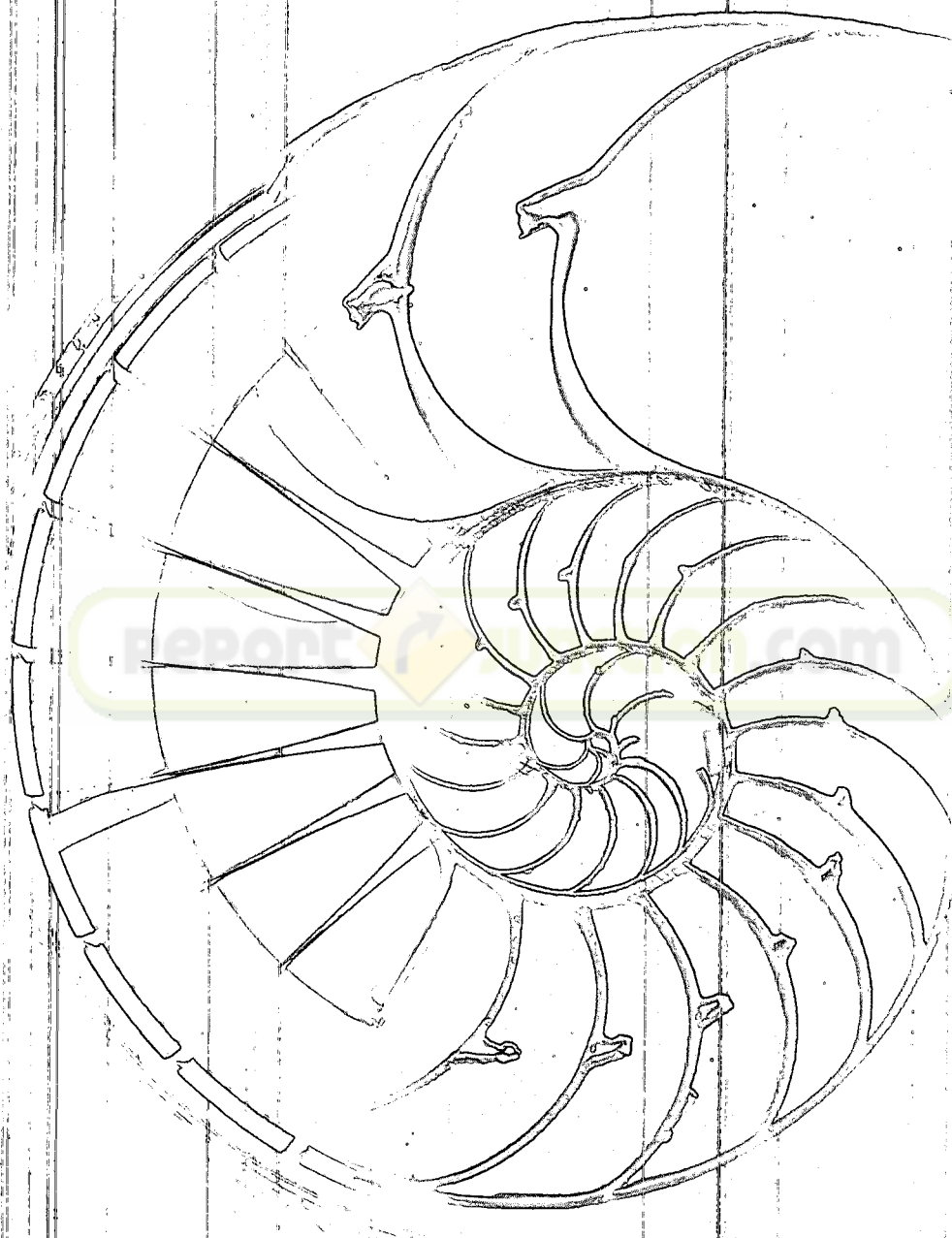


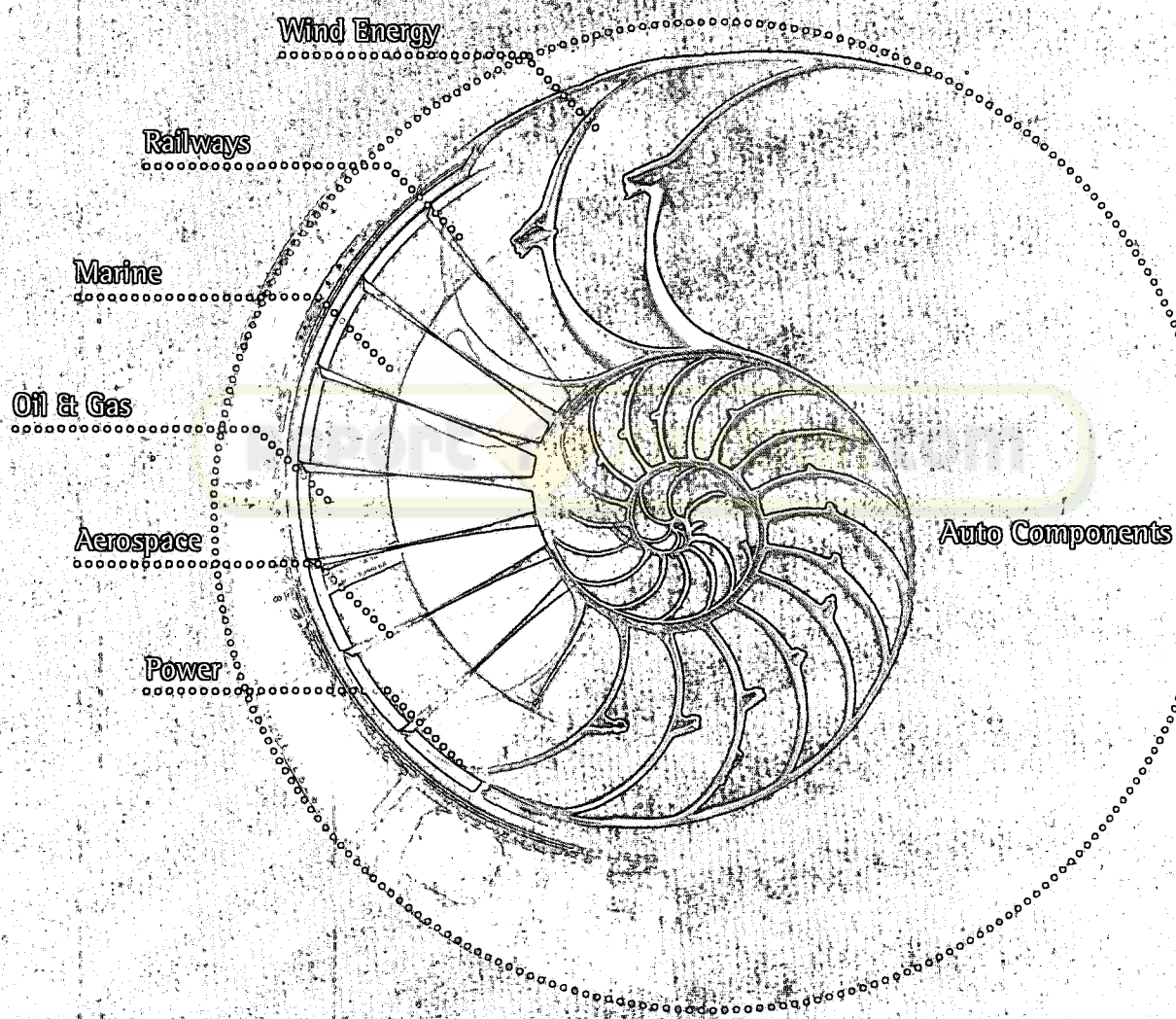


BHARAT FORGE



EXPANDING HORIZONS

47TH ANNUAL REPORT 2007-08



BHARAT FORGE LIMITED

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

**KALYANI****NOTICE**

NOTICE is hereby given that the Forty-seventh 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 Wednesday, August 6, 2008 at 1.30 P.M. (I.S.T.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended on March 31, 2008 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. S.S. MARATHE, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of MR. S.D. KULKARNI, who retires by rotation, but being eligible, offers himself for re-appointment.
6. To appoint a Director in place of DR. UWE LOOS, who retires by rotation, but being eligible, offers himself for re-appointment.
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY 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 :

