



**BHARAT GEARS LIMITED**

*Gearing for Life*

# STEADILY AHEAD

*Annual Report 2016-17*



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### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENT

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such Statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this report. Bharat Gears Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

# STEADILY AHEAD

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The year gone by has been a watershed year, both in terms of our consolidated efforts starting to bear fruits and our customers businesses getting back on the tangent of sustained growth. The domestic automobile industry has staged an encouraging comeback. Thanks to a healthy rainfall (97% of Long Period Average) and systematic strengthening of the rural economy, the tractor segment posted a robust growth. Mining and construction activities are steadily strengthening, casting a spell of good run for commercial vehicle segment and especially construction equipment. The fact that we weathered twin blows of sudden demonetisation and also slowdown in picking up of export orders reasonably well goes on to reassure that our ongoing campaign of intrinsic strengthening is gaining deeper roots.

On the operational front, efficiency improvement remained the mainstay of our management focus. Having identified tools and means we continue to assiduously work on them. With their impact becoming visible in the latter half of FY17, our thrust on these measures is only going to increase in coming times. With the unstinting trust of stakeholders including our customers and employees we are steadily moving ahead towards a brighter tomorrow.





**DEVELOPED A  
VARIETY OF BEVEL  
SETS FOR OUR  
GLOBAL AUTOMOTIVE  
CLIENTS**

# RIDING CUSTOMERS' SUCCESS

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**O**ur customers' universe is increasingly becoming competitive. As a supplier with four decades of rich track record of quality deliveries, we are raising the bar in order to proactively develop next generation products that bestow a competitive edge to our customers.

Intense pursuit of this very approach over the last two years has helped to strengthen our position as a supplier to reckon with. We have developed several new products for our existing global clients, which met with good acceptance and a promising order intake. In another instance of material success, we developed a variety of bevel sets for our global automotive clients, the manufacturing and supply of which is scheduled to commence in FY18. Building upon these breakthrough developments, we are in discussion with few more global behemoths. All these steps are poised to steadily strengthen our revenue and profitability growth.

Our approach to settle at nothing less than the best of products and services to our customers is the cornerstone of our future success and we are walking necessary extra steps in order to attain it.

Another conscious effort is to disproportionately focus on value-added products with a clear eye on improving our realisation. Currently under development advanced gears for the passenger vehicles and engine segments are poised to open new avenues of growth which will also diversify our product basket. In order to sharpen our precision and turnaround time, we have added some critical and advanced machinery at our plants during the year.

# TECHNOLOGY ADVANCEMENT, GAINING MOMENTUM

**D**oing more with less, de-bottlenecking and stricter control on wastages across man, material and machine has been higher on our priorities in recent times. Consequently, a slew of measures have been undertaken across plants and functions. Increasing intervention of technology and automation has been a key theme which is driving a steady shift towards Computerised Numerical Control (CNC) machines, an enabler of precision and also improved cycle time, which in turn releases extra capacity.

During the year, we undertook reconditioning and retrofitting of the existing bevel machines that yielded enhanced capacities at one hand and higher productivity and quality at the other. In order to strengthen our capabilities, following initiatives have been taken:

- Placed an order for Viper 500 - Grinding machine from Klingelberg, Germany to be installed at its Lonand plant
- Entered into an agreement with Klingelberg, Germany for procuring a C30 Gear Cutting Machine and P40 Gear Measuring Machine for Faridabad Plant
- Replacing Blade checking machine BC10 with BC12

All the above machines are expected to be installed by FY18. This would not only help the Company to meet the clients' requirements in a timely and effective manner but also to reduce the manpower cost.

With a view to judiciously deploy manufacturing assets towards scale and productivity, we relocated some critical machinery from our Mumbra unit to Faridabad and Lonand units. Despite constrained cashflow, manpower rationalisation at Mumbra made reasonable progress during the year.

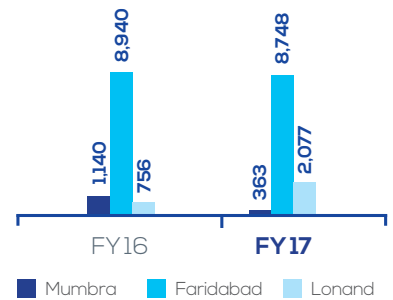
Enhanced upkeep and preventive maintenance of machines has helped to control breakdowns, consequently improving deliveries and reducing cost. Intense and coordinated training of human assets has helped to improve product quality and also reduce our dependence on manual intervention.

Towards optimum automation of the manufacturing process, an objective study across all the three plants stands complete, yielding definitive list of initiatives to be undertaken in a phased manner. With a steadily rollout of these measures, we would significantly strengthen our capabilities and also would be better placed to encash market opportunities.



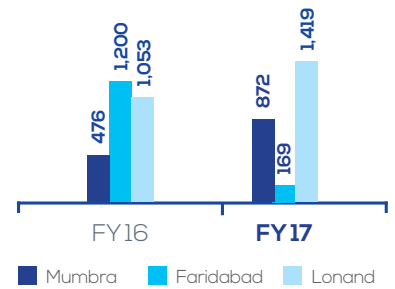


### Kaizen



MACHINE	PLANT	PURPOSE	STATUS	REMARKS
Viper Gear Grinder	Lonand	Technology Upgradation	✓	Order raised
ZK 10 Pointing	Lonand	Replacement	✓	Installed
Hurth shaver	Lonand	Capacity	✓	Installed
Shaping Machine	Lonand	Capacity	✓	Installed
Samputensili Gear Chamfering Machine	Lonand	Capacity	✓	Installed
GPC Furnace	Faridabad	Capacity	✓	In progress
Micro Hardness tester	Mumbra	Quality improvement	✓	Installed

### Accident Free Days





# CONCERTED EFFORTS STRENGTHENING THE MOMENTUM



**OUR  
BELIEF**

**HIGHER  
SALES**

**MOTIVATED  
& SKILLED  
EMPLOYEES**

**BETTER  
QUALITY  
PRODUCT**



## EMPLOYEE TRAINING HOURS

Mumbra Plant	- 22,856 Hours
Faridabad Plant	- 8,988 Hours
Lonand Plant	- 4,630 Hours

**H**uman excellence often thrives in the face of a challenge. Our recent phase of consolidation and turnaround has been scripted around the strength, resilience and sharpened capabilities of our talent pool.

Thanks to our unwavering commitment to provide a collaborative work atmosphere, a safer work place and an open culture of meritocracy, the level of engagement and ownership of our workforce has steadily risen. A structured approach to career progression with an adequate blend of on-job training and mindfulness on work-life balance helps us to access, attract, train and retain best of talent across locations and functions.

We endeavour to provide best of the work environment to all our employees, one that is not only progressive but also safe. All the three plants continue to be certified under ISO/TS16949. Currently Faridabad and Lonand plants are certified under ISO 14001 and OHSAS 18001. We are currently assessing the gaps in our Mumbra plant to make it ready for OHSAS and ISO 14001 certification.

We are having a very good track record of accident free days. We periodically have Safety Weeks across our plants to educate our work force on all the key safety parameters and do mock drills.

We are also focused towards the career growth of our employees. To strengthen the capabilities of our employees, we have built comprehensive training and development programmes. Through these training initiatives, we have also successfully implemented key quality & cost control initiatives across our plants. We regularly provide equal opportunities of growth to all our employees and also do a well thought succession planning to maintain smooth working.



# THE WORLD OF BHARAT GEARS LIMITED

**B**harat Gears Limited (BGL), India's largest gear manufacturing company was incorporated in 1971. Today, the Company offers a wide range of gear products such as Ring Gears and Pinions, Transmission Gears and Shafts, Differential Gears, Gear Boxes and Heat Treatment Furnaces. BGL primarily caters to Commercial Vehicle, agricultural machinery and construction equipment segments. BGL is serving to its clients in the domestic as well as European, American, Mexican and Asian markets. It is the major global supplier of automotive gears and heat treatment furnace.

The Company operates through manufacturing facilities located at Mumbra and Lonand in Maharashtra and Faridabad in Haryana.



## MISSION STATEMENT

To retain and reinforce our position as a leading Indian manufacturer of automotive gears and aggregates and meet the aspirations of customers in domestic and export markets. This will be achieved through on-time zero defect supplies backed by responsive service, empowered employees, vendor partner and satisfied investors.

**BGL has committed, competent and highly motivated workforce, integrated into conducive and strong TQM culture.**



## VISION STATEMENT

We, the proud members of the BGL family, shall strive vigorously to delight our customers and stakeholders who are our very purpose, by pursuing excellence and innovation through committed team work. To this end we shall promote continuous learning, achievement orientation and ethical business practices, which will make us shine as a global player.





## GEARS BUSINESS

BGL offers a wide range of products in ring gears and pinions, transmission gears and shafts, differential gears and assemblies, servicing a marquee list of Original Equipment Manufacturers (OEMs).

## BGL'S CLIENTELE

To strengthen the customer base, BGL has been continuously striving on improving customer servicing capabilities across the globe. With the persistent efforts, BGL's products have been able to make its presence felt in India as well as Europe, USA, Mexico and Asia



Agriking Tractors & Equipments (P) Ltd.



Ashok Leyland Limited



Carraro India, Italy, China



CLAAS Tractor SAS France, Hungary



Eaton Corporation - USA, India, China



Godrej & Boyce Mfg. Co. Ltd.



Hyva India Pvt. Ltd.



JCB-India, UK



John Deere - India, USA, Spain, Mexico, Brazil, China, Germany



KION, India



Mahindra & Mahindra Ltd.



Man Trucks India Pvt. Ltd.



CNH Industrial India Pvt Ltd



Paharpur Cooling Towers Ltd.



Spicer India Pvt. Ltd. DANA India Ltd.



SML ISUZU Ltd.



Transaxle Manufacturing of America (TMA) USA



Tractors and Farm Equipment Ltd.



Tuff Torq



Toyota Kirloskar Auto Parts Ltd.



VST Tillers & Tractors



Escorts Ltd.



ZF China, India, USA, Germany



Schafer Driveline LLC, USA



TATA Motors Ltd.

## BGL AUTO COMPONENTS

BGL has extensive dealer network across India with an array of auto-components that are designed, sourced, tested and distributed.

### Dealer Network- BGL - 2017

Jammu & Kashmir	2	Mumbai	Sales Office
Himachal Pradesh	1	Goa	1
Punjab	1	Bihar	2
Chandigarh	1	Jharkhand	2
Delhi	5	Odisha	2
Delhi	Sales Office	West Bengal	4
Haryana	2	Kolkata	Sales Office
Rajasthan	5	North Eastern States	3
Uttar Pradesh	2	Andhra Pradesh	3
Uttarakhand	1	Telangana	1
Gujarat	3	Karnataka	6
Madhya Pradesh	5	Tamil Nadu	3
Chattisgarh	2	Kerala	4
Maharashtra	9		

### Distributors - 70 | Sales Office - 3

## BGL FURNACES

BGL has technology and experience in furnace building coupled with expertise in commissioning, operating and process control that gives an edge to meet our customers' complete requirements.





# CSR INITIATIVES

**B**harat Gears Limited (BGL) is the pioneer of Gear Technology and one of the largest gear manufacturer of India.

The Board of Directors of the Company, in its meeting held on 28<sup>th</sup> January, 2015 approved the Corporate Social Responsibility (CSR) policy as recommended by the CSR Committee in terms of provisions of Section 135 of the Companies Act, 2013. The said policy is available on the Company's website i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link: <http://bharatgears.com/documents/corporate-social-responsibility-policy.pdf>

During the Financial Year 2016-17, the provisions of Section 135 of the Companies Act, 2013 were not

applicable, since the Company does not fall under the conditions necessary for complying with the CSR provisions.

However, over the past few decades, Company has voluntarily contributed to enhance the living standard of its stakeholders through multiple initiatives in the areas of health and environment. These initiatives form an integral part of the activities as enumerated in the CSR policy of the Company which has been adopted after the enactment of the Companies Act, 2013. We have ensured to contribute our bit to the society with the help of various NGOs as implementing partners, working in the respective fields. Some of the activities undertaken by us are mentioned below:

## Caring Autism

Autism is a complex lifelong neurological disability affecting a person's communicative and imaginative skills and ability to relate with the people. Symptoms range from mild learning and social disability to severe impairment. A number of autistic children do not even develop proper speech while others do but are rarely able to use the language for clear communication. There are nearly 2 million autistic persons in India and the diagnosis of autism is growing at an alarming rate. BGL has been an active corporate contributor to the cause supported by Action for Autism (AFA) which is the largest non-profit non-government organization providing support and services to persons with autism and their families.

## Upgrading the Infrastructure in the Local Surroundings and Green Initiatives

The Company has also constructed an alternate road to the railway crossing in the local surrounding of its plant location. The road is being used by the general public in large and helped in reducing the traffic congestion at the railway crossing converting it into a no casualty zone.

Being an active supporter towards creating a sustainable planet, the company has undertaken green initiative by developing and maintaining greenery along the road crossing thus contributing towards creating a clean and green environment.



