

corporate governance

CORPORATE GOVERNANCE PHILOSOPHY

BHARAT FORGE BELIEVES THAT IT IS IMPERATIVE AND NON-NEGOTIABLE FOR A WORLD-CLASS COMPANY TO ADOPT TRANSPARENT ACCOUNTING POLICIES, APPROPRIATE DISCLOSURE NORMS, BEST-IN-CLASS BOARD PRACTICES AND CONSISTENTLY HIGH STANDARDS OF CORPORATE CONDUCT TOWARDS ITS STAKEHOLDERS. BHARAT FORGE HAS CONSISTENTLY AIMED AT DEVELOPING AND INTERNALISING SUCH POLICIES AND IMPLEMENTING BEST-IN-CLASS ACTIONS THAT MAKE IT A GOOD MODEL OF CORPORATE GOVERNANCE. TO THAT EFFECT, BHARAT FORGE HAS ADOPTED PRACTICES MANDATED IN CLAUSE 49 OF LISTING AGREEMENT AND HAS ESTABLISHED PROCEDURES AND SYSTEMS TO BE FULLY COMPLIANT WITH IT.

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

BOARD OF DIRECTORS

Composition of the Board

As on March 31 2011, Bharat Forge's Board comprised Seventeen Directors. The Board consists of the Seven Executive Directors (including Chairman & Managing Director, who is a promoter Director) and Ten non-executive Directors, Nine of whom are Independent. Details are given in Table 1.

Number of Board Meetings

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

Directors' Attendance Record and Directorships

Table 1 gives the details:

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

Note:

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

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

- » Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director.
- » Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- » Have not been an executive of the company in the immediately preceding three financial years.
- » Are not partners or executives or were not partners or executives during the preceding three years of the:
 - a) Statutory audit firm or the internal audit firm that is associated with the company.
 - b) Legal firm(s) and consulting firm(s) that have a material association with the company.
- » Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director.
- » Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares.
- » is not less than 21 years of age.

INFORMATION SUPPLIED TO THE BOARD

Among others, information supplied to the Board includes:

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

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

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

There has been no materially relevant pecuniary transaction or relationship between Bharat Forge and its Non-executive and/or Independent Directors during the year 2010-11.

REMUNERATION OF DIRECTORS

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

CODE OF CONDUCT

The Company has adopted a code of conduct for directors and senior management of the Company. The code has been circulated to all the members of the Board and senior management and the same is available on the Company's website: www.bharatforge.com. The Board members and senior management personnel have affirmed their compliance with the Code and a declaration signed by the Managing Director of the Company appointed in terms of the Company's Act, 1956 (i.e. the CEO within the meaning of clause 49-V of the listing agreement) has been presented to the Board of Directors of the Company.

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

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

Notes:

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

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

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

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

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

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

As on March 31, 2011, the Audit Committee of Bharat Forge consisted of:
Mr. P. G. Pawar (Chairman),
Mr. S.D. Kulkarni,
Mr. S.M. Thakore,
Mr. P.H. Ravikumar and
Mr. P.C. Bhalerao.

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

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

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

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

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

- » Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- » Recommending to the Board, the appointment, re-appointment, replacement or removal of the statutory auditor and fixation of audit fees.
- » Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- » Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. changes, if any, in accounting policies and practices and reasons for the same.
 - c. major accounting entries involving estimates based on the exercise of judgment by management.

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

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

- d. significant adjustments made in the financial statements arising out of audit findings.
- e. compliance with listing and other legal requirements relating to financial statements.
- f. disclosure of any related party transactions.
- g. qualifications in the draft audit report.
- » Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- » Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- » Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- » Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- » Discussion with internal auditors on any significant findings and follow up thereon.
- » Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- » Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- » To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- » To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- » Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualification, experience & background, etc. of the candidate.
- » Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
- » The Audit Committee is empowered, pursuant to its terms of reference, to:
 - a. investigate any activity within its terms of reference and to seek any information it requires from any employee and;
 - b. obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary.
- » The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews.
- » Management discussion and analysis of financial condition and results of operations.
- » Management letters / letters of internal control weaknesses issued by the statutory auditors.
- » Internal audit reports relating to internal control weaknesses.
- » The appointment, removal and terms of remuneration of the chief internal auditor.
- » In addition, the Audit Committee of the company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies, in view of the requirements under Clause 49.

- » Details of material individual transactions with related parties which are not in the normal course of business.
- » Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same and,
- » Carry out any other function as is mentioned in the terms of reference of the Audit Committee.

SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Committee specifically looks into redressing grievances of shareholders and investors such as transfer of securities, issue of duplicate certificates, non-receipt of Annual Report and non-receipt of declared dividends and interest on matured debentures. The Committee monitors implementation and compliance of Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Committee comprises three members; Mr. S.D. Kulkarni (Chairman), Independent Director, Mr. B.N. Kalyani (Managing Director) and Mr. P.C. Bhalerao (Non-executive Director). The Committee met twice during the year on October 23, 2010 and January 22, 2011. Table 4 below gives the details of attendance.