8. To appoint a Director in place of MRS. LALITA D. GUPTA, who was appointed a Director of the Company to fill the vacancy on the Board caused by the sad demise of MR. ANIL REGE. Late MR. ANIL REGE would have retired by rotation at the ensuing Annual General Meeting. The Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing the candidature of MRS. LALITA D. GUPTA for the office of Director, 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 MR. ALAN SPENCER BE AND IS HEREBY APPOINTED A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

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

"RESOLVED THAT MR. SUNIL K. CHATURVEDI BE AND IS HEREBY APPOINTED A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

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 RE-APPOINTMENT OF MR. B.N. KALYANI AS MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF FIVE YEARS FROM MARCH 30, 2008 TO MARCH 29, 2013 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.1 800 000 (RUPEES EIGHTEEN HUNDRED THOUSAND ONLY) PER MONTH IN THE GRADE OF RS.1 800 000 - RS.3 600 000.

II. COMMISSION :

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

III. PERQUISITES :

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

CATEGORY 'A'

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

(i) HOUSING I :

THE EXPENDITURE BY THE COMPANY ON HIRING FURNISHED ACCOMMODATION

WILL BE SUBJECT TO THE FOLLOWING CEILING :

SIXTY PER CENT OF THE SALARY OVER AND ABOVE TEN PERCENT 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 FEES.

- (V) PERSONAL ACCIDENT INSURANCE :
PREMIUM NOT TO EXCEED RS.1 00 000 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 WILL NOT BE CONSIDERED AS PERQUISITES. PERSONAL LONG DISTANCE CALLS ON TELEPHONE AND USE OF CAR FOR PRIVATE PURPOSE SHALL BE BILLED BY THE COMPANY TO THE MANAGING DIRECTOR.

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

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO APPROVE ANNUAL INCREMENTS AND TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. B.N. KALYANI AS MAY BE PERMISSIBLE UNDER 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 LAWS, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

12. To consider and, if thought fit, to pass, with or without 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. G.K. AGARWAL AS DEPUTY MANAGING DIRECTOR OF THE COMPANY FOR A PERIOD OF FIVE YEARS FROM APRIL 1, 2008 TO MARCH 31, 2013 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.700 000 (RUPEES SEVEN HUNDRED THOUSAND ONLY) PER MONTH IN THE GRADE OF RS.700 000 - RS.1 200 000.

II. COMMISSION :

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

III. PERQUISITES :

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

CATEGORY 'A'

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

(i) HOUSING I :

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

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

HOUSING II :

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

HOUSING III :

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

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 DEPUTY MANAGING DIRECTOR.

(ii) MEDICAL REIMBURSEMENT :

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

(iv) CLUB FEES :

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

(v) PERSONAL ACCIDENT INSURANCE :

PREMIUM NOT TO EXCEED RS.50 000 PER ANNUM.

EXPLANATION :

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

CATEGORY 'B'

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

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

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

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

CATEGORY 'C'

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

NOTWITHSTANDING ANYTHING HEREIN, WHERE IN ANY FINANCIAL YEAR DURING THE CURRENCY OF TENURE OF THE DEPUTY MANAGING DIRECTOR, THE COMPANY HAS NO

PROFITS OR ITS PROFITS ARE INADEQUATE, THE COMPANY WILL PAY HIM REMUNERATION BY WAY OF SALARY AND PERQUISITES SPECIFIED ABOVE.