# BOARD OF DIRECTORS



**Mr. Shiv Gopal Awasthi**   
Director

 **Mr. Sameer Kanwar**  
Joint Managing Director

 **Mr. Surinder P. Kanwar**  
Chairman & Managing Director

 **Mr. Wolfgang Rudolf Schilha**  
Director



**Mr. Virendra Kumar Pargal**  
Director

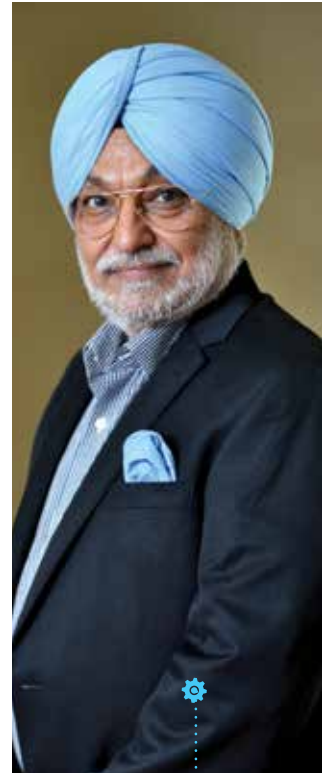
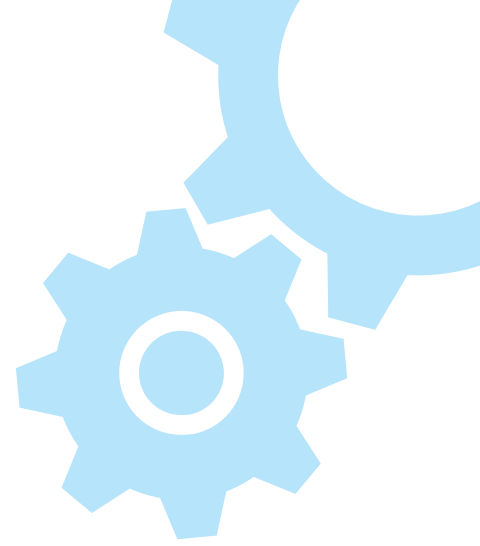


**Ms. Hiroo Suresh Advani**  
Director



**Mr. Rakesh Chopra**  
Director

# SENIOR MANAGEMENT



 **Mr. K.K. Deshpande**  
(Head – OE Marketing & Business Development)

 **Mr. Naresh Verma**  
(Corporate Head-HR and Operations)

**Mr. Milind Pujari**   
(Chief Financial Officer)

 **Mr. Prashant Khattry**  
(Head – Legal & Company Secretary)

**Mr. Jagdeep Singh**   
(Business Head – After Market)



# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Surinder P. Kanwar, Chairman & Managing Director  
Mr. Sameer Kanwar, Joint Managing Director

### Independent Directors

Mr. Wolfgang Rudolf Schilha  
Mr. Rakesh Chopra  
Mr. Virendra Kumar Pargal  
Mr. Shiv Gopal Awasthi  
Ms. Hiroo Suresh Advani

### Audit Committee

Mr. Rakesh Chopra, Chairman  
Mr. Virendra Kumar Pargal  
Mr. Shiv Gopal Awasthi

### Stakeholders' Relationship Committee

Mr. Rakesh Chopra, Chairman  
Mr. Sameer Kanwar  
Mr. Shiv Gopal Awasthi

### Nomination & Remuneration Committee

Mr. Shiv Gopal Awasthi, Chairman  
Mr. Virendra Kumar Pargal  
Mr. Rakesh Chopra  
Mr. Surinder P. Kanwar

### Corporate Social Responsibility Committee

Mr. Surinder P. Kanwar, Chairman  
Mr. Sameer Kanwar  
Mr. Rakesh Chopra  
Mr. Shiv Gopal Awasthi

### Finance Committee

Mr. Rakesh Chopra, Chairman  
Mr. Surinder P. Kanwar  
Mr. Sameer Kanwar  
Mr. Shiv Gopal Awasthi

## Auditors

Deloitte Haskins & Sells  
Chartered Accountants  
"Heritage" 3<sup>rd</sup> Floor, Near Gujarat  
Vidhyapith, Off Ashram Road  
Ahmedabad - 380 014

## Bankers

State Bank of India  
IDBI Bank Limited  
Export-Import Bank of India  
HDFC Bank Limited

## Registrar & Transfer Agent

Link Intime India Private Limited  
44, Community Centre,  
2<sup>nd</sup> Floor, Naraina Industrial Area,  
Phase-I, Near PVR Naraina,  
New Delhi - 110 028

## Plant Locations

Kausa Shil, Mumbra, District Thane - 400 612,  
Maharashtra  
20 K.M. Mathura Road, P.O. Amar Nagar,  
Faridabad - 121 003, Haryana  
Lonand, Taluka Khandala,  
District Satara - 415 521, Maharashtra

## Registered Office

20 K.M., Mathura Road, P. O. Amar Nagar,  
Faridabad - 121 003, Haryana

## Corporate Office

14<sup>th</sup> Floor, Hoechst House,  
Nariman Point, Mumbai - 400 021

## Branch Office

1009, Surya Kiran Building,  
19, Kasturba Gandhi Marg,  
New Delhi - 110 001

Mookherjee House  
17, Brabourne Road,  
Kolkata - 700 001



# CHAIRMAN'S MESSAGE



**"INCREASED THE  
BENCHMARK IN TERMS OF  
EFFICIENCY AND QUALITY  
IN THE PLANTS WITH THE  
IMPLEMENTATION OF  
LEAN MANUFACTURING  
PRACTICES"**

**Dear Shareholders,**

The Financial Year 2016-17 has been a year of consolidation and bringing back the economy and businesses on growth track. India's GDP grew at 7.1% in FY17, witnessing a marginally lower growth as compared to 7.6% in FY16 due to demonetization of higher currency in the month of November by Indian government. However, India continues to be one of the fastest growing economies overtaking China.

To strengthen the economy and augment the ease of doing business, the various initiatives such as bankruptcy law and implementation of GST have been taken by the Government of India. The central government's major focus on the development of infrastructure and rural economy has also been an added advantage. This has led to a tremendous growth in demand for construction equipments and tractors. Better monsoon in 2016 has also added fuel, due to which the tractors sales has increased by 18% as compared to the previous year.

Sharing few highlights of the FY17 business, the turnover of the company grew marginally during FY17 mainly due to higher offtake from domestic OEMs but was partially offset by the impact of demonetization on Automotive Components segment. The major revenue contributor i.e. gears business grew by 8% in FY17. EBITDA in FY17 decreased by 6.8% due to incremental VRS of ₹ 1.34 Crores and exchange gain of ₹ 1.61 Crores in FY16. The company has incurred a net loss of ₹ 1.26 Crores for the year ended 31 March 2017 vis-a-vis net profit of ₹ 0.24 Crores in the corresponding previous year.

This year, efficiency improvement was our main focus area for improving the production quality. Thus, we have initiated many de-bottlenecking processes at all its plants which has released additional capacity. To further strengthen our market position in this high margin Bevel Segment, we are further strengthening our capabilities with addition of some state-of-the-art machinery such as C30 Dry Cutting Machine, Viper 500 Grinding Machine and P40 Gear Measuring Machine. These high-end machines will help us in manufacturing new-age products while also reducing the delivery time and variance. We have also relocated some

critical machinery from our Mumbra unit to Faridabad and Lonand units. This will help the Company in quality enhancement, better turnaround, reduce the manpower cost and serve the customers in a better way.

We have been able to increase the benchmark in terms of efficiency and quality in the plants due to the implementation of LEAN manufacturing approach. Various initiatives such as total quality management, safety audit, Kaizen, periodical machine health check up, machine risk assessment audit has increased efficiency and enhanced savings at plant level. The result can be seen through the increase in number of accident free days in the plant.

Our Customer base has been continuously increasing and we have been able to strengthen our market positions. Our thrust on developing next generation products having a competitive edge to our customers. We have developed several products for our domestic and global clients which have received good acceptance with more orders coming in the near future.

At Bharat Gears, we also value the contribution of Human Capital in the growth trajectory of the Company. We follow a structured approach for the career progression with an adequate blend of on-job training and mindfulness on work-life balance. This helps us to access, attract, train and retain best of talent across locations and functions.

We are committed to continue with our operational excellence journey in the coming financial year. We will take various initiatives at strategic and ground level to continue with the same.

I would like to take this opportunity to thank to our shareholders, partners, employees, customers and other stakeholders for their firm belief in the Company.

Regards,



**Surinder P. Kanwar**  
Chairman & Managing Director

# BUSINESS HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

(in ₹ Crores)

PARTICULARS	FY13	FY14	FY15	FY16	FY17
Total Income	395.32	423.16	416.99	400.03	407.74
Depreciation	11.55	13.72	13.95	16.50	16.68
Finance Cost	11.65	14.49	16.35	16.16	14.80
PBT	7.45	0.60	(6.43)	0.52	(1.96)
Profit After Tax	4.97	0.60	(4.21)	0.24	(1.26)
Shareholders Funds	76.25	75.85	70.68	70.92	65.31
Fixed Assets	116.07	138.74	130.46	118.43	102.85
Net Profit Margin (%)	1.26	0.14	(1.01)	0.06	(0.31)
RONW (%)	6.52	0.79	(5.96)	0.34	(1.93)
Earning Per Share (₹ per Share)	6.35	0.76	(5.38)	0.31	(1.61)

## OPERATIONAL HIGHLIGHTS

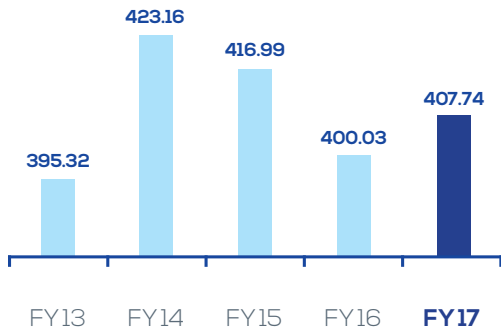
Placed an order with Klingelberg, Germany for procuring a C30 Gear Cutting Machine, Viper 500 - Grinding machine and P40 Gear Measuring Machine

All the three plants of the Company are certified under ISO/TS 16949 (quality)

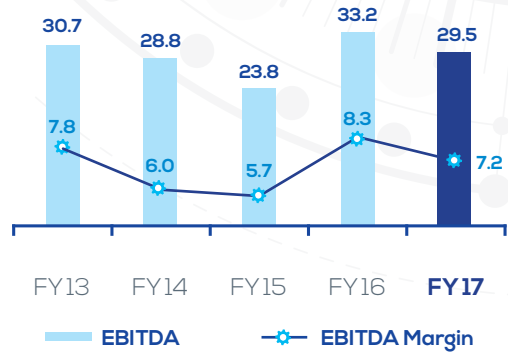
Faridabad plant has 8,748 Kaizens in FY17, which shows the high level of employee engagement



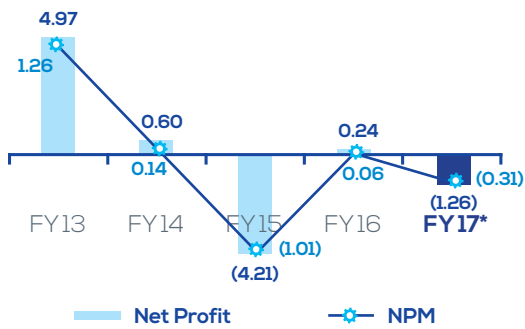
### Total Income (in ₹ Crores)



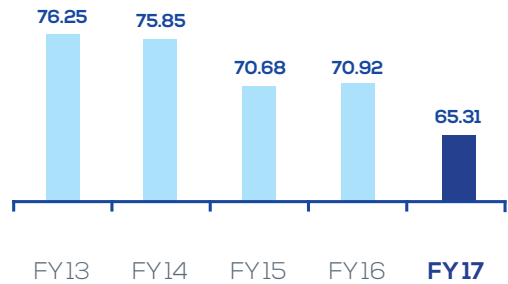
### EBITDA (in ₹ Crores) and EBITDA Margin (%)



### Net Profit (in ₹ Crores) and Net Profit Margin (%)



### Shareholders Funds (in ₹ Crores)



Note: \*Due to incremental VRS of ₹134 Crores

BGL has enhanced the capacity in Bevel Gears segment by adopting improved tools/manufacturing techniques.

BGL has received the Best supplier award for the year from Escorts Limited and Quality Award from TMA

BGL has received awards in recognition of the outstanding contribution by achieving Zero Defect Supplies from Toyota Kirloskar Auto Parts

# MANAGEMENT DISCUSSION & ANALYSIS

## ECONOMIC OVERVIEW



### Global

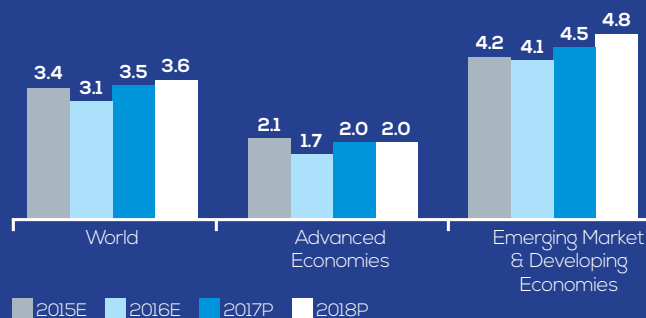
After growing steadily at 3.4% over the last three years, the world GDP growth slipped to 3.1% in 2016. The Emerging Markets and Developing Economies (EMDE) continued to portray negative growth and the Advanced Economies (AE) lost some steam. After a very sub-par growth in the first half of 2016, US economy witnessed some revival in the second half. However, the growth slipped from 2.6% in 2015 to 1.6% in 2016. Europe's economy also witnessed similar trends with growth slipping away from 2.0% in 2015 to 1.7% in 2016. The year 2016 has also witnessed the landmark decision where UK through a referendum opted to break away from the European Union and the process of BREXIT is on.

The Emerging Markets & Developing Economies (EMDE) witnessed a marginal fall from 4.2% in 2015 to 4.1% in 2016. However, the pace of growth contraction has slowed down. With revival in the commodity prices, Russia has witnessed a sharp economic revival. The economic growth in China remained buoyant but the economic activity in India in the second half has slowed down due to the impact of currency exchange initiative. However, the demonetization impact in India is diminishing and the economy is on the path of recovery. The growth momentum of Chinese economy has weakened in second quarter, following Q1's surprisingly resilient dynamics. The reasons of this downward trend are weak external demand, low exports and declining manufacturing activity.

Going forward, IMF has projected that the recovery in the global market which was visible in Q4 of 2016 would further gain momentum. It has projected the world GDP to grow at 3.5% in 2017. IMF has also projected a reversal in trend in GDP growth for EMDEs and also a jump in growth in AEs.



Exhibit 1: World GDP growth, YoY (in %)



Source: IMF's World Economic Outlook (WEO), April 2017

## Domestic

Moving along the global economy, India too witnessed a marginally lower GDP growth, where Central Statistics Office (CSO) has estimated it to be 7.1% in FY17 as against 7.6% in FY16. However, India continues to hold its crown of fastest growing major economy overtaking China for the consecutive second year. The economic growth in India is expected to have been even better had it not gone through the shock of demonetization.

India fares amongst nations with relatively lower share of tax payers against the total population. India has 7 taxpayers for every 100 voters ranking us 13<sup>th</sup> amongst 18 of our democratic G-20 peers. To root out the parallel cash economy, government de-notified prevalent ₹ 500 and ₹ 1000 currency notes at the stroke of midnight on 08 November, 2016. This had an adverse impact on many MSMEs as business didn't continue at the usual pace. Discretionary expenditures like Automobiles and other services were the most impacted.

The Consumer Price Inflation during the year maintained its downward trajectory however has reversed from January, 2017 but is well within RBI's target of 5%. RBI during the year gifted two 25bps repo rate cuts one in April, 2016 and next in October, 2016 to further strengthen the economic growth. Even after the fact that inflation is well in control, India's central government is determined to maintain fiscal prudence. Surprisingly, S&P Global Rating continues to maintain the lowest investment

grade (BBB-) for India with a stable outlook. However, global investors continue to overlook the rating as India continues to be the preferred destination of investment where it witnessed an FII inflow of ₹ 53,696 Crores in FY17 against an outflow of ₹ 17,579 Crores in FY16 in the Equity market.

The central government moving ahead with its growth focus agenda was able to get clearance for some of the revolutionary reforms notably being the transformational Goods and Services Tax (GST) and Bankruptcy Code. This would further give a fillip to India's economic growth.

After surpassing the highs of ₹ 68 in November 2016, INR against USD has emerged at stronger position at the February end of the year FY17. The Dollar index during the year has significantly strengthened but INR has not ceased much ground. However, against emerging market trend, INR has significantly strengthened and witnessed rise where it has moved nearly to 65 levels by March 2017. The trend has continued in April 2017 and given the current fundamentals it is expected to remain stable.

With IMD's early forecast of a normal monsoon with just 5% deviation to Long Period Average, the growth prospects of India continues to remain very strong. As per IMF's WEO, India would continue to hold its head high with its crown of the world's fastest growing major economy in FY18.

