ltd., First Source Solutions Ltd. and HPCL-Mittal Energy Ltd.

Mrs. Gupte is not related to any Director.

Mr. Alan Spencer

Mr. Alan Spencer (74) is M.A. from Balliol College, Oxford. He has vast knowledge and experience of the Automotive industry, being associated with Ford Motors Company for 38 years.

Other Directorships:
NAFAZ, Russia and RABA, Hungary.

***Committee Memberships:**
NIL

Mr. Spencer is not related to any Director.

Mr. Sunil K. Chaturvedi

Mr. Sunil K. Chaturvedi (45) joined Indian Administrative Services, Government of India, in August 1988 and worked in various capacities till January 31, 2008. He is a Chartered Accountant.

Other Directorships:
NIL

***Committee Memberships:**
NIL

Mr. Chaturvedi is not related to any Director.

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

COMMUNICATION TO SHAREHOLDERS

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

During the year, the quarterly results of the company's performance have been published in leading newspapers such as The Economic Times (All Editions), Business Standard (All Editions), Times of India (Pune), all in English and Sakal (Pune) in Marathi.

Investor Grievances

The company has constituted a Shareholders'/ Investors' Grievances Committee for redressing shareholders and investors complaints. The status on complaints is reported to the Board of Directors as an agenda item. Details are given in the section on shareholder information. Mr. Ashish Boradkar, Asst. Company Secretary is the Compliance Officer.

Share Transfer

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

Details of Non-Compliance

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

General Body Meetings

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

Table 6: Details of last three Annual General Meetings

Financial Year	Date	Time	Venue	Special Resolutions Passed
2004-05	27 July 2005	12.00 noon	Registered office of the Company	None
2005-06	29 July 2006	10.00 A.M.	Registered office of the Company	None
2006-07	24 July 2007	10.00 A.M.	Registered office of the Company	None

Compliance with Mandatory and Non-Mandatory Requirements

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

ADDITIONAL SHAREHOLDER INFORMATION

Annual General Meeting

Date : 6 August 2008
Time : 1.30 p.m.
Venue : Registered office of the Company,
Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India.

Financial Calendar

1 April to 31 March.

For the year ended 31 March 2008, results were announced on:

- 24 July 2007 : First quarter
- 26 October 2007 : Half yearly
- 21 January 2008 : Third quarter
- 20 May 2008 : Annual

Book Closure

The books will be closed from 2 August 2008 to 6 August 2008 as annual closure for the Annual General Meeting.

Dividend Date

- Equity Shares: The Board has recommended a dividend of 175% (i.e. Rs.3.50 per Equity Share of Rs.2/- each) for the year ended 31 March 2008 and would be payable on and from 21 August 2008.
- Preference Shares: Dividend has been paid at 8.25% as per terms of issue for the year ended 31 March 2008 (The said Preference Shares are redeemed on 10 February 2008).

Listing

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

The GDRs and Tranche 1 and Tranche 2 FCCBs of Bharat Forge aggregating to USD 220 million issued in April 2005 are listed on Luxembourg Stock Exchange.

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

STOCK CODES

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

- NSE: BHARATFORG
- BSE: 500493
- Code for Luxembourg Stock Exchange for:

GDRs	: 021752568
Tranche 1 Bond	: 021733946
Tranche 2 Bond	: 021734004

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

Tranche A Bond	: 025180267
Tranche B Bond	: 025180321

STOCK DATA

Table 7 below gives the monthly high and low prices and trading volumes of Bharat Forge Ltd. (Bharat Forge) Equity Shares at Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE) for the year 2007-08.

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

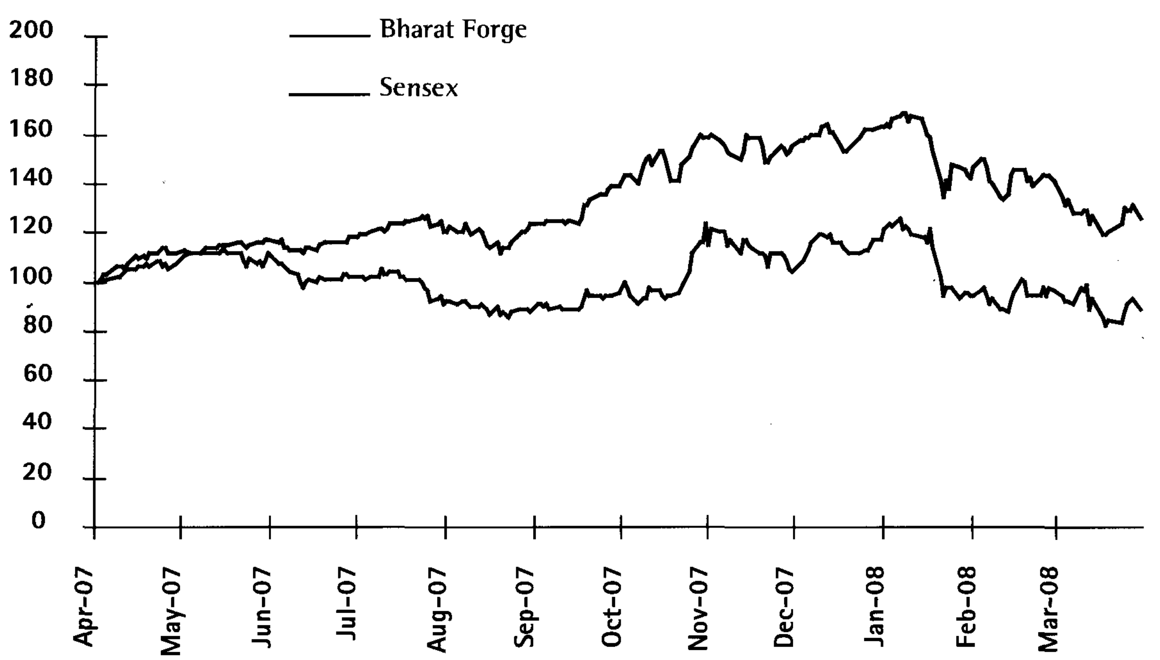
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-07	331.75	300.00	1,591,115	331.90	300.00	5,432,408
May-07	356.00	316.00	3,970,572	354.00	316.00	13,963,188
Jun-07	342.00	292.55	3,843,768	341.90	292.25	12,333,122
Jul-07	322.50	274.50	5,895,181	323.00	276.05	13,565,754
Aug-07	288.00	254.00	2,828,374	287.80	254.00	8,169,145
Sep-07	295.85	265.00	3,341,553	296.00	261.55	11,942,591
Oct-07	383.45	258.00	9,695,082	383.00	255.05	20,009,180
Nov-07	385.00	308.55	2,691,496	390.00	307.00	9,942,938
Dec-07	367.80	315.00	2,912,800	370.00	315.05	10,348,995
Jan-08	389.75	265.00	3,094,255	389.00	268.00	11,376,095
Feb-08	308.00	255.00	1,211,436	320.55	259.00	4,199,425
Mar-08	305.70	245.00	2,732,985	305.65	242.70	6,190,705

Stock Performance

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

Chart A: Adjusted closing share prices of Bharat Forge versus BSE Sensex for the year ended 31 March 2008

Chart A: Bharat Forge's Share Performance versus BSE Sensex



Note: Share prices of Bharat Forge and BSE Sensex have been indexed to 100 as on first working day of financial year 2007-08 i.e. 2 April 2007.

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

Bharat Forge has no share transfer agents. Securities of the Company are transferred in-house by the Secretarial Department of the company. Bharat Forge's equity shares are traded in the stock exchanges compulsorily in Demat mode. The Board's Executive Committee meets twice a month for dealing with matters concerning securities of the company.

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

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

Table 8: Number and nature of complaints received and redressed during the year 2007-08

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

Shareholding Pattern

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

Table 9: Pattern of shareholding by ownership as on 31 March 2008

Category	No. of shares held	Shareholding %
Promoters	**90,437,662**	**40.62%**
Financial Institutions	11,572,171	5.20%
Mutual Funds	**9,411,398**	**4.23%**
Insurance Companies	10,841,336	4.87%
Nationalised Banks	**631,956**	**0.28%**
Foreign Institutional Investors	32,089,500	14.41%
Bodies Corporate	**30,444,274**	**13.67%**
Non Resident Indians	531,490	0.24%
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	**410,871**	**0.18%**
Indian Public	36,281,613	16.30%
Total	**222,652,271**	**100.00%**

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM: (contd.)

Table 10: Pattern of shareholding by share class as on 31 March 2008

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
Up to 2,500	**63,595**	**12,669,148**	**5.69%**
2,501 to 5,000	1,225	4,331,422	1.94%
5,001 to 10,000	**552**	**3,864,556**	**1.74%**
10,001 to 15,000	134	1,643,393	0.74%
15,001 to 20,000	**88**	**1,536,442**	**0.69%**
20,001 to 25,000	49	1,116,991	0.50%
25,001 to 50,000	**90**	**3,097,234**	**1.39%**
50,001 and above	200	194,393,085	87.31%
Total	**65,933**	**222,652,271**	**100.00%**

Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on 31 March 2008, dematerialised shares accounted for 52.02 per cent of total Equity.

Details of Public Funding Obtained in the Last Three Years and its implications on paid up Equity Share Capital.
(Please refer to Table 11 on the next page).

On 19 April 2005, the Company issued and allotted 3,272,800 Global Depository Receipts (GDRs) and on 5 May 2005, the Company issued and allotted 363,700 GDRs aggregating to USD 100 million (including greenshoe option). Further, on 19 April 2005, the Company issued and allotted Foreign Currency Convertible Bonds (FCCBs) in two tranches of USD 60 million each. The GDRs and FCCBs together aggregated to USD 220 million (Rs.9,603 million).

On 19 April 2005, 3,272,800 Equity Shares of Rs.10 each were allotted as underlying shares of 3,272,800 GDRs. On 5 May 2005, 363,700 Equity Shares of Rs.10 each were allotted as underlying shares of 363,700 GDRs under the greenshoe option. Therefore, the total underlying shares under the GDRs were 3,636,500 Equity Shares of Rs.10 each. Consequently, the total paid-up capital of the Company became 43,187,042 Equity Shares of Rs.10 each.

On 27 July 2005, the Company sub-divided each paid-up Equity Share of Rs.10 each into five Equity Shares of Rs.2 each. As a result, the number of Equity Shares of the Company became 215,935,210 of Rs.2 each. The paid up Equity Share Capital of the Company remained the same at Rs.431,870,420.

On 12 December 2005, 4,574,205 Equity Shares of Rs.2 each were issued and allotted on conversion of Warrants attached to Equity Shares allotted on 1 October 2004. Consequently, the paid-up Equity Share Capital of the Company went up to 220,509,415 Equity Shares of Rs.2 each, aggregating to Rs.441,018,830.

On 17 March 2006, 1,753,246 Equity Shares of Rs.2 each were issued and allotted on conversion of 13,500, 0.5% FCCBs (Tranche 1) out of 60,000, 0.5% FCCBs of USD 1,000 each issued on 19 April 2005. As a result, the paid up Equity Share Capital increased to 222,262,661 Equity Shares of Rs.2 each, aggregating to Rs.444,525,322.

On 12 April 2006, 389,610 Equity Shares of Rs.2 each were issued and allotted on conversion of 3,000, 0.5% FCCBs (Tranche 1) out of 60,000 FCCBs of USD 1,000 each issued on 19 April 2005. As a result, the paid up Equity Share Capital increased to 222,652,271 equity shares of Rs.2 each, aggregating to Rs.445,304,542.
Out of total of 120,000, 0.5% FCCBs of USD 1,000 each, which were issued on 19 April 2005, 43,500, 0.5% FCCBs (Tranche 1) and 60,000, 0.5% FCCBs (Tranche 2) aggregating to 103,500, 0.5% FCCBs were outstanding as on 31 March 2008.

On 28 April 2006, 400 Zero Coupon FCCB Tranche A and 399 Zero Coupon FCCB Tranche B of USD 100,000 each were issued aggregating to USD 79.90 million which were outstanding as on 31 March 2008.

Table 11: 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
2005-06	**1. USD 220 Million (Including GDRs aggregating to USD 100 Million and 0.5 % Tranche 1 & Tranche 2 FCCBs aggregating to USD 120 Million)**	**1. Paid up Equity Share Capital increased to Rs. 431.87 Million due to issue of GDRs**
	2. Rs. 1,226.80 Million upon conversion of detachable warrants allotted together with Rights Equity Shares	2. Paid up Equity Share Capital increased to Rs. 441.02 Million
	3. Conversion of 13,500 FCCBs of USD 1,000 each of 0.5 % Tranche 1 series into fully paid Equity Shares (Amount Raised NIL)	**3. Paid up Equity Share Capital increased to Rs. 444.53 Million**
2006-07	1. Conversion of 3,000 FCCBs of USD 1,000 each of 0.5 % Tranche 1 series into fully paid Equity Shares. (Amount Raised NIL)	1. Paid up Equity Share Capital increased to Rs.445.30 Million
	2. USD 79.90 Million Zero Coupon FCCB Tranche A and Tranche B	2. NIL
2007-08	**NIL**	**NIL**

* Details given in the previous paragraphs.

Plant Locations

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

Investor Correspondence Address

Secretarial Department,
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune – 411 036
Maharashtra, India

Phones : +91.20.2670 2777, 2670 2476, 2670 2440
Fax : +91.20.2682 2163

Email: secretarial@bharatforge.com

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

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on March 31, 2008.

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

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

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

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

For and on behalf of
Dalal & Shah
Chartered Accountants

Anish Amin
Partner
Membership No. 40451

Mumbai: 20th May, 2008

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

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

a) We have reviewed financial statements and the cash flow statement for the year 2007-08 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 2007-08 which are fraudulent, illegal or violative of the Company's code of conduct.

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

d) We have indicated to the auditors and the Audit Committee;

i) Significant changes in internal control over financial reporting during the year;
ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
iii) Instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

S.G. JOGLEKAR
Chief Financial Officer

B.N.KALYANI
Chairman & Managing Director

Mumbai: 20th May, 2008

Directors' Report for the year ended March 31, 2008.

To,

The Members,

Your Directors have pleasure in presenting the Forty-Seventh Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2008.

1. **PERFORMANCE OF THE COMPANY:**

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

Current Year	Previous Year	% Increase
Rs. 22 849 Million	Rs. 19 453 Million	17%

The financial year 2007-08 has been a challenging year for Indian Auto Industry. Inspite of slowdown in Indian market, the Company has achieved growth across various parameters of performance. The factors which aided the sustained growth were the growth in exports of medium and heavy duty engine parts, increased presence in passenger car market and strong growth in chassis component business in Europe. The other factors contributing to the overall performance were superior product mix with ramp up of value added products and sustained efforts for reduction of costs.

During the year under review, the total income of the Company touched Rs. 22 849 Million (Rs. 19 453 Million) representing an increase of 17%.

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

2007-08	2006-07	2005-06	2004-05
Rs.9 610 Million	Rs.7 513 Million	Rs.6 555 Million	Rs.5 105 Million

During the year under review, exports turnover of the Company touched Rs. 9 610 Million mark, an increase of 28% (In US $ terms 44%) over previous year (Rs. 7 513 Million). This is primarily attributable to:

- Ramp up of supplies for machined, Heavy Duty Engine Crankshafts to US and Europe.
- Ramp up of supplies of Passenger Car Crankshafts to US and Europe.
- Growth in Chassis Components.

During the year under report, the Company focused on its strategy of enhancing its presence in Non-Automotive sectors like Energy, Infrastructure, Aerospace, Rail and Marine. The Company bagged new long term contracts from Non-Automotive sectors like Wind Energy and Diesel Engine Power Generation.

There has been continued challenge in the export market with US Commercial Vehicle industry witnessing a fall in production on YOY of over 40%. These challenges from US market have been well addressed with de-risking strategy and expanding customer base in other markets including Europe.

The Company has been putting in continued efforts for upgradation in quality and value addition for existing as well as new customers. As a result, the Company is increasingly assuming the role of "Development Partner" with most large global OEMs, which is likely to substantially strengthen the relationship and enhance the turnover with each major OEM worldwide.

With the focus on Non-Automotive sectors and capacity expansion programme, the Directors look forward to continued growth in exports.

c) **Financials: (on a stand-alone basis):**

(Rs. in Million)

	Current Year	**Previous Year**
Profit for the year before Taxation & Exceptional item	**3 666.32**	3 665.59
Exceptional item	**303.47**	(67.50)
Provision for Taxation:		
- Current including Wealth Tax & FBT	**1 050.00**	1 027.29
- Deferred	**183.90**	161.27
Net Profit	**2 735.89**	2 409.53
Balance of Profit from Previous Year	**4 134.47**	2 854.62
	6 870.36	5 264.15
Add/(Less): Tax Refunds and Excess Provisions net of prior year items	-	4.22
Excess Depreciation written back	-	37.23
Add: Debenture Redemption Reserve transferred on redemption	-	-
Profit available for appropriation	**6 870.36**	5 305.60
APPROPRIATIONS:		
Proposed dividend on Preference Shares	**7.14**	8.25
Tax on above dividend	**1.21**	1.16
Proposed dividend on Equity Shares	**779.28**	779.28
Tax on above dividend	**132.44**	132.44
Capital Redemption Reserve	**100.00**	-
Transfer to General Reserve	**280.00**	250.00
Surplus retained in Profit & Loss Account	**5 570.29**	4 134.47

2. DIVIDEND:

Your Directors recommend a Dividend of 175% on Equity Share Capital (i.e. Rs. 3.50 per Equity Share of Rs. 2/- each) for the year ended March 31, 2008.

Directors' Report for the year ended March 31, 2008 (Contd.) :

Your Directors also recommend a dividend of 8.25% on Preference Share Capital of Rs.100.00 Million on proportionate basis upto the date of redemption i.e. February 10, 2008.

3. CONSOLIDATED FINANCIAL STATEMENTS:

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

4. OVERSEAS SUBSIDIARIES OPERATIONS:

The Company has 12 subsidiaries. A summary of their performance is given elsewhere in the Annual Report.

During the year under report, the emphasis has been on improving the operating efficiency of subsidiary companies through bench marking with the best in class manufacturing practices. Your Directors are pleased to report that during the year under review, most of the subsidiaries have achieved reasonable growth inspite of slowdown in US automobile industry. A significant portion of the consolidated revenues is generated by the subsidiary companies. Detailed analysis of the working of the subsidiary companies appears in the Management Discussion & Analysis.

5. SUBSIDIARY COMPANIES' ACCOUNTS:

The Company has applied* for approval of the Central Government under Section 212(8) of the Companies Act, 1956, for exempting the Company from attaching to the Balance Sheet, the copies of the Balance Sheets, Profit and Loss Accounts, Directors' Reports and Auditors' Reports and other documents required to be attached under Section 212(1) of the Act of its subsidiary companies, namely:

i) CDP Bharat Forge GmbH, Germany,
ii) Bharat Forge Holding GmbH, Germany,
iii) Bharat Forge Aluminiumtechnik GmbH & Co. K.G., Germany,
iv) Bharat Forge Aluminiumtechnik Verwaltungs GmbH, 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 Limited (Formerly, Lucrest Limited),
xi) FAW Bharat Forge (Changchun) Company Limited and
xii) BF New Technologies GmbH, Germany.

Accordingly, the said documents will not be attached to the Financial Statements of the Company. A gist of the financial performance of the subsidiaries is given in this Annual Report. The annual accounts of the subsidiary companies are open for inspection by any Member/Investor and the Company will make available these documents/details upon request by any Member/Investor of the Company/subsidiaries of the Company interested in obtaining the same.

* Approval since received vide letter No. 47/103/2008-CL-III dated May 30, 2008.

6. CAPACITY EXPANSION AND NON AUTO BUSINESS:

The Members are aware of the Expansion Plans underway at Company's factories at Mundhwa, Chakan and Baramati. The work on the Expansion Projects has been progressing as per schedule and the status of implementation is as under:

EXPANSION:

Capacity expansion plans at Pune plants for close die forging and Crankshaft machining have been completed.

DETAILS OF NON-AUTO BUSINESS:

A. BARAMATI:

80 M-T Hammer for production of forgings for large Diesel Engines and Aerospace parts has been installed and will be operational by second quarter of Financial Year 2008-09. Machining facility for the above products will be commissioned by the fourth quarter of Financial Year 2008-09. Machining line for Medium Duty Crankshafts will be operational by third quarter of Financial Year 2008-09.

The Company is also installing a Ring Rolling Mill capable of Rolling Rings upto 4 Meter diameter and 500 mm height, along with its Blanking Press. This facility will be operational by fourth quarter of Financial Year 2008-09.

B. MUNDHWA/SATARA:

A new 4000T Open Die Forging Press is under installation and will be operational by second quarter of Financial Year 2008-09. Corresponding machining facility for forgings produced in the new press is also under installation at Satara Plant and will be ready by second quarter of Financial Year 2008-09 to support the forging facility.

7. JOINT VENTURE WITH NTPC:

The Company has entered into a Memorandum of Understanding (MOU) with NTPC Limited for setting up a Joint Venture Company (JVC) to take up manufacture of castings, forgings, fittings and high pressure pipings required for power and other industries, Balance of Plant equipment for the power sector, etc. The JVC shall initially have equity participation of 51:49 by the Company and NTPC, respectively.

8. FCCB ISSUE:

As mentioned in the Directors' Report of the last year, pursuant to authorization given by the members at the Extra - ordinary General Meeting held on March 30, 2005, the Committee of Directors, appointed for the purpose, issued on April 28, 2006, Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to U.S. $ 79.9 Million, convertible into GDRs or Equity Shares of the Company, at the option of the investors. These FCCBs are listed on Singapore Stock Exchange. The proceeds of the FCCB issue is being utilized for expanding manufacturing operations, international acquisitions and

Directors' Report for the year ended March 31, 2008 (Contd.):

investments and for such other purposes as may be permissible under the relevant guidelines issued by the regulatory authorities from time to time.

9. TERM DEPOSITS:

As on March 31, 2008, 53 Depositors having deposits aggregating to Rs. 6 39 000/- did not collect the amounts due. However, deposit amounting to Rs. 10 000/- (1 Depositor) has been subsequently repaid.

10. PARTICULARS OF EMPLOYEES:

The information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Report is annexed hereto.

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

The additional information required under the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Report is also annexed hereto.

12. DIRECTORS:

Mr. Alan Spencer was appointed as Additional Director with effect from January 21, 2008 and he holds office till the ensuing Annual General Meeting. A Notice proposing appointment of Mr. Spencer as Director having been received, the matter is included in the Notice for the ensuing Annual General Meeting.

Mr. Sunil K. Chaturvedi was appointed as Additional Director and Executive Director with effect from May 20, 2008 and he holds office till the ensuing Annual General Meeting. A Notice proposing appointment of Mr. Chaturvedi as Director having been received, the matter is included in the Notice for the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, MR. S. S. MARATHE, MR. S. D. KULKARNI and DR. UWE LOOS, Directors of the Company, retire by rotation and, being eligible, they offer themselves for re-appointment.

Mrs. Lalita D. Gupte who, was appointed as Director, with effect from December 5, 2006 in the Casual Vacancy caused by sad demise of Mr. Anil Rege, holds office till the ensuing Annual General Meeting. A Notice proposing appointment of Mrs. Gupte as Director having been received, the matter is included in the Notice for the ensuing Annual General Meeting.

13. DIRECTORS' RESPONSIBILITY STATEMENT:

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

(i) That in the preparation of the accounts for the Financial Year ended March 31, 2008, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for the year under review;

(iii) That the Directors have 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;

(iv) That the Directors have prepared the accounts for the Financial Year ended March 31, 2008 on a 'going concern' basis.

14. AUDITORS:

You are requested to re-appoint Auditors for the current year to hold the office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

Your Directors wish to place on record their appreciation of the positive co-operation received from the Central Government and the Government of Maharashtra, Financial Institutions and the Bankers. The Directors also wish to place on record their thanks to all employees of the Company for their unstinted efforts during the year.

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

For and on behalf of the Board of Directors

B.N. KALYANI
Chairman and Managing Director

Mumbai,
Dated: May 20, 2008.

Directors' Report for the year ended March 31, 2008 (Contd.):

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31 2008.

I. CONSERVATION OF ENERGY:

(a) Energy Conservation measures taken:

i) Increasing use of furnace oil.

ii) Electric load management to restrict maximum demand of power supply.

iii) Increasing usage of micro alloyed steel to save on heat treatment energy cost.

iv) Optimum utilization of furnaces.

v) Power factor improvement.

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

i) Improving thermal efficiency of furnaces.

ii) Change to more energy efficient motors.

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

Lower energy consumption.