FURTHER RESOLVED THAT THE BOARD OF DIRECTORS OF THE COMPANY BE AND IS HEREBY AUTHORISED AND EMPOWERED TO APPROVE ANNUAL INCREMENTS AND TO MAKE SUCH IMPROVEMENTS IN THE TERMS OF REMUNERATION TO MR. G.K. AGARWAL AS MAY BE PERMISSIBLE UNDER 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 DEPUTY MANAGING DIRECTOR IS NOT IN EXCESS OF THE MAXIMUM PERMISSIBLE UNDER RELEVANT LAWS, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

13. 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. SUNIL K. CHATURVEDI AS EXECUTIVE DIRECTOR OF THE COMPANY FOR A PERIOD OF FIVE YEARS FROM MAY 20, 2008 TO MAY 19, 2013 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.500 000 (RUPEES FIVE HUNDRED THOUSAND ONLY) PER MONTH.

II. COMMISSION :

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

III. PERQUISITES :

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

CATEGORY 'A'

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

(i) HOUSING I :

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

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

HOUSING II :

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

HOUSING III :

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

EXPLANATION :

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

(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.

(iv) CLUB FEES :

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

(v) PERSONAL ACCIDENT INSURANCE :

PREMIUM NOT TO EXCEED RS.25 000 PER ANNUM.

EXPLANATION :

FOR THE PURPOSE OF CATEGORY 'A',



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'FAMILY' MEANS THE SPOUSE, THE DEPENDENT CHILDREN AND DEPENDENT PARENTS OF THE EXECUTIVE DIRECTOR.

CATEGORY 'B'

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

CATEGORY 'C'

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

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. SUNIL K. CHATURVEDI AS 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 EXECUTIVE DIRECTOR IS NOT IN EXCESS OF THE MAXIMUM PERMISSIBLE UNDER RELEVANT LAWS, RULES, REGULATIONS, GUIDELINES OR INSTRUCTIONS AS MAY BE PROMULGATED OR ISSUED AFTER THE DATE OF THIS MEETING."

14. To consider, and if thought fit, to pass, with or without modifications, the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT PURSUANT TO THE PROVISIONS OF SECTION 81 AND ALL OTHER

APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956 (INCLUDING ANY STATUTORY MODIFICATIONS OR RE-ENACTMENT THEREOF, FOR THE TIME BEING IN FORCE) AND PURSUANT TO RELEVANT PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 ("GUIDELINES") AS IN FORCE AND SUBJECT TO ALL OTHER APPLICABLE RULES, REGULATIONS AND GUIDELINES OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"), THE APPLICABLE PROVISIONS OF FOREIGN EXCHANGE MANAGEMENT ACT, 1999 ("FEMA"), FOREIGN EXCHANGE MANAGEMENT (TRANSFER OR ISSUE OF SECURITY BY A PERSON RESIDENT OUTSIDE INDIA) REGULATIONS, 2000, AND ENABLING PROVISIONS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY AND THE LISTING AGREEMENTS ENTERED INTO BY THE COMPANY WITH THE STOCK EXCHANGES WHERE THE SHARES OF THE COMPANY ARE LISTED, AND SUBJECT TO REQUISITE APPROVALS, CONSENTS, PERMISSIONS AND/OR SANCTIONS OF SEBI, THE STOCK EXCHANGES, RESERVE BANK OF INDIA ("RBI"), THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE ("DIPP"), THE FOREIGN INVESTMENT PROMOTION BOARD ("FIPB"), AND SUCH OTHER STATUTORY OR GOVERNMENTAL AUTHORITIES AS MAY BE REQUIRED, WHETHER IN INDIA OR OUTSIDE INDIA, (HEREINAFTER COLLECTIVELY REFERRED TO AS "APPROPRIATE AUTHORITIES"), AND SUBJECT TO SUCH CONDITIONS AS MAY BE PRESCRIBED BY ANY OF THEM WHILE GRANTING ANY SUCH APPROVAL, CONSENT, PERMISSION, AND/OR SANCTION (HEREINAFTER REFERRED TO AS "REQUISITE APPROVALS"), WHICH MAY BE AGREED TO BY THE BOARD OF DIRECTORS OF THE COMPANY (HEREINAFTER REFERRED TO AS THE "BOARD" WHICH TERM SHALL BE DEEMED TO INCLUDE ANY COMMITTEE THEREOF WHICH THE BOARD MAY HAVE CONSTITUTED OR HEREINAFTER CONSTITUTE TO EXERCISE ITS POWERS INCLUDING THE POWERS CONFERRED BY THIS RESOLUTION), THE BOARD BE AND IS HEREBY AUTHORIZED AT THEIR ABSOLUTE DISCRETION TO CREATE, OFFER, ISSUE AND ALLOT IN ONE OR MORE TRanches, NON-CONVERTIBLE DEBENTURE SECURED OR UNSECURED, WITH DETACHABLE WARRANTS CONVERTIBLE INTO EQUITY SHARES OF THE COMPANY ("SECURITIES") ON "RIGHTS" BASIS TO THE SHAREHOLDERS WHO ARE SHAREHOLDERS OF THE COMPANY ON DATE/S TO BE DETERMINED BY THE BOARD, THROUGH AN OFFER DOCUMENT ON SUCH TERMS AND