Exhibit 2: India GDP growth, % (Base 2011-12)

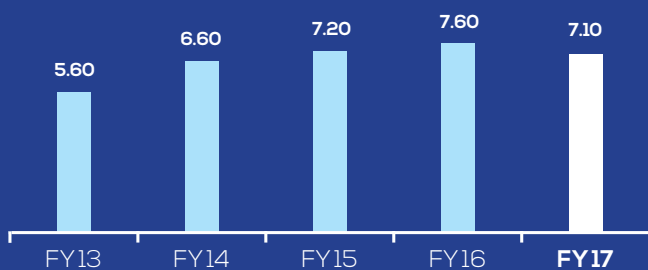
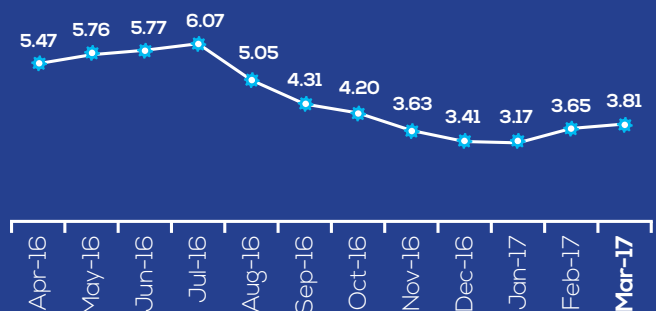


Exhibit 3: Consumer Price Index YoY change, %



Source: CSO

# INDUSTRY OVERVIEW



## Tractor Industry Overview

Agriculture in India is largely monsoon dependent. The monsoon in 2016 has been better where India received rainfall of 97% of the Long Period Average (LPA). This has raised the demand for farm inputs. However, the rainfall has been uneven across regions. The Central India witnessed 106% rainfall of the LPA leading to floods in many regions. On the other hand, Northeast India had 89% whereas the Southern Peninsula witnessed 92% rainfall of its LPA. Backed by a better monsoon, the Agriculture, Forest & Fishing industry is expected to have witnessed a significant YoY GVA growth of 4.4% in 2016-17 as against 0.8% YoY growth in 2015-16.

Historically, it is seen that the tractor sales in India has a direct correlation with monsoon. With a better monsoon in 2016, the tractor sales has witnessed a strong growth in India. After witnessing a fall for two consecutive years, the Tractor Manufacturers Association has estimated a sales growth of 18% in FY17. The total tractor sales volume is estimated to be around 582,000 units in FY17.

As per ICRA, the volume growth in tractor sales in India over the past 2-3 years has been uneven across regions. The southern region is estimated to have assiduously outpaced growth compared to other regions. In FY17, ICRA has estimated that the southern market has continued its growth story where the key driver of growth has been robust demand in states like Andhra Pradesh, Tamil Nadu and Karnataka. The growth in these states has been not only supported by better rural sentiments but also by various government programmes.

Tractor sales were significantly impacted by demonetization in November, 2016 where the monthly volumes declined by 13% YoY. However, there was a steady recovery in demand from December, 2016. Currently, M&M continues to be the market leader in the domestic market followed by TAFE. However, John Deere, one of the key customers of Bharat Gears has also witnessed steady sales growth and has continued to gain further market share.

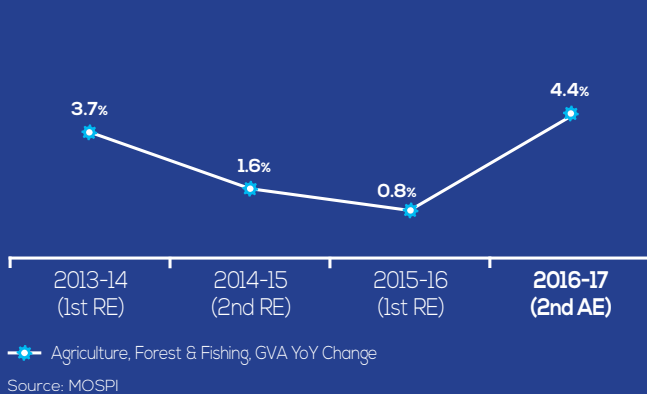
ICRA has projected that the long term growth aspects for the tractor industry in India would continue to remain strong. It has projected that the industry would grow at 6-7% including domestic as well as export sales in FY18. The key drivers of the growth would be the government's strong resolution towards enhancing the yield in the agriculture sector in India and growing farm mechanization. The growing labour shortage in the farm sector would also act as one of the key growth drivers of the industry. Also, the healthy monsoon in 2016 has led to replenishment of reservoir levels across various regions. This would further aid the agriculture growth in India.

## Construction Equipment Industry

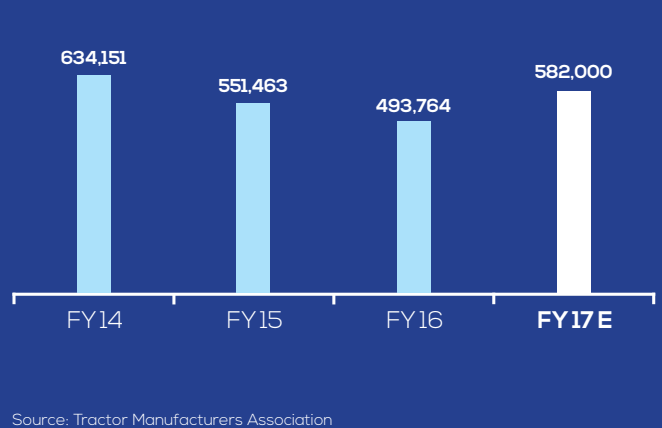
The construction sector in India is the country's second-largest economic segment after agriculture. It employs more than 40 million people and contributes nearly 3.1% to the national GVA in 2016-17. After a marginal dip in FY16, construction activities in the FY17 have witnessed marginal revival.

The central government has laid huge focus on infrastructure development. It has significantly increased

**Exhibit 4: Second advance Estimates of GVA at Basic Price by Economic Activity (At 2011-12 prices)**



**Exhibit 5: Domestic Tractor Sales Volume**

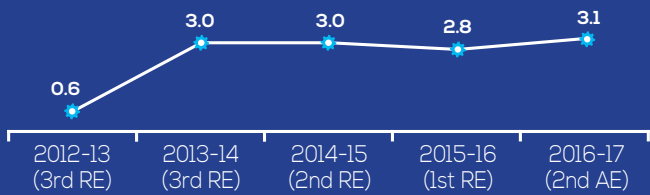






**CONSTRUCTION  
EQUIPMENT INDUSTRY  
EMPLOYS MORE THAN  
40 MILLION PEOPLE  
AND CONTRIBUTES  
NEARLY 3.1% TO THE  
NATIONAL GVA IN  
2016-17**

**Exhibit 6: Growth Rate of GVA at basic price at Constant (2011-12) prices (in %)**



Construction

Source: MOSPI

the allocation to key infrastructure-focused sectors like roads, highways and urban development (42-44% CAGR during FY15-17E vs. 2-3% CAGR during FY12-14). The strategy is to significantly increase the pace of construction and enhance continuous monitoring. India has achieved its highest ever average daily construction rate of 130 kms under the central government's flagship PMGSY project in FY17. Under this scheme, the Government has constructed roads to the length of close to 47,400 kms in FY17. To fast-track infrastructure development, the government has increased its monitoring and is using drones to monitor road construction and coal exploration. It is also carrying out geo-tagging to track construction of houses and Geographic Information System (GIS) is being used to monitor the progress of infrastructure development.

This has led to a significant growth in demand for construction equipments during FY17. As per the Indian Construction Equipment Manufacturers' Association (ICEMA), the industry has witnessed an overall volume growth of 41.5% to an estimated 52,100 units in calendar year 2016 as compared to 36,800 units in the previous year.

Over the next two years, infrastructure development continues to be on high priority in the central government's initiatives which would continue to drive the demand for the construction equipment industry in India.

### Automobile Industry

As per the domestic volume sales data published by SIAM, the automobile industry in India has witnessed a volume growth of 6.8% in FY17 over the previous year. The total sales volume including Passenger cars,

Commercial Vehicles, 3-wheeler and 2-wheeler for FY17 is estimated at 21.86 million units as against 20.47 million units in FY16. The passenger vehicles have witnessed the highest growth with 9.2%, followed by 2-wheelers with 6.9%. And within the passenger vehicles, utility vehicles have witnessed a strong growth of 29.9%.

3-wheeler segment during the year has witnessed a fall in sales by 4.9%. Within the 3-wheeler segment, the passenger segment is significantly impacted where the fall was 8.8%. However, 3-wheeler goods carriers have witnessed a strong growth of 12.8%.

The overall Commercial Vehicles segment registered a growth of 4.2% in FY17 as compared to FY16. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04% and Light Commercial Vehicles grew by 7.4% during FY17 over FY16.

### Exhibit 7: India Auto Sales

CATEGORY	DOMESTIC SALES (APRIL-MARCH)		
	2016-17	2015-16	% CHANGE
<b>I Passenger Vehicles (PVs)</b>			
Passenger Cars	2,103,460	2,025,479	3.85%
Utility Vehicles(UVs)	762,135	586,664	29.91%
Vans	181,743	177,535	2.37%
<b>Total Passenger Vehicles (PVs)</b>	<b>3,047,338</b>	<b>2,789,678</b>	<b>9.24%</b>
<b>II Commercial Vehicles (CVs)</b>			
M&HCVs	302,494	302,373	0.04%
LCVs	411,736	383,331	7.41%
<b>Total Commercial Vehicles</b>	<b>714,230</b>	<b>685,704</b>	<b>4.16%</b>
<b>III Three Wheelers</b>			
Passenger Carrier	402,143	441,091	-8.83%
Goods Carrier	109,369	97,001	12.75%
<b>Total Three Wheelers</b>	<b>511,512</b>	<b>538,092</b>	<b>-4.94%</b>
<b>IV Two wheelers</b>			
Scooter/Scooterette	5,604,786	5,031,678	11.39%
Motor cycles/Step-Throughs	11,094,243	10,700,466	3.68%
Mopeds	890,378	723,767	23.02%
<b>Total Two wheelers</b>	<b>17,589,407</b>	<b>16,455,911</b>	<b>6.89%</b>
<b>Grand Total of All Categories</b>	<b>21,862,487</b>	<b>20,469,385</b>	<b>6.81%</b>

Source: SIAM



## COMPANY REVIEW



### Operational Overview

During the year, the domestic business has performed well making up for the slowdown in off-take from the overseas customers. The off-take from overseas customers was largely for Harvesters & Utility Vehicle range, primarily due to the addition of new products by customers such as JD Iberica, TMA USA and JCB, UK. On the other end, the HCV segment business with Eaton, USA has witnessed some slow down.

During the year, the Company has initiated many de-bottlenecking processes at all its plants which has relieved additional capacity. The Company has achieved capacity enhancement in its bevel gears segment by adoption of improved tools/manufacturing techniques on some of the existing bevel machines.

The Company during the year, based on a detailed study on client's requirement and forthcoming change in the industry has planned a well calculated capital

expenditure to upgrade capacity. During the year, Company has placed an order for Viper 500 - Grinding machine from Klingelnberg, Germany to be installed at its Lonand plant. In addition, the Company has also entered in an agreement with Klingelnberg, Germany for procuring a C30 Gear Cutting Machine and P40 Gear Measuring Machine. The Company would also procure a Blade checking machine BC12. These machines shall be installed at Faridabad plant. All these machines are expected in FY18. This would help the Company in meeting the requirements of customer(s) in timely and efficient manner as well as achieve long term objective of manpower cost reduction.

The Company has received the "Best supplier award" for the year from Escorts Limited and Quality award from TMA. Further, Toyota Kirloskar awarded Company's Lonand plant for zero defect supply for the year 2016.

## Gears Business

BGL manufactures a wide range of ring gears and pinions, transmission gears and shafts, differential gears, gear boxes mainly catering to the automotive industry. BGL caters to Original Equipment Manufacturers (OEMs) from the agriculture machinery, LCV's and UV's, M&HCV's and construction equipment industry. During FY17, the net revenue of Gear Business grew from ₹ 341.58 Crores in FY16 to ₹ 359.22 Crores inspite of drop in exports from ₹ 123.87 Crores in FY 16 to ₹ 122.91 Crores in FY17.

## Auto Components Distribution

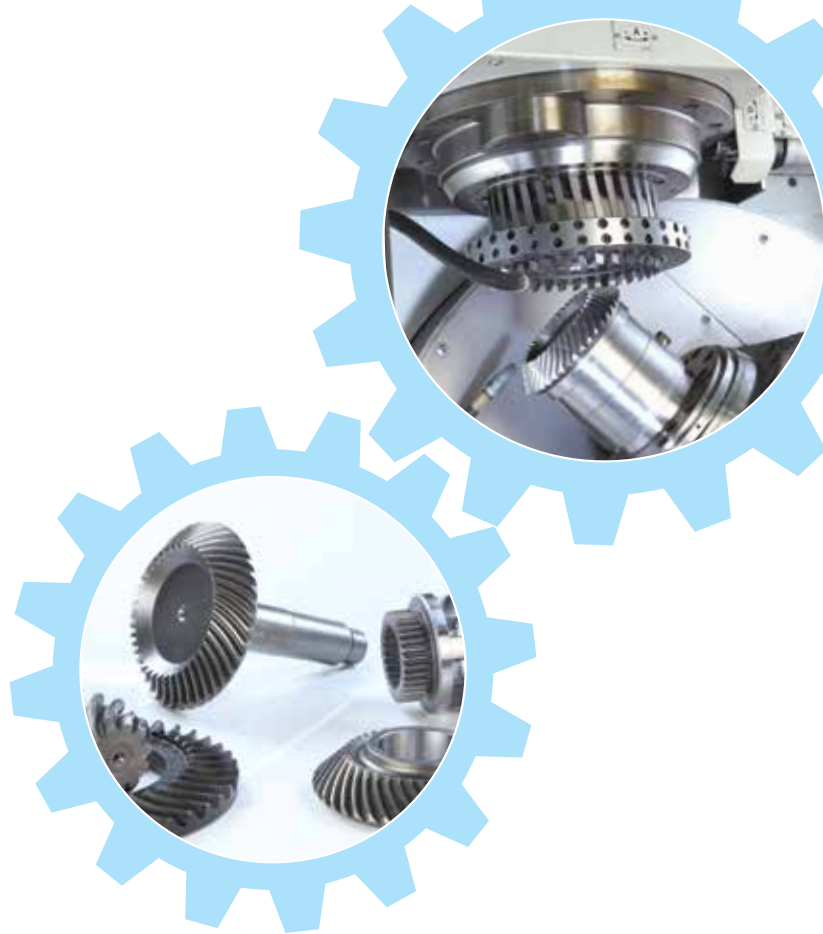
Bharat Gears is one of the most reputed names in the replacement gear market. The auto-components division has a wide range of automotive parts engineered to excellence which includes automotive clutch and components, turbo chargers and components, driveline products, axle shafts, fly wheel assemblies and rings, propeller shaft components, U-J Cross, steering components and differential cages. During FY17, the revenue of BGL's auto component division decreased to ₹ 29.50 Crores from ₹ 32.98 Crores in FY16.

