

BHARAT FORGE LIMITED

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

NOTICE

NOTICE is hereby given that the Thirtyseventh Annual General Meeting of the Members of **Bharat Forge Limited** will be held at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune 411 036 on Friday, the 21st day of August 1998 at 10.30 A.M. (I.S.T.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on 31st March, 1998 and the Reports of the Directors and of the Auditors.
2. To declare Dividend on Preference Shares.
3. To declare Dividend on Equity Shares.
4. To appoint a Director in place of MR. KRISHNAJIRAO PUAR, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of MR. PRATAP BHOGILAL, who retires by rotation, but being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT THE COMPANY'S AUDITORS, M/S. DALAL AND SHAH, CHARTERED ACCOUNTANTS, MUMBAI, BE AND THEY ARE HEREBY RE-APPOINTED AS AUDITORS OF THE COMPANY TO HOLD OFFICE FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND THAT THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO FIX THEIR REMUNERATION FOR THE PERIOD."

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. G.K. AGARWAL BE AND IS HEREBY APPOINTED A DIRECTOR OF

THE COMPANY, LIABLE TO RETIRE BY ROTATION."

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. P.C. BHALERAU BE AND IS HEREBY APPOINTED A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198, 269 AND 309 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO THE APPROVALS, AS MAY BE NECESSARY, APPROVAL OF THE MEMBERS BE AND IS HEREBY GIVEN TO THE RE-APPOINTMENT OF MR. B.N. KALYANI AS MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF FIVE YEARS FROM MARCH 30, 1998 TO MARCH 29, 2003 ON THE FOLLOWING TERMS OF REMUNERATION IN TERMS OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 RELATING TO MANAGERIAL REMUNERATION :

I. SALARY :

A SALARY OF RS.100 000 (RUPEES ONE HUNDRED THOUSAND ONLY) PER MONTH.

II. SPECIAL ALLOWANCE :

A SPECIAL ALLOWANCE OF RS.125 000 (RUPEES ONE HUNDRED TWENTYFIVE THOUSAND ONLY) PER MONTH.

III. COMMISSION :

COMMISSION BASED ON NET PROFITS OF THE COMPANY IN A PARTICULAR YEAR WHICH PUT TOGETHER WITH SALARY, SPECIAL ALLOWANCE AND PERQUISITES SHALL BE SUBJECT TO THE OVERALL CEILINGS LAID DOWN IN SECTIONS 198 AND 309 OF THE COMPANIES ACT, 1956, SHALL BE PAID.

IV. PERQUISITES :

PERQUISITES ARE CLASSIFIED INTO THREE CATEGORIES 'A', 'B' AND 'C' AS FOLLOWS :

CATEGORY 'A'

THIS WILL COMPRISE HOUSE RENT ALLOWANCE, LEAVE TRAVEL CONCESSION, MEDICAL REIMBURSEMENT, FEES OF CLUBS AND PERSONAL ACCIDENT INSURANCE. THESE MAY BE PROVIDED AS UNDER :

(I) HOUSING I :

THE EXPENDITURE BY THE COMPANY ON HIRING FURNISHED ACCOMMODATION WILL BE SUBJECT TO THE FOLLOWING CEILING :

SIXTY PER CENT OF THE SALARY OVER AND ABOVE TEN PER CENT PAYABLE BY THE MANAGING DIRECTOR.

HOUSING II :

IN CASE THE ACCOMMODATION IS OWNED BY THE COMPANY, TEN PER CENT OF THE SALARY OF THE MANAGING DIRECTOR SHALL BE DEDUCTED BY THE COMPANY.

HOUSING III :

IN CASE NO ACCOMMODATION IS PROVIDED BY THE COMPANY, THE MANAGING DIRECTOR SHALL BE ENTITLED TO HOUSE RENT ALLOWANCE SUBJECT TO THE CEILING LAID DOWN IN HOUSING I.

EXPLANATION :

THE EXPENDITURE INCURRED BY THE COMPANY ON GAS, ELECTRICITY, WATER AND FURNISHINGS SHALL BE VALUED AS PER THE INCOME TAX RULES, 1962. THIS SHALL, HOWEVER, BE SUBJECT TO A CEILING OF TEN PER CENT OF THE SALARY OF THE MANAGING DIRECTOR.