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

REMUNERATION COMMITTEE

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

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

Table 5 below gives details of the shares and convertible instruments held by the Non-Executive Directors as on March 31, 2011.

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

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

* None of the Non-Executive Directors hold any Convertible Instruments as of 31 March 2011.

SUBSIDIARY COMPANIES

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

While Bharat Forge has seven direct subsidiaries, two of them are registered outside India and five are in India whose turnover does not exceed the prescribed limit. Thus, these subsidiaries are out of the scope of the above definition.

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

MANAGEMENT

Management Discussion and Analysis

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

Disclosures by Management to the Board

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

Disclosure of Accounting treatment in preparation of Financial Statements

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

Code for Prevention of Insider-Trading Practices

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

CEO/ CFO Certification

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

SHAREHOLDERS

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Seeking re-appointment at the ensuing annual general meeting:

DR. UWE LOOS

MRS. LALITA D. GUPTA

MR. ALAN SPENCER

MR. SUNIL KUMAR CHATURVEDI

MR. B.P. KALYANI

DR. UWE LOOS

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

Other Directorships

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

*Committee Memberships - NIL

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

MRS. LALITA D. GUPTA

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

Other Directorships

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

*Committee Memberships

Member of Audit Committee of Godrej Properties Ltd.; Chairperson of Audit Committee of HPCL-Mittal Energy Ltd.;

Mrs. Lalita D. Gupte does not hold Equity Shares of the Company and is not related to any Director.

MR. ALAN SPENCER

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

Other Directorships

RABA, Hungary and NEFAZ, Russia

*Committee Memberships - NIL

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

MR. SUNIL KUMAR CHATURVEDI

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

Other Directorships

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

*Committee Memberships - NIL

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

MR. B.P. KALYANI

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

Other Directorships: Kalyani Software Pvt. Ltd.

*Committee Memberships - NIL

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

*Note:

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

COMMUNICATION TO SHAREHOLDERS

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

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

Website

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

Annual Report

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other

important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website.

The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide General Circular 17/2011 dated April 21, 2011 in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the company has to obtain e-mail addresses of its members for sending the notices / documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the company. The Company has welcomed the Green Initiative and accordingly sent an e-mail to the shareholders whose e-mail IDs are available with the Company for sending the documents such as notices for general meetings, Financial Statements, Annual Reports etc. including Annual Report for the year ended March 31, 2011 in electronic form.

Corporate Filing and Dissemination System (CFDS)

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

INVESTOR GRIEVANCES

The Company has constituted a Shareholders'/ Investors' Grievances Committee for redressing shareholders and investors complaints. The status on complaints is reported to the Board of Directors. Details are given in the section on shareholder information. The Company Secretary of the Company is the Compliance Officer.

Designated Exclusive email-id

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

SHARE TRANSFER

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

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

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

Secretarial audit for reconciliation of Capital

In compliance with the requirements of The Securities Exchange Board of India, the Company has submitted at the end of every quarter a certificate, of Reconciliation of Share Capital Audit reconciling the total shares held by both the depositories NDSL and CDSL and in physical form duly certified by a qualified Company Secretary, to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed periodically before the Board of Directors of the Company at its Meetings.

DETAILS OF NON-COMPLIANCE

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

GENERAL BODY MEETINGS

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

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

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

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

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date: August 10, 2011
 Time: 10.30 a.m.
 Venue: Registered Office of the Company,
 Mundhwa, Pune Cantonment,
 Pune 411 036, Maharashtra, India.

FINANCIAL CALENDAR

April 1 to March 31.

For the year ended March 31 2011, results were announced on:

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

BOOK CLOSURE

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

DIVIDEND

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

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

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

LISTING

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

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

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

10.75% Secured Redeemable Non-convertible Debentures of ₹ 350 crores issued on September 22, 2009 are listed on Bombay Stock Exchange Ltd.

The securities allotted on April 28, 2010, under the QIP issue viz., (a) 10,000,000 equity shares of ₹ 2/- each, at a price of ₹ 272 per equity share for an aggregate amount of ₹ 2,720,000,000 (inclusive

of premium) and (b) 6,500,000 Warrants at a price of ₹ 2/- per warrant for an aggregate amount of ₹ 13,000,000. Every warrant is exchangeable for 1 equity share of ₹ 2/- each of the Company, at any time within a period of 3 years from the date of its allotment i.e. on or before April 28, 2013, at a warrant exercise price of ₹ 272/- per equity share are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Pune Stock Exchange Limited (c) 1,760 Non-Convertible Debentures of face value of ₹ 1,000,000 at a coupon rate of 10.75% per annum for an aggregate amount of ₹ 1,760,000,000 are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