## Furnace

Since 1982, BGL's Furnace division builds a batch and continuous heat-treating furnace systems in technical association with AFC-Holcroft, Michigan, USA. AFC-Holcroft is well known in the world for innovative technology, quality and reliability. BGL furnace revenue increased from ₹ 1.18 Crores in FY16 to ₹ 2.74 Crores in FY17..

## Business Operations

The Company currently has three manufacturing plants. Two are located in Maharashtra, one at Mumbra (near Mumbai) & one at Lonand (near Satara) and the third plant is in Haryana at Faridabad (near Delhi). Mumbra is the company's oldest facility that has capacity to produce Bevel, Transmission and Differential gears. At its Faridabad plant, the Company manufactures bevel and transmission gears. The plant at Lonand is a new plant that went operational in March 2014 and the focus here is on manufacturing transmission gears. All the three plants of the Company are certified under ISO/TS 16949 (quality). In addition, the Faridabad and Lonand Plants are certified under ISO/14001 and OSHAS 18001 certification by BVC. The Company is currently in the process for carrying out gap analysis and respective measures to make Mumbra plant also OSHAS 18001 and ISO 14000 compliant.



## Mumbra Plant

The Mumbra Plant, being the oldest plant of the Company, has been a pioneer in imbibing the culture of safety, Kaizen and TQM which resulted in the increase of employee participation. The plant has successfully achieved 872 accident free days. Various initiatives have been taken by the Company in terms of safety such as:

- \* Ban on using of kerosene and asbestos
- \* Providing personal protective equipments and uniforms to everyone on the shop floor
- \* Initiation of My Machine Campaign and 5S Activity Drive
- \* Implementation of 363 Kaizens

The plant has a wide variety of products being produced due to which there has been a lot of energy consumption. BGL is committed to save energy and improve operational efficiency with the following initiatives:

- \* Removing of underutilized and old conventional machines from the plant
- \* Heat treatment Unit shed (old asbestos) roofing replaced by MS galvanised sheets, with transparent Polycarbonate sheets for better lux level and turbo ventilators for better ventilation. Thus, making the unit rain water leakage free and reduction in power consumption
- \* Sensors installed in all office cabins and wash rooms motion for reducing power consumption



BGL has always given more impetus to Quality in terms of product, process and people. Thus, during the year, following initiatives have been taken by the Company:

- \* Quality circles being strengthened in the plant to increase the quality levels
- \* Implementation of Six Sigma projects
- \* Process and product audits
- \* Machine audits
- \* Machine health check up for the entire plant to assess the machine health

The results of the various initiatives can be seen through the reduction of consumer complaints by 30%, reduction in turnaround time of delivery and appreciations from the client in terms of delivery and quality.

#### Faridabad Plant

The plant continues on the road to excellence with several initiatives taking roots and showing results. The culture of safety, 5S, Kaizen, autonomous maintenance, visual management, standard work and lost time analysis has created a robust foundation for promoting continuous improvement in culture. The plant has 8,748 Kaizens in FY17, which shows the high level of employee engagement.

The power of Kaizen drive has resulted in significant saving along with the saving in electricity by an average of 14 KWH per Lakh of production in FY17. MTBF (Mean Time between Failure) improved from average 266 hours in FY16 to average 277 hours in FY17. BGL's Faridabad plant started converting the existing CFL lights to LED to save energy. The plant has started the use of solar energy on the street lights.

Due to the various initiatives taken by the Company in terms of quality improvement and cost saving, the furnace utilization has improved from average 424 ton in FY16 to 442 ton in FY17, whereas significant progress was made on material costs optimization.

#### Lonand Plant

The Lonand Plant has imbibed the culture of "Safety" in its system and processes. The plant remained "accident free" since its inception. As on date, the plant has completed 1,419 days without any lost time injury.

The plant has made good progress in the implementation of Kaizen process – with a total 2077 Kaizens

implemented in a year. The CLIT activity is being carried out on first of every month & has been able to achieve better 5S levels. We have increased transparent sheets in heat treatment area, which has resulted in better Lux level & saving in the energy consumption. The culture of quality circle is being strengthened in the plant to increase quality levels and reduce the COST OF QUALITY. There is substantial reduction in internal rejection PPM and it also recorded ZERO customer complaints for TKAP & Carraro.

The plant attained the appreciation certificate from the ACMA on Quality Circle. Efforts have been made to create a good tier-2 supplier base around this plant, which will help to facilitate ramp up of production.

#### Support Systems

RAMCO developed ERP system is being used for BGL's operations and is well supported by strong team of Human Resource and Information technology. IT tools are also effectively utilised for product development, quote management and compliance. The well structured training and development programmes have been built to strengthen its human talent. Through these training & development initiatives, BGL has been successful in implementing key quality and cost cutting initiatives. The Company also has a well described succession plan in place. As on 31 March, 2017, BGL's total workforce was 1270.

#### Financial Highlights

BGL has achieved a marginal growth in turnover during FY17 mainly due to higher off take from domestic OEMs which was partially offset by the impact of demonetization on Automotive Component segment. BGL ended FY17 with a loss of ₹ 1.26 Crores as compared to a profit of ₹ 0.24 Crores in FY16.

#### Financial Highlights

(₹ in Crores)

Particulars	FY17	FY16
Turnover (Gross)	435.33	433.31
Profit Before Interest & Depreciation	29.52	33.18
Interest	14.80	16.16
Cash Profit	14.72	17.02
Depreciation	16.68	16.50
(Loss)/Profit Before Tax	(1.96)	0.52
Tax	(0.70)	0.28
Net (Loss)/Profit	(1.26)	0.24

## RISKS AND CONCERNS



For the fast changing global business parameters, businesses have to be more vigilant of what is the next disruption which can either be leveraged or can have a bearing impact. BGL has moved through various business cycles where it has not only learned but also pre-empted the risks that it may face. Also, through very comprehensive brainstorming, the Company has built a strong risk management framework that governs it in a very systematic manner. The framework is tested on a continuous basis and upgradation is an ongoing process. The management meets regularly to take stock of various parameters and analyze the same to assess the various near-term and long-term risks and formulate mitigation measures.

Following are some of the key risks that the Company may face and the mitigation measures to it.

### Market Risks:

**Risk:** The Company derives most of its revenue from few large customers. Any glitch in the customer relations with them will have an adverse impact on the Company's revenues.

**Mitigation:** BGL is currently having a large pool of customer base and also holds very strong brand equity amongst the key customers. The Company has further planned to diversify its base and is working accordingly. The Company is not only working towards client diversification but also business segment diversification and regional diversification.

### Input Cost Risks:

**Risk:** Raw material cost is amongst the biggest cost for the business and any movement in raw material prices may have an adverse impact on profitability.

**Mitigation:** The Company not only holds long term contracts with its key customers but also the contracts have a pass through clause for raw material prices.

### Technology Risks:

**Risk:** The world of technology is fast changing with disruptions across industries. Any material change in components or manufacturing technology can make its business less preferred.

**Mitigation:** BGL is well focused on modernisation and technology up gradation and has been a forerunner in terms of adding new and advanced gears to the industry.



### Financial Risks:

**Risk:** The Company is exposed to changes in foreign exchange rates, interest rates, credit availability and liquidity.

**Mitigation:** BGL is well positioned to service financial risk and facilitates its growth objectives. The Company has adequate measures to deal with all types of financial risks.

### Regulatory and Safety Risks:

**Risk:** The Company supplies to various countries and hence has to be abreast to changes about business regulation in those countries. Also, in India where the Company has its manufacturing facilities, the Company is exposed to changes in laws, regulations, policies and other Governmental actions including those affecting environmental matters, employee welfare, safety, wastage emissions.

**Mitigation:** The Company has a well qualified and experienced compliance team in place which keeps a tab on all laws applicable to the Company and effectively monitors them on regular basis.

### Product Risks:

**Risk:** The components manufactured by BGL are critical components for the automotive clientele where quality is of supreme importance. Any diversion can impact the Company's revenue.



**Mitigation:** The Company has built internal systems with very high standards for product design and quality. It also takes feedback from the clients on product supplies at regular intervals. The Company has adequate product liability insurance in place.

#### **Delay & Deficiency in New Product Development Risks:**

**Risk:** Lack of understanding of parameters leads to delay and/or improper development of product resulting in delay in ramp up of volumes as well as high Quality & Delivery PPM in production.

**Mitigation:** The Company has planned to create a dedicated development cell for transmission gears. Also, there are planned schedules for product development which is an ongoing process.

#### **Exchange Rate Risks:**

**Risk:** The Company currently exports to various countries which expose the business to exchange fluctuation risk. Any sharp movement could impact the business adversely.

**Mitigation:** The Company has a seasoned and highly qualified finance team that keeps a very sharp watch on global parameters that can impact exchange rates. Also, the team is always prompt in taking appropriate corrective measures accordingly.

#### **Human Resource Risk:**

**Risk:** The Company has many operations which require skilled human resources. Non-availability of the talent may impact business.

**Mitigation:** The Company has an internal assessment and training program for developing the skills of the existing workforce. Also, the Company does recruitment and training on regular basis.

#### **Outlook**

The Automotive Mission Plan 2006-2016 of the Government of India has played a vital role in the growth of the sector. Increase in FDI limit in the sector along with special focus of the government added fuel to the growth of the sector. As per Automotive Mission Plan 2016-2026, the sector is estimated to create more than 60 million additional jobs. It is also estimated to grow more than 3 times in value from its current output of ₹ 4,640 billion to more than ₹ 16,160 billion by the end of 2026. The rapid shift of the consumers towards

electric, electronic and hybrid cars will be one of the major changes that have taken place in the automotive industry. This will lead to the opportunities for the Indian Auto component companies. These companies need to focus more on research and come out with innovative products that will cater the future demand. Indian Auto component industry is one of the largest in the world and expected to grow by more than 35% in the next ten years.

BGL will continue to focus in expanding its business at both the national and international level. The Indian replacement market will continue to compensate the uncertainty of the domestic OEM business. The Company will also remain focused on cost control at all levels.

#### **Internal Control Systems and Their Adequacy**

BGL has adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported quickly.

The Company has a well established internal financial control framework in place. The effectiveness of controls is reviewed across all critical processes.

The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. Internal auditors report its findings to the Audit Committee of the Board of Directors. The internal controls are designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

#### **Cautionary Statement**

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

# BOARD'S REPORT

(SECTION 134 OF THE COMPANIES ACT, 2013)

## To The Members

The Directors are pleased to present the 45<sup>th</sup> Annual Report and the Audited Statement of Accounts for the year ended 31 March, 2017.

Financial Results	Financial year ended	
	31.03.2017	31.03.2016
Revenue from operations (gross) and other income	435.33	433.31
Profit before finance cost and depreciation and amortisation expense	29.52	33.18
Finance Cost	14.80	16.16
Depreciation and Amortisation expense	16.68	16.50
(Loss)/Profit before tax	(1.96)	0.52
Less: Tax (benefit)/expense	(0.70)	0.28
<b>(Loss)/Profit after tax</b>	<b>(1.26)</b>	0.24
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	26.03	25.79
Add: (Loss)/Profit for the year	(1.26)	0.24
<b>Closing Balance</b>	<b>24.77</b>	26.03

## DIVIDEND

In view of loss for the year, your directors have not recommended any dividend on equity shares of the company for the year ended 31 March, 2017.

## FINANCIAL PERFORMANCE

Revenue from operations for the year ended 31 March, 2017 were at a similar level vis' a vis' previous year. Higher offtake from domestic OEMs was partially offset by the impact of demonetization on Automotive Component segment and lower tooling development income.

EBIDTA during the year ended 31 March, 2017 was ₹ 29.52 crores, which is lower in comparison with ₹ 33.18 crores of EBIDTA in last financial year. This is primarily due to Incremental VRS of ₹ 1.34 crores during the current year and net exchange gain of ₹ 1.61 crores recorded in the last financial year.

The Company has incurred a net loss of ₹ 1.26 crores for the year ended 31 March, 2017 vis' a vis' net profit of ₹ 0.24 crores in the previous year.

During the year ended 31 March, 2017, the Company availed a term loan of ₹ 7.00 crores and has repaid ₹ 24.71 crores of existing borrowings to Financial Institutions and Banks.

Further, in order to shore up net working capital position of the Company, an amount of ₹ 5.00 crores was infused by way of an unsecured interest free loan by a director.

Going ahead in order to ease the pressure on the cash flow position and for investment in growth capex, modernization/technology upgradation as well as certain long term initiatives of the Company, the Company is in discussion with various lender(s) for raising necessary resources by way of fresh term loan(s).

We remain focused on cost control at all levels. Further, in light of tight liquidity position, control on inventory/receivables is being strengthened.

## INDIAN ACCOUNTING STANDARDS (IND AS) IFRS CONVERGED STANDARDS

Pursuant to the notification of the Companies (Indian Accounting Standards) Rules, 2015 by the Ministry of Corporate Affairs (MCA) on 16 February, 2015, the Company has adopted Indian Accounting Standards (IND AS) with effect from 01 April, 2017.

For implementation of IND AS, the Company has established a dedicated team and has allocated necessary resources. The impact of the transition to IND AS has been assessed and the Company is ready to adopt new accounting standards - IND AS.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed analysis of the Company's operations in terms of performance in markets, manufacturing activities, business outlook, risks and concerns forms part of the Management Discussion and Analysis, a separate section of this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2017 and of the Profit and Loss of the Company for the period ended on that date;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## RELATED PARTY CONTRACTS AND ARRANGEMENTS

The contracts or arrangements of the Company with related parties during the period under review referred to in Section 188(1) of the Companies Act, 2013 were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the related party transaction policy of the Company. The said policy as approved by the Board in terms of provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") is available on the website of the Company i.e. [www.bharatgears.com](http://bharatgears.com) under the link <http://bharatgears.com/documents/related-party-transaction-policy.pdf>.

The prescribed form AOC-2 of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure -"A"** to this report.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT

During the period under review, the Company has not made any loan, guarantee or investment in terms of provisions of Section 186 of the Companies Act, 2013.

## DIRECTORS

During the year under review, the members approved the appointment of Mr. W.R. Schilha as an Independent Director. There is no appointment/re-appointment of Directors in the ensuing Annual General Meeting.

## NUMBER OF MEETINGS OF THE BOARD

During the financial year 2016-17, 5 (Five) Board Meetings were held on the following dates:-

- 24 May, 2016;
- 04 August, 2016;
- 27 October, 2016;
- 31 January, 2017; and
- 24 March, 2017

The gap between any two meetings was not more than one hundred twenty days as mandated under the provisions of Section 173 of the Companies Act, 2013 and Regulation 17(2) of the Regulations.

## INDEPENDENT DIRECTORS

In terms of provisions of Section 149(7) of the Companies Act, 2013, all the Independent Directors of the Company have furnished a declaration to the Compliance Officer of the Company at the meeting of the Board of Directors held on 23 May, 2017 stating that they fulfill the criteria of Independent Director as prescribed under Section 149(6) of the Companies Act, 2013 and are not being disqualified to act as an Independent Director.