CONDITIONS, AS THE BOARD IN ITS SOLE DISCRETION MAY AT ANY TIME OR TIMES HEREAFTER DECIDE, FOR AN AMOUNT NOT EXCEEDING RS. 4 000 MILLION BY WAY OF NON-CONVERTIBLE DEBENTURES AND RS. 4 000 MILLION BY WAY OF CONVERTIBLE WARRANTS INCLUSIVE OF SUCH PREMIUM/DISCOUNT AS MAY BE DECIDED FROM TIME TO TIME BY THE BOARD.

FURTHER RESOLVED THAT CONSENT OF THE SHAREHOLDERS BE AND IS HEREBY GIVEN AUTHORIZING THE BOARD TO ISSUE AND ALLOT SUCH NUMBER OF EQUITY SHARES AS MAY BE REQUIRED TO BE ISSUED AND ALLOTTED UPON CONVERSION, REDEMPTION OR CANCELLATION OF ANY SUCH SECURITIES REFERRED TO ABOVE OR AS MAY BE IN ACCORDANCE WITH THE TERMS OF ISSUE/OFFERING IN RESPECT OF SUCH SECURITIES AND SUCH EQUITY SHARES SHALL RANK *PARI PASSU* WITH THE THEN EXISTING EQUITY SHARES OF THE COMPANY IN ALL RESPECTS EXCEPT PROVIDED OTHERWISE UNDER THE TERMS OF ISSUE/OFFERING AND IN THE OFFER DOCUMENT AND/OR PROSPECTUS AND/OR OFFER LETTER AND/OR OFFERING CIRCULAR AND/OR LISTING PARTICULARS.

FURTHER RESOLVED THAT CONSENT OF THE SHAREHOLDERS BE AND IS HEREBY GIVEN AUTHORIZING THE BOARD, THAT IN THE EVENT OF THE COMPANY MAKING A BONUS ISSUE OF SHARES OR RIGHTS ISSUE OF SHARES/DEBENTURES PRIOR TO ALLOTMENT OF EQUITY SHARES ON EXERCISE OF RIGHTS ATTACHED TO THE SECURITIES/CONVERSION OF SECURITIES, THE HOLDERS OF SUCH SECURITIES SHALL BE ENTITLED TO ALL BONUS SHARES OR RIGHTS SHARES/DEBENTURES, IN SUCH PROPORTION(S) AS MAY BE DECIDED BY THE BOARD AT ANY TIME AFTER THE DATE OF ISSUE OF THE SECURITIES WITH RIGHTS ATTACHED OR CONVERTIBLE SECURITIES SUBJECT TO SUCH TERMS AND CONDITIONS AS THE BOARD MAY DEEM FIT AND PROPER, AND ALSO SUBJECT TO THE PROVISIONS OF APPLICABLE LAW(S).