(II) MEDICAL REIMBURSEMENT :

EXPENSES INCURRED FOR THE MANAGING DIRECTOR AND THE

FAMILY SUBJECT TO A CEILING OF ONE MONTH'S SALARY IN A YEAR OR THREE MONTHS' SALARY OVER A PERIOD OF THREE YEARS.

(III) LEAVE TRAVEL CONCESSION :

FOR THE MANAGING DIRECTOR AND HIS FAMILY IN ACCORDANCE WITH THE RULES OF THE COMPANY.

(IV) CLUB FEES :

FEES OF CLUBS SUBJECT TO A MAXIMUM OF TWO CLUBS. THIS WILL NOT INCLUDE ADMISSION AND LIFE MEMBERSHIP FEE.

(V) PERSONAL ACCIDENT INSURANCE:

PREMIUM NOT TO EXCEED RS.4 000 PER ANNUM.

EXPLANATION :

FOR THE PURPOSE OF CATEGORY 'A', 'FAMILY' MEANS THE SPOUSE, THE DEPENDENT CHILDREN AND DEPENDENT PARENTS OF THE MANAGING DIRECTOR.

CATEGORY 'B'

1. CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND OR ANNUITY FUND WILL NOT BE INCLUDED IN THE COMPUTATION OF THE CEILING ON PERQUISITES TO THE EXTENT THESE EITHER SINGLY OR PUT TOGETHER ARE NOT TAXABLE UNDER THE INCOME TAX ACT, 1961.
2. GRATUITY TO BE PAID AS PER THE RULES OF THE COMPANY.
3. ENCASHMENT OF LEAVE AT THE END OF THE TENURE.
4. RETIREMENT AND OTHER BENEFITS AS PER THE RULES OF THE COMPANY.

CATEGORY 'C'

PROVISION OF CAR FOR USE ON COMPANY'S BUSINESS AND TELEPHONE AT RESIDENCE

PROXY

BHARAT FORGE LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036

I/We _____

of _____

being a Member/Members of BHARAT FORGE LIMITED, Pune, hereby appoint _____

of _____ or

failing him _____

of _____ as my/our proxy

to vote for me/us and on my/our behalf, at the Thirty-seventh Annual General Meeting of the Company to be held on Friday, 21st August, 1998 and at any adjournment thereof.

Signed this _____ day of _____ 1998

Please
Affix 30 p.
Revenue
Stamp
here

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

Note : The proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.



WILL NOT BE CONSIDERED AS PERQUISITES. PERSONAL LONG DISTANCE CALLS ON TELEPHONE AND USE OF CAR FOR PRIVATE PURPOSE SHALL BE BILLED BY THE COMPANY TO THE MANAGING DIRECTOR. NOTWITHSTANDING ANYTHING HEREIN, WHERE IN ANY FINANCIAL YEAR, DURING THE CURRENCY OF TENURE OF THE MANAGING DIRECTOR THE COMPANY HAS NO PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY, SPECIAL ALLOWANCE AND PERQUISITES SPECIFIED ABOVE.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. B.N. KALYANIAS MAY BE PERMISSIBLE UNDER AND BY ANY AMENDMENTS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 OR BY WAY OF ANY GOVERNMENT GUIDELINES OR INSTRUCTIONS, THE INTENTION BEING THAT NO FURTHER APPROVAL OF THE COMPANY WILL BE REQUIRED SO LONG AS REMUNERATION OF THE MANAGING DIRECTOR IS NOT IN EXCESS OF THE MAXIMUM PERMISSIBLE UNDER RELEVANT LAW, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

10. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198, 269 AND 309 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO THE APPROVALS, AS MAY BE NECESSARY, APPROVAL OF THE MEMBERS BE AND IS HEREBY GIVEN TO THE APPOINTMENT OF MR. G.K. AGARWAL AS EXECUTIVE DIRECTOR OF THE COMPANY FOR A PERIOD OF FIVE YEARS FROM APRIL 1, 1998 TO MARCH 31, 2003 ON THE FOLLOWING TERMS OF REMUNERATION IN TERMS OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 RELATING TO MANAGERIAL REMUNERATION :

I. SALARY :

A SALARY OF RS.50 000 (RUPEES FIFTY THOUSAND ONLY) PER MONTH.