In terms of the Regulation 25(7) of the Regulations, the Company has adopted a familiarization programme for the Independent Directors to familiarize them with working of the Company, nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities and other relevant details. The details of familiarization programme during the Financial Year 2016-17 are available on the official website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link i.e. <http://bharatgears.com/documents/details-of-familiarization-programme-for-independent-director-FY-16-17.pdf>.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Regulations, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees has been adopted by the Board of Directors of the Company in pursuance of its formulation and recommendation by the Nomination and Remuneration Committee thereby analyzing the criteria for determining qualifications, positive attributes and independence of a Director. The said policy is annexed as **Annexure -"B"** to this report and is also available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link <http://bharatgears.com/documents/company-policy-on-remuneration.pdf>.

## EVALUATION PROCESS

The Board of Directors of the Company has established a framework for the evaluation of its own performance and that of its committees and individual Directors of the Company in consultation with the engaged consultant and fixed certain parameters covering the evaluation of the Chairman, Executive Directors and Independent Directors on the basis of which the evaluation is being carried on annual basis in terms of provisions of the Companies Act, 2013 and the Regulations.

During the year under review, the Board of Directors, at its meeting held on 24 March, 2017 have carried out the evaluation of its own performance and that of its committees and Independent Directors of the Company and the Independent Directors in their separate meeting held on even date have evaluated the performance of the Chairman and Non-Independent Director(s) of the Company respectively in accordance with the framework approved by the Board.

## KEY MANAGERIAL PERSONNEL

The following Directors/Officials of the Company have been designated as Key Managerial Personnel (KMP) of the Company by the Board of Directors in terms of provisions of Section 203 of the Companies Act, 2013 and the Regulations:

1. Mr. Surinder P. Kanwar, Chairman & Managing Director
2. Mr. Sameer Kanwar, Joint Managing Director
3. Mr. Milind Pujari, Chief Financial Officer
4. Mr. Prashant Khattri, Head (Legal) & Company Secretary

No Key Managerial Personnel (KMP) of the Company has resigned during the financial year ended 31 March, 2017.

## DISCLOSURES UNDER THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure-“C”** to this report.

## PARTICULARS OF EMPLOYEES

Information regarding employees in accordance with the provisions of Rule 5(2) and Rule 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure- “D”** to this Report.

## RISK MANAGEMENT

A robust and integrated enterprise risk management framework is in existence under which the common prevailing risks in the Company are identified, the risks so identified are reviewed on periodic basis by the Audit Committee and the management's actions to mitigate the risk exposure in a timely manner are assessed.

A risk management policy under the above said enterprise risk management framework as approved by the Board has been adopted by the Company and being reviewed on yearly basis.

## CORPORATE SOCIAL RESPONSIBILITY

In terms of provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee (“CSR Committee”) is in existence to monitor the Corporate Social Responsibility Policy of the Company as approved by the Board and the said policy is available on website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

The CSR Committee comprises of Mr. Surinder P. Kanwar, Mr. Sameer Kanwar, Mr. Rakesh Chopra and Mr. S.G. Awasthi.

During the Financial Year 2016-17, the provisions of Section 135 of the Companies Act, 2013 were not applicable on the Company since the Company does not fall under the conditions necessary for complying with CSR provisions. Hence, no amount was required to be spent during the year.

## AUDIT COMMITTEE

The Audit Committee comprises of Mr. Rakesh Chopra, Mr. V.K. Pargal and Mr. S. G. Awasthi. There is no change in the composition of the Committee during the year.

## INTERNAL COMPLAINTS COMMITTEE FOR PREVENTION OF SEXUAL HARASSMENT

Pursuant to Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has constituted Internal Complaints Committee (ICC) at all its Units (i.e. Faridabad, Mumbai and Lonand) where any grievance of sexual harassment at workplace can be reported.

The Company has also adopted a policy on Prevention of Sexual Harassment at workplace. The objective of the policy is to provide its women employees, a workplace, free from harassment/discrimination and every employee is treated with dignity and respect. The said policy is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link <http://bharatgears.com/documents/policy-for-prevention-of-sexual-harassment.pdf>.

During the year under review, ICC of all units of the Company has not received any complaint pertaining to sexual harassment of women at workplace.

## SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

During the year under review, no Company has become or ceased to be subsidiary, joint venture or associate of the Company.

## DEPOSITS

During the year under review, the Company did not accept any deposits. However, in terms of provisions of Section 73 of the Companies Act, 2013 read with Rule 2(1)(c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company has availed an interest free unsecured Loan of ₹ 5.00 Crores (Rupees Five Crores Only) during the Financial Year 2016-17 from Mr. Surinder P. Kanwar, Chairman and Managing Director of the Company for shoring up net working capital position of the Company pursuant to the approval of the Board of Directors in its meeting held on 31 January, 2017.

It has been declared by Mr. Surinder P. Kanwar that the said Loan has not been given out of funds acquired by him by borrowing or accepting loan or deposit from others, therefore the loan so granted is outside the purview of definition of “Deposits” covered under the Companies (Acceptance of Deposits) Rules, 2014.

In terms of provisions of Section 205C of the Companies Act, 1956, the Unclaimed Final Dividend pertaining to the Financial Year 2008-09 amount aggregating to ₹ 1,18,500.00 (Rupees One Lac Eighteen Thousand Five Hundred only) had been transferred to the "Investor Education and Protection Fund" established by the Central Government.

Further, in terms of Section 124(6) of the Companies Act, 2013 read with the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") and the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 ("the Amended Rules"), the Company is required to transfer the equity shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government.

The unclaimed dividend for the year 2009-10 is proposed to be transferred to the Investor Education and Protection Fund (IEPF) on 27 August, 2017 i.e. upon completion of seven years from the transfer of said dividend into unclaimed dividend account. Subsequently, the equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2009-10 shall also be transferred into IEPF.

In terms of the Rules dated 05 September, 2016 and the Amended Rules dated 28 February, 2017, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF and further, the necessary information in this regard is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) for the convenience of the shareholders.

The Equity shares once transferred into IEPF can only be claimed by the concerned shareholder from IEPF Authority after complying with the procedure prescribed under the Rules and the Amended Rules.

However, the Ministry of Corporate Affairs (MCA) will issue fresh instructions regarding "Transfer of Shares to IEPF Authority" in due course of time.

## AUDITORS

The Statutory Auditors, M/s Deloitte Haskins & Sells, Ahmedabad (ICAI Registration No. 117365W), Chartered Accountants (DHS), had been appointed as Statutory Auditors of the Company in the 42<sup>nd</sup> Annual General Meeting held on 01 August, 2014 for a period of 3 (Three) years in terms of provisions of Section 139 of the Companies Act, 2013 to hold office from the 42<sup>nd</sup> AGM to the 45<sup>th</sup> AGM in the calendar year 2017 (subject to ratification by the members at every Annual General Meeting). Accordingly, the tenure of M/s Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company upto financial year 2016-17 shall conclude in the ensuing Annual General Meeting.

The Board of Directors place on record their appreciation for the services rendered by M/s Deloitte Haskins & Sells during their tenure as Statutory Auditors of the Company.

Further, the Board recommends the appointment of M/s S R B C & Co. LLP, Chartered Accountants (Regn No. 324982E/E300003) as the Statutory Auditors of the Company in terms of provisions of Section 139 of the Companies Act, 2013 for the approval of members in the ensuing Annual General Meeting, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the fifth consecutive Annual General Meeting in the year 2022 (subject to the ratification by members at every Annual General Meeting). Certificate from the proposed auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013.

## REPORT ON FINANCIAL STATEMENTS

The report of M/s Deloitte Haskins & Sells, Ahmedabad (ICAI Registration No. 117365W), Chartered Accountants (DHS), the Statutory Auditors of the Company on the financial statements of the Company for the year ended 31 March, 2017 is annexed to the financial statements in terms of provisions of Section 134(2) of the Companies Act, 2013. The observations of the Auditors in their report are self-explanatory and/or explained suitably in the Notes forming part of the Financial Statements. The report of the Statutory Auditors does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

## SECRETARIAL AUDIT

The Board has appointed M/s AGB & Associates, Practicing Company Secretaries as Secretarial Auditor for the Financial Year 2016-17 in terms of provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report of the Company for the financial year ended 31 March, 2017 in the prescribed form MR-3 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure-"E"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal financial controls which includes the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. During the year, such controls were tested and no material weakness in the design or operations were observed.

## **COST AUDIT**

During the year under review, the Company had not been mandatorily required to get its Cost Records audited in terms of provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 notified by the Ministry of Corporate Affairs (MCA) on 31 December, 2014, as the Industry under which the Company falls has been exempted from the Cost Audit under the said rules.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the quality standards of Corporate Governance. The Report on Corporate Governance as stipulated under Schedule V(C) of the Regulations forms part of this Report.

The requisite Certificate of Compliance from Statutory Auditors, M/s Deloitte Haskins & Sells, confirming compliance with the conditions of Corporate Governance is attached to this Report.

## **VIGIL MECHANISM**

In terms of provisions of Section 177 of the Companies Act, 2013, the Company has established an effective mechanism called Vigil Mechanism (Whistle Blower Mechanism). The mechanism under the Policy has been appropriately communicated within the organisation. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees or by any other person who avails such mechanism. It protects employees or any other person who avails such mechanism wishing to raise a concern about serious irregularities, unethical behavior, actual or suspected fraud within the Company by reporting the same to the Audit Committee.

Protected disclosure can be made by the whistle blower in a closed and secured envelope or sent through e-mail to the Compliance Officer.

During the year under review, no employee was denied access to the Audit Committee.

The policy on vigil mechanism is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link [http://bharatgears.com/documents/policy\\_on\\_vigil\\_mechanism.pdf](http://bharatgears.com/documents/policy_on_vigil_mechanism.pdf).

## **RECONCILIATION OF SHARE CAPITAL AUDIT**

As per the directive of the Securities and Exchange Board of India (SEBI), the Reconciliation of Share Capital Audit is undertaken by a firm of Practicing Company Secretaries on quarterly basis. The audit is aimed at reconciliation of total shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the Company.

The Reconciliation of Share Capital Audit Reports as submitted by the Auditor on quarterly basis were filed with the National Stock Exchange of India Limited (NSE) through

NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre, where the original shares of the Company are listed.

## **LISTING OF SHARES**

The Equity Shares of the Company are listed on the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

## **DISCLOSURES UNDER SECTION 134 OF THE COMPANIES ACT, 2013**

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year and the date of this report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in **Annexure-"F"** to this Report.

## **EXTRACT OF ANNUAL RETURN**

In terms of provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company in Form MGT-9 of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure-"G"** to this report.

## **COURT/TRIBUNAL ORDERS**

There were no instances of any significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **INDUSTRIAL RELATIONS**

During the year under review, industrial relations in the Company continued to be cordial and peaceful.

## **ACKNOWLEDGEMENTS**

The Board of Directors thank the shareholders for their continued support and they would like to place on record their appreciation for the dedicated services rendered by the Employees at all levels.

The Directors wish to convey their gratitude to the Financial Institutions, Banks, Customers, Suppliers and Collaborators for the assistance and confidence reposed by them in the Company.

**For and on behalf of the Board of Directors**



**Surinder P. Kanwar**

Place: Mumbai  
Dated: 23 May, 2017

Chairman and Managing Director  
DIN: 00033524



## Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

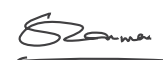
1. Details of contracts or arrangements or transactions not at arm's length basis:

NIL

2. Details of material contracts or arrangements or transactions at arm's length basis:

S. no.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Clip-Lok Simpak (India) Private Limited (CSIPL), Company within the Group	Lease Agreement between the Company and CSIPL for using a portion of the leasehold office premises of the Company situated at 1009, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi area admeasuring 25 Sq. Ft. (Twenty Five Square Feet)	3 (Three) years with effect from 16 May, 2016	The monthly lease rent in respect of said premises is ₹ 4,600/- (Rupees Four Thousand Six Hundred Only i.e. ₹ 184/- per Square Feet)	NA	-
2.	Clip-Lok Simpak (India) Private Limited (CSIPL), Company within the Group	Agreement between the Company and CSIPL for purchase of reusable collapsible plywood boxes/clips etc.	1 (One) year with effect from 01 April, 2016 till 31 March, 2017	Transaction value not exceeding ₹ 50,00,000/- (Rupees Fifty Lacs only) either in one transaction singly or multiple transactions collectively	NA	-
3.	Raunaq EPC International Limited (REIL), Company within the Group	Lease Agreement between the Company and REIL for using a portion of the leasehold office premises of the Company situated at 1009, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi area admeasuring 25 Sq. Ft. (Twenty Five Square Feet)	3 (Three) years with effect from 16 May, 2016	The monthly lease rent in respect of said premises is ₹ 4,600/- (Rupees Four Thousand Six Hundred Only i.e. ₹ 184/- per Square Feet)	NA	-

For and on behalf of the Board of Directors



**Surinder P. Kanwar**

Chairman and Managing Director

DIN: 00033524

Place: Mumbai

Dated: 23 May, 2017

## POLICY ON NOMINATION AND REMUNERATION

### Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulations”) as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (Committee) approved by the Board of Directors.

### Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 01 August, 2014.

### Effective Date:

This policy shall be effective with retrospective effect from 01 April, 2014.

### Constitution of the Nomination and Remuneration Committee:

The Board has changed the nomenclature of Remuneration Committee constituted on 22 April, 2002 by renaming it as Nomination and Remuneration Committee on 07 May, 2014.

The Nomination and Remuneration Committee comprises of following Directors:

Sr. No.	Committee Members
1.	Mr. S.G. Awasthi, Chairman (Independent Director)
2.	Mr. Surinder P. Kanwar, Member (Chairman and Managing Director)
3.	Mr. V.K. Pargal, Member (Independent Director)
4.	Mr. Rakesh Chopra, Member (Independent Director)

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

### Definitions

- “Board” means Board of Directors of the Company.
- “Directors” means Directors of the Company.
- “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- “Company” means Bharat Gears Limited.
- “Independent Director” means a director referred to in Section 149(6) of the Companies Act, 2013.

**Key Managerial Personnel (KMP)** means-

- Executive Chairman and/or Managing Director;
- Whole-time Director;
- Chief Financial Officer;
- Company Secretary;
- Such other officer as may be prescribed under the applicable statutory provisions/regulations.

- **Senior Management** means who are members of core management team excluding Board of Directors and all members of the management one level below the Executive Director, including the functional Heads. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### Applicability:

The Policy is applicable to:

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

**General:**

- This Policy is divided in three parts:  
Part – A covers the matters to be dealt with and recommended by the Committee to the Board;  
Part – B covers the appointment and nomination; and  
Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

**PART – A****MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

**PART – B****POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

- **Appointment criteria and qualifications:**
  1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
  2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
  3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- **Term/Tenure:**
  1. **Managing Director/Whole-time Director:**  
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**2. Independent Director:**

- An Independent Director shall hold office for a term up to five (5) consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

• **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

• **Mechanism for evaluating non-executive Board members:**

The performance evaluation of non-executive members is done by the Board annually based on the criteria of attendance and contributions at Board/Committee Meetings as also for the role played other than at Meetings.