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

(A) Power and Fuel consumption:

	2007-08	2006-07
1 Electricity:		
(a) Purchased:		
Units (KWH in thousand)	**187 737**	153 386
Total Amount (Rs. in Million)	**883.17**	757.56
Rate/KWH (Rs.)	**4.70**	4.94
(b) Own Generation:		
i) Through Diesel Generator	**NIL**	NIL
Units (in thousand)	**NIL**	NIL
Units per Ltr. of Diesel Oil	**NIL**	NIL
Cost/Unit (Rs.)	**NIL**	NIL
ii) Through Steam Turbine/Generator	**NIL**	NIL
Units	**NIL**	NIL
Units per Ltr. of Fuel Oil/Gas	**NIL**	NIL
Cost/Unit (Rs.)	**NIL**	NIL
2 Coal: (used for generation of steam in boiler):	**NIL**	NIL
Qty. (Tonnes)	**NIL**	NIL
Total Cost (Rs. in Million)	**NIL**	NIL
Rate (Rs.)	**NIL**	NIL
3 Furnace Oil: (included in Fuel Oil)	**NIL**	NIL
4 Others:		
i) Fuel Oil:		
Qty. (K.Ltrs.)	**30 447**	28 086
Total cost (Rs. in Million)	**694.70**	643.80
Rate/K.Ltr. (Rs.)	**22 817**	22 922
ii) L.P.G.:		
Qty. (Kgs. in thousands)	**5 621**	5 021
Total Cost (Rs. in Million)	**196.12**	159.03
Rate/Kg. (Rs.)	**34.89**	31.67

Directors' Report for the year ended March 31, 2008 (Contd.):

B) **Consumption per unit of production:**

		2007-08	2006-07
1.	Steel Forgings (Unit: MT)		
	Electricity (Unit – KWH)	**743**	710
	Fuel Oil (K. Ltrs.)	**0.159**	0.170
	L.P.G. (Kgs.)	**29**	30
2.	Crankshafts and others (Unit - Nos.)		
	Electricity (Unit – KWH)	**48**	40
3.	General Engineering and Material Handling Equipments (Unit – Nos.)		
	Electricity (Unit – KWH)	**92 974**	60 462

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) Development of forgings for Aerospace application.

ii) Design optimization of Crankshaft.

iii) Development of high-speed data processing cluster (16 CPU) for compressing computing calculation time required for metal flow simulation.

iv) Fatigue strength improvement.

v) Multi-axial Fatigue testing.

vi) Evaluation of torsional rigidity of Crankshaft for fatigue enhancement.

vii) Crankshaft Inertia effect analysis to improve bearing life.

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

Customers' satisfaction and new business opportunities because of cost, quality and speed.

c) Future Plan of Action:

i) Manufacture of Aerospace forgings.

ii) Cutting tool life improvement through machinability studies.

iii) Development of software for prediction of properties on heat treatment and controlled cooling for steels.

iv) Micro structural characterization of nitride layer on wear life of hot forging dies.

d) *Expenditure on R&D :*

		(Rs. in Million)
i)	Capital	6.05
ii)	Recurring	62.76
iii)	Total R & D expenditure	68.81
iv)	TOTAL TURNOVER	22 849.00
v)	Total R&D Expenditure as a percentage of total turnover	0.30%

Directors' Report for the year ended March 31, 2008 (Contd.):

2. Technology absorption, adaptation and innovations:

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

i) Manufacture of Heavy Duty Crankshaft forgings.

ii) Development of Heavy Duty Connecting Rod.

iii) Development of Metal Flow simulation techniques.

iv) Development of fatigue testing capability.

v) Technical Papers:

Papers Presented at ASIA Forge conference - March, 2008 :

- "Crankshaft design optimization using stress analysis".
- "Crankshaft fatigue test validation using CAE".

Papers Presented at International User Conference In France, Sophia Antipolis - June, 2007:

- "Cluster capability & Latest simulation techniques developed at Bharat Forge group."

Papers Presented at Altair User Conference – August, 2006 :

- "Hypermesh – An efficient Meshing Tool In Metal Flow Simulation".
- "Shape Optimization of Front Axle Beam".

Paper Presented at SAE 2006 Commercial Vehicle Engineering Congress, Chicago, USA :

- "The Application of Virtual Test Technology in Component Design And Process Validation."

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

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

ii) Improved yield and die life.

iii) Customer satisfaction and new business opportunities.

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

Technology Imported	Year of Import	Has technology been absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor & Future plans of action
Technical know-how and Assistance from MetalArt Corporation, Japan for the manufacture of Forged Products for Toyota's Joint Venture in India	2004	Absorbed	—

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company focused on its strategy of enhancing its presence in Non-Automotive Sectors like Energy, Infrastructure, Aerospace, Rail & Marine. The Company bagged new long term contracts from Non-Automotive Sectors like Wind Energy & Diesel Engine Power Generation.

US continues to pose several challenges due to prolonged recessionery trends in Automotive Sector.

However, the Company's strategy to de-risk its business by expanding in other geographies such as Europe & towards Non-Automotive business has helped to mitigate the adverse impact.

b) Total foreign exchange used and earned:

USED : Rs. 3 409.34 Million

EARNED : Rs. 10 672.42 Million

For and on behalf of
Board of Directors

B.N. KALYANI
Chairman and
Managing Director

Mumbai,
Dated: May 20, 2008

Directors' Report for the year ended March 31, 2008 (Contd.):

ANNEXURE TO DIRECTORS' REPORT

Information required as per Section 217(2A)(b)(ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2008.

Sr. No.	Name of the Employee and Qualifications and Designation/Nature of duties	(Age) Experience	Gross Remuneration (Net Take Home Pay) Date of Commencement of Employment	Particulars of last employment held, designation, organisation and period
1	**Mr. G.K. Agarwal** B.E.(Mech.), M.B.A., Deputy Managing Director	(57) 35 years	22 053 482 (12 697 438) 01.11.1976	Guest Keen Williams Ltd., Howrah - 3 years
2	**Mr. Sunil K. Chaturvedi (*)** B.Com., C.A. Executive Director	(45) 23 years	1 956 694 (906 466) 01.02.2008	NATRiP, Department of Heavy Industry, CEO & Project Director ,Govt. of India., New Delhi 3 years (Total 19 years with GOI)
3	**Mr.Chetan K.** M.E. Director (Quality)	(47) 22 years	3 932 012 (2 469 156) 31.03.2005	Delphi Automotive Systems Bangalore 10 years
4	**Mr.M.N.Deshmukh** B.E.(Mech.) Sr.Vice President (M.C.D.)	(59) 35 years	5 583 502 (3 387 660) 20.12.1976	International Tractor Co. of India Ltd., Mumbai 3 1/2 years
5	**Mr. M. M. Jadhav (*)** M.P.M. Head (H.R.)	(50) 25 years	6 422 513 (3 904 583) 02.04.2007	Patni Computers Ltd., Mumbai 6 years
6	**Mr. V.K. Jain** B.Tech.(Mech.) Sr. Vice President (Sales & Marketing)	(61) 40 years	3 270 276 (2 057 508) 20.12.1968	-
7	**Mr.K.K.Jha** B.Sc. (Mech. Engg.) Chief Executive Officer (Aluminium Casting Business)	(46) 25 years	5 130 386 (3 041 836) 30.06.2006	Sundaram Clayton Ltd. Chennai 7 months
8	**Mr.S.G.Joglekar** B.Com, C.A. Sr.Vice President (Finance) & CFO	(51) 27 years	6 175 099 (3 770 461) 14.11.1999	Tiger Steels Ltd., Mumbai 4 months
9	**Mr.Amit B. Kalyani** B.E.(Mech.) Executive Director	(33) 9 years	21 705 845 (12 668 426) 24.10.1999	Carpenter Technology Corporation, USA Marketing Manager - 8 months
10	**Mr. B.N. Kalyani** B.E. (Mech.) (Hons), M.S. (M.I.T.) Chairman and Managing Director	(59) 36 years	57 817 436 (30 620 222) 01.04.1972	-
11	**Mr. B.P.Kalyani** B.E.(P), MBA, MS Executive Director	(46) 26 years	11 159 654 (6 752 981) 02.08.1982	-
12	**Mr. Amar Kaul** B.Tech. Sr. Vice President (MCD II)	(38) 15 years	3 385 855 (2 102 656) 29.03.2004	Tata Auto Plastic Systems Ltd., Pune 9 months
13	**Mr.P.K.Maheshwari** B.Com, C.A., P.G.D.B.M. Executive Director	(47) 25 years	11 806 808 (7 083 148) 01.12.2003	Escorts Ltd., Faridabad 5 1/2 years
14	**Mr. S. B. Manel** B.E.(E), M.S. Engg. Sr. Vice President (Projects)	(59) 36 years	3 618 342 (2 363 171) 09.08.2006	Rane (Madras) Ltd., Mysore 1 1/2 years
15	**Mr.M.V.Mavalankar** B.Tech. M.S. Sr.Vice President (F.M.D.)	(55) 33 years	4 184 103 (2 451 218) 03.05.2004	Anand Technology Ltd., Bangalore
16	**Mr. Niraj Kumar Mittal (*)** B.E.(I.E.), P.G.D.B.M. Sr.V.P. (Special Projects & Operations, Baramati)	(41) 18 years	2 896 337 (1 895 128) 01.06.2007	Eicher Motors Ltd., Chennai 1 year
17	**Mr.D.R.Moorthy** B.Sc., LL.B. Exe.V.P. (Corp.Affairs)	(56) 32 years	8 517 428 (5 335 897) 29.04.1987	Buckau Wolf India Ltd., Pune 2 1/2 years
18	**Mr. M. T. Pathak** B.E.(M), D.B.M. Sr. Vice President (M.C.D.)	(50) 5 years	2 745 024 (1 682 663) 01.07.2002	Eicher Ltd, Mumbai 18 years
19	**Mr. R. Sankaran** D.M.T.M.R. Vice President (Maintenance)	(48) 28 years	2 576 581 (1 619 919) 11.03.1996	LML Ltd., Kanpur 5 months
20	**Mr.M.S.Sapre** B. Com., C.A. Sr. Vice President (Finance)	(52) 28 years	3 728 771 (2 244 652) 07.03.2005	Kalyani Carpenter Special Steels Ltd., Pune 5 years
21	**Mr. N. C. Sharma (*)** B.E.(M), M.Tech. (Helicopter), M.Tech. (Design) Vice President (Kalyani Tech.)	(55) 30 years	2 227 310 (1 399 241) 02.05.2007	TVS Motor Company, Hosur 8 years
22	**Mr.H.K.N.Swamy** B.E.(Mech.) Sr.Vice President (M.T.B.)	(60) 37 years	3 830 191 (2 391 611) 18.01.1995	HMT Ltd., Bangalore 24 years
23	**Mr. M. U. Takale** B.E.(Mech.), MBA, MS Sr. Vice President (F.M.D.)	(48) 26 years	7 144 603 (4 434 625) 02.11.1982	-
24	**Mr.S.E.Tandale** B.E.(Mech.) Executive Director	(39) 17 years	12 043 702 (7 222 694) 01.08.1991	-

NOTES:

1 * Indicates employed for a part of the year.

2 Designation denotes the nature of duties also.

3 Gross Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Scheme, Allowances, Perquisites but excludes Gratuity unless paid / payable.

4 Nature of employment and terms and conditions : The nature of employment in case of Chairman and Managing Director, Deputy Managing Director and Executive Directors is contractual and terms of remuneration are governed under Board and Members' Resolutions.

5 None of the above Employees / Directors is related to any of the Directors, except Mr. Amit B. Kalyani, who is son of Mr. B.N. Kalyani, Chairman and Managing Director.

6 Experience includes number of years of service elsewhere, wherever applicable.

For and on behalf of
Board of Directors

MUMBAI,
Dated : May 20, 2008

B.N. KALYANI
Chairman and Managing Director

Auditors' Report for the year ended 31st March, 2008 :

REPORT OF THE AUDITORS' TO THE MEMBERS

We have audited the attached Balance Sheet of **BHARAT FORGE LIMITED,** as at 31st March, 2008 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

(1) We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

(2) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annexe hereto a Statement on the matters specified in paragraphs 4 of the said Order;

(3) Further to our comments in Annexure referred to in paragraph 2 above, we report that:

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

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

(c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company;

(d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;

(e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008,

(ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and

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

For and on behalf of
DALAL & SHAH
Chartered Accountants

Anish Amin
Partner
Membership No: 40451

Mumbai : 20th May, 2008.

ANNEXURE TO THE AUDITORS' REPORT:

Statement referred to in Paragraph 2 of the Auditors' Report of even date to the Members of BHARAT FORGE LIMITED on the Financial Statements for the year ended 31st March, 2008.

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our enquiries, we state that:

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

(b) As explained to us, considering the nature of the Fixed Assets, the same have been physically verified by the Management at reasonable intervals during the year as per the verification schedule adopted by the Company, whereby all the Assets are verified, in a phased manner, once in a block of three years. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the Books of Account;

(c) As per the information and explanation given to us on our enquiries, the disposal of Assets during the year were not substantial and would neither have an impact on the operations of the Company nor affect its going concern.

ii) (a) The inventories have been physically verified by the Management at reasonable intervals during the year and partially at the close of the year except inventory lying with third parties, which have been confirmed by them at the close of the year;

(b) The procedures of physical verification of inventories followed by the Management as explained to us are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;

(c) According to the records produced to us for our verification, we are of the opinion, that the Company is maintaining proper records of its inventory. Further, discrepancies noticed on physical verification of inventories referred to above, as compared to book records have been properly dealt with in the Books of Account;

iii) (a) As per the information and explanation given to us and the records produced to us for our verification, the Company had not granted loans, secured or unsecured, to any Company, Firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956;

(b) The Company has not taken any loans, secured or unsecured, from Companies, Firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Auditors' Report for the year ended 31st March, 2008 :(Contd.) :

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods and services, if any. As per the information given to us, no major weaknesses in the internal controls have been identified by the Management or the internal auditors of the Company during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the Company;

v) (a) On the basis of the audit procedures performed by us and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the particulars of contracts and arrangements required to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered;

(b) The transactions effected in pursuance of such contracts and arrangements, as the case may be, aggregating in excess of Rs.500 000/- in respect of each party during the year, have been, in our opinion, as per the information and explanation given to us, made at prices which are reasonable having regard to prevailing market prices as available with the Company for such transactions or prices at which transactions, if any, for similar goods have been made with other parties at the relevant time.

vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956, other relevant provisions of the said Act including the Companies (Acceptance of Deposits) Rules, 1975, where applicable, with regard to the deposits accepted by it from the public. Since the Company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal, does not arise;

vii) On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the Company has an adequate internal audit system commensurate with the size 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, in respect of the Company's products to which the said rules are made applicable, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;

ix) (a) According to the records of the Company, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities;

(b) According to the records of the Company and the information and explanations given to us upon our enquiries in this regards, disputed dues in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess unpaid as at the last day of the financial year, are as follows :-

	FORUMS BEFORE WHOM PENDING				
STATUTES	**Commissioner Appeals**	**Tribunal**	**High Court**	**Supreme Court**	**Total**
	Rs.	Rs.	Rs.	Rs.	Rs.
Sales Tax	-	-	-	-	-
Income Tax	-	16,271,462	-	-	**16,271,462**
Wealth Tax	-	-	-	-	**-**
Service Tax	22,970,000	-	-	-	**22,970,000**
Custom Duty	15,640,000	-	-	-	**15,640,000**
Excise Duty	73,006,398	12,203,244	-	-	**85,209,642**

x) The Company has not defaulted in repayment of dues to banks, financial institutions or debenture holders during the year;

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

xii) As per the information and explanations given to us, on our enquiries and on the basis of the legal opinions obtained by the Company specifically in this regard, the terms and conditions at which guarantees have been given by the Company for loans taken from financial institutions and/or banks by others, are, in our opinion, not prejudicial to the interest of the Company;

xiii) The Company has applied the funds raised by way of term loans towards the purposes for which they have been raised. Unutilised funds have been temporarily deployed in Fixed Deposits with Banks and/or Investments in debt oriented Mutual Funds, in terms of the offering circulars.

xiv) The Company has not applied any short term funds for long term investments;

xv) The Company has not made any preferential allotment of Shares to any of the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956;

xvi) The Management of the Company has disclosed the end use of money raised by way of Foreign Currency Convertible Bonds and Equity Shares evidencing Global Depository Receipts detailed in Note 18 in Schedule "L" and Foot Note A (iv) to Schedule "A" to the Financial Statements respectively, during the year, which have been verified by us;

xvii) As per the information and explanations given to us, on our enquiries on this behalf there were no material frauds on or by the Company which have been noticed or reported during the year. However, a case of embezzlement was detected by the Company involving an amount estimated at Rs.10.70 Million, against which the Company has initiated legal action.

In view of the nature of business carried on by the Company, Clause No. (xiii) of CARO, 2003 is not applicable to the Company. Further, in view of the absence of conditions prerequisite to the reporting requirement of Clauses (iii) (b), (c), (d),(f)and(g),(x), (xii), and (xix) the said Clauses are, at present, not applicable.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Anish Amin
Partner
Membership No: 40451

MUMBAI: 20th May, 2008.

Balance Sheet as at 31st March, 2008 :

(Rs.in Million)

			Schedule			As at 31st March, 2007
I.	**SOURCES OF FUNDS:**					
1.	**Shareholders' Funds:**					
	(a)	Share Capital	"A"	445.40		545.40
	(b)	Reserves and Surplus	"B"	14 287.37		12 722.55
					14 732.77	13 267.95
2.	**Loan Funds:**					
	(a)	Secured Loans	"C"	4 615.81		3 735.72
	(b)	Unsecured Loans	"D"	8 259.05		10 280.40
					12 874.86	14 016.12
3.	**Deferred Tax Adjustment: (See Note 13)**					
	(a)	Deferred Tax Liabilities		1 385.33		1 197.74
	(b)	Deferred Tax Assets		(202.85)		(69.91)
					1 182.48	1 127.83
			TOTAL		28 790.11	28 411.90
II.	**APPLICATION OF FUNDS:**					
1.	**Fixed Assets:**					
	(a)	Gross Block		20 292.16		17 344.30
	(b)	Less: Depreciation		7 117.74		5 831.30
	(c)	Net Block	"E"	13 174.42		11 513.00
	(d)	Capital work-in-progress, (See Note 14)		4 271.36		2 748.03
					17 445.78	14 261.03
2.	**Technical Know-how:**		"F"		4.18	6.26
3.	**Investments:**		"G"		5 936.72	4 507.06
4.	**Current Assets, Loans and Advances:**		"H"			
	(a)	Inventories		3 381.18		3 027.89
	(b)	Sundry Debtors		3 562.89		2 539.52
	(c)	Cash and Bank Balances		1 649.85		7 362.75
	(d)	Other Current Assets		881.06		836.69
	(e)	Loans and Advances		6 785.02		4 723.26
				16 260.00		18 490.11
	Less: Current Liabilities and Provisions:		"I"			
	(a)	Liabilities		6 343.31		5 756.90
	(b)	Provisions		4 513.26		3 098.00
				10 856.57		8 854.90
	Net Current Assets				5 403.43	9 635.21
5.	**Miscellaneous Expenditure :**					
	(to the extent not written off or adjusted)		"I(i)"		-	2.34
			TOTAL		28 790.11	28 411.90
NOTES FORMING PART OF THE FINANCIAL STATEMENTS			"L"			

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

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

ANISH AMIN
Partner
Membership No. 40451
Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary
Mumbai, May 20, 2008

S.S. MARATHE
Director

Profit and Loss Account for the year ended 31st March, 2008 :

(Rs.in Million)

	Schedule			Previous year
INCOME:				
Sales, Gross	"J (a)"	22 932.06		19 661.46
Less : Excise Duty		1 726.08		1 560.19
Net Sales		21 205.98		18 101.27
Operating Income	"J (b)"	758.98		542.95
			21 964.96	18 644.22
Other Income	"J (c)"		884.04	808.75
			22 849.00	19 452.97
EXPENDITURE:				
Manufacturing and other expenses	"K"	17 793.28		14 789.36
Depreciation and amortisation	"K (a)"	1 389.40		998.02
			19 182.68	15 787.38
Operating Profit			3 666.32	3 665.59
Exeptional Item of Income / (Expenditure) (See Note 21)			303.47	(67.50)
Profit for the year before taxation			3 969.79	3 598.09
Provision for Taxation :				
Current Tax (Including Wealth Tax Rs. 2.00 Million Previous year Rs.5.03 Million)		982.00		1 007.34
Deferred Tax (See Note 13)		183.90		161.27
Fringe Benefit Tax		68.00		19.95
			1 233.90	1 188.56
Net Profit after taxation			2 735.89	2 409.53
As per last Account			4 134.47	2 854.62
			6 870.36	5 264.15
Adjustments relating to earlier years :				
Excess/ (Short) provision for taxation and tax refunds			-	4.22
Excess Depreciation written back			-	37.23
Profit available for Appropriation			6 870.36	5 305.60
APPROPRIATIONS:				
Capital Redemption Reserve Account			100.00	-
General Reserve			280.00	250.00
Dividend on Preference Shares		7.14		8.25
Tax on above Dividend		1.21		1.16
			8.35	9.41
Proposed Dividend		779.28		779.28
Tax on Proposed Dividend		132.44		132.44
			911.72	911.72
Balance carried to Balance Sheet			5 570.29	4 134.47
Earning Per Share (See Note 20)				
(Face value of Rs. 2/-)				
Basic			12.25	10.97
Diluted			12.25	10.97
NOTES FORMING PART OF THE FINANCIAL STATEMENTS :	"L"			

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

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

ANISH AMIN
Partner
Membership No. 40451
Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary
Mumbai, May 20, 2008

S.S. MARATHE
Director

Cash Flow Statement for the year ended 31st March, 2008 :

(Rs.in Million)

Sr. No.	Particulars		2007-08	2006-07
A	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	Profit before tax		**3 969.79**	3 598.09
	Adjustments For :			
	Interest / Depreciation / Other Non Cash Expenses :			
	i) Depreciation and Amortisation		**1 389.40**	998.02
	ii) Amount written off against Technical Knowhow		**2.08**	2.08
	iii) Loss on Assets sold, demolished,discarded		**7.50**	1.47
	iv) Adjustments in respect of earlier years -			
	- Excess/ short provision for taxation and tax refunds		**-**	4.22
	- Target Plus Incentive written off		**-**	67.50
	v) Bad debts, irrecoverable advances, and sundry balances written off		**39.48**	0.96
	vi) Proportionate deferred revenue expenses written off		**3.30**	17.82
	vii) Interest paid		**1 049.91**	821.11
		Total	**2 491.67**	1 913.18
	Interest / Dividend / Other Income Adjustments :			
	i) Interest Received		**(279.79)**	(539.29)
	ii) Dividend		**(260.55)**	(162.07)
	iii) Profit on sale of investments		**(305.53)**	(3.80)
	iv) Surplus on sale of assets		**(0.49)**	(1.85)
	v) Provisions no longer required		**(10.26)**	(0.38)
		Total	**(856.62)**	(707.39)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**5 604.84**	4 803.88
	Changes in Working Capital :			
	(Increase) / Decrease in Current Assets :			
	i) Inventories		**(353.29)**	(485.23)
	ii) Sundry debtors		**(1 062.85)**	(654.94)
	iii) Other current assets and loans and advances		**(710.93)**	(302.33)
			(2 127.07)	(1 442.50)
	Increase / (Decrease) in Current Liabilities :			
	Liabilities		**963.70**	658.23
			963.70	658.23
		Total	**(1 163.37)**	(784.27)
	CASH GENERATED FROM OPERATIONS		**4 441.47**	4 019.61
	Direct taxes paid		**(985.22)**	(1 061.90)
	NET CASH FROM OPERATING ACTIVITIES	**(A)**	**3 456.25**	2 957.71
B	**CASH FLOW FROM INVESTMENT ACTIVITIES :**			
	i) Investment in Subsidiary Companies		**(520.49)**	(529.11)
	ii) (Increase) / Decrease in Investment in Mutual Funds		**(909.17)**	462.23
	iii) Capital expenditure		**(5 407.76)**	(2 869.07)
	iv) Interest Capitalised		**(8.22)**	(47.26)
	v) Sale proceeds of assets / adjustments to gross block		**227.21**	3.88
	vi) Loan to Wholly Owned Subsidiaries		**(414.91)**	(107.46)
	vii) Non Operating Income - Interest, Dividend etc.		**845.87**	700.58
		Total	**(6 187.47)**	(2 386.21)
	NET CASH USED IN INVESTING ACTIVITIES	**(B)**	**(6 187.47)**	(2 386.21)

Cash Flow Statement for the year ended 31st March, 2008 (Contd.) :

(Rs.in Million)

Sr. No.	Particulars		2007-08	2006-07
C	**CASH FLOW FROM FINANCING ACTIVITIES :**			
	Increase / (Decrease) in Share Capital / Borrowings :			
	i) Equity Shares		-	0.78
	ii) Preference Shares		(100.00)	-
	iii) Secured Loans - Term Loans		(801.59)	(583.93)
	iv) FCCBs, Fixed deposits and other unsecured loans		(665.57)	3 266.69
	v) Cash credit & other borrowings from banks		925.13	508.63
		Total	(642.03)	3 192.17
	Adjustments to net worth :			
	i) Transitional Adjustments on adoption of Accounting Standard (AS-15 Revised) Employee Benefits		(380.25)	-
	ii) Share premium		-	96.02
		Total	(380.25)	96.02
	Interest Paid :			
	i) Interest Paid		(1 049.75)	(826.11)
	ii) Capitalised		8.22	47.26
		Total	(1 041.53)	(778.85)
	Dividend		(917.87)	(772.21)
	NET CASH USED IN FINANCING ACTIVITIES	**(C)**	(2 981.68)	1 737.13
	Net change in cash and cash equivalents	**(A+B+C)**	(5 712.90)	2 308.63
	Cash and cash equivalents as at 01.04.07 (opening balance)		7 362.75	5 054.12
	Cash and cash equivalents as at 31.03.08 (closing balance)		1 649.85	7 362.75

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

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

ANISH AMIN
Partner
Membership No. 40451
Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary

Mumbai, May 20, 2008

S.S. MARATHE
Director

Schedule "A" to "L":

Schedule "A" to "L" annexed to and forming part of the Financial Statements for the year ended on 31st March, 2008

(Rs.in Million)

Schedule "A" Share Capital:

				As at 31st March, 2007
Authorised:				
300 000 000	Equity Shares of Rs.2/- each		**600.00**	600.00
43 000 000	Cumulative Preference Shares of Rs.10/- each		**430.00**	430.00
2 000 000	Unclassified Shares of Rs.10/- each		**20.00**	20.00
			1 050.00	1 050.00
Issued :				
—	(10 000 000) 8.25% Redeemable Cumulative Non-Convertible Preference Shares of Rs.10/- each		-	100.00
222 828 621	Equity Shares of Rs.2/- each (See Note A & B below)		**445.66**	445.66
			445.66	545.66
Subscribed:				
—	(10 000 000) 8.25% Redeemable Cumulative Non-Convertible Preference Shares of Rs.10/- each		-	100.00
222 652 271	Equity Shares of Rs.2/- each fully paid		**445.31**	445.31
172 840	Add: Forfeited Equity Shares (amount paid up)		**0.09**	0.09
		Total	**445.40**	545.40

Notes: Of the above Shares

A Prior to Sub-division of Share Capital :

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

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

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

(iv) The Company had issued 3 636 500 Equity Shares of Rs.10/- each (later sub-divided into 18 182 500 Equity Shares of Rs.2/- each) in April and May, 2005 represented by 3 636 500 Global Depository Receipts (GDRs) (on sub-division 18 182 500 GDRs) evidencing "Master GDR Certificates" at a price of U.S.$ 27.50 per GDR (including premium). GDRs outstanding at the close of the year are 9 200. Out of the total amount of Rs.4 235 Million net of expenses, Rs. 683 Million has been utilised towards the object of the issue and balance of Rs. 3 552 Million have been temporarily deployed by Investments in Debt Oriented Mutual Funds to the extent of Rs.2 982 Million, Rs.505 Million is held in Fixed Deposits with Banks and the balance amounting to Rs.65 Million is parked in working capital.