II. SPECIAL ALLOWANCE :

A SPECIAL ALLOWANCE OF RS.100 000 (RUPEES ONE HUNDRED THOUSAND ONLY) PER MONTH.

III. COMMISSION :

COMMISSION BASED ON NET PROFITS OF THE COMPANY IN A PARTICULAR YEAR WHICH PUT TOGETHER WITH SALARY, SPECIAL ALLOWANCE AND PERQUISITES SHALL BE SUBJECT TO THE OVERALL CEILINGS LAID DOWN IN SECTIONS 198 AND 309 OF THE COMPANIES ACT, 1956, SHALL BE PAID.

IV. PERQUISITES :

PERQUISITES ARE CLASSIFIED INTO THREE CATEGORIES 'A', 'B' AND 'C' AS FOLLOWS :

CATEGORY 'A'

THIS WILL COMPRISE HOUSE RENT ALLOWANCE, LEAVE TRAVEL CONCESSION, MEDICAL REIMBURSEMENT, FEES OF CLUBS AND PERSONAL ACCIDENT INSURANCE. THESE MAY BE PROVIDED AS UNDER :

(I) HOUSING I :

THE EXPENDITURE BY THE COMPANY ON HIRING FURNISHED ACCOMMODATION WILL BE SUBJECT TO THE FOLLOWING CEILING :-

SIXTY PER CENT OF THE SALARY OVER AND ABOVE TEN PER CENT PAYABLE BY THE EXECUTIVE DIRECTOR.

HOUSING II :

IN CASE THE ACCOMMODATION IS OWNED BY THE COMPANY, TEN PER CENT OF THE SALARY OF THE EXECUTIVE DIRECTOR SHALL BE DEDUCTED BY THE COMPANY.

HOUSING III :

CATEGORY 'B'

IN CASE NO ACCOMMODATION IS PROVIDED BY THE COMPANY, THE EXECUTIVE DIRECTOR SHALL BE ENTITLED TO HOUSE RENT ALLOWANCE SUBJECT TO THE CEILING LAID DOWN IN HOUSING I.

EXPLANATION :

THE EXPENDITURE INCURRED BY THE COMPANY ON GAS, ELECTRICITY, WATER AND FURNISHINGS SHALL BE VALUED AS PER THE INCOME TAX RULES, 1962. THIS SHALL, HOWEVER, BE SUBJECT TO A CEILING OF TEN PER CENT OF THE SALARY OF THE EXECUTIVE DIRECTOR.

1. CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND OR ANNUITY FUND WILL NOT BE INCLUDED IN THE COMPUTATION OF THE CEILING ON PERQUISITES TO THE EXTENT THESE EITHER SINGLY OR PUT TOGETHER ARE NOT TAXABLE UNDER THE INCOME TAX ACT, 1961.

2. GRATUITY TO BE PAID AS PER THE RULES OF THE COMPANY.

3. ENCASHMENT OF LEAVE AT THE END OF THE TENURE.

4. RETIREMENT AND OTHER BENEFITS AS PER THE RULES OF THE COMPANY.

(II) MEDICAL REIMBURSEMENT :

CATEGORY 'C'

EXPENSES INCURRED FOR THE EXECUTIVE DIRECTOR AND THE FAMILY SUBJECT TO A CEILING OF ONE MONTH'S SALARY IN A YEAR OR THREE MONTHS' SALARY OVER A PERIOD OF THREE YEARS.

PROVISION OF CAR FOR USE ON COMPANY'S BUSINESS AND TELEPHONE AT RESIDENCE WILL NOT BE CONSIDERED AS PERQUISITES. PERSONAL LONG DISTANCE CALLS ON TELEPHONE AND USE OF CAR FOR PRIVATE PURPOSE SHALL BE BILLED BY THE COMPANY TO THE EXECUTIVE DIRECTOR.

(III) LEAVE TRAVEL CONCESSION :

FOR THE EXECUTIVE DIRECTOR AND HIS FAMILY IN ACCORDANCE WITH THE RULES OF THE COMPANY.