• **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

• **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**PART – C****POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**• **General:**

1. The remuneration/compensation/commission etc. to the Chairman and Managing Director or Joint Managing Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the Chairman and Managing Director or Joint Managing Director, if any shall be in accordance with the percentage/slabs/conditions laid down as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director(s). Increments will be effective from 01 October or as may be decided by the Central Government, if required in respect of a Chairman and Managing Director and Joint Managing Director, and will be effective from 01 April or as may be decided by the Central Government, if required in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Chairman and Managing Director, Joint Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

• **Remuneration to Managing Director, Joint Managing Director, KMP and Senior Management Personnel:**

**1. Fixed pay:**

The Managing Director, Joint Managing Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

The break up of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

**2. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Joint Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**3. Provisions for excess remuneration:**

If Managing Director, Joint Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

• **Remuneration to Non- Executive/Independent Director:**

**1. Sitting Fees:**

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**Board's Diversity Policy**

BGL recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of variety of skills, regional and industry experience, background, race, gender and other distinctions between Directors. This will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

All Board appointments, whenever required shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The Nomination and Remuneration Committee ('the Committee') shall review and assess Board composition on behalf of the Board and recommend the appointment of new Directors, whenever the need for the same arises.

In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

*The policy has been initially approved by the Board of Directors of the Company on 01 August, 2014 and amended on 29 October, 2015 pursuant to the reconstitution of the Nomination and Remuneration Committee and further amended on 24 May, 2016 with respect to the applicability of the Regulations.*

For **Bharat Gears Limited**



**Surinder P. Kanwar**

Chairman and Managing Director

**Annexure-“C”****Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17:

S. No.	Name of the Director	Ratio of Remuneration of each Director to median remuneration of employees
1.	Mr. Surinder P. Kanwar Chairman and Managing Director	44.66
2.	Mr. Sameer Kanwar Joint Managing Director	44.74

Other directors are being paid sitting fees only, details of which are mentioned in the extract of Annual Return in the Board's Report.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

S. No.	Name of the Director/KMP	% increase in Remuneration in the Financial Year 2016-17
1.	Mr. Surinder P. Kanwar Chairman and Managing Director	-31%
2.	Mr. Sameer Kanwar Joint Managing Director	0%
3.	Mr. Milind Pujari Chief Financial Officer	0%
4.	Mr. Prashant Khattry Head (Legal) and Company Secretary	10%

3. Percentage increase in the remuneration of the median employee is 0% in the Financial Year 2016-17.
4. There were 1270 permanent employees on the rolls of the Company as on 31 March, 2017.
5. The average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2016-17 was 5% whereas percentage decrease in the managerial remuneration was 15% for the same financial year.
6. It is affirmed that the remuneration paid is as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.

**For and on behalf of the Board of Directors**



**Surinder P. Kanwar**

Chairman and Managing Director

DIN: 00033524

Place: Mumbai

Dated: 23 May, 2017



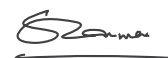
**Information Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014  
Forming Part of the Board's Report for the year ended 31 March, 2017**

S. No.	Name	Age in Years	Qualification	Designation	Date of Commencement of Employment	Years of Exp.	Remuneration (₹ in Lacs)	Particulars of Last Employment	Percentage of Shareholding in the Company
<b>A. Top Ten Employees of the Company in terms of remuneration drawn for the year ended 31 March, 2017.</b>									
1.	Mr. Sameer Kanwar	39	B.A. (Eco.)	Joint Managing Director	01.02.2002	17	130.63	ZF (AG) Germany	0.18
2.	Mr. Surinder P. Kanwar	64	B.Com.	Chairman & Managing Director	01.10.1990	42	130.42	BST Mfg. Ltd.	29.29
3.	Mr. Jagdeep Singh	60	B.A.	Business Head - After Market	09.12.1991	40	63.75	Escorts Limited	Nil
4.	Mr. Naresh Verma	56	B.Com, M.Com, PG-PM&IR, DIP-HR	Corporate Head - HR & Operations	04.02.2004	35	54.11	Daikin Shriram Airconditioning India Private Limited	Nil
5.	Mr. Milind V. Pujari	47	B.Com, FCA	Chief Financial Officer	01.06.1995	23	43.80	Caprihans India Limited	Nil
6.	Mr. K.K. Deshpande	58	LME, BE, DMS	Head- OE Marketing & Business Development	02.08.1982	35	40.06	-	Nil
7.	Mr. S.H. Patil	56	DME	Head - Operations, Mumbra Plant	03.06.2002	35	31.79	M G Auto Profile Private Limited	Nil
8.	Mr. V.R. Pai	59	B. TECH., DMS	Head - Furnace Division	11.06.1984	34	30.91	Blue Star Limited	Nil
9.	Mr. S.G. Gandre	57	DEE, DBM, IMME	Head - Operations, Lonand Plant	10.04.1981	38	25.80	Mukund Iron and Steel Works Limited	Nil
10.	Mr. Sai Kumar Bajana	56	B.Tech, PGDIE	MR & Sr. Process Head - Quality & Industrial Engineering	01.01.2005	32	19.89	Premier Automobiles Limited	Nil
<b>B. Employed throughout the year ended 31 March, 2017 &amp; were in receipt of Remuneration aggregating not less than ₹ 1,02,00,000/- per annum.</b>									
1.	Mr. Sameer Kanwar	39	B.A. (Eco.)	Joint Managing Director	01.02.2002	17	130.63	ZF (AG) Germany	0.18
2.	Mr. Surinder P. Kanwar	64	B.Com.	Chairman & Managing Director	01.10.1990	42	130.42	BST Mfg. Ltd.	29.29
<b>C. Employed for the part of the year ended 31 March, 2017 &amp; were in receipt of Remuneration aggregating not less than ₹ 8,50,000/- per month.</b>									
NIL									
<b>D. if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.</b>									
NIL									

**NOTES :**

- Remuneration includes Salary, Allowances, Co's Contribution to Provident Fund & Superannuation Fund and Value of other perquisites.
- Except Mr. Sameer Kanwar, Joint Managing Director, who is a relative of Mr. Surinder P. Kanwar, Chairman & Managing Director of the Company, none of the employee is related to any of the Director of the Company.
- All the appointments except that of Mr. Surinder P. Kanwar & Mr. Sameer Kanwar are Non-Contractual.

**For and on behalf of the Board of Directors**



**Surinder P. Kanwar**

Chairman and Managing Director

DIN: 00033524

Place: Mumbai

Dated: 23 May, 2017

## Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 March, 2017

To,  
The Members  
**Bharat Gears Limited**  
**20 K.M. Mathura Road**  
**P.O. Amar Nagar**  
**Faridabad- 121003**  
**Haryana**

Dear Sirs,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Gears Limited** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing opinion thereon.

Based on our verification and as per documents, information and explanations provided to us by the Company and on the basis of verifications of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (“the Act”) and the Companies Act, 1956 to the extent applicable and rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- **Not applicable as the Company has not issued any debt securities;**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;- **Not applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review;** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not applicable as the Company has not bought back/propose to buy back any of its securities during the financial year under review.**
- VI. **Other Laws applicable to the Company as a Business Unit and also Laws applicable to various Manufacturing Units and Other Offices:**
  - ❖ **Taxation Laws** – Income Tax Act, 1961; Service Tax Act, 1994; the Customs Act, 1962; Central Sales Tax Act, 1956; Central Excise Act, 1944, Haryana Value Added Tax Act, 2003, Maharashtra Value Added Tax Act, 2002; Maharashtra State Tax on Professionals, Trades, Callings and Employments Act, 1975.

- ❖ **Environment Laws** - The Environment (Protection) Act, 1986; Air (Prevention and Control of Pollution) Act, 1981; Water (Prevention and Control of Pollution) Act, 1974; Water (Prevention and Control of Pollution) Cess Act, 1977.
- ❖ **Labour and Social Security Laws** - Apprentices Act, 1961; Employees State Insurance Act, 1948; Factories Act, 1948; Payment of Wages Act, 1936; Minimum Wages Act, 1948; Industrial Disputes Act, 1947; Payment of Bonus Act, 1965; Payment of Gratuity Act, 1972; Workmen's Compensation Act, 1923; Punjab Labour Welfare Fund Act, 1965; The Trade Unions Act, 1926; Contract Labour (Regulation and Abolition) Act, 1970; Bombay Labour Welfare Fund Act, 1953; Maternity Benefit Act, 1961; Employment Exchanges (Compulsory Notification of vacancies) Act, 1956; Industrial Employment (Standing Orders) Act, 1946; Punjab Industrial Establishment (Holidays and Sick Leave) Act, 1965; The Equal Remuneration Act, 1976; Employees Provident Funds And Miscellaneous Act, 1952.
- ❖ **Safety Laws** - Indian Explosive Act, 1884; Petroleum Act, 1934; Public Liability Insurance Act, 1991; Hazardous Material Transportation Act, 1975; Maharashtra Fire Prevention and Life Safety Measures Act, 2006; Hazardous Waste (Management, Handling and Trans boundary Movement) Rules, 2008.
- ❖ **Foreign Business Related Laws** - FTDR Act, 1992.
- ❖ **IPR Laws** - Copyright Act, 1957; Trademark Act, 1999; Patent Act, 1957.
- ❖ **IT Related Laws** - Information Technology Act, 2000.
- ❖ **Miscellaneous Laws** - Electricity Act, 2003; Sexual Harassment of Women at Workplace (Prevention, Prohibition and Regulation) Act, 2013; Private Security Agencies (Regulation) Act, 2005; Legal Metrology Act, 2009; Motor Vehicles Act, 1988.

**We have also examined compliance with the applicable clauses of the following:**

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

There are no instances of specific non compliances/ observations/audit qualification, reservation or adverse remarks in respect of the above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, if any.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company has taken the following actions/specific events having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above: **Not applicable.**

**Annexure 1, 2 and 3 form part of this Secretarial Audit Report for the year 2016-17.**

**For AGB & Associates  
Company Secretaries**



**(Nitin Rawat)**

Partner

CP No. 10554

Date: 11 May, 2017

Place: Faridabad

## ANNEXURE 1

Forming part of Secretarial Audit Report for the year ending on 31 March, 2017

**Companies Act, 2013**

On the basis of examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company, the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 (hereinafter referred as "Act") and the Rules made under the Act, Companies Act, 1956 (hereinafter referred as "Act") and the Rules made under the Act (wherever still applicable) and the Memorandum and Articles of Association of the Company, with regard to:

- a. Maintenance of statutory registers, documents, and making in them necessary entries;
  - b. Forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
  - c. Service of documents by the Company to its Members and Registrar of Companies;
  - d. Minutes of proceedings of General Meeting, Meeting of Board of Directors and their Committees thereof were available;
  - e. Approval of shareholders, the Board of Directors, the Committee of Directors, wherever required including investment of funds of the Company;
  - f. Form of Balance Sheets prescribed under the Act;
  - g. Borrowings and Registration of Charges;
  - h. Records for the meeting of Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee; Finance Committee.
  - i. Contracts, common seal, registered office and publication of name of the Company; and
  - j. Generally, all other applicable provisions of the Act and the Rules made under that Act.
3. Adequate notice given to all the Directors to schedule the Board meeting, agenda and detailed notes on agenda are sent **atleast seven days in advance**, a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
  4. The Company has not made any changes with regard to the following:-
    - (a) Name of the Company;
    - (b) Registered Office of the Company;
    - (c) Principal Business is in conformity with the object;
    - (d) Share Capital (Authorized, issued, subscribed, paid up, conversion/redemption, reclassification, sweat).
  5. During the period, there are Related Party Transactions but reportedly in the Ordinary Course of Business at Arm's Length Price and same were reportedly disclosed in Audit Committee meetings and proper method has been adopted for entering into those transactions, even if they are out of the purview of provisions of Section 188 of the Companies Act, 2013.
  6. During the period under review, all the Directors have complied with the requirements as to disclosure of interests and concerns in the contracts and arrangements, shareholding/debenture holding and directorship in other Companies and interests in other entities.
  7. During the period under review, we noted no default in the repayment of loans etc.
  8. Updating website of the Company in reference to Stakeholders (more particularly investors/shareholders) is outsourced to Smartech Interactive Services Private Limited and is being regularly updated. Website updation is being regularly monitored by dedicated official of the Company in reference to various provisions of the above laws.

**It is further reported that:**

1. The status of the Company during the period under review has been "active" on MCA website.
2. The company has not been a holding or subsidiary of another company. The company is a non government company or a non NBFC.

Date: 11 May, 2017  
Place: Faridabad

**For AGB & Associates  
Company Secretaries**



**(Nitin Rawat)**

Partner

CP No. 10554

## ANNEXURE 2

Forming part of Secretarial Audit Report for the year ending on 31 March, 2017

### **SEBI**

On the basis of examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company, the Company has, in our opinion, complied with the provisions of the SEBI Act (hereinafter referred as "Act") and the Rules made under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to:

- a) Time bound and Event based filing;
- b) Reporting before Board Meeting;
- c) Reporting after the meeting;
- d) Updating website of the Company in reference to various provisions of the above laws- mechanism;
- e) Forms, returns, documents and resolutions required to be filed with the Stock Exchanges - checklist and compliances;
- f) Code of Conduct: Code of Business Conduct and Ethics; and Code of Conduct for Prevention of Insider Trading.

Date: 11 May, 2017  
Place: Faridabad

**For AGB & Associates  
Company Secretaries**



**(Nitin Rawat)**  
Partner  
CP No. 10554

## ANNEXURE 3

Forming part of Secretarial Audit Report for the year ending on 31 March, 2017

### **Other Laws Applicable to the Company**

On the basis of examination and verification of the registers, records and documents and compliance data captured in compliance software produced to us and according to the information and explanations given to us by the Company, the Company has, in our opinion, complied with the provisions of the Other Laws applicable to the Company and rules made there under to its various Units and Offices, with regard to:

- a) Preparation and Updation of List of Laws applicable to the Company;
- b) Registrations and Renewals from time to time;
- c) Filing of Challans, Forms and Returns from time to time;
- d) Maintaining Registers and Records as per the provisions of various laws;
- e) Maintaining Inspection Register;
- f) Complying with the Notifications issued from time to time;
- g) Reporting compliances to Board from time to time;
- h) Statutory dues have been generally paid on time and satisfactory arrangements have been made for arrears of any such dues.

### **Recommendations:**

Notices issued by various departments, if any shall be compiled in compliance management reporting.

**For AGB & Associates  
Company Secretaries**



**(Nitin Rawat)**  
Partner  
CP No. 10554



**Annexure-“F”****Report on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo and forming part of Board's Report for the year ended 31 March, 2017****(A) Conservation of energy:****(i) the steps taken or impact on conservation of energy:**

- Conversion of conventional lighting to LED lights.
- Replacing overcapacity motors of old machines to reduce electrical power consumption.
- High power consuming air conditions in the machine panels are being replaced with air cooling on maximum machines.
- Refrigerated oil coolers being replaced with radiator type air cooling units.
- Hydraulic systems of machines are being modified so that the hydraulic pump will get off during machine idling.
- ETP & STP plant is running smoothly with ZERO discharge water out of the Company premises and using treated water for gardening.
- DM water plant is running smoothly, the treated water is used for bathrooms and toilets to overcome the drinking water shortage.
- We are maintaining the unity power factor.