FURTHER RESOLVED THAT FOR THE PURPOSE OF GIVING EFFECT TO THE ABOVE, THE CONSENT OF THE SHAREHOLDERS BE AND IS GIVEN AUTHORIZING THE BOARD, IN CONSULTATION WITH THE LEAD MANAGERS, UNDERWRITERS, ADVISORS AND/OR OTHER PERSONS AS APPOINTED FOR THE PURPOSE, TO DETERMINE THE FORM, TERMS AND TIMING OF THE ISSUE(S)/OFFERING(S) INCLUDING THE INVESTORS TO WHOM THE SECURITIES ARE TO BE ALLOTTED, ISSUE PRICE, FACE VALUE, NUMBER OF EQUITY SHARES OR OTHER

SECURITIES UPON CONVERSION OR REDEMPTION OR CANCELLATION OF SECURITIES, THE PRICE, PREMIUM OR DISCOUNT ON ISSUE/CONVERSION OF SECURITIES, RATE OF INTEREST, PERIOD OF CONVERSION, PREMIUM ON REDEMPTION, LISTING ON ONE OR MORE STOCK EXCHANGES IN INDIA AND/OR ABROAD AND FIXING OF RECORD DATE OR BOOK CLOSURE AND RELATED OR INCIDENTAL MATTERS, AS THE BOARD IN ITS ABSOLUTE DISCRETION DEEM FIT AND ACCEPT ANY MODIFICATIONS IN THE PROPOSAL AS MAY BE REQUIRED BY THE AUTHORITIES IN SUCH ISSUES IN INDIA AND/OR ABROAD.

FURTHER RESOLVED THAT FOR THE PURPOSE OF GIVING EFFECT TO THE ABOVE RESOLUTION, THE BOARD IS AUTHORIZED ON BEHALF OF THE COMPANY TO TAKE ALL ACTIONS AND TO DO ALL SUCH DEEDS, MATTERS AND THINGS AS IT MAY, IN ITS ABSOLUTE DISCRETION, DEEM NECESSARY, DESIRABLE OR EXPEDIENT TO THE ISSUE OR ALLOTMENT OF THE AFORESAID SECURITIES AND LISTING THEREOF WITH THE STOCK EXCHANGE(S) WHERE THE COMPANY'S SHARES ARE LISTED OR PROPOSED TO BE LISTED AND TO RESOLVE AND SETTLE ALL QUESTIONS AND DIFFICULTIES THAT MAY ARISE IN THE PROPOSED ISSUE, OFFER AND ALLOTMENT OF ANY OF THE AFORESAID SECURITIES, UTILIZATION OF THE ISSUE PROCEEDS AND TO DO ALL ACTS, DEEDS AND THINGS IN CONNECTION THEREWITH AND INCIDENTAL THERETO AS THE BOARD MAY, IN ITS ABSOLUTE DISCRETION DEEM FIT, WITHOUT BEING REQUIRED TO SEEK ANY FURTHER CONSENT OR APPROVAL OF THE SHAREHOLDERS OR OTHERWISE TO THE END AND INTENT THAT THEY SHALL BE DEEMED TO HAVE GIVEN THEIR APPROVAL THERETO EXPRESSLY BY THE AUTHORITY OF THIS RESOLUTION.

FURTHER RESOLVED THAT THE BOARD IS AUTHORIZED TO DELEGATE ALL OR ANY OF THE POWERS CONFERRED BY THIS RESOLUTION ON IT, TO ANY COMMITTEE OF DIRECTORS OR THE CHAIRMAN OR ANY OTHER DIRECTOR(S) OR OFFICER(S) OF THE COMPANY TO GIVE EFFECT TO THIS RESOLUTION."