(v) The Company had also issued Foreign Currency Convertible Bonds aggregating U.S.$.199.90 Million optionally convertible at an initial price specified in offering circular (see note 18). As the initial price is subject to adjustments specified in the offering circular and inability to assess the proportion of conversion, no amounts have been shown under issued Equity Share Capital, in respect of Equity Shares deemed to be issued on exercise of conversion by bondholders. Outstanding Bonds at the close of the year aggregated Rs.7 301.15 Million.

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

(i) 2 340 Equity Shares of Rs. 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 Rs. 2/- each, have been kept in abeyance pending adjudication of title to the pre right holding.

(ii) Nil Equity Shares of Rs.2/- each (previous year 389 610 Equity Shares) were issued and alloted during the previous year on April 12, 2006 at a premium of Rs. 334.105 per Share on Conversion of U.S.$ 3 000 000 0.50% Foreign Currency Convertible Bonds (FCCBs) Tranche-1 in terms of Offering Circular dated 15th April, 2005.

C 8.25% Redeemable Cumulative Non-Convertible Preference Shares of Rs.10/- each are redeemed in cash on February 10, 2008.

Schedule "B" Reserves and Surplus:

(Rs.in Million)

				As at 31st March, 2007
Capital Reserve :				
i) Special Capital Incentive (Under the 1988 Package Scheme of Incentives)				
As per last Account		2.50		2.50
ii) Capital Surplus arising from early retirement of Sales tax deferral liability/ Loan under package Scheme of Incentive of Government of Maharashtra (See Note 10)				
As per last Account	88.67			95.85
Less:Transferred to General Reserve	10.11			7.18
		78.56		88.67
			81.06	91.17
Capital Redemption Reserve Account :				
As per last Account		200.00		200.00
Set aside during the year from Profit & Loss Account on redemption of Preference Shares		100.00		-
			300.00	200.00
Securities Premium Account :				
As per last Account		7 042.57		6 946.55
On allotment of :				
- (389 610) Equity Shares on conversion of FCCBs		-		130.17
		7 042.57		7 076.72
Less: Share and Bond Issue Expenses, Net of Current Tax		-		34.15
			7 042.57	7 042.57
General Reserve:				
As per last Account		1 254.34		997.16
Add: Transferred from Capital Reserve		10.11		7.18
		1 264.45		1 004.34
Less: Transitional Adjustment on Adoption of Accounting Standard (AS-15) Revised - Employee Benefits (See Note 22)		251.00		-
Add: Set aside from Profit & Loss Account		280.00		250.00
			1 293.45	1 254.34
Surplus as per Annexed Account				
Surplus as per Annexed Account			5 570.29	4 134.47
Total			14 287.37	12 722.55

Schedule "C" Secured Loans :

(Rs.in Million)

			As at 31st March, 2007
Foreign Currency Term Loans :-			
From Bank of Baroda, London			
(For Security See Note 12 (a)(i))		**132.70**	289.87
From Bank of Baroda, London			
(For Security See Note 12 (a)(ii))		**398.10**	652.20
From Bank of India, New York			
(For Security See Note 12 (a)(iii))		**199.05**	434.80
From Bank of India, London			
(For Security See Note 12 (a)(iv))		**497.63**	652.20
From Other Banks:			
From Standard Chartered Bank		**756.39**	-
(For Security See Note 12 (a)(v))			
Others :			
From Banks, against hypothecation of Stocks of Semi Finished and Finished goods, Raw Materials, Finished Dies and Die Blocks, Work-in-Progress, Consumable Stores and Spares, Book Debts etc.			
Cash Credit	**56.26**		111.23
Preshipment Packing Credit-Foreign Currency	**2 574.84**		913.82
Preshipment Packing Credit -Rupee	**-**		680.92
Interest accrued and due on above	**0.84**		0.68
		2 631.94	1 706.65
Total		**4 615.81**	3 735.72

SCHEDULE "D" UNSECURED LOANS:

Foreign Currency Convetible Bonds (FCCBs) (See Note 18)			
0.5% Tranche 1 FCCB's , outstanding U.S. $ 43.5 Million	**1 731.74**		1 891.38
0.5% Tranche 2 FCCB 's, outstanding U.S. $ 60.0 Million	**2 388.60**		2 608.80
0% Tranche A FCCB's , outstanding U.S. $ 40.0 Million	**1 592.40**		1 739.20
0% Tranche B FCCB's , outstanding U.S. $ 39.9 Million	**1 588.41**		1 734.85
		7 301.15	7 974.23
Sales tax deferral liability under Government of Maharashtra Package Scheme of Incentives (See Note 11)		**69.08**	61.28
Short Term Loans from Banks under a buyers line of Credit for import of goods, etc.		**888.17**	2 243.95
Fixed Deposits :			
From Public	**0.63**		0.85
From Shareholders	**0.02**		0.03
	0.65		0.88
Interest accrued and due	**-**		0.06
		0.65	0.94
Total		**8 259.05**	10 280.40

SCHEDULE "E" FIXED ASSETS :

(Rs.in Million)

	FIXED ASSETS	GROSS BLOCK (a)				DEPRECIATION				NET BLOCK	
		As At 31/03/2007	Additions & Adjust-ments	Deduc-tions	As At 31/03/2008	Upto 31/03/2007	Recou-pments & Adjust-ments	For the year	Upto 31/03/2008	As At 31/03/2008	As At 31/03/2007
1	Land, Free hold (d)	9.50	-	-	9.50	-	-	-	-	9.50	9.50
2	Land, Lease hold	40.98	41.62	0.43	82.17	-	-	-	-	82.17 (g)	40.98
3	Buildings (b) (e)	1 143.99	34.05	-	1 178.04	173.48	-	34.21	207.69	970.35	970.51
4	Plant & Machinery	14 876.14	1 149.03	8.04	16 017.13	5 185.84	7.63	1 134.62	6 312.83	9 704.30	9 690.30
5	Railway Sidings	0.45	-	-	0.45	0.43	-	-	0.43	0.02	0.02
6	Electrical Installations	275.98	21.72	-	297.70	99.71	-	22.49	122.20	175.50	176.27
7	Factory Equipments	294.61	103.48	30.21	367.88	107.09	30.06	54.54	131.57	236.31	187.52
8	Engineering Instruments	16.51	-	16.42	0.09	16.46	16.39	0.02	0.09	-	0.05
9	Furniture & Fittings	170.73	43.65	0.47	213.91	85.45	0.20	17.30	102.55	111.36	85.28
10	Office Equipments	40.77	8.55	0.94	48.38	19.77	0.15	3.09	22.71	25.67	21.00
11	Vehicles & Aircraft	465.12	1 882.94	278.29	2 069.77	133.67	45.84	122.70	210.53	1 859.24	331.45
12	Leased Assets :										
	Plant & Machinery	2.38	-	2.38	-	2.26	2.26	-	-	-	0.12
13	Power Line (f)	7.14	-	-	7.14	7.14	-	-	7.14 (g)	-	-
	Total	**17 344.30**	**3 285.04**	**337.18**	**20 292.16**	**5 831.30**	**102.53**	**1 388.97**	**7 117.74**	**13 174.42**	**11 513.00**
	Previous Year's Total	12 642.82	4 733.18	31.70	17 344.30	4 898.71	65.43	998.02	5 831.30	11 513.00	

NOTES:

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

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

(c) See Note 29 in Schedule "L" to the Financial Statements - Accounting Policy -2.

(d) Includes cost of free hold land Rs.0.30 Million subject to adjustments, and 25 acres land given on lease.

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

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

(g) Represents amount amortised upto March 31, 2008.

(h) Additions include interest capitalised aggregating Rs.8.22 Million (Previous year Rs.38.69 Million).

Schedule "F" Technical Know-how :

		(Rs.in Million)
		As at 31st March, 2007
Acquired by the Company		
As per last Account	**6.26**	8.34
Less: Written Off	**2.08**	2.08
Total	**4.18**	6.26

Schedule "G" Investments ; At Cost :

	Face Value			As at 31st March, 2007
Trade				
Long Term				
In Equity Shares :				
In wholly owned subsidiaries:				
Unquoted:				
i) CDP Bharat Forge GmbH				
Subscription to the Equity Share Capital	Euro 5 000 000	**287.98**		287.98
Contribution to Capital Reserve Credited in favour of Bharat Forge Ltd.	Euro 39 299 428 (Euro 3 229 428)	**2 414.56**		178.26
		2702. 54		466. 24
ii) Bharat Forge Beteiligungs GmbH (See Note 21)				
Subscription to the Equity Share Capital	Euro- (Euro 25 000)	-		1.38
Contribution to Capital Reserve Credited in favour of Bharat Forge Ltd.	Euro- (Euro 32 071 630)	-		1 754.81
		-		1 756.19
iii) Bharat Forge America Inc.	U.S.$ 5 846 597 (U.S.$ 4 846 597)	**252.10**		211.72
			2 954.64	2 434. 15

Others				
Current Investments				
In Mutual Funds:-				
Unquoted :				
-	(5 409 561.12) Units of Rs. 10 each of ABN AMRO FTP Series 4 Quarterly Plan C - Dividend Option	-		54.10
-	(5 245 200.98) Units of Rs. 10 each of ABN AMRO FTP Series 4 Quarterly Plan E - Dividend Option	-		52.45
-	(5 239 505.28) Units of Rs. 10 each of ABN AMRO FTP Series 6 Quarterly Plan C - Dividend Option	-		52.40
5 435 383.52	(5 000 642.99) Units of Rs. 10 each of ABN AMRO FTP Series 5 14th Months Plan Inst. - Quarterly Dividend Option	**54.38**		50.01
5 275 137.59	(-) Units of Rs. 10 each of ABN AMRO Flexible Short Term Plan Series A - Quarterly Dividend Option	**52.75**		-
9 998 742.19	(-) Units of Rs. 10 each of AIG India Treasury Plus Fund - Super Institutional - Daily Dividend	**100.10**		-
-	(3 000 000) Units of Rs. 10 each of Birla FTP - Quarterly - Series 11 -Dividend Option	-		30.00
-	(5 224 307.33) Units of Rs. 10 each of Birla FTP - Half Yearly - Series 1 -Dividend Option	-		52.24
3 015 827.55	(-) Units of Rs. 10 each of Birla Sun Life Liquid Plus - Institutional - Daily Dividend	**30.18**		-
5 310 640.43	(-) Units of Rs. 10 each of Birla Sun Life Quarterly Interval - Series 4 -Dividend Option	**53.11**		-
5 099 691.36	(-) Units of Rs. 10 each of Birla Sun Life Quarterly Interval - Series 6 -Dividend Option	**51.00**		-
-	(5 081 578.92) Units of Rs. 10 each of DBS Chola FMP Series 6 Quarterly Plan 2 - Dividend Option	-		50.82
-	(5 004 701.24) Units of Rs. 10 each of DBS Chola FMP Series 6 Quarterly Plan 3 - Dividend Option	-		50.05
5 000 901.70	(5 000 901.70) Units of Rs. 10 each of DBS Chola FMP Series 6 371 days Plan - Cumulative Option	**50.01**		50.01
-	(50 009.08) Units of Rs. 1 000 each of DSP Merrill Lynch Fixed Term Plan Series 1 J - Institutional - Dividend	-		50.01
39 976.01	(-) Units of Rs. 1 000 each of DSP Merrill Lynch Liquid Plus - Institutional Daily Dividend	**40.00**		-
51 420.39	(-) Units of Rs. 1 000 each of DSP Merrill Lynch Fixed Term Plan Series 3 H Institutional - Dividend Option	**51.42**		-
	carried over	**482.95**		492.09
	carried over		**2 954.64**	2 434.15

Schedule "G" Investments ; At Cost (Contd.) :

(Rs.in Million)

				As at 31st March, 2007
	brought over		**2 954.64**	2 434.15
	brought over	**482.95**		492.09
-	(5 000 000.00) Units of Rs. 10 each of DWS Fixed Term Fund Series 28 - Dividend Option	-		50.00
-	(4 995 903.36) Units of Rs. 10 each of DWS Money Plus Fund Institutional Plan - Daily Dividend	-		50.00
10 573 879.89	(-) Units of Rs. 10 each of DWS Credit Opportunities Cash Fund Weekly Dividend	**106.10**		-
9 977 245.78	(-) Units of Rs. 10 each of HDFC Cash Management Fund - Savings Plus Plan - Daily Dividend	**100.09**		-
5 000 000.00	(-) Units of Rs. 10 each of HDFC FMP 90D March 2008 VII (3) - Wholesale Plan - Dividend	**50.00**		-
4 968 174.71	(-) Units of Rs. 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Plan - Daily Dividend	**50.08**		-
5 584 473.16	(5 201 222.22) Units of Rs. 10 each of HDFC Quarterly Interval Fund Plan A - Dividend Option	**55.85**		52.01
5 193 832.99	(-) Units of Rs. 10 each of HDFC Quarterly Interval Fund Plan C - Dividend Option	**51.97**		-
5 056 580.37	(-) Units of Rs. 10 each of HDFC FMP 181 D December 2007 (VI) - Wholesale Plan - Dividend	**50.57**		-
-	(5 645 621.85) Units of Rs. 10 each of HSBC Fixed Term Series 14 -Dividend Option	-		56.46
5 108 896.97	(-) Units of Rs. 10 each of HSBC Liquid Plus - Institutional Plus Daily - Dividend	**50.95**		-
14 716 444.50	(-) Units of Rs. 10 each of ICICI Prudential Flexible Income Plan Daily Dividend	**155.60**		-
5 777 715.04	(-) Units of Rs. 10 each of ICICI Prudential Interval Fund II Quarterly Interval Plan - F - Daily Dividend	**57.78**		-
5 392 506.63	(-) Units of Rs. 10 each of ICICI Prudential Interval Fund Annual Interval Plan - II - Institutional Dividend	**53.93**		-
5 003 759.17	(-) Units of Rs. 10 each of ING Liquid Plus Fund - Institutional - Daily Dividend	**50.05**		-
5 000 000.00	(-) Units of Rs. 10 each of ING Fixed Maturity Fund - XXXII - Institutional - Dividend	**50.00**		-
-	(5 192 076.37) Units of Rs. 10 each of JM Fixed Maturity Fund Series IV Quarterly Plan 4 - Dividend Option	-		51.92
-	(3 044 785.55) Units of Rs. 10 each of JM Fixed Maturity Fund Series IV Quarterly Plan 1 - Dividend Option	-		30.45
5 475 739.36	(-) Units of Rs. 10 each of JM Interval Fund - Quarterly Plan 1 - Institutional - Dividend Plan	**54.76**		-
14 248 732.06	(-) Units of Rs. 10 each of JM Money Manager Fund - Super Plus Plan - Daily Dividend	**142.54**		-
-	(5 146 434.17) Units of Rs. 10 each of Kotak Fixed Maturity Fund 3 Months Series 8 - Dividend Option	-		51.46
-	(5 382 868.64) Units of Rs. 10 each of Kotak Fixed Maturity Fund 3 Months Series 10 - Dividend Option	-		53.83
-	(5 200 000.00) Units of Rs. 10 each of Kotak Fixed Maturity Fund 3 Months Series 14 - Dividend Option	-		52.00
5 000 981.35	(5 000 981.35) Units of Rs. 10 each of Kotak Fixed Maturity Fund 13 Months Series 2 - Institutional - Growth Option	**50.01**		50.01
9 979 508.99	(-) Units of Rs. 10 each of Kotak Flexi Debt Scheme - - Daily Dividend	**100.11**		-
5 271 790.50	(-) Units of Rs. 10 each of Kotak Quarterly Interval Plan Series 1 - Dividend	**52.72**		-
5 599 650.05	(-) Units of Rs. 10 each of Kotak Quarterly Interval Plan Series 2 - Dividend	**56.00**		-
5 739 133.08	(-) Units of Rs. 10 each of Kotak Quarterly Interval Plan Series 5 - Dividend	**57.39**		-
2 998 218.79	(-) Units of Rs. 10 each of Lotus Liquid Plus Fund - Institutional- Daily Dividend	**30.03**		-
	carried over	**1 909.48**		990.23
	carried over		**2 954.64**	2 434.15

Schedule "G" Investments ; At Cost (Contd.) :

(Rs.in Million)

				As at 31st March, 2007
	brought over		**2 954.64**	2 434.15
	brought over	**1 909.48**		990.23
5 091 845.29	(-) Units of Rs. 10 each of Lotus Quarterly Interval Fund - Plan E-Dividend	**50.92**		-
-	(5 100 000.00) Units of Rs. 10 each of Principal PNB Fixed Maturity Plan-(FMP 32) - 91 Days - Series VI - Dec 06	-		51.00
5 001 051.63	(5 001 051.63) Units of Rs. 10 each of Principal PNB Fixed Maturity Plan - (FMP 37) - 385 Days - Series IV - Institutional - Growth Plan	**50.01**		50.01
9 997 991.19	(-) Units of Rs. 10 each of Principal Floating Rate Fund - FMP Institutional Option - Daily Dividend	**100.10**		-
-	(5 001 419.44) Units of Rs. 10 each of Prudential ICICI Institutional Liquid Plan - Super Institutional Daily Dividend	-		50.01
-	(5 169 399.47) Units of Rs. 10 each of Prudential ICICI FMP Series 34 - Three Months Plus Plan A - Retail - Dividend	-		51.69
-	(5 001 217.36) Units of Rs. 10 each of Prudential ICICI FMP Series 37 - Three Months Plus Plan B - Retail - Dividend	-		50.01
-	(5 168 805.16) Units of Rs. 10 each of Prudential ICICI Hybrid FMP 13 Months Plan - Institutional - Dividend Quarterly	-		51.69
-	(5 000 000.00) Units of Rs. 10 each of Reliance Fixed Horizon Fund II - Quarterly Plan - Series V- Institutional - Dividend Plan	-		50.00
-	(3 045 891.86) Units of Rs. 10 each of Reliance Fixed Horizon Fund I - Quarterly Plan - Series IV- Dividend Plan	-		30.46
-	(5 460 590.50) Units of Rs. 10 each of Reliance Fixed Horizon Fund II - Quarterly Plan - Series IV- Institutional - Dividend Plan	-		54.61
-	(5 323 211.07) Units of Rs. 10 each of Reliance Fixed Horizon Fund II - Quarterly Plan - Series II - Retail - Dividend Plan	-		53.23
5 002 368.05	(5 002 368.05) Units of Rs. 10 each of Reliance Fixed Horizon Fund III - Annual Plan - Series IV - Institutional - Growth Plan	**50.02**		50.02
119 965.40	(-) Units of Rs. 1 000 each of Reliance Liquid Plus Fund - Institutional Option - Daily Dividend	**120.10**		-
5 718 427.73	(-) Units of Rs. 10 each of Reliance Quarterly Interval Fund - Series II - Institutional - Dividend	**57.18**		-
-	(5 233 290.13) Units of Rs. 10 each of SBI Debt Fund Series - 180 Days (November 06) - Dividend Option	-		52.34
-	(5 037 319.55) Units of Rs. 10 each of SBI Debt Fund Series - 90 Days (February 07) - Dividend Option	-		50.37
5 000 000.00	(-) Units of Rs. 10 each of SBI Debt Fund Series - 13 Months - 5 (August 07) - Dividend Option	**50.00**		-
8 999 082.94	(-) Units of Rs. 10 each of SBI SHF - Liquid Plus - Institutional Plan- -Daily Dividend	**90.04**		-
-	(3 044 280.00) Units of Rs. 10 each of Standard Chartered Fixed Maturity Plan - Quarterly Series 3 - Dividend Option	-		30.44
-	(5 001 303.58) Units of Rs. 10 each of Standard Chartered Fixed Maturity Plan - Quarterly Series 6 - Dividend Option	-		50.01
-	(5 076 160.27) Units of Rs. 10 each of Sundaram BNP Paribas Fixed Term Plan Series XXIII (90 Days) - Dividend Plan	-		50.76
-	(5 098 802.76) Units of Rs. 10 each of Sundaram BNP Paribas Fixed Term Plan Series XXII (90 Days) - Dividend Plan	-		50.99
9 986 725.68	(-) Units of Rs. 10 each of Sundaram BNP Paribas Liquid Plus - Super Institutional -Daily Dividend	**100.11**		-
5 493 526.14	(-) Units of Rs. 10 each of Sundaram BNP Paribas Interval Fund - Quarterly Plan - B - Dividend	**54.94**		-
5 449 837.48	(-) Units of Rs. 10 each of Sundaram BNP Paribas Interval Fund - Quarterly Plan - C - Dividend	**54.50**		-
9 974 381.53	(-) Units of Rs. 10 each of Tata Floater Fund - Daily Dividend	**100.10**		-
	carried over	**2 787.50**		1 817.87
	carried over		**2 954.64**	2 434.15

Schedule "G" Investments ; At Cost (Contd.) :

(Rs.in Million)

				As at 31st March, 2007
	brought over		2 954.64	2 434.15
	brought over	2 787.50		1 817.87
5 189 615.56	(-) Units of Rs. 10 each of Tata Fixed Horizon Fund - Series 14 - Scheme A - Institutional Plan - Monthly Dividend	51.90		-
-	(5 000 000.00) Units of Rs. 10 each of Templeton Fixed Horizon Fund Series II 3 Months Plan - Institutional - Dividend	-		50.00
-	(49 149.07) Units of Rs. 1 000 each of Templeton India Treasury Management Account Super Institutional Plan - Weekly Dividend	-		50.00
3 995 684.66	(-) Units of Rs. 10 each of Templeton Floating Rate Income Fund - Long Term Plan - Super Institutional Option - Daily Dividend	40.00		-
-	(5 152 269.79) Units of Rs. 10 each of UTI Fixed Maturity Plan Quarterly Series QFMP/0207/I - Dividend Plan	-		51.52
-	(5 350 621.52) Units of Rs. 10 each of UTI Fixed Maturity Plan Quarterly Series QFMP/0207/II - Dividend Plan	-		53.51
-	(5 001 193.66) Units of Rs. 10 each of UTI Fixed Maturity Plan Quarterly Series QFMP/0307/II - Dividend Plan	-		50.01
50 038.774	(-) Units of Rs. 1000 each of UTI Liquid Plus Fund - Institutional Plan- - Daily Dividend	50.04		-
5 263 894.417	(-) Units of Rs. 10 each of UTI Fixed Income Interval Fund - Quarterly Interval Plan - Series I - Institutional - Dividend	52.64		-
			2 982.08	2 072.91
	Total		5 936.72	4 507.06

NOTES :-

1) All the investments outstanding as on 31st March, 2008 and 2007 are unquoted.