**(ii) the steps taken by the Company for utilizing alternate sources of energy:**

- We have started replacing street lighting with solar power in some places. Target to replace 100KW with solar power in FY 2018.
- Plant is equipped with transparent sheets to use natural day light.

**(iii) the capital investment on energy conservation equipment's:**

NIL

**Impact of the measures of above for reduction of energy consumption and consequent impact on the cost of production of goods:**

- The result of above initiatives is reduction in the energy costs.
- We are continuing to avail discount on energy charges from MSEDCL for maintaining unity power factor.

**(B) Technology Absorption:**

1. The efforts made towards technology absorption	<ul style="list-style-type: none"> <li>Focus is on technology up gradation.</li> <li>Low cost Auto-loading mechanism for gear shaping machines is installed and same is planned for gear Hobbing machines.</li> <li>Mechanical Debburing/Buffering Machine is installed to reduce manual work.</li> </ul>												
2. The benefits derived like product improvement, cost reduction, product development or import substitution	<ol style="list-style-type: none"> <li>Increase in production and machine utilization.</li> <li>Reduced PPM levels, reduction in manufacturing costs and addition of new business.</li> <li>Reduction in man power cost.</li> </ol>												
3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):													
a) The details of technology imported	<table border="1"> <thead> <tr> <th>T-60 single tester is installed to check MTE</th> <th>CNC High Helix Angle M/c</th> <th>Grinding Lead Measuring instrument (Shaft Twist Tester) is installed</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>2015-16</td> <td>2016-17</td> </tr> <tr> <td>YES</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>N.A.</td> <td>N.A.</td> <td>N.A.</td> </tr> </tbody> </table>	T-60 single tester is installed to check MTE	CNC High Helix Angle M/c	Grinding Lead Measuring instrument (Shaft Twist Tester) is installed	2014-15	2015-16	2016-17	YES	YES	YES	N.A.	N.A.	N.A.
T-60 single tester is installed to check MTE	CNC High Helix Angle M/c	Grinding Lead Measuring instrument (Shaft Twist Tester) is installed											
2014-15	2015-16	2016-17											
YES	YES	YES											
N.A.	N.A.	N.A.											
b) the year of import													
c) whether the technology been fully absorbed													
d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof													
4. The expenditure incurred on Research and Development	The Company is in the business of manufacturing and supplying automotive gears to OEMs and for aftermarket sales both for domestic and overseas markets. The nature of business activity carried on by the Company at present does not entail any Research and Development as such.												

**(C) Foreign Exchange Earnings and Outgo:**

	(₹ in lacs)	
	2016-2017	2015-2016
Foreign Exchange Earned	12001.51	12851.93
Foreign Exchange used	405.14	440.09
Net Foreign Exchange earnings	11596.37	12411.84

For and on behalf of the Board of Directors


**Surinder P. Kanwar**Chairman and Managing Director  
DIN: 00033524Place: Mumbai  
Dated: 23 May, 2017

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	L29130HR1971PLC034365
(ii)	Registration Date	23 December, 1971
(iii)	Name of the Company	Bharat Gears Limited
(iv)	Category/Sub-Category of the Company	Public Limited Company
(v)	Address of the Registered office and contact details	20 K.M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003, Haryana Ph: 0129-4288888 Fax: 0129-4288822-23 E-mail: <a href="mailto:info@bglindia.com">info@bglindia.com</a>
(vi)	Whether listed Company Yes/No	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Linkintime India Private Limited 44, Community Centre, II <sup>nd</sup> Floor, Naraina Phase - I, Near PVR Naraina, New Delhi-110028 Ph: 011-41410592-94 Fax: 011-41410591 E-mail: <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Automotive Gears and Components	Group 293 - Manufacture of parts and accessories for motor vehicles	95.33

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	-	-	-	-	-

**IV. SHARE HOLDING PATTERN:**  
(Equity Share Capital Breakup as percentage of Total Equity)

**(i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	2303920	605	2304525	29.48	2303920	605	2304525	29.48	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	1837213	0	1837213	23.50	1837213	0	1837213	23.50	0.00
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>4141133</b>	<b>605</b>	<b>4141738</b>	<b>52.98</b>	<b>4141133</b>	<b>605</b>	<b>4141738</b>	<b>52.98</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B) (1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>4141133</b>	<b>605</b>	<b>4141738</b>	<b>52.98</b>	<b>4141133</b>	<b>605</b>	<b>4141738</b>	<b>52.98</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	650	650	0.01	0	650	650	0.01	0.00
b) Banks/FI	6	2012	2018	0.03	206	2462	2668	0.03	0.00
c) Central Govt/State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
f) FIs	3069	50	3119	0.04	0	50	50	0.00	(0.04)
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Others									
I. UTI	0	2650	2650	0.04	0	2700	2700	0.04	0.00
<b>Sub-total (B)(1):-</b>	<b>3075</b>	<b>5362</b>	<b>8437</b>	<b>0.12</b>	<b>206</b>	<b>5862</b>	<b>6068</b>	<b>0.08</b>	<b>(0.04)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
I. Indian	243345	59943	303288	3.88	350642	7579	358221	4.58	0.70
II. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
I. Individual shareholders holding nominal share capital upto ₹ 1 lakh	1933787	148431	2082218	26.63	2006191	197439	2203630	28.19	1.56
II. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	940623	0	940623	12.03	706213	0	706213	9.03	(3.00)
c) Others (specify)									
I. Trusts	0	0	0	0.00	0	0	0	0.00	0.00
II. Non-Resident Indians	41715	0	41715	0.53	69915	0	69915	0.90	0.37
III. Clearing Members	114726	0	114726	1.47	127055	0	127055	1.63	0.16
IV. Hindu Undivided Families	185088	0	185088	2.37	204993	0	204993	2.62	0.25
<b>Sub-total (B)(2):-</b>	<b>3459284</b>	<b>208374</b>	<b>3667658</b>	<b>46.91</b>	<b>3465009</b>	<b>205018</b>	<b>3670027</b>	<b>46.94</b>	<b>0.04</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>3462359</b>	<b>213736</b>	<b>3676095</b>	<b>47.02</b>	<b>3465215</b>	<b>210880</b>	<b>3676095</b>	<b>47.02</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0.00	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>7603492</b>	<b>214341</b>	<b>7817833</b>	<b>100.00</b>	<b>7606348</b>	<b>211485</b>	<b>7817833</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1.	Late Dr. Raunaq Singh	605	0.01	0.00	605	0.01	0.00	0.00
2.	Mr. Surinder P. Kanwar	2289667	29.29	0.00	2289667	29.29	0.00	0.00
3.	Mr. Sameer Kanwar	14253	0.18	0.00	14253	0.18	0.00	0.00
4.	Ultra Consultants Private Limited	766038	9.80	0.00	766038	9.80	0.00	0.00
5.	Vibrant Finance and Investment Private Limited	132804	1.70	0.00	132804	1.70	0.00	0.00
6.	Raunaq EPC International Limited	293300	3.75	0.00	293300	3.75	0.00	0.00
7.	Future Consultants Private Limited	645071	8.25	0.00	645071	8.25	0.00	0.00
	<b>Total</b>	<b>4141738</b>	<b>52.98</b>	<b>0.00</b>	<b>4141738</b>	<b>52.98</b>	<b>0.00</b>	<b>0.00</b>

## (iii) Change in Promoter's Shareholding (please Specify, if there is no change):

S. No.	Name of Promoter	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Late Dr. Raunaq Singh	605	0.01	01/04/2016	-	No change in shareholding	605	0.01
				31/03/2017				
2.	Mr. Surinder P. Kanwar	2289667	29.29	01/04/2016	-	No change in shareholding	2289667	29.29
				31/03/2017				
3.	Mr. Sameer Kanwar	14253	0.18	01/04/2016	-	No change in shareholding	14253	0.18
				31/03/2017				
4.	Ultra Consultants Private Limited	766038	9.80	01/04/2016	-	No change in shareholding	766038	9.80
				31/03/2017				
5.	Vibrant Finance and Investment Private Limited	132804	1.70	01/04/2016	-	No change in shareholding	132804	1.70
				31/03/2017				
6.	Raunaq EPC International Limited	293300	3.75	01/04/2016	-	No change in shareholding	293300	3.75
				31/03/2017				
7.	Future Consultants Private Limited	645071	8.25	01/04/2016	-	No change in shareholding	645071	8.25
				31/03/2017				

There is no change in the total shareholding of promoters between 01/04/2016 and 31/03/2017.



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	SMC Global Securities Limited	0	0.00	01/04/2016				
				20/01/2017	117072(I)	Purchase	117072	1.50
				27/01/2017	2(I)	Purchase	117074	1.50
				03/02/2017	5074(D)	Transfer	112000	1.43
				03/03/2017	7092(I)	Purchase	119092	1.52
				17/03/2017	113(I)	Purchase	119205	1.52
				24/03/2017	103700(D)	Transfer	15505	0.20
				31/03/2017	94884(I)	Purchase	110389	1.41
2.	Geeta Chetan Shah	0	0.00	01/04/2016				
				11/11/2016	5000(I)	Purchase	5000	0.06
				03/02/2017	5000(D)	Transfer	0	0.00
				24/03/2017	110000(I)	Purchase	110000	1.41
				31/03/2017			110000	1.41
3.	Bharat Jamnadas Dattani	81163	1.04	01/04/2016				
				03/06/2016	2265(I)	Purchase	83428	1.07
				17/06/2016	1000(I)	Purchase	84428	1.08
				24/06/2016	1650(I)	Purchase	86078	1.10
				07/10/2016	4000(D)	Transfer	82078	1.05
				31/03/2017			82078	1.05
4.	Anil Kumar Goel	233000	2.98	01/04/2016				
				23/09/2016	5000(D)	Transfer	228000	2.92
				30/09/2016	33000(D)	Transfer	195000	2.49
				07/10/2016	45000(D)	Transfer	150000	1.92
				28/10/2016	41955(D)	Transfer	108045	1.38
				04/11/2016	35345(D)	Transfer	72700	0.93
				31/03/2017			72700	0.93
5.	Arcadia Share & amp Stock Brokers Private Limited	50000	0.64	01/04/2016				
				22/04/2016	3390(I)	Purchase	53390	0.68
				29/04/2016	515(I)	Purchase	53905	0.69
				06/05/2016	500(D)	Transfer	53405	0.68
				13/05/2016	390(D)	Transfer	53015	0.68
				20/05/2016	1(D)	Transfer	53014	0.68
				22/07/2016	1530(I)	Purchase	54544	0.70
				12/08/2016	235(D)	Transfer	54309	0.69
				26/08/2016	1021(I)	Purchase	55330	0.71
				02/09/2016	880(I)	Purchase	56210	0.72
				09/09/2016	882(D)	Transfer	55328	0.71
16/09/2016	1370(I)	Purchase	56698	0.73				

Contd...

S. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share- holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				23/09/2016	30(D)	Transfer	56668	0.72
				30/09/2016	3770(D)	Transfer	52898	0.68
				07/10/2016	650(I)	Purchase	53548	0.68
				14/10/2016	2992(I)	Purchase	56540	0.72
				21/10/2016	600(I)	Purchase	57140	0.73
				28/10/2016	3650(I)	Purchase	60790	0.78
				04/11/2016	3600(D)	Transfer	57190	0.73
				11/11/2016	100(D)	Transfer	57090	0.73
				25/11/2016	1872(D)	Transfer	55218	0.71
				02/12/2016	20(D)	Transfer	55198	0.71
				06/01/2017	1790(I)	Purchase	56988	0.73
				13/01/2017	1500(I)	Purchase	58488	0.75
				10/02/2017	1990(I)	Purchase	60478	0.77
				17/02/2017	2579(D)	Transfer	57899	0.74
				24/02/2017	2300(I)	Purchase	60199	0.77
				03/03/2017	4840(I)	Purchase	65039	0.83
				10/03/2017	500(D)	Transfer	64539	0.83
				24/03/2017	11239(D)	Transfer	53300	0.68
				31/03/2017			53300	0.68
6.	Bharati Bharat Dattani	61259	0.78	01/04/2016				
				24/06/2016	1650(I)	Purchase	62909	0.80
				15/07/2016	10000(D)	Transfer	52909	0.68
				31/03/2017			52909	0.68
7.	Aditya Omprakash Damani	50000	0.64	01/04/2016				
					-	Nil Movement during the year		
				31/03/2017			50000	0.64
8.	Vikram Omprakash Damani	50000	0.64	01/04/2016				
					-	Nil Movement during the year		
				31/03/2017			50000	0.64
9.	Ashish Jain	28752	0.37	01/04/2016				
				24/03/2017	1248(I)	Purchase	30000	0.38
				31/03/2017			30000	0.38
10.	Nitin Jain	0	0.00	01/04/2016				
				30/09/2016	16000(I)	Purchase	16000	0.20
				07/10/2016	14000(I)	Purchase	30000	0.38
				31/03/2017			30000	0.38

I = Increase, D = Decrease

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A. Directors</b>								
1.	Mr. Surinder P. Kanwar	2289667	29.29	01/04/2016				
					-	No change in shareholding		
				31/03/2017			2289667	29.29
2.	Mr. Sameer Kanwar	14253	0.18	01/04/2016				
					-	No change in shareholding		
				31/03/2017			14253	0.18
3.	Mr. W.R. Schilha	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
4.	Mr. Rakesh Chopra	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
5.	Mr. V.K. Pargal	100	0.00	01/04/2016				
					-	No change in shareholding		
				31/03/2017			100	0.00
6.	Mr. S.G. Awasthi	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
7.	Ms. Hiroo Suresh Advani	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
<b>B. Key Managerial Personnel (KMP's)</b>								
1.	Mr. Milind Pujari Chief Financial Officer	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00
2.	Mr. Prashant Khattry Head (Legal) & Company Secretary	0	0.00	01/04/2016				
					-	Nil Holding/movement during the year		
				31/03/2017			0	0.00

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i a) Principal Amount – Long-term	7262.81	-	-	7262.81
i b) Principal Amount – Short-term	2578.49	-	-	2578.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	51.97	-	-	51.97
<b>Total (i+ii+iii)</b>	<b>9893.27</b>	<b>-</b>	<b>-</b>	<b>9893.27</b>
<b>Change in Indebtedness during the financial year</b>				
Addition				
o Long-term	700.00	500.00	-	1200.00
o Short-term	261.97	-	-	261.97
o Interest due but not paid	-	-	-	-
o Interest accrued but not due	37.24	-	-	37.24
Reduction				
o Long-term	2483.39	-	-	2483.39
o Short-term	-	-	-	-
o Interest due but not paid	-	-	-	-
o Interest accrued but not due	51.97	-	-	51.97
<b>Net Change</b>	<b>-1536.15</b>	<b>500.00</b>	<b>-</b>	<b>-1036.15</b>
<b>Indebtedness at the end of the financial year</b>				
i a) Principal Amount – Long-term	5479.42	500.00	-	5979.42
i b) Principal Amount – Short-term	2840.46	-	-	2840.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	37.24	-	-	37.24
<b>Total (i+ii+iii)</b>	<b>8357.12</b>	<b>500.00</b>	<b>-</b>	<b>8857.12</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Surinder P. Kanwar Chairman and Managing Director	Mr. Sameer Kanwar Joint Managing Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90.00	90.00	180.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	29.57	10.86	40.43
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, Cos. Contribution to PF/SA	10.85	29.77	40.62
	<b>Total (A)</b>	<b>130.42</b>	<b>130.63</b>	<b>261.05</b>
	Ceiling as per the Act *	120.00*	120.00*	240.00*

\*Ceiling as per Schedule V to the Companies Act, 2013 ("the Act") (exclusive of perquisites specified in Part II of Section IV of Schedule V to the Act).