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

"RESOLVED THAT PURSUANT TO SECTION 293(1)(a) AND ALL OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956 (INCLUDING ANY STATUTORY MODIFICATIONS OR RE-ENACTMENT THEREOF, FOR THE TIME



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BEING IN FORCE), CONSENT OF THE COMPANY BE AND IS HEREBY ACCORDED TO THE BOARD OF DIRECTORS OF THE COMPANY (HEREINAFTER REFERRED AS "THE BOARD" WHICH TERM SHALL BE DEEMED TO INCLUDE ANY COMMITTEE THEREOF) TO CREATE SUCH CHARGES, MORTGAGES AND HYPOTHECATIONS, ON SUCH MOVABLE AND IMMOVABLE PROPERTIES, BOTH PRESENT AND FUTURE, AND IN SUCH MANNER AS THE BOARD MAY DEEM FIT, TOGETHER WITH POWER TO TAKE OVER THE MANAGEMENT AND CONCERN OF THE COMPANY IN CERTAIN EVENTS, TO OR IN FAVOUR OF THE BANKS / FINANCIAL INSTITUTIONS, OTHER LENDERS AND TRUSTEES FOR THE HOLDERS OF THE DEBENTURES/BONDS AND / OR OTHER INSTRUMENTS TO SECURE RUPEE/FOREIGN CURRENCY LOANS AND/ OR THE ISSUE OF DEBENTURES WHETHER PARTLY/ FULLY CONVERTIBLE OR NON-CONVERTIBLE AND / OR WITH WARRANTS ATTACHED (HEREINAFTER COLLECTIVELY REFERRED TO AS "LOANS") PROVIDED THAT THE TOTAL AMOUNT OF LOANS TOGETHER WITH INTEREST THEREON, ADDITIONAL INTEREST, COMPOUND INTEREST, LIQUIDATED DAMAGES, COMMITMENT CHARGES, PREMIA ON PRE-PAYMENT OR ON REDEMPTION, COSTS, CHARGES, EXPENSES AND ALL OTHER MONEYS PAYABLE BY THE COMPANY IN RESPECT OF SAID LOANS, SHALL NOT EXCEED RS. 8 000 MILLION.

FURTHER RESOLVED THAT THE BOARD BE AND IS HEREBY AUTHORIZED TO DO ALL SUCH ACTS, DEEDS AND THINGS, TO EXECUTE ALL SUCH DOCUMENTS, INSTRUMENTS IN WRITING AS MAY BE REQUIRED TO GIVE EFFECT TO THIS RESOLUTION."

By Order of the Board of Directors
For BHARAT FORGE LIMITED

MUMBAI,
DATE : May 20, 2008

ASHISH BORADKAR
ASSISTANT COMPANY
SECRETARY

NOTES:

1. 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.
2. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the Meeting.
3. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, etc. to their respective

Depositories Participants and those holding shares in physical form are to intimate the abovesaid changes to the Secretarial Department at the Registered Office of the Company.

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 August 21, 2008 to those Members whose names appear in the Company's Register of Members i.e. for those holding Shares in the Physical Form and those holding Shares in Demat Form as beneficiary owners in the record of the Depositories on August 6, 2008.
5. **The Share Transfer Books and the Register of Members of the Company will remain closed from Saturday, August 2, 2008 to Wednesday, August 6, 2008 (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 August 6, 2008 during business hours of the Company.
7. Those Members who have not encashed/ received their Dividend Warrants for the previous years, may approach the Secretarial Department at the Registered Office of the Company for claiming unpaid / unclaimed Dividend. (Also refer to Note No. 8 below).
8. Dividends which remain unclaimed/unencashed for a period of 7 years will be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Sections 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the shareholders shall lie for the unclaimed dividend transferred to IEPF.
9. Equity Shares of the Company are under compulsory demat trading by all investors. Those Members who have not dematerialised their shareholding are advised to dematerialise their shareholding to avoid inconvenience in future.
10. On July 27, 2005 the Company had sub-divided its Equity Shares of the Face Value of Rs.10/- into Equity Shares of the Face Value of Rs.2/-. Accordingly, the Members were requested to surrender their old Share Certificates of the face value of Rs.10/- and obtain from the Company the Share Certificates of the Face Value of Rs.2/-. Those Members who have still not so obtained the new Share Certificates of the Face Value of Rs.2/- are requested to approach the Secretarial Department at the Registered Office of the Company and exchange their old Share Certificates for the new Share Certificates of the Face Value of Rs.2/-.