2) Contributions in to the Capital Reserves of CDP Bharat Forge GmbH and Bharat Forge Beteiligungs GmbH, as per the German Commercial Code, forms a part of the Equity Share Capital and accordingly, has been considered as an investment and is redeemable subject to provisions of the code.

Schedule "G" Investments ; At Cost (Contd.) :

(Rs.in Million)

3) The following Investments in Mutual Funds were purchased and sold during the year.

Name of Scheme	Units Purchased	Purchase Value
ABN Amro Cash Fund - Institutional - Daily Dividend	14 502 243.66	145.02
ABN Amro Flexible Short Term Plan - Series B - Interval - Dividend	5 351 716.76	53.52
ABN Amro Flexible Short Term Plan - Series E - Interval - Dividend	5 454 602.66	54.55
ABN Amro FTP Series 4 - Quarterly Plan C - Dividend	5 454 842.18	54.55
ABN Amro FTP Series 4 - Quarterly Plan E - Dividend	5 338 700.32	53.39
ABN Amro FTP Series 5 - Quarterly Plan A - Dividend	5 568 373.49	55.69
ABN Amro FTP Series 6 - Quarterly Plan C - Dividend	5 363 342.09	53.63
ABN Amro FTP Series 6 - Quarterly Plan D - Dividend	5 101 647.42	51.02
ABN Amro FTP Series 7 - Quarterly Plan D - Dividend	5 104 192.50	51.04
ABN Amro Interval Fund - Quarterly Plan G - Institutional - Dividend	5 274 188.25	52.74
ABN Amro Money Plus - Institutional Plan - Daily Dividend	20 368 034.00	203.68
ABN Amro Money Plus - Institutional Plan - Weekly Dividend	5 819 792.03	58.20
AIG India Liquid Fund - Institutional - Daily Dividend	189 880.23	190.03
AIG India Treasury Plus Fund - Institutional - Daily Dividend	8 998 659.26	90.09
Birla Cash Plus - Institutional Premium - Daily Dividend Reinvestment	24 566 356.11	246.08
Birla Fixed Term Plan - Half Yearly - Series 1 - Dividend	5 224 307.33	52.24
Birla FTP - Quarterly - Series 11 - Dividend	3 000 000.00	30.00
Birla FTP - Quarterly - Series 19 - Dividend	5 001 477.23	50.01
Birla FTP - Quarterly - Series 23 - Dividend	5 001 477.23	50.01
Birla Sun Life Liquid Plus - Institutional - Daily Dividend	13 236 087.27	132.44
Birla Sun Life Quarterly Interval - Series 1 - Dividend	5 086 191.86	50.86
Birla Sun Life Quarterly Interval - Series 2 - Dividend	3 000 000.00	30.00
Chola Freedom Income STP - Institutional - Daily Dividend	10 991 560.90	109.92
Chola Liquid - Institutional - Daily Dividend	10 519 973.26	105.53
DBS Chola FMP - Series 6 - Quarterly Plan 2 - Dividend	5 081 578.92	50.82
DBS Chola FMP - Series 6 - Quarterly Plan 3 - Dividend	5 004 701.24	50.05
DBS Chola FMP - Series 8 - Quarterly Plan 2 - Dividend	5 007 003.67	50.07
DBS Chola FMP - Series 7 - Quarterly Plan 2 - Dividend	5 082 696.87	50.83
DBS Chola FMP - Series 7 - Quarterly Plan 4 - Dividend	5 005 852.32	50.06
DSP Merrill Lynch Cash Plus - Institutional - Daily Dividend	51 202.09	51.21
DSP Merrill Lynch Fixed Maturity Plan 3M Series 1 - Institutional - Dividend	5 615 151.44	56.15
DSP Merrill Lynch Fixed Maturity Plan 3M Series 2 - Institutional - Dividend	5 266 413.76	52.66
DSP Merrill Lynch Fixed Term Plan - Series 1 J - Institutional - Dividend	51 134.81	51.14
DSP Merrill Lynch Fixed Term Plan - Series 1 K - Institutional - Dividend	50 024.98	50.02
DSP Merrill Lynch Fixed Term Plan - Series 1 N - Institutional - Dividend	50 879.43	50.88
DSP Merrill Lynch Fixed Term Plan - Series 1 O - Institutional - Dividend	55 151.03	55.15
DSP Merrill Lynch Fixed Term Plan - Series 1 P - Institutional - Dividend	51 720.57	51.72
DSP Merrill Lynch Liquid Plus - Institutional - Daily Dividend	350 626.52	350.72
DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend	193 000.93	193.04
DSP Merrill Lynch Strategic Bond Fund - Institutional - Weekly Dividend	244 140.03	244.55
DWS Fixed Term Fund - Series 28 - Dividend	5 000 000.00	50.00
DWS Insta Cash Fund - Institutional Plan - Daily Dividend	10 185 454.39	102.05
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend	4 991 003.29	50.01
DWS Money Plus Fund - Institutional Plan - Daily Dividend	10 675 584.88	106.84
DWS Quarterly Interval Fund - Series 1 - Dividend	5 267 897.05	52.68
Fidelity Cash Fund - Institutional - Daily Dividend	5 000 845.77	50.01
Fidelity Liquid Plus - Institutional - Daily Dividend	5 005 572.42	50.06
Grindlays Cash Fund - Super Institutional - Plan C - Daily Dividend	43 103 017.13	431.05
Grindlays Floating Rate Fund - LT - Institutional - Plan B - Daily Dividend	3 294 410.36	32.95
Grindlays Floating Rate Fund - LT - Institutional Plan B - Daily Dividend	4 998 750.31	50.00
HDFC Cash Management Fund - Savings Plan - Daily Dividend	32 911 969.42	350.06
HDFC Cash Management Fund - Savings Plus Plan - Retail -Weekly Dividend	5 041 211.70	50.50
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	15 200 296.14	152.48
HDFC Floating Rate Income Fund - Short Term Plan - Retail Option - Daily Dividend	5 013 386.88	50.54
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Daily Dividend	10 093 094.67	101.75
HDFC FMP 181D April 2007 (5) - Wholesale Plan Dividend	5 000 000.00	50.00
HDFC FMP 90D AUG 07 (6) - Wholesale Plan - Dividend	5 000 000.00	50.00
HDFC FMP 90D December 2007 (VI) - Wholesale Plan - Dividend	5 000 111.09	50.01
HDFC FMP 90D June 2007 (5) - Wholesale Plan - Dividend	5 000 611.11	50.01
HDFC FMP 90D May 2007 (5) - Wholesale Plan - Dividend	5 000 000.00	50.00
HDFC FMP 90D November 2007 (VI) - 2 - Wholesale Plan - Dividend	5 000 000.00	50.00
HDFC FMP 90D Sept. 2007 (6) - Wholesale Plan - Dividend	5 000 611.11	50.01
HDFC Liquid Fund - Premium Plus Plan - Dividend	16 110 578.78	200.19
HSBC Cash Fund - Institutional Plus - Daily Dividend	19 992 127.17	200.03
HSBC Fixed Term Series 14 - Dividend	5 823 831.87	58.24
HSBC Interval Fund - Plan 2 - Institutional - Dividend	5 091 674.10	50.92
HSBC Liquid Plus - Institutional Plus - Daily Dividend	23 687 963.27	237.18
ICICI Prudential Flexible Income Plan - Daily Dividend	14 891 352.29	157.45
ICICI Prudential FMP - Series 37 - Three Months Plan B - Retail Dividend	5 001 217.36	50.01
ICICI Prudential FMP - Series 38 - Three Months Plan A - Retail Dividend	5 200 000.00	52.00
ICICI Prudential FMP - Series 38 - Three Months Plan D - Retail Dividend	5 001 217.36	50.01
ICICI Prudential FMP Series 34 - Three Months Plus Plan A - Retail - Dividend	5 189 921.98	51.90
ICICI Prudential Hybrid FMP 13 Months Plan - Institutional - Quarterly Dividend	5 263 601.04	52.64
ICICI Prudential Institutional Liquid Plan - Super Institutional - Daily Dividend	10 073 176.41	100.73
ICICI Prudential Institutional Liquid Plan - Super Institutional - Daily Dividend	47 178 936.54	471.81
ICICI Prudential Interval Fund II - Quarterly Plan C - Dividend	5 147 820.66	51.48
ING Fixed Maturity Fund - 34 - Institutional - Dividend	5 000 000.00	50.00
ING Fixed Maturity Fund - XXIX - Dividend	5 100 000.00	51.00
ING Fixed Maturity Fund - XXV - Dividend	5 000 000.00	50.00
ING Fixed Maturity Fund - XXX - Institutional - Dividend	5 000 000.00	50.00
ING Liquid Fund - Institutional - Daily Dividend	14 995 372.48	150.03
ING Liquid Plus Fund - Institutional - Daily Dividend	40 573 298.66	405.87
ING Vysya Liquid Fund - Super Institutional - Daily Dividend	19 993 907.82	200.04
JM Fixed Maturity Fund - Series IV - Quarterly Plan 4 - Dividend	5 261 501.82	52.62
JM Fixed Maturity Fund - Series V - Quarterly Plan 1 - Institutional - Dividend	3 119 661.91	31.20
JM Fixed Maturity Fund - Series V - Quarterly Plan 4 - Institutional - Dividend	5 362 475.45	53.62
JM Fixed Maturity Fund - Series VI - Quarterly Plan 1 - Institutional - Dividend	5 082 775.06	50.83
JM Fixed Maturity Fund - Series VI - Quarterly Plan 2 - Institutional - Dividend	5 453 398.75	54.53
JM Fixed Maturity Fund - Series VI - Quarterly Plan 3 - Institutional - Dividend	5 375 740.33	53.76

Schedule "G" Investments ; At Cost (Contd.) :

3) The Following Investments in Mutual Funds were purchased and sold during the year. (contd.)

(Rs.in Million)

Name of Scheme	Units Purchased	Purchase Value
JM Fixed Maturity Fund - Series VI - Quarterly Plan 4 - Institutional - Dividend	5 173 115.31	51.73
JM Fixed Maturity Fund - Series VI - Quarterly Plan 5 - Institutional - Dividend	5 551 955.89	55.52
JM Fixed Maturity Fund Series IV - Quarterly Plan 1 - Dividend	3 056 041.53	30.56
JM Fixed Maturity Fund Series V - Quarterly Plan 5 - Institutional - Dividend	5 287 712.38	52.88
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend	8 089 922.49	81.03
JM Money Manager Fund - Super Plus Plan - Daily Dividend	9 995 901.68	100.00
Kotak Flexi Debt Scheme - Daily Dividend	32 150 916.69	322.51
Kotak FMP 3M Series 10 - Dividend	5 434 880.64	54.35
Kotak FMP 3M Series 14 - Dividend	5 321 104.42	53.21
Kotak FMP 3M Series 15 - Dividend	5 104 013.19	51.04
Kotak FMP 3M Series 17 - Dividend	5 547 026.48	55.47
Kotak FMP 3M Series 21 - Dividend	5 086 327.00	50.86
Kotak FMP 3M Series 22 - Dividend	5 410 931.09	54.11
Kotak FMP 3M Series 24 - Dividend	8 196 650.31	81.97
Kotak FMP 3M Series 26 - Dividend	5 086 030.36	50.86
Kotak FMP 3M Series 8 - Dividend	5 274 289.03	52.74
Kotak Liquid (Institutional Premium) - Daily Dividend	14 722 652.88	180.03
Kotak Quarterly Interval Plan Series 3 - Dividend	8 342 306.36	83.42
Lotus India FMP - 3 Months - Series XX - Dividend	5 170 906.77	51.71
Lotus India FMP - 3 Months - Series XXI - Dividend	5 175 883.62	51.76
Lotus India FMP - 3 Months - Series XIV - Dividend	5 081 115.24	50.81
Lotus India FMP - 3 Months - Series XV - Dividend	5 083 695.62	50.84
Lotus India FMP - 3 Months - Series XVI - Dividend	5 084 736.17	50.85
Lotus India Liquid Fund - Institutional - Daily Dividend	18 001 598.51	180.03
Lotus India Liquid Plus Fund - Institutional - Daily Dividend	31 034 703.89	310.83
Lotus India Quarterly Interval Fund - Plan A - Dividend	5 178 160.80	51.78
Principal Cash Management Fund - Liquid Option Institutional Premium Plan - Daily Dividend	25 102 224.89	251.04
Principal Floating Rate Fund FMP - Institutional - Weekly Dividend	20 003 936.45	200.24
Principal PNB Fixed Maturity Plan (FMP-32) - 91 Days - Series IV - Dec 06	5 100 000.00	51.00
Reliance Fixed Horizon Fund I - Quarterly Plan - Series IV - Dividend	3 047 257.62	30.47
Reliance Fixed Horizon Fund II - Quarterly Plan - Series II - Dividend	5 366 435.58	53.66
Reliance Fixed Horizon Fund II - Quarterly Plan - Series IV - Institutional Dividend	5 540 589.54	55.41
Reliance Fixed Horizon Fund II - Quarterly Plan - Series V - Dividend	5 087 477.58	50.87
Reliance Interval Fund - Quarterly Plan - Series I - Institutional - Dividend Plan	5 086 510.13	50.87
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend	369 489.16	369.96
Reliance Liquidity Fund - Daily Dividend	36 151 005.75	361.62
Reliance Monthly Interval Fund - Series I - Institutional - Dividend Plan	3 095 218.42	31.00
Reliance Quarterly Interval Fund - Series III - Institutional - Dividend Plan	5 365 316.51	53.65
SBI - SHF - Liquid Plus - Institutional Plan - Daily Dividend	2 078 470.42	20.80
SBI Debt Fund Series - 180 Days - (April 07) - Dividend	5 202 917.64	52.03
SBI Debt Fund Series - 180 Days - (May 07) - Dividend	5 453 633.51	54.54
SBI Debt Fund Series - 180 Days - (November 06) - Dividend	5 233 290.13	52.34
SBI Debt Fund Series - 90 Days - (February 07) - Dividend	5 037 319.55	50.37
SBI Debt Fund Series - 90 Days - (May 07) - Dividend	5 037 319.55	50.37
SBI Debt Fund Series - 90 Days - 13 - (Aug 07) - Dividend	5 124 107.53	51.24
SBI Debt Fund Series - 90 Days - 14 - (Sept. 07) - Dividend	2 034 518.00	20.35
SBI Debt Fund Series - 90 Days - 16 - (Oct 07) - Dividend	5 293 569.63	52.94
SBI Debt Fund Series - 90 Days - 17 - (6 Nov 07) - Dividend	5 544 811.33	55.45
SBI Debt Fund Series - 90 Days - 18 - (27 Nov 07) - Dividend	5 216 950.34	52.17
SBI Debt Fund Series - 90 Days - 19 - (03 Dec 07) - Dividend	2 071 466.88	20.71
SBI Magnum Insta Cash Fund - Daily Dividend	2 985 470.25	50.01
SBI Premier Liquid Fund - Institutional - Daily Dividend	8 182 525.45	82.09
Standard Chartered Fixed Maturity Plan - Quarterly Series 14 - Dividend	5 185 017.00	51.85
Standard Chartered Fixed Maturity Plan - Quarterly Series 15 - Dividend	5 082 493.40	50.83
Standard Chartered Fixed Maturity Plan - Quarterly Series 3 - Dividend	3 044 280.00	30.44
Standard Chartered Fixed Maturity Plan - Quarterly Series 6 - Dividend	5 001 303.58	50.01
Standard Chartered Fixed Maturity Plan - Quarterly Series 9 - Dividend	3 108 048.10	31.08
Sundaram BNP Paribas Fixed Term Institutional Plan - Series XXXIV - Dividend	5 317 392.70	53.17
Sundaram BNP Paribas Fixed Term Institutional Plan - Series XXXV - Dividend	5 083 035.00	50.83
Sundaram BNP Paribas Fixed Term Plan 90 Days Series 1 - Institutional - Dividend	5 171 842.33	51.72
Sundaram BNP Paribas Fixed Term Plan Series XXII (90 Days) - Dividend Plan	5 216 732.97	52.17
Sundaram BNP Paribas Fixed Term Plan Series XXIII (90 Days) - Dividend	5 125 855.88	51.26
Sundaram BNP Paribas Fixed Term Plan Series XXXI - Dividend	5 302 856.02	53.03
Sundaram BNP Paribas Liquid Plus Super Institutional - Daily Dividend	20 708 764.16	207.32
Sundaram BNP Paribas Money Fund - Institutional - Daily Dividend	24 767 482.38	250.04
Tata Fixed Horizon Fund Series - 10 Scheme D - IP - Dividend	5 102 285.08	51.02
Tata Fixed Horizon Fund Series - 11 Scheme D - IP - Dividend	5 085 096.39	50.85
Tata Fixed Horizon Fund Series - 11 Scheme E - IP - Dividend	5 085 929.38	50.86
Tata Floater Fund - Daily Dividend	24 439 677.52	245.27
Tata Liquid Super High Investment Fund - Daily Dividend	260 256.72	290.06
Templeton Fixed Horizon Fund - Series II - 3 Months Plan - Institutional - Dividend	5 000 000.00	50.00
Templeton Floating Rate Income Fund Long Term Plan - Institutional - Daily Dividend	29 640 263.87	303.37
Templeton Floating Rate Income Fund Long Term Plan - Super Institutional Option - Daily Dividend	26 271 413.83	262.98
Templeton India Treasury Management Account - Institutional Plan - Daily Dividend	251 974.79	252.04
Templeton India Treasury Management Account - Super Institutional Plan - Weekly Dividend	49 308.32	50.16
Templeton Quarterly Interval Plan - Plan A - Institutional - Dividend	5 106 510.79	51.07
Templeton Quarterly Interval Plan - Plan B - Institutional - Dividend	5 084 116.08	50.89
Templeton Quarterly Interval Plan - Plan C - Institutional - Dividend	5 100 000.00	51.00
UTI Fixed Income Interval Fund - Quarterly Plan Series III - Institutional - Dividend	5 176 315.32	51.76
UTI Fixed Maturity Plan - QFMP/1107/II - Institutional - Dividend Plan	5 175 415.21	51.75
UTI Fixed Maturity Plan - Quarterly Series QFMP/0207/I - Dividend Plan	5 199 441.40	51.99
UTI Fixed Maturity Plan - Quarterly Series QFMP/0207/II - Dividend Plan	5 434 549.47	54.35
UTI Fixed Maturity Plan - Quarterly Series QFMP/0307/II - Dividend Plan	5 001 193.66	50.01
UTI Fixed Maturity Plan - Quarterly Series QFMP/0507/I - Dividend Plan	5 301 917.38	53.02
UTI Fixed Maturity Plan - Quarterly Series QFMP/0607/I - Dividend Plan	5 530 227.66	55.30
UTI Fixed Maturity Plan - Quarterly Series QFMP/0607/II - Dividend Plan	5 083 829.98	50.84
UTI Fixed Maturity Plan - Quarterly Series QFMP/0807/I - Dividend Plan	5 385 650.15	53.86
UTI Fixed Maturity Plan - Quarterly Series QFMP/0807/II - Dividend Plan	5 084 909.50	50.85
UTI Fixed Maturity Plan - Quarterly Series QFMP/0907/I - Dividend Plan	5 621 732.81	56.22
UTI Fixed Maturity Plan - Quarterly Series QFMP/0907/II - Dividend Plan	5 167 763.35	51.68
UTI Liquid Cash Plan - Institutional - Daily Income	161 911.66	165.06
UTI Liquid Plus Fund - Institutional Plan - Daily Dividend Option	214 811.97	214.86

Schedule "H" Current Assets, Loans and Advances :

				(Rs.in Million) As at 31st March, 2007
a) Inventories, as valued and certified by the Managing Director:				
Stores, Spares and Loose Tools (at cost) *		**532.05**		457.58
Die Blocks & Die & Tool Steel (at cost)		**565.35**		271.96
Raw Materials & Components (at cost) *		**520.23**		741.22
Work-in-Progress (at lower of cost or realisable value)		**1 051.98**		889.95
Finished Goods (at lower of cost or selling price)		**60.58**		75.40
Dies (at cost, less amortisation) & Dies under fabrication *		**624.80**		563.25
Scrap (at estimated realisable value)		**26.19**		28.53
			3 381.18	3 027.89
b) Sundry Debtors, Unsecured: (unless otherwise stated) (Net of Bills Discounted with Banks) (See note 1 A (a) and B)				
(i) Over six months:				
Good		**788.96**		334.47
Doubtful	**4.91**			9.05
Less: Provision	**4.91**			9.05
		-		-
		788.96		334.47
(ii) Other, Good		**2 773.93**		2 205.05
			3 562.89	2 539.52
(*) Slow moving and obsolute Inventory is valued at Cost or Estimated realisable value whichever is lower.				
c) Cash and Bank Balances:				
Cash on Hand		**0.62**		0.70
Bank Balances:				
With Scheduled Banks:				
In Current Account	**153.26**			132.26
In Fixed Deposits	**1 491.95**			7 225.39
Interest funded on Cumulative Fixed Deposits	**0.01**			0.02
	1 645.22			7 357.67
With Other Banks :				
In current account				
J.P. Morgan Chase Bank, New York (maximum balance outstanding during the year Rs.0.03 Million, Previous year Rs.5.15 Million)	**0.03**			0.03
Citi Bank, New York (maximum balance outstanding during the year Rs.4.35 Million, Previous year Rs.4.46 Million)	**3.98**			4.35
		1 649.23		7 362.05
			1 649.85	7 362.75
d) Other Current Assets:				
Interest receivable		**61.88**		217.12
Dividend from Mutual Fund receivable		**0.89**		1.72
Interest on Loan to Subsidiary		**22.00**		10.85
Energy Credit receivable-Wind Mill		**15.81**		2.43
Certified Emission Reduction Units receivable		**4.54**		-
Export incentives receivable		**775.94**		604.57
			881.06	836.69
carried over			**9 474.98**	13 766.85

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

(Rs.in Million)

					As at 31st March, 2007
brought over				9 474.98	13 766.85
e) **Loans and Advances, Unsecured, Good:**					
(Unless otherwise stated):					
Loan to Wholly Owned Subsidiaries :					
Bharat Forge America Inc. ,(Maximum balance outstanding during the year Rs.153.25 Million, Previous year Rs. 152.08 Million)			153.25		152.08
CDP Bharat Forge GmbH, Germany. , (Maximum balance outstanding during the year Rs.1 229.45 Million, Previous year Rs. nil)			413.74		-
Amounts Recoverable from wholly owned Subsidiaries			46.61		26.91
Loan to a company (See Note 16)			309.09		309.09
Advances recoverable in cash or in kind or for value to be received (See Note 15)					
Good		1 981.21			1 434.27
Doubtful Advances	20.35				20.35
Less:Provision	20.35				20.35
		-			-
			1 981.21		1 434.27
Expenditure to date on Projects pending adjustment on completion / conclusion			92.91		59.05
Security Deposit for Supply/ Purchase of Power			211.28		229.00
Balances with Customs, Central Excise Departments etc.			280.35		201.50
Tax paid in advance			3 296.58		2 311.36
				6 785.02	4 723.26
Total				16 260.00	18 490.11

Schedule "I" Current Liabilities and Provisions :

(a) **LIABILITIES:**				
Due to subsidiary		-		2.13
Acceptances		2 364.20		2 494.24
Sundry Creditors (See Note 17)				
Dues to Micro and Small Enterprises	10.86			-
Dues to Other than Micro and Small Enterprises	3 882.93			3 118.55
		3 893.79		3 118.55
Advance against Orders		19.98		89.38
Investors Education & Protection Fund, since deposited		0.02		0.01
Unclaimed Redeemed Preference Share Capital		0.01		0.01
Unclaimed Dividends		12.97		10.77
Interest accrued but not due on loans		52.34		41.81
			6 343.31	5 756.90
(b) **PROVISIONS:**				
For Long Term Employee Benefits (See Note 22)		487.10		121.84
For Tax on Proposed Dividend		132.44		132.44
For Taxation		3 114.44		2 064.44
For Proposed Dividend		779.28		779.28
			4 513.26	3 098.00
Total			10 856.57	8 854.90