STOCK CODES

- » Reuters: BSE : BFRG.BO,
NSE: BFRG.NS
- » NSE: BHARATFORG
- » BSE: 500493
- » Code for Luxembourg Stock Exchange for GDRs 021752568
- » Code for Singapore Exchange Limited (SGX-ST) for:
Tranche A Bond 025180267
Tranche B Bond 025180321

STOCK DATA

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

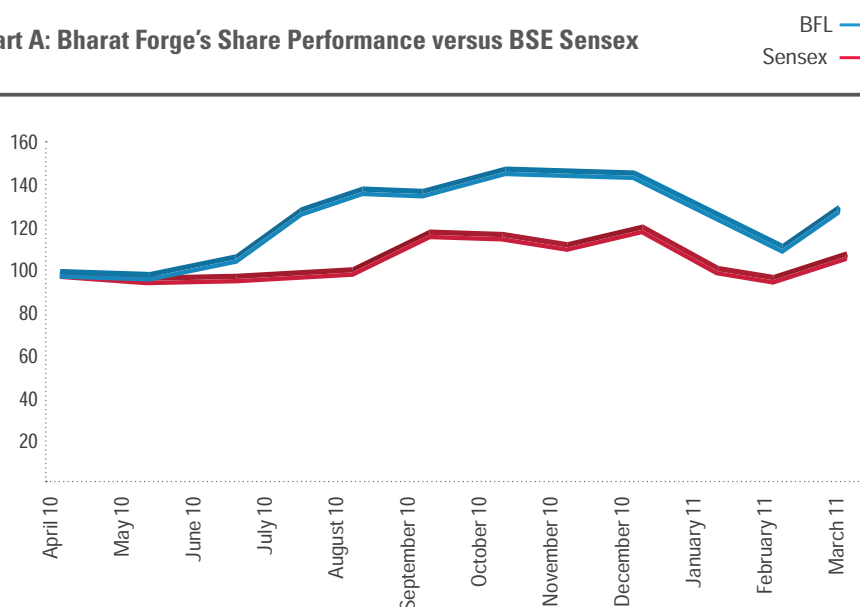
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
Apr-10	284.00	237.50	1,726,046	284.00	254.10	11,585,974
May-10	280.45	247.00	1,937,895	281.90	248.05	10,624,468
Jun-10	299.00	253.70	2,564,811	298.95	253.00	9,953,369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

* Price per Share

STOCK PERFORMANCE

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

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



Note:

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

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

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

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

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

Nature of complaint	No. of complaints received	No. of complaints redressed
Non-receipt of shares against warrant conversion	NIL	NIL
Short receipt of shares against warrant conversion	NIL	NIL
Non-receipt of shares lodged for transfer	NIL	NIL
Non-receipt of Dividend	2	2
Non-receipt of Sub-divided Shares	NIL	NIL

SHAREHOLDING PATTERN

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

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

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

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

Shareholding class	Number of shareholders	Number of shares held	Share holding %
1 to 5,000	58,967	15,755,071	6.77
5,001 to 10,000	532	3,759,109	1.61
10,001 to 20,000	210	2,979,884	1.28
20,001 to 30,000	77	1,888,370	0.81
30,001 to 40,000	39	1,364,802	0.59
40,001 to 50,000	26	1,192,956	0.51
50,001 to 100,000	61	4,384,433	1.88
100,001 and above	136	201,469,691	86.55
Total	60,048	232,794,316	100.00

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

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

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

DEMATERIALIZATION

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

Table 11: Dematerialisation of Shares

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

Details of Public Funding obtained in the last Three years and its implications on paid up Equity Share Capital.

(Please refer to table 12 below)

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

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

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

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

Financial Year	Amount Raised through Public Funding	*Effect on Paid up Equity Share Capital
2008-09	NIL	NIL
2009-10	NIL	NIL
2010-11	NIL	NIL

* Details given in the previous paragraphs.

Notes :

- 1) On April 9, 2010, 142,045 equity shares of ₹ 2/- each have been allotted on conversion of 1,250 FCCBs (Tranche 2) and paid up equity share capital increased to ₹ 445.588 million.
- 2) On April 28, 2010, 10,000,000 equity shares of ₹ 2/- each have been allotted to Qualified Institutional Buyers and QIP issue and paid up equity share capital increased to ₹ 465.588 million.

PLANT LOCATIONS

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

INVESTOR CORRESPONDENCE ADDRESS

Secretarial Department
Bharat Forge Ltd.
Mundhwa, Pune Cantonment, Pune – 411 036
Maharashtra, India
Phones: +91-20-2670 2476
Fax: +91-20-2682 2163
Email: secretarial@bharatforge.com

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

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

- a) We have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2010-11 which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

S.G. JOGLEKAR
Chief Financial officer

B.N. KALYANI
Chairman & Managing Director

Mumbai: 24 May, 2011

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

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

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

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

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

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

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

ANISH AMIN
Partner
Membership No. 40451

Mumbai: 24 May, 2011