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. 8 to 15 mentioned in the accompanying Notice dated May 20, 2008.

Item No. 8 :

MRS. LALITA D. GUPTE was appointed as Director of the Company with effect from December 5, 2006 in the casual vacancy caused by the sad demise of MR. ANIL REGE. Late MR. ANIL REGE would have retired by rotation at the ensuing Annual General Meeting and, accordingly, MRS. GUPTE holds office as Director till the conclusion of the ensuing Annual General Meeting. Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing the candidature of MRS. GUPTE to the office of Director, liable to retire by rotation.

MRS. GUPTE holds a Bachelor's Degree in Economics and a Master's Degree in Business Management. She retired in October 2006 as Joint Managing Director of ICICI Bank. At ICICI Bank, amongst other things, she handled setting up of International Business of the Bank and held leading positions in the areas of Retail and Corporate Banking, Leasing, Planning & Resources and other areas. She was instrumental in transforming ICICI Bank into a technology led leader in diversified financial services business. MRS. GUPTE has more than 35 years of experience in Banking Sector.

MRS. GUPTE is also Director on the Board of Directors of ICICI Venture Funds Management Company Limited, Godrej Properties Limited, Firstsource Solutions Limited, HPCL-Mittal Energy Limited, Kirloskar Brothers Limited, NOKIA Corporation and Swadhaar Finaccess.

MRS. GUPTE does not hold any shares in the Company.

It is considered desirable that the Company should continue to have the benefit of experience and advice of MRS. GUPTE and, accordingly, the Resolution for her appointment as Director is recommended to the Members for approval.

MRS. GUPTE is not related to any Director and none of the Directors other than MRS. GUPTE, is interested in the Resolution.

Item No. 9 :

MR. ALAN SPENCER, who was appointed as Additional Director, with effect from January 21, 2008, under Article 141 of the Articles of Association of the Company, holds office upto the

date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956. However, being eligible, MR. SPENCER offers himself for appointment as regular Director. The Company has received Notice in writing from a Member proposing MR. SPENCER as candidate for the office of Director, liable to retire by rotation.

MR. SPENCER, M.A., a British national, born on December 3, 1933, is a Consultant in the automotive field with vast knowledge in production processes for Automotive Original Equipment and Automotive Supplier component production techniques, problem solving and launching new models at car / truck assembly plants in Britain, Germany, Spain, Mexico and the U.S.A. He was associated with Ford for more than 38 years and has been Executive Director, USA and Vice President, Ford of Europe. He has been Principal Consultant for Coopers and Lybrand during 1994-96, Senior Advisor TAM programme based at the EBRD and Consultant for EBRD Technical Audits, Consultant for Czechinvest, Director OAO Kamaz from 1999 to 2007.

MR. SPENCER is also Director on the Board of Directors of RABA, Hungary and NEFAZ, Russia.

MR. SPENCER does not hold any shares in the Company.

It is considered desirable that the Company should continue to have the benefit of experience and advice of MR. SPENCER and, accordingly, the Resolution for his appointment as Director is recommended to the Members for approval.

MR. SPENCER is not related to any Director and none of the Directors, other than MR. SPENCER, is interested in the Resolution.

Item No. 10 :

MR. SUNIL K. CHATURVEDI, who was appointed as Additional Director, with effect from May 20, 2008, under Article 141 of the Articles of Association of the Company, holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956. However, being eligible, MR. CHATURVEDI offers himself for appointment as regular Director. The Company has received Notice in writing from a Member proposing MR. CHATURVEDI as candidate for the office of Director, liable to retire by rotation.

MR. CHATURVEDI is Commerce graduate and Chartered Accountant. He joined Indian Administrative Service, Government of India, in August 1988 and worked in various capacities till January 31, 2008. MR. CHATURVEDI joined the Company with effect from February 1, 2008 as Chief Operating Officer, Capital Goods Division.