NOTWITHSTANDING ANYTHING HEREIN, WHERE IN ANY FINANCIAL YEAR, DURING THE CURRENCY OF TENURE OF THE EXECUTIVE DIRECTOR THE COMPANY HAS NO PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY, SPECIAL ALLOWANCE AND PERQUISITES SPECIFIED ABOVE.

(IV) CLUB FEES :

FEES OF CLUBS SUBJECT TO A MAXIMUM OF TWO CLUBS. THIS WILL NOT INCLUDE ADMISSION AND LIFE MEMBERSHIP FEE.

(V) PERSONAL ACCIDENT INSURANCE :

PREMIUM NOT TO EXCEED RS.4 000 PER ANNUM.

EXPLANATION :

FOR THE PURPOSE OF CATEGORY 'A', 'FAMILY' MEANS THE SPOUSE, THE DEPENDENT CHILDREN AND DEPENDENT PARENTS OF THE EXECUTIVE DIRECTOR.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. G.K. AGARWAL AS MAY BECOME PERMISSIBLE UNDER AND BY ANY AMENDMENTS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 OR BY WAY OF ANY GOVERNMENT GUIDELINES OR INSTRUCTIONS, THE INTENTION BEING THAT NO FURTHER APPROVAL OF THE COMPANY WILL BE REQUIRED SO LONG AS REMUNERATION OF THE EXECUTIVE DIRECTOR IS NOT IN EXCESS

OF THE MAXIMUM PERMISSIBLE UNDER RELEVANT LAW, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

11. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTIONS 198, 269 AND 309 AND OTHER APPLICABLE PROVISIONS, IF ANY, OF THE COMPANIES ACT, 1956 AND SUBJECT TO THE APPROVALS, AS MAY BE NECESSARY, APPROVAL OF THE MEMBERS BE AND IS HEREBY GIVEN TO THE APPOINTMENT OF MR. P.C. BHALERAO AS EXECUTIVE DIRECTOR OF THE COMPANY FOR A PERIOD OF FIVE YEARS FROM APRIL 1, 1998 TO MARCH 31, 2003 ON THE FOLLOWING TERMS OF REMUNERATION IN TERMS OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 RELATING TO MANAGERIAL REMUNERATION :

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COMMISSION BASED ON NET PROFITS OF THE COMPANY IN A PARTICULAR YEAR WHICH PUT TOGETHER WITH SALARY, SPECIAL ALLOWANCE AND PERQUISITES SHALL BE SUBJECT TO THE OVERALL CEILINGS LAID DOWN IN SECTIONS 198 AND 309 OF THE COMPANIES ACT, 1956, SHALL BE PAID.

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(I) HOUSING I :

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SIXTY PER CENT OF THE SALARY OVER AND ABOVE TEN PER CENT PAYABLE BY THE EXECUTIVE DIRECTOR.

HOUSING II :

IN CASE THE ACCOMMODATION IS OWNED BY THE COMPANY, TEN PER CENT OF THE SALARY OF THE EXECUTIVE DIRECTOR SHALL BE DEDUCTED BY THE COMPANY.

HOUSING III :

IN CASE NO ACCOMMODATION IS PROVIDED BY THE COMPANY, THE EXECUTIVE DIRECTOR SHALL BE ENTITLED TO HOUSE RENT ALLOWANCE SUBJECT TO THE CEILING LAID DOWN IN HOUSING I.

EXPLANATION :

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(II) MEDICAL REIMBURSEMENT :

EXPENSES INCURRED FOR THE EXECUTIVE DIRECTOR AND THE FAMILY SUBJECT TO A CEILING OF ONE MONTH'S SALARY IN A YEAR OR THREE MONTHS' SALARY OVER A PERIOD OF THREE YEARS.

(III) LEAVE TRAVEL CONCESSION :

FOR THE EXECUTIVE DIRECTOR AND HIS FAMILY IN ACCORDANCE WITH THE RULES OF THE COMPANY.

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(V) PERSONAL ACCIDENT INSURANCE :

PREMIUM NOT TO EXCEED RS.4 000 PER ANNUM.