Schedule "I(i)" Miscellaneous Expenditure :

(to the extent not written off or adjusted)

EVRS Compensation	-	2.34
Total	-	2.34

Schedule "J" Sales, Operating & Other Income :

(Rs.in Million)

				Previous year
(a) Sales (Net of returns, rebates etc.)		**21 368.40**		18 037.66
Job Work Receipts		**261.17**		433.92
Sale of Manufacturing scrap		**1 302.49**		1 189.88
			22 932.06	19 661.46
(b) Operating Income				
Export Incentives		**547.35**		296.05
Die Design and Preparation Charges		**172.60**		246.90
Sale of Certified Emission Reduction Units		**39.03**		-
			758.98	542.95
(c) Other Income :				
Income on assignment of Sales Tax benefit		**28.66**		28.66
Dividend Income from Investment in Mutual Funds		**260.55**		162.07
Profit on Sale of Non Trade,Current Investments		**2.06**		3.80
Interest on Loans to Subsidiary		**11.15**		4.58
Interest on Deposits etc. :				
(Gross, tax deducted Rs. 20.86 Million, Previous year Rs. 39.86 Million) :		**279.79**		534.71
Miscellaneous Receipts		**30.25**		29.03
Gain on Foreign Exchange Fluctuations , net		**260.63**		24.87
Surplus on Sale of Assets		**0.49**		1.85
Bad debts recovered		**0.20**		18.80
Provision for Doubtful Debts and advances written back	**4.14**			12.28
Less: Write backs on account of amounts written off during the year, as per contra	**4.14**			12.28
		-		-
Provisions no longer required		**10.26**		0.38
			884.04	808.75
Total			**24 575.08**	21 013.16

Schedule "K" Manufacturing and Other Expenses:

(1) **Materials:**				
Raw Materials & Components consumed		**9 792.04**		8 323.60
Die Blocks, Die & Tools Steel Consumed		**328.23**		311.56
Finished goods Purchased		**-**		1.09
Excise Duty on year end Inventory				
On Closing Stock	**3.30**			4.04
Less on Opening Stock	**4.04**			6.24
		(0.74)		(2.20)
(Increase) / Decrease in Stocks:				
Stocks at Close:				
Work-in-Progress	**1 051.98**			889.95
Finished Goods	**60.58**			75.40
Die Room Inventory	**624.80**			563.25
Scrap	**26.19**			28.53
	1 763.55			1 557.13
Less: Stocks at Commencement:				
Work-in-Progress	**889.95**			811.26
Finished Goods	**75.40**			15.08
Die Room Inventory	**563.25**			461.57
Scrap	**28.53**			44.50
	1 557.13			1 332.41
		(206.42)		(224.72)
			9 913.11	8 409.33
(2) **Manufacturing Expenses:**				
Stores, Spares & Tools consumed		**1 185.56**		1 041.09
Octroi duty		**21.72**		15.72
Machining charges		**464.17**		374.73
Power, Fuel & Water	**1 815.96**			1 605.07
Less: Credit for Energy Generated	**31.92**			37.49
		1 784.04		1 567.58
carried over		**3 455.49**		2 999.12
carried over			**9 913.11**	8 409.33

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

(Rs.in Million)

				Previous year
brought over			9 913.11	8 409.33
brought over		3 455.49		2 999.12
Building Repairs & Road Maintenance		24.58		18.63
Machinery Repairs		301.49		205.34
			3 781.56	3 223.09
(3) **Payments to & Provisions for Employees:**				
Salaries, Wages, Bonus, Allowances, etc.		1 180.87		859.65
Contribution to Provident & Other Funds and Schemes		144.62		115.01
Welfare Expenses		123.34		101.98
			1 448.83	1 076.64
(4) **Other Expenses:**				
Rent		17.51		8.33
Rates & Taxes		13.81		7.62
Insurance (Including Key Man Insurance)		20.31		23.10
Commission & Discount		122.18		91.38
Interest & Finance Charges:				
Interest:				
On Debentures, including Bonds	23.25			25.80
On Fixed Loans	110.25			149.30
Others	612.18			383.56
	745.68			558.66
Discounting charges:	304.23			262.45
		1 049.91		821.11
Miscellaneous Expenses including Travelling expenses, Printing, Stationery, Postage, Telephones, Bank charges etc.		732.80		633.87
Donations		5.43		9.20
Freight Forwarding charges etc.		549.27		367.58
Royalty		9.90		9.90
Teak wood cultivation expenses written off		0.53		0.35
Directors' Fees and Travelling Expenses		1.12		0.60
Managing and Whole Time Directors' Commission		68.50		77.60
Commission to Directors other than Managing and Whole Time Directors		7.50		8.40
Loss on assets sold, discarded & scrapped		7.50		1.47
Bad debts, irrecoverable advances and sundry balances written off	43.62			13.24
Less: Provision made in earlier years in respect of amounts written off during the year, adjusted as pet contra	4.14			12.28
		39.48		0.96
Amount Written off against Technical Know-how		2.08		2.08
EVRS Compensation Written off				
i) Proportionate Deferred Revenue Expenses	2.34			10.19
ii) Incurred during the year	0.96			7.63
		3.30		17.82
			2 651.13	2 081.37
			17 794.63	14 790.43
Less: Expenses capitalised			1.35	1.07
Total			17 793.28	14 789.36

SCHEDULE "K (a)" DEPRECIATION AND AMORTISATION :

		Previous year
Depreciation	1 388.97	998.02
Amount Written off against Lease hold Land (Previous year Rs. 316/-)	0.43	-
Total	1 389.40	998.02

Schedule "L" Notes Forming Part Of The Financial Statements:

(Rs.in Million)

	2007-08	2006-07
1. A. Contingent Liabilities not provided for in respect of :		
(a) Sales Bills Discounted	**4 430.96**	3 938.79
Of Which:		
Bills since realised	**1 440.26**	912.35
Matured, Overdue & outstanding since close of the year	**33.90**	57.56
(b) Guarantees given by the Company on behalf of other companies		
Balance Outstanding	**270.00**	310.00
(Maximum Amount)	**(740.00)**	(740.00)
(c) Claims against the Company not acknowledged as Debts - to the extent ascertained	**212.05**	182.98
(d) Disputed Income Tax matters	**197.22**	206.67
(e) Excise/Service Tax Demands - matters under dispute	**108.18**	36.44

B. The Company has entered into an arrangement with a third party whereby debts due from pre-approved buyers are transferred at a discounted value along with risks associated with 'financial inability to pay' and 'country risks' as defined therein. Consequently, Sundry Debtors have been eliminated to that extent. However, all other risks continue to be on account of the Company and will be recognised if and when they are likely to arise.

C. The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India, at concessional rates of Duty on an understanding to fulfill quantified exports against which remaining future obligation aggregates USD 277.24 Million, over a period of next seven years, while maintaining average export of USD 163.03 Million per annum. Minimum Export obligation to be fulfilled by the Company under the said scheme by 31st March, 2008 has been fulfilled, non-fulfillment of the balance of such future obligations, in the manner required, if any, entails options/rights to the Government to confiscate Capital Goods imported under the said Licences and other penalties under the above referred scheme.

	2007-08	2006-07
2. Estimated value of contracts remaining to be executed on Capital Accounts and not provided for, net of advances	**1 996.26**	2 319.60
3. Payments to Auditors: *		
(i) As Auditors	**4.50**	3.75
(ii) In other capacity:		
(a) For Tax Audit	**0.40**	0.40
(b) For certification work	**1.69**	0.46
(c) For GDR/FCCB issue (adjusted against share premium)	**-**	1.00
	6.59	5.61
(iii) For expenses	**0.42**	0.31
* Excluding Service Tax	**7.01**	5.92
4. C.I.F. Value of Imports:		
(i) Raw materials and Components : for Manufacturing	**369.79**	369.12
(ii) Die Blocks, Die Steel, Tool Steel & Spares	**615.44**	615.19
(iii) Capital Goods	**1 626.71**	824.84
5. (a) Expenditure in foreign currency:		
(i) Interest (Including Capitalised Rs.14.46 Million, Previous year Rs. 58.66 Million)	**232.21**	210.25
(ii) Royalty, (Net of tax)	**8.91**	7.92
(iii) Legal and Professional fees (Including Capitalised Rs.13.51 Million, Previous year Rs. 32.81 Million)	**45.34**	67.59
(iv) Commission and discount	**112.85**	82.37
(v) Bill Discounting Charges	**172.63**	173.48
(vi) Freight Forwarding Charges etc.	**108.53**	100.83
(vii) Share Issue Expenses - GDR/FCCB Account	**-**	47.55
(viii) Foreign Travel Expenses (Including Capitalised Rs.14.32 Million, Previous year Rs.12.82 Million)	**14.62**	65.19
(ix) Aircraft Expenses, Net	**13.68**	12.24
(x) Service charges paid to deputed employees	**32.51**	18.61
(xi) Other matters	**56.12**	24.39

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

(Rs.in Million)

	2007-08	2006-07
5. (b) Earnings in foreign currency:		
F.O.B. value of exports	**9 501.63**	7 316.18
Insurance and freight on Exports	**529.06**	521.78
Tooling Charges	**108.36**	196.54
Profit on Sale of Long Term Investment	**303.47**	-
Sale of Certified Emission Reduction Units	**39.03**	-
Interest received on Fixed Deeposits	**179.72**	302.53
Interest on Loan to Subsidiary	**11.15**	4.57
Reimbursement of Investors relationship expenses	**-**	19.42
6. (a) Exchange difference Gain/(Loss) on account of fluctuations in foreign currency rates :		
(i) Relating to Exports during the year as a part of "Sales"	**34.23**	6.29
(ii) Other foreign exchange gains / (losses) recognised on settlement of Borrowings		
(a) Adjusted to the Cost of Plant & Machinery	**-**	33.94
(iii) Recognised in the Profit and Loss Account		
(a) on settlement / revolarisation of borrowings	**759.65**	182.96
(b) on settlement / revolarisation of current assets	**(467.32)**	(158.58)
(c) on settlement / revolarisation of current liabilities	**39.82**	0.49
(d) on Open forward Contracts at the close of the year	**(71.52)**	-

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

i) Foreign Exchange Derivatives / Exposures (Foreign Currency in Million)

Nature of Instrument	Currency	Sale/Purchase	March 31,2008	March 31,2007
Forward Contracts	USD	Sale	**53.00**	-
	EURO	Sale	**19.25**	-
Swap	-	-	**-**	-

All forward contracts stated above are for the purpose of hedging

ii) Exposure not hedged

(Foreign Currency in Million)

Particulars	Currency	Sale/Purchase	March 31, 2008	March 31, 2007
Receivables	USD	Sale	**38.37**	18.46
	EURO	Sale	**7.08**	5.74
	GBP	Sale	**2.20**	1.30
Payables	USD	Purchase	**0.44**	0.18
	EURO	Purchase	**9.09**	5.05
	GBP	Purchase	**0.01**	0.06
	JPY	Purchase	**185.63**	187.10
	SEK	Purchase	**0.11**	0.11
	CHF	Purchase	**0.10**	0.11
Loan	USD	Term Loan/Buyers credit	**233.67**	252.39
	EURO	Buyers Credit	**13.87**	18.91
	JPY	Buyers Credit	**-**	467.22
Bank Deposits	USD	Deposit	**25.78**	110.48
Loan to Subsidiary	USD		**13.85**	3.50
	EUR		**0.25**	-
Bank Balances	USD		**-**	0.09
	GBP		**-**	0.70
Other Receivables	USD		**1.39**	3.22
	EUR		**0.88**	0.16
Other Payables	USD		**0.44**	0.69
	EUR		**0.38**	0.18
	JPY		**-**	0.05

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

(Rs.in Million)

7. Details of Raw Materials & Components Consumption :

(a) Raw Materials and Components consumed :

	2007-08			2006-07		
	Qty.		Rs.in Million	Qty.		Rs.in Million
Carbon & Alloy Steel	258 905	M.T.	9 678.22	227 004	M.T.	8 200.23
Components			113.82			123.37
			9 792.04			8 323.60

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

	2007-08		2006-07	
	Rs.in Million	Percentage	Rs.in Million	Percentage
Imported	390.31	3.99	394.88	4.74
Indigenous	9 401.73	96.01	7 927.72	95.26
	9 792.04	100.00	8 322.60	100.00

(c) Details of goods traded-in - Purchases:

	2007-08			2006-07		
	Qty.		Rs.in Million	Qty.		Rs.in Million
Carbon & Alloy Steel	-	M.T.	-	56	M.T.	1.09
			-			1.09

8. Managerial Remuneration:

		2007-08	2006-07
(a) Computation of Net Profit in accordance with Section 198(1) and Section 349 of Companies Act, 1956			
Profit as per Profit and Loss Account		2 735.89	2 409.53
Add: Managing Directors' and whole time Directors' Remuneration including perquisites	127.48		125.92
Directors' Commission	7.50		8.40
Provision for Taxation	1 233.90		1 188.56
		1 368.88	1 322.88
		4 104.77	3 732.41
Less: Provisions no longer required		10.26	0.38
Profit on Sale of Long Term Investments		303.47	-
Profit on which Commission is payable		3 791.04	3 732.03
Directors' Commission @ 1% on Rs.3 791.04 Million		37.91	37.32
Maximum as determined by the Board of Directors		7.50	8.40
Managing Directors' and Whole time Directors' Commission			
Maximum Remuneration which can be paid for the year @ 10 % on Rs. 3 791.04 Million		379.10	373.20
Less : Remuneration (excluding Commission) already paid		58.98	48.32
Balance available for paying as Commission		320.12	324.88
Maximum as determined by the Board of Directors			
Mr. B. N. Kalyani		31.00	35.00
Mr. A.B. Kalyani		9.50	10.75
Mr. G. K. Agarwal		9.50	10.75
Mr. P. K. Maheshwari		6.00	6.80
Mr. B. P. Kalyani		6.00	6.80
Mr. S. E.Tandale		6.50	7.50
		68.50	77.60

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

(Rs.in Million)

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

	2007-2008							2006-2007
	Chairman & Managing Director	Deputy Managing Director	Whole-Time Directors					
	Mr.B.N. Kalyani	Mr.G.K. Agarwal	Mr.A.B. Kalyani	Mr.P.K. Maheshwari	Mr.B.P. Kalyani	Mr.S.E Tandale	**Total**	Total
Salary	**14.42**	**6.00**	**5.87**	**2.61**	**2.31**	**2.31**	**33.52**	25.77
House Rent Allowance	-	**3.00**	**2.93**	**1.31**	**1.16**	**1.16**	**9.56**	7.25
Commission on Profits (Provision)	**31.00**	**9.50**	**9.50**	**6.00**	**6.00**	**6.50**	**68.50**	77.60
Contribution to:								
Leave Entitlement	-	-	-	-	-	-	-	2.80
Provident Fund	**1.73**	**0.72**	**0.70**	**0.31**	**0.28**	**0.28**	**4.02**	3.11
Superannuation Fund	**2.16**	**0.90**	**0.88**	**0.39**	**0.35**	**0.35**	**5.03**	3.86
Other Perquisites	**3.31**	**0.18**	**0.07**	**0.15**	**0.06**	**0.25**	**4.02**	3.61
L.T.A.	**1.20**	**0.50**	**0.50**	**0.23**	**0.20**	**0.20**	**2.83**	1.92
TOTAL	**53.82**	**20.80**	**20.45**	**11.00**	**10.36**	**11.05**	**127.48**	125.92

Notes :

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

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

iii Reappointment of Chairman and Managing Director with effect from 30th March,2008 is subject to the approval of Members at the ensuing Annual General Meeting.

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

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

(A) Licensed & Installed Capacity and Production :

	Class of Goods	Unit	Licensed Capacity (a)		Installed Capacity (c)		Production (including Jobwork)	
			2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
(i)	Steel Forging	M.T.	**240 000**	240 000	**240 000**	240 000	**191 738** (d)	165 239 (d)
(ii)	Finished Machined Crankshaft	Nos.	**600 000**	600 000	**478 135**	408 500	**386 863**	347 795
(iii)	Couplings	M.T.	**600**	600	**600**	600	-	-
(iv)	Front Axle Assembly & Components	Nos.	**600 000**	600 000	**533 600**	533 500	**389 295**	423 571
(v)	Well Head Assembly and Parts	Nos.	**5 000**	5 000	-	-	-	-
(vi)	Aluminium Road Wheel	Nos.	**4 000**	4 000	**4 000**	4 000	**2 535**	3 641
(vii)	General Engineering Equipments	Nos.	**1 100**	1 100	**1 100**	1 100	**9**	5
(viii)	Material Handling Equipments	Nos.	**1 350**	1 350	**1 350**	1 350	-	-
(ix)	Hydraulic & Mechanical Presses	Nos.	**250**	250	**250**	250	-	-
(x)	Bandsaw Machines for cutting metallic round and square bars	Nos.	**50**	50	**50**	50	**1** (e)	10 (e)
(xi)	Front Axle Assembly At Dharwar	Nos.(b)	**50 000**	50 000	-	-	-	-
(xii)	Finished Machined Crankshafts at Chakan	Nos.	**300 000**	300 000	**241 500**	241 500	**173 120**	174 270
(xiii)	Front Axle Assembly & Components at Chakan	Nos.	**300 000**	300 000	**219 600**	219 600	**120 122**	148 482
(xiv)	Transmission Parts	Nos.	**3 000 000**	3 000 000	**2 041 000**	2 041 000	**2 189 576**	2 072 881
(xv)	Seal Rings, Clamps & Hubs	Nos.	**50 000**	50 000	**7 000**	7 000	**1 026**	350
(xvi)	Rocker Arm Assembly	Nos.	**100 000**	100 000	-	-	-	-
(xvii)	Bonnets and Key Shaft	Nos.	**50 000**	50 000	-	-	-	-
(xviii)	Steel Forgings at Baramati	M.T.	**48 000** (f)	-	-	-	-	-
(xix)	Machined Components at Baramati	Nos.	**120 000** (f)	-	-	-	-	-

(a) Annual Capacity on maximum utilisation basis.

(b) Under Registration with Government Authority.

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

(ii) The installed capacities have been enhanced on capitalisation of expansion projects in a phased manner during the course of the year.

(d) Includes captive consumption 74 687 M.T. (2006-07 - 69 124 M.T.).

(e) Includes captive consumption Band Saws 1 Nos. (2006-07-10 Nos.) .

(f) Disclosed on the basis of Industrial Entreprenuer Memorandum.

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

(Rs.in Million)

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

(B) Stocks and Turnover :

Class of Goods	Year	Stocks at Commencement		Stocks at Close		Turnover (including Jobwork for customers)		Sundries (a)
		Qty.	Rs.in Million	Qty.	Rs.in Million	Qty.	Rs. in Million	Qty.
Manufacturing :								
(i) Steel Forging	**2007-08**	**623 M.T.**	**72.91**	**566 M.T.**	**45.96**	**117 100 M.T.**	**10 375.52**	**8 M.T.**
	2006-07	93 M.T.	10.55	623 M.T.	72.91	95 575 M.T.	8 078.47	10 M.T.
(ii) Finished Machined Crankshaft	**2007-08**	**136 Nos.**	**0.74**	**1 530 Nos.**	**13.62**	**385 431 Nos.**	**4 635.50**	**38 Nos.**
	2006-07	373 Nos.	3.03	136 Nos.	0.74	347 951 Nos.	3 976.83	81 Nos.
(iii) Front Axle Assembly & Components	**2007-08**	**140 Nos.**	**0.40**	**20 Nos.**	**0.14**	**389 403 Nos.**	**2 628.65**	**12 Nos.**
	2006-07	39 Nos.	0.22	140 Nos.	0.40	423 454 Nos.	2 668.53	16 Nos.
(iv) General Engineering Equipments	**2007-08**	—	—	—	—	**9 Nos.**	**8.88**	—
	2006-07	—	—	—	—	5 Nos.	11.22	—
(v) Manufacturing Scrap	**2007-08**	**1 766 M.T.**	**28.53**	**1 635 M.T.**	**26.19**	**77 354 M.T.**	**1 125.63**	—
	2006-07	3 177 M.T.	44.50	1 766 M.T.	28.53	69 055 M.T.	1 026.93	—
(vi) Aluminium Road Wheel	**2007-08**	—	—	—	—	**2 535 Nos.**	**336.05**	—
	2006-07	—	—	—	—	3 641 Nos.	437.26	—
(vii) Finished Machined Crankshaft at Chakan	**2007-08**	**231 Nos.**	**1.35**	**125 Nos.**	**0.87**	**173 226 Nos.**	**1 111.68**	—
	2006-07	238 Nos.	1.28	231 Nos.	1.35	174 277 Nos.	805.17	—
(viii) Front Axle Assembly & Components at Chakan	**2007-08**	—	—	—	—	**120 122 Nos.**	**387.91**	—
	2006-07	—	—	—	—	148 482 Nos.	515.67	—
(ix) Transmission Parts	**2007-08**	—	—	—	—	**2 189 576 Nos.**	**564.35**	—
	2006-07	—	—	—	—	2 072 881 Nos.	536.10	—
(x) Seal Rings, Clamps & Hubs	**2007-08**	—	—	—	—	**1 026 Nos.**	**4.45**	—
	2006-07	—	—	—	—	350 Nos.	1.44	—
(xi) Others	**2007-08**	—	—	—	—	—	**786.34**	—
	2006-07	—	—	—	—	—	585.51	—
Goods Traded in:								
(i) Steel Coils and Sheets	**2007-08**	—	—	—	—	—	—	—
	2006-07	—	—	—	—	56 M.T.	1.09	—
Total	**2007-08**		**103.93**		**86.77**		**21 964.96**	
	2006-07		59.58		103.93		18 644.22	

(a) Sundries include excess, shortage, scrapped and utilised for samples.

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

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

11 Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Ltd. under section 392 and 394 of the Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto. Consequently, sales tax deferral liability represents net liability to the Company after such pass on aggregating to Rs. 851 Million (Previous year Rs.785 Million).

12 (a) **Foreign Currency Loans**

(i) Bank of Baroda , London Foreign Currency Term Loan; Balance outstanding USD 3.33 million (previous year USD 6.67 million).
(ii) Bank of Baroda , London Foreign Currency Term Loan ; Balance outstanding USD 10.00 million (Previous year USD 15.00 Million).
(iii) Bank of India , New York Foreign Currency Term Loan ; Balance outstanding USD 5.00 Million (Previous year USD 10.00 million).
(iv) Bank of India , London Foreign Currency Term Loan. Balance outstanding USD 12.50 Million (Previous year USD 15.00 million).

The above loans are secured by (i) a First Charge by way of Mortgage of Land (excluding 25 acres of Land given on lease), Buildings and all immovable Plant & Machinery (other than purchased or to be purchased under I. D. B. I. Bills Rediscounting Scheme and / or other deferred payment Schemes or other Schemes of Financial Institutions and / or other Institutions / Banks) and all other Fixed Assets present and future situate at Mundhwa Village, Pune and Village Vaduth, Dist. Satara and hypothecation of all Movable Fixed Assets both present and future (except Plant and Machinery purchased or to be purchased under I. D. B. I. Bills Rediscounting Scheme and / or other deferred payment Schemes of Financial Institutions and / or Banks) at Mundhwa Village, Pune and Village Vaduth, Dist. Satara, both ranking pari passu** inter-se (ii) a First Charge by way of Mortgage of Land, Buildings and all immovable Plant and other Fixed Assets, and hypothecation of all Movable Fixed Assets, both present and future, at Village Kusumbe Khurd, Tal. Jalgaon, Dist. Jalgaon, (iii) a First Charge by way of Mortgage of Land (Excluding 8.50 acres of land given on lease), Buildings and all movable Plant and Machinery and all other Fixed Assets and hypothecation of all movable Fixed Assets, both present and future, at Chakan, Pune and (iv) a First Charge by way of hypothecation of Stock - in - Trade, Raw Materials, Finished Dies and Die Blocks, Work- in - Process, Stores and Spares, etc. (excluding Book-Debts), present and future, wheresoever situate, subject to First Charge created and / or to be created in favour of Company's Bankers for securing borrowings for working capital requirements in the ordinary course of business.

The above security extends also to the following loans which have already been repaid, but the charge is yet to be satisfied.

ICICI Limited - Rupee /Foreign Currency Term Loan under the Project Finance Participation Scheme/ Technology Upgradation Scheme in participation with Industrial Development Bank of India ,Industrial Finance Corporation of India Limited, Life Insurance Corporation of India and Unit Trust of India under the Crankshaft Modernisation Scheme.