EXPLANATION :

FOR THE PURPOSE OF CATEGORY 'A', 'FAMILY' MEANS THE SPOUSE, THE DEPENDENT CHILDREN AND DEPENDENT PARENTS OF THE EXECUTIVE DIRECTOR.

CATEGORY 'B'

1. CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION FUND OR ANNUITY FUND WILL NOT BE INCLUDED IN THE COMPUTATION OF THE CEILING ON PERQUISITES TO THE EXTENT THESE EITHER SINGLY OR PUT TOGETHER ARE NOT TAXABLE UNDER THE INCOME TAX ACT, 1961.
2. GRATUITY TO BE PAID AS PER THE RULES OF THE COMPANY.
3. ENCASHMENT OF LEAVE AT THE END OF THE TENURE.
4. RETIREMENT AND OTHER BENEFITS AS PER THE RULES OF THE COMPANY.

CATEGORY 'C'

PROVISION OF CAR FOR USE ON COMPANY'S BUSINESS AND TELEPHONE AT RESIDENCE WILL NOT BE CONSIDERED AS PERQUISITES. PERSONAL LONG DISTANCE CALLS ON TELEPHONE AND USE OF CAR FOR PRIVATE PURPOSE SHALL BE BILLED BY THE COMPANY TO THE EXECUTIVE DIRECTOR.

NOTWITHSTANDING ANYTHING HEREIN,

WHERE IN ANY FINANCIAL YEAR, DURING THE CURRENCY OF TENURE OF THE EXECUTIVE DIRECTOR THE COMPANY HAS NO PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY, SPECIAL ALLOWANCE AND PERQUISITES SPECIFIED ABOVE.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. P.C. BHALERAO AS MAY BECOME PERMISSIBLE UNDER AND BY ANY AMENDMENTS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 OR BY WAY OF ANY GOVERNMENT GUIDELINES OR INSTRUCTIONS, THE INTENTION BEING THAT NO FURTHER APPROVAL OF THE COMPANY WILL BE REQUIRED SO LONG AS REMUNERATION OF THE EXECUTIVE DIRECTOR IS NOT IN EXCESS OF THE MAXIMUM PERMISSIBLE UNDER RELEVANT LAW, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

By Order of the
Board of Directors
For BHARAT FORGE LIMITED

MUNDHWA,
PUNE CANTONMENT,
PUNE 411 036.

DATE : July 11, 1998. S.S. SETH
COMPANY SECRETARY

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under Item Nos. 6 to 11 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members are requested to advise the Company immediately of any change in their addresses.

4. If the dividend on Equity Shares as recommended by the Board of Directors is declared at the Meeting, the dividend warrants will be posted on and from the 21st day of September 1998 to those Members whose names appeared in the Company's Register of Members on the 21st day of August 1998.
5. The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, the 4th day of August 1998 to Friday, the 21st day of August 1998 (both days inclusive).
6. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day upto 21st day of August 1998 during business hours of the Company.
7. As required under Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) (Amendment) Rules, 1988, the Members are hereby informed that a sum of Rs.416 151.00 (Rupees Four Hundred Sixteen Thousand One Hundred Fiftyone only) pertaining to the Equity Dividend for the year ended 31st March, 1994, having not been claimed by some of the shareholders within a period of three years, has been transferred to the General Revenue Account of the Central Government as required under Section 205A(5) of the Companies Act, 1956. Further, as required, the concerned shareholders who have not claimed their dividend for the said year are being informed individually.

ANNEXURE TO THE NOTICE

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

The following Explanatory Statement sets out, as required by Section 173 of the Companies Act, 1956, the material facts relating to Item Nos. 6 to 11 mentioned in the accompanying Notice dated July 11, 1998.

Item No. 6 :

Section 224A of the Companies Act, 1956 provides that in the case of a Company in which not less than 25 per cent of the subscribed share capital is held, whether singly or in any combination, by public financial institutions, Government companies, the Central or State Governments, State Financial or other institutions in which the State Government holds not less than 51 per cent of the subscribed share capital, or a nationalised bank or an insurance company carrying on general insurance business, the appointment or re-appointment of an auditor or auditors of that Company has to be made by a Special Resolution. In case of the Company, the holding of the public financial institutions, nationalised banks, insurance companies, etc. collectively exceeds 25 per cent of the subscribed share capital. Hence a Special Resolution is required to be passed to re-appoint Messrs. Dalal and Shah as the Company's Auditors.