(v) From Standard Chartered Bank, exclusive first charge by way of hypothecation of Aircraft.

** Company holds consent letters from Banks and Financial Institutions. Inter-se pari-passu agreement is yet to be executed.

(b) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit aggregating to Rs. 2 750.00 Million (Previous Year Rs. 2 100.00 Million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour. Amount outstanding Rs.211.29 Million (Previous Year Rs. 362.58 Million).

13 The Company has recognised Deferred Taxes, which result from timing difference between the Book Profits and Tax Profits for the year aggregating Rs.183.90 Million in the profit and loss account , the details of which are as under :-

(Rs. in Million)

Particulars	Balance as at 31st March, 2007	Arising during the year	Arising on adjustment to General Reserve	**Balance as at 31st March, 2008**
DEFERRED TAX LIABILITIES :				
On account of timing difference in				
A] Depreciation and Amortisation	1 201.12	187.04	-	**1 388.16**
B] Voluntary Retirement Scheme	(3.38)	0.55	-	**(2.83)**
Total Deferred Tax Liabilities	1 197.74	187.59	-	**1 385.33**
DEFERRED TAX ASSETS:				
On account of timing difference in				
A] Privilege Leave Encashment & Gratuity	41.40	1.71	129.25	**172.36**
B] Provision for Bad & Doubtful Debts and advances	10.00	(1.41)	-	**8.59**
C] Disallowance u/s 43 B of I.T.Act,1961	18.51	3.39	-	**21.90**
Total Deferred Tax Assets	69.91	3.69	129.25	**202.85**
NET DEFERRED TAX	1 127.83	183.90	(129.25)	**1 182.48**

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

14. Capital Work-in-Progress includes Preoperative expenditure of Rs. 114.29 Million (Previous year Rs.30.37 Million) relating to projects under implementation, pending allocation to Capital account, and Advances for supply of Capital Goods aggregating Rs.1,775.93 million (Previous Year Rs. 1 988.31 million).

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

    (i) Rs.240 million advanced to BF Utilities Ltd. to maintain and set up an advanced training facility to further Company's endeavours to enhance its Human Resource Development Programme.

    (ii) Loans aggregating Rs.0.83 million (Previous year Rs.0.87 million) granted to two executives who have been subsequently, appointed as Whole Time Directors of the Company. Maximum balance outstanding during the year is Rs.0.87 Million (previous year Rs.0.91 Million).

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

17. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act , 2006 (MSMED Act) as at 31-3-2008.The disclosure pursuant to the said Act is as under :

Particulars	**Rs. in Million**
Principal Amount due to suppliers under MSMED Act , 2006, beyond the appointed day	7.77
Interest accrued and due to suppliers under MSMED Act , on the above amount	0.08
Payment made to suppliers (other than interest) beyond the appointed day , during the year	44.48
Interest paid to suppliers under MSMED Act (Other than section 16)	-
Interest paid to suppliers under MSMED Act (Section 16)	-
Interest due and payable to suppliers under MSMED Act , for the payments already made	0.40
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.48

Note : The information has been given in respect of such vendors on the basis of information available with the Company.

18. The Company had issued Foreign Currency Convertible Bonds (FCCBs) in four tranches aggregating USD 199.90 million, detailed in the table below, to finance Capital Expenditure and Global Acquisitions. The said bonds are optionally convertible into GDR/ Equity Shares to be exercised at any time during the exercise period at a pre determined initial price subject to adjustments upon occurance of certain event.

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

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

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

Tranche	Amount USD Million	Face Value USD	Coupon Interest Rate % p.a.	Holders option to Convert			Company's option for Early Redemption			Maturity	
				Exercise period		Initial Price per Share Rs.	Exercise period		Gross Yeild to Bondholders	Date	Price %of Face Value
				From	To		From	To			
1	60.00	1 000	0.50%	30-May-05	10-Apr-10	336.105	19-Apr-07	13-Apr-10	5.25%	20-Apr-10	126.778%
2	60.00	1 000	0.50%	30-May-05	10-Apr-10	384.12	19-Apr-08	13-Apr-10	5.75%	20-Apr-10	129.939%
A	40.00	100 000	-	08-Jun-06	18-Apr-12	604.03	28-Apr-09	18-Apr-12	6.00%	28-Apr-12	142.576%
B	39.90	100 000	-	08-Jun-06	18-Apr-13	690.32	28-Apr-09	18-Apr-13	6.50%	28-Apr-13	156.481%

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

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

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

The unutilised amounts, of money raised, as at 31st March, 2008 aggregating Rs.1,028 Million have been held in Fixed Deposits and Current Accounts with Banks.

19 The Company, through its wholly owned subsidiary, Bharat Forge Beteiligungs, GmbH, acquired 30% Equity of Tecnica UK Limited during the year.

20 Computation of Earnings Per Share (EPS)

(Rs in Million)

		As at 31st March 2008 Rs.	As at 31st March, 2007 Rs.
Computation of Profit (Numerator)			
Net Profit		**2 735.89**	2 409.53
Add: Prior Period Adjustments		**-**	41.45
Less: Preference Dividend, including tax thereon		**8.35**	9.41
Net Profit attributable to Shareholders as at 31st March		**2 727.54**	2 441.57
Computation of Weighted Average Number of Shares (Denominator)		**Nos.**	Nos.
Number of Shares outstanding at the begining of the year		**222 640 529**	222 262 661
Weighted average Shares against Conversion of FCCB's during the year		**-**	377 868
Adjusted Weighted Average number of Equity Shares		**222 640 529**	222 640 529
Computation of EPS - Basic (In Rs.)	**As at 31st March**	**12.25**	10.97
EPS - Diluted - (In Rs.)	**As at 31st March**	**12.25**	10.97
EPS - (Basic and Diluted In Rs.) before exceptional items	**As at 31st March**	10.89	11.17

*As the Quoted Market Price of Company's Shares as at March 31, 2008 are below the conversion price, no dilution exists at the close of the year.

21 The Company, as a step to reorganise and restructure its holdings in its Global Ventures has, during the year, sold its interest in BF Beteilingungs GmbH, a wholly owned subsidiary to CDP BF GmbH, also a wholly owned subsidiary, at a fair value determined by a valuer. Consequently, the Company has recognised a profit of Rs.303.47 Million representing a gain of Euro 923,370 and Gain on Foreign Exchange appreciation over the historical cost of holding.

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

22 Disclosure pursuant to Accounting Standard-15 (Revised) - " Employee Benefits " :

a *The Company, during the year, has adopted Accounting Standard-15 (Revised) " Employee Benefits" issued by the Institute of Chartered* Accountants of India which became mandatory in its application, for the Company, with effect from 1st April, 2007. Pursuant to the first time adoption, the transitional provision in respect of Gratuity, Compensated absences, and Performance based Incentives amounting to Rs.251.00 Million net of deferred tax Rs.129.25 Million, as required by the Standard has been adjusted against the General Reserve. Such change in the Accounting Policy has a negligible impact on the Profit for the year, which is estimated at Rs.7.60 million, Net of Tax.

b Details of Long Term Employee Benefits determined by an appointed Actuary are as follows.

(Rs. in Million)

			As at 31st March, 2008	
(i)	Amount to be recognised in Balance Sheet		**Gratuity**	**Compensated absences**
	a.	Present value of Defined Benefit Obligations		
		(i) Funded	422.15	-
		(ii) Unfunded	-	232.66
	b.	Fair value of Plan Assets	167.71	-
	c.	Net liability / (Asset) recognised in the Balance Sheet	254.44	232.66
(ii)	Amount to be Recognised in the Statement of Profit & Loss A/c.			
	a.	Current Service Cost	31.03	35.21
	b.	Interest on Defined Benefit Obligations	29.81	13.97
	c.	Expected Return on Plan Assets	(13.42)	-
	d.	Net Actuarial Losses/ (Gains) Recognised in year	(17.79)	8.83
		Total, included in " Payments to and Provisions for Employees"	29.63	58.01
(iii)	*Change in Defined Benefit Obligation and reconciliation thereof*			
	a.	Present value of Defined Benefit Obligation at the beginning of the year	397.45	186.24
	b.	Interest Cost	29.81	13.97
	c.	Current service cost	31.03	35.21
	d.	Actuarial Losses/ (Gain)	(17.79)	8.83
	e.	Benefits Paid	(18.35)	(11.60)
	f.	Present value of Defined Benefit Obligation at the close of the year	422.15	232.65
(iv)	Change in the fair value of Plan Assets and the reconcilation thereof			
	a.	Fair Value of Plan Assets at the beginning of the year	149.13	-
	b.	Add: Expected return on Plan Assets	13.42	-
	c.	Add / (Less) : Actuarial Losses / (Gains)	-	-
	d.	Add : Contributions by employer	23.51	-
	e.	Less: Benefits Paid	(18.35)	-
	f.	Fair value of Plan Assets at the close of the year	167.71	-
(v)	Broad Categories of Plan Assets as a percentage of total Assets as at 31st March, 2008:			
	a.	Insurer Managed Funds	100%	-
		Total	**100%**	**-**
(vi)	Summary of Actuarial Assumptions			
	Discount Rate		7.50%	7.50%
	Expected Rate of Return on Assets		9.00%	-
	Salary Escalation Rate		10.00%	10.00%

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

i) Payment under operating lease / leave and license for period

1) Not later than one year, Rs 18.14 Million.

2) Later than one year but not later than five years, Rs.41.22 Million.

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

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

iii) *Payments recognised in the Profit and Loss Account for the year ended 31st March, 2008, Rs. 17.51 Million.*

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

24 Information required in terms of part IV of Schedule VI to the Companies Act, 1956 is attached.

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

26 Related Party disclosures have been set out in a separate statement annexed to this schedule. The related parties, as defined by Accounting Standard-18 ' Related Party Disclosures' issued by The Institute of Chartered Accountants of India, in respect of which the disclosures have been made , have been identified on the basis of disclosures made by the key managerial persons and taken on record by the Board.

27 Expenditure on Research and Development :

	Particulars	**2007-08 Rs. in Million**
A.	**On Revenue Account :**	
	Manufacturing Expenses:	
	Stores, Spares & Tools consumed	2.27
	Building Repairs & Machinery Repairs	0.59
	Payments to & Provision for Employees:	
	Salaries, Wages, Bonus, Allowances etc.	27.30
	Contribution to Provident & Other Funds & Schemes	4.18
	Other Expenses:	
	Legal & Professional charges	5.34
	Membership Fees	1.06
	EDP Expenses	15.88
	Other Expenses	6.13
	Total	**62.75**
B.	**On Capital Account**	**6.05**
	Total Research & Development Expenditure (A + B)	**68.80**

28 The Equity Shares alloted on exercise of option to convert the FCCBs by the Bondholders would rank pari-passu with the existing Equity Share holders and consequently will be eligible to all rights and entitlements prospectively. Accordingly, the proposed Dividend, recommended by the Directors and provided for, stands enhanced in favour of conversions effected since the close of the year to date, if any. However, as the Company is unable to estimate further conversions upto the record date set for determining the said eligibility i.e. (beginning of the conversion closure period), any further amounts required to be distributed as dividend will be adjusted against the balance in the Profit and Loss account carried forward to the subsequent financial year.

29 Significant accounting policies followed by the Company are as stated in the statement annexed to this schedule.

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

31 Previous financial year's figures have been regrouped wherever necessary to make them comparable with those of the current year.

For and on behalf of
DALAL & SHAH
Chartered Accountants

ANISH AMIN
Partner
Membership No. 40451
Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary

Mumbai, May 20, 2008

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

S. S. MARATHE
Director

Annexure referred to in Note No. 26 of Notes forming part of Financial Statements Disclosure of Transactions with Related Parties as required by Accounting Standard-18 :

(Rs.in Million)

Sr. No.	Particulars	Year	Subsidiary Company	Associates	Key Management Personnel
1	Purchase of goods	**2007-08**	**9.54**	**6 174.56**	-
		2006-07	0.93	5 441.31	-
2	Sale of goods	**2007-08**	**1.05**	**1 301.67**	-
		2006-07	1.56	1 177.58	-
3	Rendering of services	**2007-08**	-	-	**127.48**
		2006-07	-	-	125.92
4	Sale of Sales Tax Entitlement	**2007-08**	-	**28.66**	-
		2006-07	-	28.66	-
5	Interest Paid	**2007-08**	-	-	-
		2006-07	-	-	-
6	Reimbursement of Expenses Paid	**2007-08**	**46.24**	-	-
		2006-07	33.65	-	-
7	Reimbursement of Expenses Received	**2007-08**	**55.02**	-	-
		2006-07	17.45	-	-
8	Dividend Paid	**2007-08**	-	-	**1.38**
		2006-07	-	-	1.19
9	Finance Provided-Investments	**2007-08**	**520.49**	-	-
		2006-07	529.11	-	-
	- Loan	**2007-08**	**433.14**	-	-
		2006-07	111.51	-	-
10	Interest on Loan given	**2007-08**	**11.15**	-	-
		2006-07	4.58	-	-
11	Expenses	**2007-08**	**1.36**	-	-
		2006-07	18.63	-	-
12	Balance Payable by BFL as on	**31st March 2008**	-	**2 319.27**	**68.50**
		31st March 2007	2.13	2 359.26	77.60
13	Balance Receivable by BFL as on				-
	- Investments	**31st March 2008**	**2 954.64**	-	-
		31st March 2007	2 434.15	-	-
	- Loans	**31st March 2008**	**566.99**	-	-
		31st March 2007	152.08	-	-
	- Other Receivable	**31st March 2008**	**68.61**	**328.15**	-
		31st March 2007	40.67	332.08	-

Note : Names of the related parties and description of relationship

Sr. No.	Particulars	Name of the Party
1	Subsidiary Companies	CDP Bharat Forge GmbH Bharat Forge Beteiligungs GmbH Bharat Forge America Inc. Bharat Forge Holding GmbH Bharat Forge Aluminiumtechnik GmbH & Co. KG Bharat Forge Aluminiumtechnik Verwaltungs GmbH Bharat Forge Hong Kong Ltd. Bharat Forge Kilsta AB Bharat Forge Scottish Stampings Ltd. FAW Bharat Forge (Changchun) Co. Ltd. Bharat Forge Daun GmbH BF New Technologies GmbH
2	Associates	Kalyani Carpenter Special Steels Limited Technica U.K Limited
3	Key Management Personnel	Mr. B. N. Kalyani Mr. A.B. Kalyani Mr. G. K. Agarwal Mr. P. K.Maheshwari Mr. B.P. Kalyani Mr. S.E.Tandale

Annexure referred to in Note 29 in Schedule "L" Notes forming part of the Financial Statements.

Statement on significant Accounting Policies

1. **System of Accounting:**

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

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

   iii. Estimates and Assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual results at a subsequent date.

2. **Fixed Assets and depreciation:**

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

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

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

   C. Depreciation and amortisation:

   a) Lease hold land and Power Line:

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

   b) Other Fixed Assets:

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

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

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

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

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

3. **Inventories:**

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

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

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

   iii. Scrap is valued at estimated realisable value.

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

   v. Dies are amortised over their productive life. Expenditure incurred to repair the dies from time to time is charged to Profit and Loss Account.

4. **Foreign Currency Conversion:**

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

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

   iii. Forward Contracts and Hedge Derivatives /Options :

   The Company uses foreign exchange forward contracts to hedge its exposures against movements in foreign exchange rates. Exchange forward contracts are not used for trading or speculation purpose. Premium/Discounts are recognized over the life of the contract.

Annexure referred to in Note 29 in Schedule "L" Notes forming part of the Financial Statements. (Contd.) :

As regards Derivatives/ Options to hedge foreign exchange risks on future receivables, contingent on future options built around them, cannot be marked to market on each Balance Sheet date. Consequently, they are recognised in the period, the relevant underlying transaction comes into existence or the settlement dates, whichever is earlier. However, on simulation of the cut off date as the close of the year, losses, if any, are provided for.

5. **Technical Know-how Fees:**

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

6. **Investments:**

a) Trade Investments made by the Company are of a long term nature and hence diminution in value of investments if any, are generally not considered to be of permanent nature.

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

7. **Revenue Recognition:**

a. **Sales:**

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

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

b. **Export Incentives:**

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

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

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

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

8. **Research & Development Expenditure:**

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

Fixed Assets purchased for Research and Development are treated in the same way as any other Fixed Asset.

9. **Employee Benefits**

i. Benefits in the form of Provident Fund and Pension Schemes whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Profit & Loss account of the year.

ii. Gratuity:

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

iii. Superannuation:

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

iv. Privilege Leave Benefits:

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

v. Termination Benefits:

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

10. **Borrowing Costs:**

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

11. **Taxation:**

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

12. **Provisions:**

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

Statement Pursuant to Part IV of Schedule VI to the Companies Act,1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details :

Registration No. - 1 2 0 4 6

State Code 1 1

Balance Sheet Date 31 - 03 - 2008 (Date Month Year)

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

Public Issue: NIL	GDRs, Warrants and FCCBs Conversion: NIL
Bonus Issue: NIL	Private Placement: NIL

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

Total Liabilities: 28790090	Total Assets: 28790090

Sources of Funds

Paid-up Equity Share Capital: 445398	Reserves & Surplus: 14287348
Paid-up Preference Share Capital: NIL .	Secured Loans: 4615812
Unsecured Loans: 8259055	Deferred Tax Liability Net of Assets: 1182477

Application of Funds

Net Fixed Assets: 17445779	Investments: 5936717
Technical Know-How: 4165	Net Current Assets: 5403429
Misc. Expenditure: NIL	Accumulated Losses: NIL

IV Performance of Company (Amount in Rs.'000)

Turnover: 23152509	Total Expenditure: 19182710
Profit Before Tax: 3969799	Profit After Tax: 2735896
Earning per Share in Rs.: 12.25	Dividend Rate %: 175

V Generic Names of Three Principal Products / Services of Company

(as per monetary terms)

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

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

Mumbai,
Date : May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary

S. S. MARATHE
Director

Auditors' Report for the year ended 31st March, 2008 :

TO THE BOARD OF DIRECTORS
BHARAT FORGE LIMITED

REPORT OF THE AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached Consolidated Balance Sheet of Bharat Forge Limited and its subsidiaries and associate as at 31st March, 2008, and the Consolidated Profit and Loss account and the Consolidated Cash flow Statement for the year then ended.

These financial statements are the responsibility of Bharat Forge Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the foreign subsidiaries and associate , which are drawn up for the financial year ended 31st December, 2007, viz. **CDP Bharat Forge GmbH and its subsidiaries** , whose consolidated financial statements reflect total assets of EUR 46.28 Million (Previous Year EUR 45.59 Million), total Revenues of EUR 197.97 Million (Previous Year EUR 192.92 Million) and total net cash flows of EUR 5.53 Million (Previous Year EUR 1.92 Million), **Bharat Forge America Inc**, whose financial statements reflect total assets of US $ 12.60 Million (Previous Year US $ 12.93 Million) and total revenues of US $ 44.91 Million (Previous Year US $ 44.20 Million) and total net cash flows of US $ 0.88 Million (Previous Year US $ 0.01 Million) and **Bharat Forge Beteilingungs GmbH and its subsidiaries and associate,** whose consolidated financial statements reflect total assets of EUR 90.15 Million (Previous Year EUR 81.29 Million) and total revenues of EUR 208.32 Million (Previous Year EUR 182.09 Million) and total net cash out flows of EUR 3.91 Million (Previous Year EUR 16.94 Million), which are drawn up for the year ended on 31st December, 2007, have been audited by independent firms of Accountants under the laws of the country of their incorporation. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based on their report.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards issued by the Institute of Chartered Accountants of India viz. Accounting Standard (AS-21) "Consolidated Financial Statements", the Accounting Standard Interpretations and amendments issued thereto, to the extent applicable for the year ended 31st March, 2008 and on the basis of the separate audited financial statements of Bharat Forge Limited and it's aforementioned subsidiaries and associate included in the consolidated financial statements.

Auditors of Bharat Forge Beteilingungs GmbH have without qualifying their opinion, made a reference in the audit report in respect of contingent liability which is reproduced below:

"During the year the Company experienced operational issues due to the failure of the crankshaft in the 8000T press in February. This resulted in the loss of about a month's production. As a consequence of this breakdown, a customer has intimated a significant claim for reimbursement of all costs, expenses, loss and damage incurred by an alleged failure to deliver. The Company is reviewing the position with the customer and, based on the progress of discussions, the directors do not believe that a material liability will arise to the Company. However, as is not uncommon with claims of this nature, there can be no guarantee as to the final outcome of the claim. As it is not possible to predict with any degree of certainty the outcome of this matter, no provision for any liability that may result has been made in the financial statements. The directors have not disclosed an estimate of the financial impact of this claim as they consider that this disclosure might be prejudicial to the Company 's interests."

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Bharat Forge Limited and it's aforesaid subsidiaries and associate we are of the opinion that:

a) The Consolidated Balance Sheet read together with other notes thereon, gives a true and fair view of the consolidated state of affairs of Bharat Forge Limited and its subsidiaries and associate as at 31st March, 2008;

b) The Consolidated Profit and Loss Account read together with other notes thereon, gives a true and fair view of the consolidated results of operations of Bharat Forge Limited and its subsidiaries and associate for the year then ended; and

c) The Consolidated Cash Flow Statement read together with notes thereon, gives a true and fair view of the consolidated cash flows of Bharat Forge Limited and its subsidiaries and associate for the year then ended.

For and on behalf of
DALAL & SHAH
Chartered Accountants

ANISH AMIN
Partner
Membership No.40451

MUMBAI: 20th May, 2008.

Consolidated Balance Sheet as at 31st March, 2008 :

(Rs.in Million)

		Schedule			As at 31st March, 2007
I.	SOURCES OF FUNDS:				
1.	Shareholders' Funds:				
(a)	Share Capital	"A"	445.40		545.40
(b)	Reserves and Surplus	"B"	16 095.62		14 352.56
				16 541.02	14 897.96
2.	Loan Funds:				
(a)	Secured Loans	"C"	6 809.12		5 950.45
(b)	Unsecured Loans	"D"	9 734.81		11 945.45
				16 543.93	17 895.90
3.	Minority Interest			701.92	315.29
4.	Deferred Tax Adjustment:				
(a)	Deferred Tax Liabilities		1 385.33		1 197.74
(b)	Deferred Tax Assets		(209.00)		(91.02)
				1 176.33	1 106.72
		TOTAL		34 963.20	34 215.87
II.	APPLICATION OF FUNDS:				
1.	Fixed Assets:				
(a)	Gross Block		30 988.88		26 713.84
(b)	Less: Depreciation		13 227.91		10 808.59
(c)	Net Block	"E"	17 760.97		15 905.25
(d)	Capital work-in-progress		5 841.59		3 537.27
				23 602.56	19 442.52
2.	Goodwill arising on Consolidation			4.54	-
3.	Technical Know-how	"F"		4.18	6.26
4.	Investments	"G"		2 988.36	2 073.16
5.	Current Assets, Loans and Advances:	"H"			
(a)	Inventories		7 271.03		6 142.07
(b)	Sundry Debtors		6 717.94		6 567.40
(c)	Cash and Bank Balances		3 183.49		9 389.33
(d)	Other Current Assets		1 255.41		905.91
(e)	Loans and Advances		6 353.54		4 681.36
			24 781.41		27 686.07
	Less: Current Liabilities and Provisions:	"I"			
(a)	Liabilities		11 552.86		11 246.74
(b)	Provisions		4 864.99		3 747.74
			16 417.85		14 994.48
	Net Current Assets			8 363.56	12 691.59
6.	Miscellaneous Expenditure :				
	(to the extent not written off or adjusted)	"I(i)"		-	2.34
		TOTAL		34 963.20	34 215.87
	NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	"L"			

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

ANISH AMIN
Partner
Membership No. 40451

Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary

Mumbai, May 20, 2008

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

S. S. MARATHE
Director

Consolidated Profit and Loss Account for the year ended 31st March, 2008 :

(Rs.in Million)

	Schedule			Previous Year
INCOME:				
Sales, Gross	"J (a)"	**47 340.05**		42 762.19
Less : Excise Duty		**1 726.08**		1 560.19
Net Sales		**45 613.97**		41 202.00
Operating Income	"J (b)"	**908.80**		580.98
			46 522.77	41 782.98
Other Income	"J (c)"		**992.93**	969.15
			47 515.70	42 752.13
EXPENDITURE:				
Manufacturing and other expenses	"K"	**40 747.60**		36 386.36
Depreciation and amortisation	"K (a)"	**2 270.55**		1 881.10
			43 018.15	38 267.46
Operating Profit			**4 497.55**	4 484.67
Exceptional Item of Expenditure			**-**	121.44
Profit for the year before income from Associate & taxation			**4 497.55**	4 363.23
Income from Associate			**1.22**	-
Provision for Taxation :				
Current Tax (Including Wealth Tax Rs. 2.00 million Previous year Rs.5.03 million)		**1 369.08**		1 366.54
Deferred Tax		**152.33**		142.08
Fringe Benefit Tax		**68.00**		19.95
			1 589.41	1 528.57
Net Profit after taxation			**2 909.36**	2 834.66
Less : Minority Interest			**(105.87)**	(71.22)
Net Profit after Minority Interest			**3 015.23**	2 905.88
As per last Account			**5 052.45**	3 290.39
			8 067.68	6 196.27
Adjustments relating to earlier years :				
Excess/ (Short) provision for taxation and tax refunds			**(9.70)**	4.22
Energy Charges			**(4.83)**	(14.14)
Excess Depreciation written back			**-**	37.23
Profit available for Appropriation			**8 053.15**	6 223.58
APPROPRIATIONS:				
Capital Redemption Reserve Account			**100.00**	-
General Reserve			**280.00**	250.00
Dividend on Preference Shares		**7.14**		8.25
Tax on above Dividend		**1.21**		1.16
			8.35	9.41
Proposed Dividend		**779.28**		779.28
Tax on Proposed Dividend		**132.44**		132.44
			911.72	911.72
Balance carried to Balance Sheet			**6 753.08**	5 052.45
Earning Per Share				
(Face value of Rs. 2/-)				
Basic			**13.44**	13.13
Diluted			**13.44**	13.13
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS :	"L"			

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

ANISH AMIN
Partner
Membership No. 40451

Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary

Mumbai, May 20, 2008

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

S. S. MARATHE
Director

(Rs.in Million)

			2007-08	2006-07
A				
			4 498.77	4 363.23
	Less : Share of Profit in Associate		**(1.22)**	-
			4 497.55	4 363.23
	Adjustments For :			
	Interest / Depreciation / Other Non Cash Expenses :			
i)	Depreciation and amortisation		**2 270.55**	1 881.10
ii)	Amount written off against technical knowhow		**2.08**	2.08
iii)	Loss on assets sold,demolished,discarded		**18.24**	20.58
iv)	Provision for doubtful debts & advances		**5.56**	20.23
v)	Adjustments in respect of earlier years:			
	Excess/ (Short) provision for taxation and tax refunds		**-**	4.22
	Energy Charges		**(4.83)**	(14.14)
	Deferred Tax Asset Written Off		**(9.70)**	-
	DEPB Incentive Written off		**-**	67.50
vi)	Bad debts, irrecoverable advances, and sundry balances written off		**39.48**	0.96
vii)	Proportionate deferred revenue expenses written off		**3.30**	17.82
viii)	Interest paid		**1 269.38**	1 066.95
		Total	**3 594.06**	3 067.30
i)	Interest Received		**(320.71)**	(537.59)
ii)	Dividend		**(260.55)**	(162.07)
iii)	Profit on sale of investments		**(2.06)**	(3.80)
iv)	Surplus on sale of assets		**(3.63)**	(3.89)
v)	Provisions no longer required		**(24.01)**	(3.52)
		Total	**(610.96)**	(710.87)
			7 480.65	6 719.66
	(Increase) / Decrease in Current Assets :			
i)	Inventories		**(1 128.96)**	(1 408.67)
ii)	Sundry debtors		**(195.58)**	(2 446.50)
iii)	Other current assets and loans and advances		**(1 036.46)**	(270.80)
			(2 361.00)	(4 125.97)
	Increase / (Decrease) in Current Liabilities :			
	Liabilities		**444.62**	2 339.87
			444.62	2 339.87
		Total	**(1 916.38)**	(1 786.10)
			5 564.27	4 933.56
	Direct taxes paid		**(1 386.38)**	(1 233.68)
			4 177.89	3 699.88
	Less: Minority Interest		**(105.87)**	(71.22)
	M OPERATING	**(A)**	**4 283.76**	3 771.10
B				
i)	(Increase)/Decrease in Investment in Mutual Funds		**(909.18)**	462.23
ii)	Investment in Joint Ventures		**(0.03)**	-
iii)	Investment in Associates		**(4.78)**	-
iv)	Capital Expenditure		**(7 599.44)**	(6 013.15)
v)	Sale proceeds of assets / adjustments to gross block		**554.86**	421.24
vi)	Interest Capitalised		**(8.22)**	(47.26)
vii)	Non Operating Income		**583.32**	703.46
		Total	**(7 383.47)**	(4 473.48)
		(B)	**(7 383.47)**	(4 473.48)

Consolidated Cash Flow Statement for the year ended 31st March, 2008 (Contd.) :

(Rs.in Million)

Sr. No.	Particulars		2007-08	2006 - 07
C	CASH FLOW FROM FINANCING ACTIVITIES :			
	Increase / (Decrease) in Share Capital / Borrowings :			
i)	Equity Shares		-	0.78
ii)	Preference Shares		(100.00)	-
iii)	Secured Loans - Term Loans		(1 374.96)	1.82
iv)	Fixed deposits, unsecured loan		(741.65)	4 931.74
v)	Cash credit, & other borrowings from banks		1 363.87	469.24
		Total	**(852.74)**	**5 403.58**
	Adjustments to net worth :			
i)	Share Premium		-	96.02
ii)	Difference in Capital Consolidation		(50.20)	(41.45)
iii)	Foreign Currency Translation Reserve		(36.37)	135.71
iv)	General Reserve		-	40.09
v)	Minority interest		386.63	315.29
vi)	Goodwill arising on consolidation		(4.54)	-
vii)	Transitional Adjustments on adoption of Accounting Standard (AS-15) Revised - Employee Benefits		(380.25)	-
		Total	**(84.73)**	**545.66**
	Interest Paid :			
i)	Interest Paid		(1 259.01)	(1 067.30)
ii)	Capitalised		8.22	47.26
		Total	**(1 250.79)**	**(1 020.04)**
	Dividend		(917.87)	(769.76)
	NET CASH USED IN FINANCING ACTIVITIES	**(C)**	**(3 106.13)**	**4 159.44**
	Net change in cash and cash equivalents	**(A+B+C)**	**(6 205.84)**	**3 457.06**
	Cash and cash equivalents as at 01.04.07 (opening balance)		9 389.33	5 932.27
	Cash and cash equivalents as at 31.03.08 (closing balance)		3 183.49	9 389.33

As per our attached report of even date
For and on behalf of
DALAL & SHAH
Chartered Accountants

ANISH AMIN
Partner
Membership No. 40451

Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary

Mumbai, May 20, 2008

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

S. S. MARATHE
Director

Schedule "A" to "L"

Schedule "A" to "L" annexed to and forming part of the Consolidated Financial Statements for the year ended on 31st March, 2008 :

(Rs.in Million)

Schedule "A" Share Capital:

			As at 31st March, 2007
Authorised:			
300 000 000	Equity Shares of Rs.2/- each	**600.00**	600.00
43 000 000	Cumulative Preference Shares of Rs.10/- each	**430.00**	430.00
2 000 000	Unclassified Shares of Rs.10/- each	**20.00**	20.00
		1 050.00	1 050.00
Issued:			
-	(10 000 000) '8.25% Redeemable Cumulative Non Convertible Preference Shares of Rs.10/- each	-	100.00
222 828 621	Equity Shares of Rs.2/- each See Note A & B below	**445.66**	445.66
		445.66	545.66
Subscribed:			
-	(10 000 000) 8.25% Redeemable Cumulative Non Convertible Preference Shares of Rs.10/- each	-	100.00
222 652 271	Equity Shares of Rs.2/- each fully paid	**445.31**	445.31
1 72 840	Add: Forfeited Equity Shares (amount paid up)	**0.09**	0.09
	Total	**445.40**	545.40

Notes: Of the above Shares

A Prior to Sub-division of Share Capital :

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

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

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

(iv) The Company had issued 3 636 500 Equity Shares of Rs.10/- each (later sub-divided into 18 182 500 Equity Shares of Rs.2/-each) in April and May, 2005 represented by 3 636 500 Global Depository Receipts (GDR) (on sub-division 18 182 500 GDRs) evidencing "Master GDR Certificates" at a price of U.S. $ 27.50 per GDR (including premium). GDRs outstanding at the close of the year are 9 200. Out of the total amount of Rs.4 235 Million net of expenses, Rs.683 Million have been utilised towards the object of the issue and balance of Rs.3 552 Million have been tempororily deployed by Investments in Debt oriented Mutual Funds to the extent of Rs.2 982 Million, Rs.505 Million is held in Fixed Deposits with Banks and the balance amounting to Rs.65 Million is parked in working capital.

(v) The Company had also issued Foreign Currency Convertible Bonds aggregating U.S. $ 199.90 Million optionally convertible at an initial price specified in offering circular. As the initial price is subject to adjustments specified in the offering circular and inability to assess the proportion of conversion, no amounts have been shown under issued Equity Share Capital, in respect of Equity Shares deemed to be issued on exercise of conversion by bondholders. Outstanding Bonds at the close of the year aggregated Rs.7 301.15 Million.

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

(i) 2 340 Equity Shares of Rs.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 Rs. 2/- each, have been kept in abeyance pending adjudication of title to the pre right holding.

(ii) NIL Equity Shares of Rs.2/- each (previous year 389 610 Equity Shares) were issued and allotted during the previous year on April 12, 2006 at a premium of Rs. 334.105 per share on Conversion of U.S. $ 3 000 000 0.50% Foreign Currency Convertible Bonds (FCCBs) Tranche-1 in terms of Offering Circular dated 15th April, 2005.

C 8.25% Redeemable Cumulative Non Convertible Preference Shares of Rs.10/- each are redeemed in cash on 10th February, 2008.

Schedule "B" Reserves and Surplus:

(Rs.in Million)

				As at 31st March, 2007
Capital Reserve :				
i) Special Capital Incentive (Under the 1988 Package Scheme of Incentives)				
As per last Account		2.50		2.50
ii) Capital Surplus arising from early retirement of Sales tax deferral liability/ Loan under package Scheme of Incentive of Government of Maharashtra				
As per last Account	88.67			95.85
Less: Transferred to General Reserve	10.11			7.18
		78.56		88.67
			81.06	91.17
Difference of capital consolidation				
			128.04	178.24
Capital Redemption Reserve Account :				
As per last Account		200.00		200.00
Set aside during the year from Profit & Loss Account on redemption of Preference Shares		100.00		-
			300.00	200.00
Securities Premium Account :				
As per last Account		7 042.57		6 946.55
On allotment of :				
- (389 610) Equity Shares on conversion of FCCBs		-		130.17
		7 042.57		7 076.72
Less: Share and Bond Issue Expenses, Net of Current Tax		-		34.15
			7 042.57	7 042.57
Foreign Currency Translation Reserve			62.88	99.25
General Reserve:				
As per last Account		1 688.88		1 391.61
Add: Transferred from Capital Reserve		10.11		7.18
Add: Prior period adjustments by subsidiaries		-		40.09
		1 698.99		1 438.88
Less: Transitional Adjustment on Adoption of Accounting Standard (AS-15) Revised - Employee Benefits		251.00		-
Add: Set aside from Profit & Loss Account		280.00		250.00
			1 727.99	1 688.88
Surplus as per Annexed Account				
Surplus as per Annexed Account			6 753.08	5 052.45
TOTAL			16 095.62	14 352.56

Schedule "C" Secured Loans :

Term Loans :		
Foreign Currency Term Loans :-		
From Bank of Baroda, London	132.70	289.87
From Bank of Baroda, London	398.10	652.20
From Bank of India, New York	199.05	434.80
From Bank of India, London	497.63	652.20
From Bank of India, New York	226.92	247.84
From Commerzbank AG	106.70	48.99
From Comerica Bank	21.31	28.18
From Skandinaviska Enskilda Banken AB	791.07	769.57
carried over	2 373.48	3 123.65

Schedule "C" Secured Loans (Contd.):

(Rs.in Million)

				As at 31st March, 2007
	brought over		2 373.48	3 123.65
From Hypo Vereins Bank			18.83	23.30
From Deutsche Bank AG			-	268.68
From IKB Industriebank AG			-	238.43
From Other Banks :-				
From Standard Chartered Bank			756.39	-
Others :				
From Banks, against hypothecation of Stocks of Semi finished and Finished goods, Raw materials, Finished Dies and Die Blocks, Work-in-Progress, consumable Stores and Spares, Book Debts etc.				
Cash Credit		1 084.74		700.97
Preshipment Packing Credit - Foreign Currency		2 574.84		680.92
Preshipment Packing Credit - Rupee		-		913.82
Interest accrued and due on above		0.84		0.68
			3 660.42	2 296.39
	Total		6 809.12	5 950.45

Schedule "D" Unsecured Loans:

Foreign Currency Convetible Bonds (FCCBs) :				
0.5% Tranche 1 FCCBs , outstanding U.S. $ 43.5 million		1 731.74		1 891.38
0.5% Tranche 2 FCCBs, outstanding U.S. $ 60.0 million		2 388.60		2 608.80
0% Tranche A FCCBs, outstanding U.S. $ 40.0 million		1 592.40		1 739.20
0% Tranche B FCCBs, outstanding U.S. $ 39.9 million		1 588.41		1 734.85
			7 301.15	7 974.23
Sales tax deferral liability under Government of Maharashtra Package Scheme of Incentives			69.08	61.28
Short Term Loans from Banks under a buyers line of Credit for import of goods, etc.			888.17	2 243.95
Short Term Loans from Banks for Working Capital			156.17	341.40
Term Loan from Banks and Financial Institutions			1 319.59	1 323.65
Fixed Deposits :				
From Public		0.63		0.85
From Shareholders		0.02		0.03
		0.65		0.88
Interest accrued and due		-		0.06
			0.65	0.94
	Total		9 734.81	11 945.45

Schedule "E" Fixed Assets :

(Rs. in Million)

	FIXED ASSET	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at 31/03/07	Additions due to Acquisition	Additions During the Year & Foreign Currency exchange rate adjustments	Deductions During the Year	As at 31/03/08	Up to 31/03/07	Recoup-ments & Foreign Currency exchange rate adjustment	For the year	Up to 31/03/08	As at 31/03/08	Upto 31/03/07
1	Land, Free hold	235.36	-	**5.29**	**-**	**240.65**	-	-	-	-	**240.65**	235.36
2	Land, Lease hold	40.98	-	**41.62**	**0.43**	**82.17**	-	-	-	-	**82.17**	40.98
3	Buildings	2 145.21	-	**124.63**	**-**	**2 269.84**	369.84	**(14.02)**	**83.15**	**467.01**	**1 802.83**	1 775.37
4	Plant & Machinery	21 564.07	-	**1 777.90**	**26.83**	**23 315.14**	9 173.19	**(197.30)**	**1 739.53**	**11 110.02**	**12 205.12**	12 390.88
5	Dies & Fixtures	152.79	-	**65.64**	**33.37**	**185.06**	3.36	**0.66**	**10.76**	**13.46**	**171.60**	149.43
6	Railway Sidings	0.45	-	**-**	**-**	**0.45**	0.43	-	-	**0.43**	**0.02**	0.02
7	Electrical Installations	275.98	-	**21.72**	**-**	**297.70**	99.71	-	**22.49**	**122.20**	**175.50**	176.27
8	Factory Equipments	294.61	-	**103.48**	**30.21**	**367.88**	107.09	**30.06**	**54.54**	**131.57**	**236.31**	187.52
9	Engineering Instruments	16.51	-	**-**	**16.42**	**0.09**	16.46	**16.39**	**0.02**	**0.09**	**-**	0.05
10	Furniture & Fittings	174.77	-	**44.02**	**0.47**	**218.32**	86.22	**0.29**	**17.99**	**103.92**	**114.40**	88.55
11	Office Equipments	40.77	-	**8.55**	**0.94**	**48.38**	19.77	**0.15**	**3.09**	**22.71**	**25.67**	21.00
12	Vehicles & Aircraft	524.89	-	**1 893.89**	**289.38**	**2 129.40**	172.94	**54.79**	**126.92**	**245.07**	**1 884.33**	351.95
13	Leased Assets :											
	Plant & Machinery	2.38	-	**-**	**2.38**	**-**	2.26	**2.26**	-	-	-	0.12
14	Power Line	7.14	-	**-**	**-**	**7.14**	7.14	-	-	**7.14**	-	-
15	Intangible Assets	143.84	-	**229.24**	**1.27**	**371.81**	90.78	**(7.88)**	**12.15**	**110.81**	**261.00**	53.06
16	Software	0.27	-	**2.37**	**-**	**2.64**	0.09	**0.03**	**0.57**	**0.63**	**2.01**	0.18
17	*Other equipments*	1 093.82	-	**376.57**	**18.18**	**1 452.21**	659.31	**(34.63)**	**198.91**	**892.85**	**559.36**	434.51
	TOTAL	26 713.84	-	**4 694.92**	**419.88**	**30 988.88**	10 808.59	**(149.20)**	**2 270.12**	**13 227.91**	**17 760.97**	15 905.25
	Previous Year's Total	19 622.84	1 313.06	5 842.87	64.93	26 713.84	8 591.73	(335.76)	1 881.10	10 808.59	15 905.25	

Schedule "F" Technical Know-how :

(Rs.in Million)

			As at 31st March, 2007
Acquired by the Company :			
As per last account		6.26	8.34
Less: Written off		2.08	2.08
	Total	4.18	6.26

Schedule "G" Investments :

Long Term:			
In Joint Ventures		0.28	0.25
In Associates		6.00	-
In Mutual Fund Units		2 982.08	2 072.91
	Total	2 988.36	2 073.16

Schedule "H" Current Assets, Loans and Advances :

a) Inventories as valued and certified by the Managing Director:				
Stores, Spares and Loose Tools (at cost) *		677.05		759.50
Die Blocks & Die & Tool Steel (at cost)		565.35		271.96
Raw Materials & Components (at cost) *		1 851.72		1 476.90
Work-in-Progress (at lower of cost or realisable value)		2 521.63		1 983.97
Finished Goods (at lower of cost or selling price)		513.72		566.83
Dies (at cost, less amortisation) & Dies under fabrication *		1 115.37		1 054.38
Scrap (at estimated realisable value)		26.19		28.53
			7 271.03	6 142.07
b) Sundry Debtors, Unsecured: (unless otherwise stated) (Net of Bills Discounted with Banks)				
(i) Over six months:				
Good		815.39		334.47
Doubtful	17.59			9.05
Less: Provision	17.59			9.05
		-		-
		815.39		334.47
(ii) Other , Good		5 902.55		6 232.93
Doubtful	34.42			57.22
Less: Provision	34.42			57.22
		-		-
		5 902.55		6 232.93
			6 717.94	6 567.40
carried over			13 988.97	12 709.47

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

(Rs.in Million)

					As at 31st March, 2007
brought over				**13 988.97**	12 709.47
c) Cash and Bank Balances:					
Cash on Hand			**0.89**		1.31
Bank Balances:					
With Scheduled Banks:					
In Current Account		**621.64**			583.61
In Fixed Deposits		**1 491.95**			7 225.39
Interest funded on Cumulative Fixed Deposits		**0.01**			0.02
		2 113.60			7 809.02
With Other Banks outside India					
In Current Account		**407.46**			848.40
In Fixed Deposits **		**661.54**			730.60
		1 069.00			1 579.00
			3 182.60		9 388.02
				3 183.49	9 389.33
d) Other Current Assets:					
Interest receivable			**67.53**		217.12
Dividend from Mutual Fund receivable			**0.89**		1.72
Other Current Assets			**390.70**		62.14
Certified Emission Reduction Units receivable			**4.54**		-
Electricity Forward Contracts			**-**		17.93
Energy Credit receivable-Wind Mill			**15.81**		2.43
Export incentives receivable			**775.94**		604.57
				1 255.41	905.91
e) Loans and Advances, Unsecured,Good : (Unless otherwise stated)					
Loan to a Company			**309.09**		309.09
Advances recoverable in cash or in kind or for value to be received					
Good		**2 163.33**			1 571.36
Doubtful Advances	**20.35**				20.35
Less:Provision	**20.35**				20.35
		-			-
			2 163.33		1 571.36
Expenditure to date on Projects pending adjustment on completion / conclusion			**92.91**		59.05
Security Deposit for Supply/ Purchase of Power			**211.28**		229.00
Balances with Customs, Central Excise Departments etc.			**280.35**		201.50
Tax paid in advance			**3 296.58**		2 311.36
				6 353.54	4 681.36
Total				**24 781.41**	27 686.07

* Slow moving and obsolete inventory is valued at cost or estimated realisable value whichever is lower.

** Fixed Deposits include Rs. 44.53 Million (EUR 0.71 Million) earmarked to secure employees claims due to agreements for early retirement against insolvency.

Schedule "I" Current Liabilities and Provisions :

(Rs.in Million)

				As at 31st March, 2007
(a) LIABILITIES:				
Acceptances		2 364.20		2 494.24
Sundry Creditors :				
Due to Micro and Small Enterprises	10.86			
Due to other than Micro and Small Enterprises	9 091.24			
		9 102.10		8 608.96
Advance against Orders		19.98		89.38
Investors Education & Protection Fund, since deposited		0.02		0.01
Unclaimed Redeemed Preference Share Capital		0.01		0.01
Unclaimed Dividends		12.97		10.77
Interest accrued but not due on loans		53.58		43.37
			11 552.86	11 246.74
(b) PROVISIONS:				
For Long Term Employee Benefits		651.92		524.06
For Tax on Proposed Dividend		132.44		132.44
For Taxation		3 301.35		2 311.96
For Proposed Dividend		779.28		779.28
			4 864.99	3 747.74
Total			16 417.85	14 994.48

Schedule "I(i)" Miscellaneous Expenditure :

(To the Extent Not Written off or Adjusted)

EVRS Compensation	-	2.34
Total	-	2.34

Schedule "J" Sales, Operating & Other Income :

				Previous year
(a) Sales (Net of returns, rebates etc.) :		44 684.74		40 155.88
Job Work Receipts		261.17		433.92
Sale of Manufacturing scrap		2 394.14		2 172.39
			47 340.05	42 762.19
(b) Operating Income :				
Export Incentives		547.35		296.05
Sale of Certified Emmission Reduction Units		39.03		-
Die Design and Preparation Charges		322.42		284.93
			908.80	580.98
(c) Other Income :				
Income on assignment of Sales Tax benefit		28.66		28.66
Dividend Income from Investment in Mutual Funds		260.55		162.07
Profit on Sale of Non Trade,Current Investments		2.06		3.80
Interest on Deposits etc.:				
(Gross, tax deducted Rs. 20.86 million, Previous year Rs. 39.86 million) :		320.71		537.59
Miscellaneous Receipts		84.26		107.95
Profit from First Consolidation		57.70		58.15
Exchange Rate difference		211.15		44.72
Surplus on Sale of Assets		3.63		3.89
Bad debts recovered		0.20		18.80
Provision for Doubtful Debts and advances written back	4.14			12.28
Less: Write backs on account of amounts written off during the year, as per contra	4.14	-		12.28
Provisions no longer required		24.01		3.52
			992.93	969.15
Total			49 241.78	44 312.32

Schedule "K" - Manufacturing and Other Expenses:

(Rs.in Million)

				Previous Year
(1) Materials:				
Raw Materials & Components consumed		**21 745.99**		20 093.89
Die Blocks, Die & Tools Steel Consumed		**752.32**		345.51
Mercandise & Finished goods Purchased		**84.62**		124.23
Excise Duty on year end Inventory on Closing Stock	**3.30**			4.04
Less : on Opening Stock	**4.04**			6.24
		(0.74)		(2.20)
(Increase) / Decrease in Stocks:				
Stocks at Close:				
Work-in-Progress	**2 521.63**			1 983.97
Finished Goods	**513.72**			566.83
Die Room Inventory	**1 115.37**			1 054.38
Scrap	**26.19**			28.53
	4 176.91			3 633.71
Less: Stocks at Commencement:				
Work-in-Progress	**1 983.97**			1 566.05
Finished Goods	**566.83**			656.36
Die Room Inventory	**1 054.38**			461.57
Scrap	**28.53**			44.50
	3 633.71			2 728.48
Add: Stocks on the Date of Acquisition of Business	-			250.33
	3 633.71			2 978.81
		(543.20)		(654.90)
			22 038.99	19 906.53
(2) Manufacturing Expenses:				
Stores, Spares & Tools consumed		**1 803.06**		1 723.94
Octroi duty		**21.72**		15.72
Machining charges		**1 562.90**		1 650.91
Power, Fuel & Water	**3 196.15**			2 452.26
Less: Credit for Energy Generated	**31.92**			37.49
		3 164.23		2 414.77
Other Manufacturing Expenses		**60.92**		108.08
Building Repairs & Road Maintenance		**54.15**		28.56
Machinery Repairs		**1 075.17**		881.95
			7 742.15	6 823.93
(3) Payments to & Provisions for Employees:				
Salaries, Wages, Bonus, Allowances, etc.		**5 337.09**		4 837.90
Contribution to Provident & Other Funds and Schemes		**144.62**		115.01
Social Security costs		**990.44**		929.63
Welfare Expenses		**308.20**		281.83
			6 780.35	6 164.37
carried over			**36 561.49**	32 894.83