None of the Directors is interested in the resolution.

Item Nos. 7 and 8 :

Mr. G.K. Agarwal and Mr. P.C. Bhalerao, who were appointed as Additional Directors under Article 141 of the Articles of Association of the Company, hold office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956. However, being eligible, Mr. G.K. Agarwal and Mr. P.C. Bhalerao offer themselves for appointment as regular Directors. The Company has received notices in writing from the Members proposing Mr. G.K. Agarwal and Mr. P.C. Bhalerao as candidates for the office of Director, liable to retire by rotation.

Mr. G.K. Agarwal and Mr. P.C. Bhalerao have been in the employment of the Company for the last 22 years and 11 years, respectively, and are professionally qualified. The Board of Directors decided to elevate Mr. Agarwal and Mr. Bhalerao as Directors on the Board of Directors, with effect from April 1, 1998. The Company will be immensely benefitted because of varied experience of Mr. Agarwal and Mr. Bhalerao. The resolutions are recommended to the Members for approval.

Mr. G.K. Agarwal and Mr. P.C. Bhalerao may be regarded as concerned with or interested in the resolution relating to their respective appointment. No other Director is concerned or interested in the resolutions.

Item No. 9 :

The previous term of appointment of MR. B.N. KALYANI as Managing Director, effective from March 30, 1993, expired on March 29, 1998. MR. KALYANI is also the Chairman of the Board of Directors and the Company has made stupendous progress under his guidance. MR. KALYANI continues to be the Chairman and Wholetime Director of Kalyani Steels Limited. The Board of Directors of the Company has approved re-appointment of MR. B.N. KALYANI as Managing Director for a further period of five years with effect from March 30, 1998, while continuing to be Chairman and Wholetime Director of Kalyani Steels Limited. MR. KALYANI has been drawing remuneration as approved by the Members and the Government of India. The Board at its Meeting held on June 5, 1998 approved the terms of remuneration of MR. KALYANI on his re-appointment as Managing Director with effect from March 30, 1998 as detailed in the resolution. The total remuneration payable to MR. KALYANI shall not exceed the higher maximum limit admissible under Section 198 and 309, read with Schedule XIII, as amended, of the Companies Act, 1956, from any one of the two companies i.e. Bharat Forge Limited and Kalyani Steels Limited.

Approval of the Members is sought to the re-appointment and to the payment of remuneration to MR. B.N. KALYANI, as detailed in the resolution, during the term of his re-appointment as Managing Director of the Company from March 30, 1998 to March 29, 2003. The Director recommend the Resolution for approved of the Members.

MR. B.N. KALYANI may be regarded as concerned with or interested in the resolution. No other Director of the Company is interested in the resolution.

The above may be regarded as an 'Abstract of the Terms of Appointment and Memorandum of Interest' under Section 302 of the Companies Act, 1956.

Item Nos. 10 and 11 :

As mentioned in Explanatory Statement to Item Nos. 7 and 8, MR. G.K. AGARWAL and MR. P.C. BHALERAU have been appointed as Directors. The Board of Directors has also appointed MR. G.K. AGARWAL and MR. P.C. BHALERAU as Executive Director (Wholetime) for a period of five years with effect from April 1, 1998 on the terms of remuneration as set out in the resolutions.

Approval of the Members is sought to the appointment and to the payment of remuneration to MR. G.K. AGARWAL and MR. P.C. BHALERAU, as detailed in the resolution, during the term of their appointment as Executive Directors of the Company from April 1, 1998 to March 31, 2003. The Directors recommend the Resolutions for approval of the Members.

MR. G.K. AGARWAL and MR. P.C. BHALERAU may be regarded as concerned with or interested in the resolution relating to their respective appointment. No other Director of the Company is interested in the resolution.

The above may be regarded as an 'Abstract of the Terms of Appointment and Memorandum of Interest' under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors
For BHARAT FORGE LIMITED

MUNDHWA,
PUNE CANTONMENT,
PUNE 411 036.

DATE : July 11, 1998.

S.S. SETH
COMPANY SECRETARY