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

(Rs.in Million)

				Previous Year
brought over			**36 561.49**	32 894.83
(4) Other Expenses:				
Rent		**184.54**		139.68
Rates & Taxes		**34.61**		7.62
Insurance (Including Key Man Insurance)		**96.73**		103.34
Commission & Discount		**122.18**		91.38
Interest & Finance Charges:				
Interest:				
On Debentures, including Bonds	**23.25**			25.80
On Fixed Loans	**110.25**			149.30
Others	**831.65**			629.40
	965.15			804.50
Discounting charges	**304.23**			262.45
		1 269.38		1 066.95
Miscellaneous Expenses including Travelling expenses, Printing, Stationery, Postage, Telephones, Bank charges etc.		**1 476.51**		1 355.42
Donations		**5.96**		9.79
Freight Forwarding charges etc.		**971.20**		566.91
Royalty		**9.90**		9.90
Teak wood cultivation expenses written off		**0.53**		0.35
Directors' Fees and Travelling Expenses		**1.12**		0.60
Managing and Whole Time Directors' Commission		**68.50**		77.60
Commission to Directors other than Managing and Whole Time Directors		**7.50**		8.40
Loss on assets sold, discarded & scrapped		**18.24**		20.58
Bad debts, irrecoverable advances and sundry balances written off	**43.62**			13.24
Less: Provision made in earlier years in respect of amounts written off during the year, adjusted as per contra	**4.14**			12.28
		39.48		0.96
Provision for doubtful debts and advances		**5.56**		20.23
Amount Written off against Technical Know-how		**2.08**		2.08
EVRS Compensation Written Off :				
i) *Proportionate Deferrred Revenue Expenses*	**2.34**			10.19
ii) Incurred during the year	**0.96**			7.63
		3.30		17.82
			4 317.32	3 499.61
			40 878.81	36 394.44
Less: Expenses capitalised			**131.21**	8.08
Total			**40 747.60**	36 386.36

SCHEDULE "K (a)" DEPRECIATION & AMORTISATION:

Depreciation	**2 270.12**	1 881.10
Amount written off against Leasehold Land (Previous Year Rs.316/-)	**0.43**	-
Total	**2 270.55**	1 881.10

Schedule "L" - Notes Forming Part of the Consolidated Financial Statements :

1 i) The consolidated financial statements include results of all the subsidiaries of Bharat Forge Limited and interalia their Subsidiaries and associate. The names, country of incorporation or residence, proportion of ownership interest and reporting dates are as under:

Subsidiaries :

Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31st March, 2008	Financial year ends on
CDP Bharat Forge GmbH :- and its wholly owned subsidiary	Germany	100%	31/Dec/07
i. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100%*	31/Dec/07
- BF Aluminiumtechnik GmbH & Co KG :- and its wholly owned subsidiary	Germany	100%*	31/Dec/07
- BF Aluminiumtechnik Verwaltungs GmbH	Germany	100%*	31/Dec/07
ii. Bharat Forge Daun GmbH	Germany	100%*	31/Dec/07
iii. BF New Technologies GmbH	Germany	100%*	31/Dec/07
Bharat Forge America Inc.	U.S.A.	100%	31/Dec/07
Bharat Forge Beteiligungs GmbH :- (refer note no. ii (b)) and its wholly owned subsidiary	Germany	100%	31/Dec/07
i. Bharat Forge Kilsta AB, Sweden and its wholly owned subsidiary	Sweden	100%*	31/Dec/07
- Bharat Forge Scottish Stampings Ltd.	Scotland	100%*	31/Dec/07
ii. Bharat Forge Hong Kong Ltd. and its Joint Venture Subsidiary	Hong Kong	100%*	31/Dec/07
- FAW Bharat Forge (Changchun) Company Ltd.	China	52%*	31/Dec/07

* held through subsidiaries.

Associate:

Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31st March, 2008	Financial year ends on
Technica UK Limited (refer note no. ii (c)) (shares held through subsidiary)	UK	30%	31/Dec/07

ii a) CDP Bharat Forge GmbH has, through a 35% equity participation positioned itself to exercise significant influence in Talbahn GmbH a Company which manages infrastructure facilities. Since there are no significant transactions and hence the financial impact on the consolidated group financial statements being negligible, the same has not been consolidated.

b) After the close of Subsidiaries' accounting year, CDP Bharat Forge GmbH, acquired Bharat Forge Beteiligungs GmbH, at a fair value determined by a valuer. However, Bharat Forge Beteiligungs GmbH continued to be indirectly wholly owned subsidiary of Bharat Forge Limited. However, this restructuring exercise has no impact on the consolidated financial statement for the year ended 31st March, 2008.

c) The Company, through its subsidiary, Bharat Forge Beteiligungs, GmbH, acquired 30% Equity of Tecnica UK Limited during the year. The said acquisition resulted in creation of Goodwill of Rs. 4.54 Million.

iii The Company considers Kalyani Carpenter Special Steels Ltd. (KCSSL) as its associate by virtue of its ability to exercise significant influence over the financial and operating policies and decisions of the KCSSL despite the Company not holding any part of the Equity Share Capital and hence would not have any financial implications in these consolidated Financial Statements.

2 The consolidated financial statements are prepared on the following basis:

i) Considering that Financial Statements of the Subsidiaries have been prepared under the laws and regulation applicable to the Republic of Germany, Sweden, Scotland, Hong Kong, China and United States of America, these Consolidated financial statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by the Accounting Standard AS-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI).

ii) The operations of the subsidiaries are not considered as an integral part of the operations of the parent. Hence, all Monetary and Non Monetary Assets and Liabilites have been translated at the exchange rate prevailing at the close of the subsidiaries financial year (i.e. 31st December, 2007). Income and Expenditure have been translated at the daily average rate of exchange prevailing for the subsidiaries financial year. Translation losses and gains on the above are carried to "Foreign Currency Translation Reserve" for future adjustments. Foreign Exchange rates so applied are adjusted for any subsequent material fluctuations as compared to rates prevailing on 31st March, 2008.

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

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

iv) No adjustments have been made to the financial statements of the Subsidiaries on account of diverse accounting policies as the same, being incorporated in Germany, Sweden, Scotland, Hong Kong, China and United States of America, have been prepared under the laws and regulations applicable to their country of incorporation and hence not practicable to do so. However, the diverse accounting policies followed by the subsidiaries to the extent they would materially impact these consolidated financial statements have been detailed in Note 4 below.

v) Consolidated Financial Statement include the results of BF New Technologies GmbH consoldiated for the first time since, it has become subsidiary w.e.f. 7th, Dec. 2007 and hence the previous year's figures are strictly not comparable with those of current year.

vi) The financial statements are prepared on the following basis:
The financial statements in respect of all subsidiary companies are drawn for the year ended 31st December, 2007, whereas the financial statements for the Company are drawn for the year ended 31st March, 2008. The effect of significant transactions and other events that

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

occur between 1st January, 2008 and 31st March, 2008 are taken in the consolidated financial statements if it is of material nature. Material transactions with all subsidiaries taken together between the period 1st January, 2008 and 31st March, 2008 have been given effect on account of the inconsistent reporting periods, and which are eliminated in the consolidation, are as given below:

Transaction	Amount (Rs. in Million)
Investment in Subsidiary	2 058.80
Loan to Subsidiaries	427.67
Transfer of shares of one subsidiary to other subsidiary	1 756.19
Profit on transfer of shares	303.47

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

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

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

a) *Dies : In respect of CDP Bharat Forge GmbH and Bharat Forge America Inc.* Dies are considered as Fixed Assets and amortised by scheduled depreciation with reference to an assumed economic life as against the parent accounting policy to treat them as Inventory under "Current Asset" and amortise the cost, as "Manufacturing Expenses", on the basis of actual usage.

b) *FAW Bharat Forge (Changchun) Company Ltd.* Moulds (dies) whose unit value is above RMB 200 000 are entered into prepaid expenses on requisition. The prepaid expenses of the moulds are amortised in 6 months, else expended entirely upon incurring.

c) *CDP Bharat Forge GmbH* Fixed Assets of low value, i.e. up to 410 EUR , were expensed directly at the date of purchasing in accordance with § 6 Section 2 EstG (German Income Tax Law).

d) i) *Recognisation of Capital Reserve/ Goodwill : In respect of CDP Bharat Forge GmbH and Bharat Forge Beteiligungs GmbH.* The German Accounting Standard (DRS 4) requires, in case of acquisition of a Subsidiary, at the first instance, to recognise the Assets and Liabilities at Market value in the first year of consolidation and thereafter to recognise the excess or deficit of the parents portion in the equity in subsidiary companies over its carrying cost of investments in subsidiaries as a Reserve or Goodwill. This is in contrast to the requirements of Accounting Standard 21 "Consolidated Financial Statements", which requires recognition of Assets and Liabilities, in similar circumstances, at their carrying costs. As a result, the Reserves and Net Assets attributable to the consolidated group are higher by Rs. 109.84 Million (EUR 1.75 Million). (Previous year Rs.146.79 Million (EUR 2.52 million).

ii) *Treatment of Capital Reserve (difference in Capital Consolidation Account) :* The said German Standard also requires the capital reserve created on consolidation to be apportioned to income over the life of the assets. Accordingly Rs.57.70 Million (EUR 1.02 Million) has been recognised as income under "Other Income" in the Consolidated Profit and Loss account for the year. In contrast the Indian accounting Standard do not permit such transfers from Capital Reserves nor permit depreciation of Goodwill accounted on acquisition. As a result, the capital reserve are lower by Rs. 50.20 Million (EUR 1.02 Million).

However, the net position of the reserves and surplus remains unchanged.

e) *Inventories : In respect of Bharat Forge America Inc.and Bharat Forge Kilsta AB, Sweden* the cost of inventory is determined on the basis of first-in-first-out (FIFO) method in contrast to Bharat Forge Ltd. which determines on the basis of weighted average.

5 The subsidiaries have not reported any transactions with related parties. Hence disclosures in this regard are fairly reflected in the Statement of Related Party Transactions annexed to Schedule "L" to the independent financial statements of Bharat Forge Ltd. and those made by the Joint Venture subsidiary FAW Bharat Forge (Changchun) Company Ltd. which are attached hereto.

6 The Company, as a step to reorganise and restructure its holdings in its Global Ventures has, during the year, sold its interest in BF Beteilingungs GmbH, a wholly owend subsidiary to CDP BF GmbH, also a wholly owned subsidiary, at a fair value determined by a valuer. Consequently, the Company has recognised a profit of Rs.303.47 Million which has been shown as exceptional item of income in the independent financial statements of the parent and the said exceptional item of income has been eliminated in the Consolidated Financial Statement of the Company.

7 i) As per the joint venture contract entered into with China FAW group Corporation (minority shareholder) for establishment of FAW Bharat Forge (Changchun) Company Ltd., the minority share holder injected net assets into the joint venture Company. However, the legal title of the property amounting to Rs. 147.66 Million, has not been transferred in the name of the joint venture Company.

As per the discussion with the management of the joint the venture Company, the title transferring process is in process.

ii) FAW Bharat Forge (Changchun) Company Ltd. owes the investor, China FAW Group Corporation, RMB 70 218 459.80. The portion to total amount is 95.21% including the investment payable RMB 63 257 836.00. The fund tie-up fee payable for fund possesion is RMB 10 043.80, and the rent payable of land use right is RMB 6 950 580.00.

8 Consolidated Contingent liability not provided for :

The subsidiaries, other than Bharat Forge Beteiligungs GmbH, have not reported any contingent liabilities which are not provided for and outstanding at the close of their financial year. Details of Contingent liability not provided for in case of a subsidiary of Bharat Forge Beteiligungs GmbH are as under:

During the year, the Company experienced operational issues due to the failure of the crankshaft in the 8000T press in February. This resulted in the loss of about a month's production. As a consequence of this breakdown, a customer has intimated a significant claim for reimbursement of all costs, expenses, loss and damage incurred by an alleged failure to deliver. The Company is reviewing the position with the customer and, based on the progress of discussions, the directors do not believe that a material liability will arise to the Company. However, as is not uncommon with claims of this nature, there can be no guarantee as to the final outcome of the claim. As it is not possible to predict with any degree of certainty the outcome of this matter, no provision for any liability that may result has been made in the financial statements.

Except for mentioned above, Contingent liabilities not provided for in respect of the parent are representative of the consolidated group and can be directly viewed in Note 1 to the independent financial statements of the parent.

9 Consolidated Capital commitments to the extent not provided for, net of advances as at 31st March, 2008 Rs. 2 236.96 Million. (Previous year Rs. 2 548.83 Million) .

As per our attached report of even date

For and on behalf of
DALAL & SHAH
Chartered Accountants

ANISH AMIN
Partner
Membership No. 40451

Mumbai, May 20, 2008

ASHISH BORADKAR
Asst. Company Secretary

Mumbai, May 20, 2008

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

S. S. MARATHE
Director

Disclosure of Transaction with Related Parties as required by the Accounting Standard - 18

Name of Related Parties	Nature of Transaction	2007-2008 (Rs. In Million) Transaction Value	2007-2008 (Rs. In Million) Outstanding amounts carried in Balance Sheet	2006-07 (Rs. In Million) Transaction Value	2006-07 (Rs. In Million) Outstanding amounts carried in Balance Sheet
Axle Branch Company FAW Jiefang Automobile Co. Ltd.	Forging Sales	**0.34**	**0.16**	0.71	0.64
	Maintenance	-	-	0.03	-
Changchun FAW Automobile Parts Industrial Co. Ltd.	Forging Sales	**0.52**	-	0.37	0.11
Changchun FAW Jiaxin Heat Treatment & Plating Technological Co. Ltd.	Forging Sales	**48.45**	-	25.17	15.63
	Procurement of spare parts	**1.81**	**0.43**	0.59	0.49
Changchun FAW Building Industry Company	Procurement of Services	-	-	-	0.81
Changchun FAW Equipment Technology Manufacturing Co. Ltd.	Forging Sales	**0.53**	**4.39**	5.00	6.93
	Procurement of Mould	-	-	0.09	-
	Maintenance	**0.05**	-	-	-
Changchun FAW Jianshe Industrial Co. Ltd.	Accounts Payable	-	**0.82**	-	-
Changchun FAW Regeneration and Reuse Co. Ltd.	Forging Sales	-	-	0.79	0.14
	Waste sales	**63.35**	**0.62**	33.66	4.72
	Procurement of spare parts	**3.09**	-	-	-
Changchun FAW Tooling Co. Ltd.	Forging Sales	**11.35**	-	3.58	-
	Procurement of Mould	**77.79**	**25.96**	39.57	7.95
Changchun FAW-SIHUAN Automobile Co. Ltd. Special—Purpose Auto Company	Forging Sales	-	-	0.19	0.20
Changchun FAW-SIHUAN Automobile Co. Ltd. Wheel Company	Forging Sales	**4.27**	-	2.55	1.30
Changchun FAW-SIHUAN Automobile Pin Co. Ltd.	Forging Sales	-	-	7.10	1.82
Changchun Gear Factory of FAW CAR Co. Ltd.	Forging Sales	**33.26**	**12.38**	18.97	12.27
China FAW Group Corporation (FAW)	Other Payables	-	**207.49**	-	-
Drive shaft Branch Company of Fawer Automobile Part Co. Ltd.	Forging Sales	**144.68**	**0.98**	63.50	15.82
Engine Branch Company of FAW Jiefang Automobile Co. Ltd.	Forging Sales	-	-	0.07	-
	Labor Service	**0.19**	-	-	-
FAW Jiefang Automobile Co. Ltd. (Procurement Division)	Forging Sales	**485.27**	-	215.82	-
	Procurement of section steel	**867.45**	**224.28**	351.67	300.78
FAW Yidun Gearbox Co. Ltd.	Forging Sales	-	**2.56**	12.65	3.62
FAW Power Energy Branch Company	Sale of Labor Service	-	-	0.05	-
	Procurement of Energy	**229.25**	**124.27**	104.24	100.94
	Forging Sales	**0.23**	-	-	-
FAW School—run Industrial Company	Procurement of Services	-	**0.05**	-	0.05
FAW Volkswagen Automobile Co. Ltd.	Forging Sales	**1.15**	-	2.31	0.18
FAW Import & Exports Corporation	Account Payable	-	-	-	-
	Procurement of Material	**0.04**	**0.04**	-	-
FAW Jiefang Gearbox Co. Ltd.	Forging Sales	**25.78**	-	-	-
FAW Shangdong Refitted Automobile Factory	Account Receivable	-	**0.72**	-	-
FAW Special—Purpose Auto Co. Ltd.	Forging Sales	**17.77**	**7.53**	-	-
Harbin Light—duty truck Factory of FAW	Forging Sales	**40.14**	**10.18**	18.61	7.62
	Indemnity	-	**0.02**	-	-
Inspection Center of FAW	Account Payable	-	**0.03**	-	-
Jilin FAW Automobile Co. Ltd.	Forging Sales	-	-	-	0.02
Material Supply Station of Changchun FAW	Account Payable	-	**0.03**	-	-
Pumps Branch Company of Fawer Automobile Part Co. Ltd.	Forging Sales	**2.46**	-	1.33	1.45
Shock Absorbers Branch Company of Fawer Automobile Part Co. Ltd.	Forging Sales	**33.45**	**0.85**	13.23	0.02
Standard Components Branch Company of Fawer Automobile Part Co. Ltd.	Procurement of section steel	**0.96**	**0.03**	0.63	0.46
Technical Center of FAW	Forging Sales	**2.14**	-	0.07	-
The Die Manufacturing Co. Ltd. of FAW	Labor Service	-	-	0.02	-
	Forging Sales	**0.49**	**0.06**	-	-
The Dining Center of Changchun FAW Industrial Co. Ltd.	Dining Service	-	-	3.00	-
The First Branch Company of Changchun FAW Automobile Parts Industrial Co. Ltd.	Forging Sales	**0.14**	-	0.09	2.44
The Gongxing Cast Industrial Co. Ltd. of Changchun FAW	Forging Sales	**0.82**	-	0.89	-
	Procurment of Maintenance Services	**2.30**	**1.32**	0.91	1.16
The Gongxing Die Manufacturing Industrial Co. Ltd. of Changchun FAW	Sale of Labor Service	-	-	0.02	-
	Procurement of Mould	**0.71**	**0.34**	-	-
	Maintenance	**0.20**	-	-	-
Work Meal Center of Changchung FAW	Procurement of Work Meal	**5.80**	**3.53**	-	-
The Mould and Tooling Factory of FAW Casting Co. Ltd.	Forging Sales	**1.82**	-	0.89	-
	Procurement of Mould	**20.68**	**4.73**	3.52	3.72
Wuxi Diesel Oil Branch Company of FAW Jiefang Automobile Co Ltd.	Advances	-	**3.25**	-	-
Truck Factory of FAW Jiefang Automobile Co. Ltd.	Procurement of half finished product	-	-	0.01	0.01
TRW FAW Automobile Safety Systems(Changchun)Co. Ltd.	Forging Sales	-	-	17.10	10.02
TRW FAW Steering Systems(Changchun)Co. Ltd.	Forging Sales	-	-	10.10	5.17

Annexure referred to in Note No. 25 of Notes forming part of the Financial Statements
Segment Reporting as required by Accounting Standard -17:

(Rs.in Million)

Sr. No.	Particulars		Year ended 31st Mar, 2008	Year ended 31st Mar, 2007
1	Segment Revenue :			
	a	Forgings	**46 436.72**	41 720.58
	b	Gen.Engg.Trading etc.	**73.96**	84.84
		Total	**46 510.68**	41 805.42
		Less: Inter Segment Revenue- at cost	**26.94**	22.44
		Net Sales/Income from Operations	**46 483.74**	41 782.98
2	Segment Results :			
	Profit/(Loss) (before tax and interest from each segment)			
	a	Forgings	**6 876.54**	6 310.67
	b	Gen.Engg.Trading etc.	**15.13**	26.24
		Total	**6 891.67**	6 336.91
	Less:			
	1	Interest	**1 269.38**	1 066.95
	2	Other un-allocable expenditure net of un-allocable income	**1 124.74**	906.73
		Total Profit Before Tax	**4 497.55**	4 363.23
3	Total carrying amount of segement assets :			
	a	Forgings	**39 229.38**	34 898.00
	b	Gen.Engg.Trading etc.	**118.87**	50.38
	c	Unallocable		
		- unutilised Fund raised during the year	**5 149.40**	9 963.59
		- others	**6 883.40**	4 298.38
		Total	**51 381.05**	49 210.35
4	Total amount of segement liabilities :			
	a	Forgings	**12 049.43**	11 690.05
	b	Gen.Engg.Trading etc.	**10.27**	5.00
	c	Unallocable :		
		- unutilised Fund raised during the year	-	-
		- others	**4 358.15**	3 299.43
		Total	**16 417.85**	14 994.48
5	Capital Employed (Segment Assets - Segment Liabilities) :			
	a	Forgings	**27 179.95**	23 207.95
	b	Gen.Engg.Trading etc.	**108.60**	45.38
	c	Unallocable :		
		- unutilised Fund temporarily deployed	**5 149.40**	9 963.59
		- others	**2 525.25**	998.95
		Total	**34 963.20**	34 215.87
6	Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period			
	a	Forgings	**2 139.99**	6 834.66
	b	Gen.Engg.Trading etc.	**0.68**	6.25
	c	Unallocable	**2 554.64**	315.01
		Total	**4 695.31**	7 155.92
7	Depreciation :			
	a	Forgings	**1 897.41**	1 708.42
	b	Gen.Engg.Trading etc.	**1.53**	1.37
	c	Unallocable	**371.18**	171.31
		Total	**2 270.12**	1 881.10
8	Secondary information in respect of Geographical segment on the basis of location of customers :			
	a	Within India	**12 315.94**	11 131.50
	b	Outside India	**34 167.80**	30 651.48

The Company has identified its business segments as its primary reporting format which comprises of Forgings and General Engineering. The main segment is Forgings. All products made by the Company essentially emanate from forgings and therefore, it is reported as an independent business segment. General Engineering is a fabrication unit which constitute a miniscule portion of the Company's activities.

Above consolidated results for the year includes the result of subsidiary companies viz. CDP Bharat Forge GmbH, BF America Inc., U.S.A. and Bharat Forge Betelingungs GmbH, Germany.

Annex- 1

Summarised statement of Financials of Subsidiary Companies pursuant to approval u/s. 212(8) of the Companies Act,1956 :

(Rs. In Million)

Sr. No.	Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	CDP Bharat Forge GmbH, Germany	313.83	1 915.02	4 115.31	1 886.46	0.27	8 968.66	434.07	183.95	250.12	-
2	Bharat Forge Holding GmbH, Germany	1.57	29.11	254.18	223.49	-	43.87	41.53	10.54	30.98	-
3	Bharat Forge Aluminiumtechnik GmbH & Co. KG, Germany	86.01	181.53	811.11	543.57	-	2 143.26	48.49	8.46	40.04	-
4	Bharat Forge Aluminiumtechnik Verwaltungs GmbH & Co. KG, Germany	1.60	1.52	3.15	0.03	-	0.28	0.27	0.07	0.20	-
5	Bharat Forge America Inc., U.S.A.	-	111.33	911.69	800.36	-	1 854.60	(52.01)	9.70	(61.71)	-
6	Bharat Forge Beteiligungs GmbH, Germany	1.57	1 989.37	2 525.30	534.37	9.29	46.42	0.03	-	0.03	-
7	Bharat Forge Kilsta AB, Sweden	134.55	1 884.55	5 038.79	3 019.69	-	6 354.39	360.56	104.97	255.58	-
8	Bharat Forge Scottish Stampings Ltd., Scotland	236.57	(29.65)	1 316.09	1 109.17	-	2 323.31	(128.35)	(36.61)	(91.74)	-
9	Bharat Forge Hongkong Ltd., Hong Kong	843.57	(103.08)	750.52	10.03	-	0.53	(28.51)	-	(28.51)	-
10	FAW Bharat Forge (Changchun) Company Limited, China *	1 611.39	(340.13)	4 260.26	2 989.00	-	2 803.56	(190.38)	-	(190.38)	-
11	Bharat Forge Daun GmbH	3.14	190.63	542.16	348.40	-	1 108.94	141.92	54.92	87.00	-
12	B F New Technologies GmbH , Ennepetal	1.57	97.29	212.40	113.54	-	-	(7.95)	-	(7.95)	-

Note: The above information has been drawn up to co-relate with the Consolidated Financial Statements.

* Figures are as per Financial Statements & represent 100% of the Company's Financials before Minority Interest.

Notes

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KALYANI

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