**B. Remuneration to other directors:**

							(₹ in lacs)
S. No.	Particulars of Remuneration	Name of Directors					Total Amount
<b>1.</b>	<b>Independent Directors</b>	<b>Mr. V.K. Pargal</b>	<b>Mr. Rakesh Chopra</b>	<b>Mr. W.R. Schilha</b>	<b>Mr. S.G. Awasthi</b>	<b>Ms. Hiroo Suresh Advani</b>	
	• Fee for attending board/ committee meetings	1.84	2.01	0.52	2.01	0.86	7.24
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.84</b>	<b>2.01</b>	<b>0.52</b>	<b>2.01</b>	<b>0.86</b>	<b>7.24</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>						
	• Fee for attending board/ committee meetings	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>1.84</b>	<b>2.01</b>	<b>0.52</b>	<b>2.01</b>	<b>0.86</b>	<b>7.24</b>
	Total Managerial Remuneration						<b>268.29</b>
Overall Ceiling as per the Act ₹ 1.00 Lac sitting fees paid to director as per meeting of the Board or Committee							

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

					(₹ in lacs)
S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount	
		Mr. Milind Pujari Chief Financial Officer	Mr. Prashant Khattry Company Secretary		
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		35.17	12.92	48.09
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		7.06	2.12	9.18
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961		-	-	-
2.	Stock Option		-	-	-
3.	Sweat Equity		-	-	-
4.	Commission				
	- as % of profit		-	-	-
	- others, specify...		-	-	-
5.	Others, Cos. Contribution to PF/SA		1.57	2.33	3.90
	<b>Total</b>		<b>43.80</b>	<b>17.37</b>	<b>61.17</b>



## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors


**Surinder P. Kanwar**

Chairman and Managing Director

DIN: 00033524

Place: Mumbai

Dated: 23 May, 2017

# CORPORATE GOVERNANCE REPORT

For the Year ended 31 March, 2017

[Pursuant to Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The Regulations")]

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance at Bharat Gears Limited takes care of overall well-being, sustainability and transparency of the system and takes into account the stakeholders' interest in every business decision. Corporate Governance is a combination of voluntary practices and compliances of laws and regulations leading to effective control and management of the Organization and its valuable resources through effective and transparent business conduct, integrating communication, integrity and accountability towards its stakeholders.

The Company is committed to pursue growth by adhering to the highest national standards of Corporate Governance. The Company's philosophy on Corporate Governance is based on the following principles:

- Lay solid foundations for management.
- Promote ethical and responsible decision-making.
- Structure the Board to add value.
- Encourage enhanced performance.
- Safeguard integrity in financial reporting.
- Respect the rights of the shareholders.
- Recognise the legitimate interest of shareholders.
- Remunerate fairly and responsibly.
- Recognise and manage business risks.
- Make timely and balanced disclosures.
- Legal and statutory compliances in its true spirit.

Your Company is following transparent and fair practices of good Corporate Governance and its constant endeavour is to continually improve upon those practices. The Company recognizes communication as key element in the overall Corporate Governance framework and therefore, emphasizes on keeping abreast its stakeholders including investors, lenders, vendors and customers on continuous basis by effective and relevant communication through Annual Reports, quarterly results, corporate announcements and reflecting the same on the Company's official website i.e. [www.bharatgears.com](http://www.bharatgears.com).

## 2. GOVERNANCE STRUCTURE

The Company's Governance comprises a twofold layer, the Board of Directors and the Committees of the Board at the apex level and the Management of the Company at an operational level. This brings about a homogenous blend in governance as the Board lays down the overall corporate objectives and provides direction and independence to the Management to achieve these objectives within a given framework. This professionally managed process results in building a conducive environment for sustainable business operations and value creation for all stakeholders.

### 3. BOARD OF DIRECTORS

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board which includes one Woman Director in compliance of Regulation 17(1) of the Regulations. As on 31 March, 2017, the Board consists of 7 (Seven) members, the Chairman of the Board is an Executive Director and more than half of the strength of the Board consists of Non-Executive Independent Directors. All Non-Executive Independent Directors bring a wide range of expertise and experience to the Board. The Board believes that the current size of the Board is appropriate based on the Company's present requirements.

There is no Nominee Director in the Company.

A brief profile of the members of the Board is also available on the Company's website i.e. [www.bharatgears.com](http://www.bharatgears.com).

#### A. Board's definition of Independent Director

Independent Director shall mean a Non-Executive Director, other than a Nominee Director of the Company:

- a. who, in the opinion of the Board of Directors, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;  
(ii) who is not related to Promoters or Directors in the Company, its holding, subsidiary or associate company;
- c. who, apart from receiving Director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;

- d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself/herself nor any of his/her relatives –
- (i) holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
- (A) a firm of Auditors or Company Secretaries in Practice or Cost Auditors of the Company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or
- (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company;
- (v) is a material supplier, service provider or customer or a lessor or lessee of the Company;
- f. is not less than 21 years of age.

The Board of Directors of the Company, vide its resolution dated 16 May, 2007 has decided that the materiality/significance shall be ascertained on the following basis:

- The concept of 'materiality' is relevant from the total revenue inflow and/or outflow from and/or to a particular individual/body, directly or indirectly, during a particular financial year.
- The term 'material' needs to be defined in percentage. One per cent (1 per cent) or more of total turnover of the Company, as per latest audited annual financial statement.

It has been confirmed by all the Independent Directors of the Company that as on 31 March, 2017, they fulfill the criteria of being "Independent Director" as stipulated under Regulation 16 of the Regulations.

The **Table-1** gives Composition of the Board, Attendance record of the Directors at the Board Meetings and at the last Annual General Meeting (AGM); Number of their outside Directorships and their Memberships/Chairmanships in Board Committees.

**Table-1**

S. No.	Name of Director(s)	Category	No. of Board Meetings held/attended	Attendance at last AGM	No. of outside Directorships held <sup>A</sup>	No. of Memberships/Chairmanships in Board Committees <sup>B</sup>	
						Member	Chairman
1.	¶Mr. Surinder P. Kanwar	Chairman and Managing Director	5/5	Present	2	1	-
2.	¶Mr. Sameer Kanwar	Joint Managing Director	5/5	Present	-	1	-
3.	Mr. W.R. Schilha	Non-Executive Independent Director	5/3	Present	-	-	-
4.	¶Mr. V.K. Pargal	Non-Executive Independent Director	5/5	Present	2	3	-
5.	Mr. S.G. Awasthi	Non-Executive Independent Director	5/5	Present	-	2	-
6.	Mr. Rakesh Chopra	Non-Executive Independent Director	5/5	Present	2	1	3
7.	Ms. Hiroo Suresh Advani	Non-Executive Independent Director	5/5	Present	-	-	-

<sup>A</sup>excluding directorship in Private Limited Companies, alternate directorship, Companies registered under Section 8 of the Companies Act, 2013 and Foreign Companies.

<sup>B</sup>for the purpose of considering the limit of the Committees on which a Director can serve, all Public Limited Companies, whether listed or not, are included and all other Companies

including Private Limited Companies, Foreign Companies and the Companies under Section 8 of the Companies Act, 2013 are excluded and further, it includes Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee only in terms of Regulation 26(1) of the Regulations. None of the Directors of your Company is a Member of more than 10 (Ten) Committees or is the Chairman of more than 5 (Five) Committees across all Public Limited Companies in which they are Directors. The Membership/Chairmanship also includes Membership/Chairmanship in Bharat Gears Limited.

In terms of Regulation 25(1) of the Regulations, none of the Independent Director of the Company holds the position of the Independent Director in more than 7 (Seven) listed Companies, including Independent Directorship in Bharat Gears Limited and any such Director serving as a whole time Director in a listed Company is not serving as an Independent Director in more than 3 (Three) listed Companies including Bharat Gears Limited.

¶Mr. Surinder P. Kanwar is father of Mr. Sameer Kanwar. Mr. Sameer Kanwar has been re-appointed as Joint Managing Director of the Company with effect from 01 June, 2013 for a period of 5 (Five) years.

Apart from this, no other Non-Executive Director is related to any other Director inter-se and has any material pecuniary relationships/transactions vis-à-vis the Company (other than the sitting fees for attending the Board/Committee meetings).

¶Mr. V.K. Pargal holds 100 Equity Shares of the Company. No other non-executive independent director holds any shares and convertible instruments.

The terms of appointment of the Directors appointed at the Annual General Meeting of the Company held on 04 August, 2016 are available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

In terms of Regulation 25(7) of the Regulations, the Company has adopted a familiarization programme for the Directors that covers familiarizing the Directors about the nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities, and other relevant details by way of:

- *Convening of meetings of the Board of Directors of the Company during each financial year at different manufacturing plants of the Company including visit of the respective plant, direct interaction with the heads of production processes to provide a brief idea to the Directors of the production processes and operations of the Company.*
- *Circulation of an elaborated note on business operations with regard to the operations and financial position of the Company as at the end of each quarter with the Agenda of each Board Meeting.*

- *Updating the Directors of any amendments in laws, rules and regulations as applicable on the Company through various presentations at the Board Meeting(s) in consultation with the Statutory Auditors, Internal Auditors and the Secretarial Auditors of the Company likewise the Companies Act, SEBI Laws, Listing Regulations and such other laws and regulations as may be applicable.*
- *Various presentations are conducted at meetings of the Board/Committees of the Board periodically to familiarize the Directors with the business performance, business strategy, operations and functions of the Company. Such presentations help Directors to understand the Company's Strategy, Operations, Market Competition, Organization Structure, Risk Analysis and such other areas.*

The details of familiarization programme during the Financial Year 2016-17 are available on the official website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link i.e. <http://bharatgears.com/documents/details-of-familiarization-programme-for-independent-director-FY-16-17.pdf>.

## **B. Board Meetings**

During the financial year 2016-17, 5 (Five) Board Meetings were held on the following dates. The gap between any two meetings was not more than 120 (one hundred and twenty) days as mandated in Regulation 17(2) of the Regulations:-

- 24 May, 2016;
- 04 August, 2016;
- 27 October, 2016;
- 31 January, 2017; and
- 24 March, 2017

The Company Secretary prepares the agenda and explanatory notes, in consultation with the Chairman and Managing Director, Joint Managing Director and Chief Financial Officer and circulates the same in advance to the Directors. The Board meets at least once every quarter inter alia to review the quarterly results. Additional meetings are held, when necessary. Presentations are made to the Board on the business operations and performance of the Company. The minutes of the proceedings of the meetings of the Board of Directors are noted and the draft minutes are circulated amongst the members of the Board for their perusal. Comments, if any received from the Directors are also incorporated in the minutes, in consultation with the Chairman and Managing Director. The Minutes are signed by Chairman of the Board at the next meeting and signed minutes are circulated amongst the members of the Board for their perusal. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when considered necessary.

**Post Meeting Follow Up System:** The Company has an effective post Board Meeting follow up procedure. Action Taken Report on the decisions taken in a meeting are placed at the immediately succeeding meeting for information of the Board.

### C. Information supplied to the Board

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes the following, extent to the applicability during the year as per Regulation 17(7) read with Schedule II of the Regulations.

- Annual Operating Plans and Budgets and any updates.
- Capital budgets and any updates.
- Quarterly, Half Yearly and Yearly Results of the Company.
- Minutes of the Meetings of Audit Committee and other Committees of the Board.

The Board periodically reviews the compliance reports of all laws applicable to the Company prepared by the Company along with the declaration made by all the respective departmental heads and by the Chairman and Managing Director regarding compliance with all applicable laws.

## 4. BOARD COMMITTEES

### A. Audit Committee

#### *I. Constitution and Composition*

In terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the Regulations, the "Audit Committee" comprises of the following 3 (Three) Non-Executive and Independent Directors, who have financial/accounting acumen to specifically look into internal controls and audit procedures. All the members are financially literate and have accounting and financial management expertise. The **Table-2** gives the composition of the Audit Committee and attendance record of members of the Committee:

**Table-2**

S. No.	Name of Member	Designation	No. of meetings Held/Attended
1.	Mr. Rakesh Chopra	Chairman	5/5
2.	Mr. V.K. Pargal	Member	5/5
3.	Mr. S.G. Awasthi	Member	5/5

In addition to the Members of the Audit Committee, the Chief Financial Officer, Internal Auditors and the Statutory Auditors attended the meetings of the Committee as invitees. Members held discussions with Statutory Auditors during the meetings of the Committee. The Audit Committee reviewed the quarterly, half-yearly and year to date un-audited and annual audited financials of the Company before submission to the Board of Directors for its consideration and approval. The Committee also reviewed the internal control systems and internal audit reports.

The Chairman of the Audit Committee was present at the last Annual General Meeting and replied to the queries of the shareholders to their satisfaction.

Mr. Prashant Khattry, Head (Legal) and Company Secretary of the Company acted as Secretary to the Audit Committee Meetings as aforesaid.

#### *II. Audit Committee Meetings*

During the year, 5 (Five) meetings of the Audit Committee were held on the following dates in terms of Regulation 18 of the Regulations:

- 23 May, 2016;
- 03 August, 2016;
- 27 October, 2016;
- 31 January, 2017; and
- 23 March, 2017

#### *III. Powers of Audit Committee*

The Audit Committee has been empowered with the adequate powers as mandated in Regulation 18 of the Regulations which includes the following:

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

#### *IV. Role of Audit Committee*

The role of the Audit Committee in terms of Regulation 18 of the Regulations includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon 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 (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. changes, if any, in accounting policies and practices and reasons for the same.
  - c. major accounting entries involving estimates based on the exercise of judgment by management.



- d. significant adjustments made in the financial statements arising out of audit findings.
  - e. compliance with listing and other legal requirements relating to financial statements.
  - f. disclosure of any related party transactions.
  - g. modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  6. 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;
  7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the Company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the Company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. 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;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. 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;
  16. 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;
  17. 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;

18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee may also review such matters as may be referred to it by the Board or which may be specified as role of the Audit Committee under amendments, if any, from time to time, to the Listing Regulations, Companies Act and other Statutes.

#### V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and
6. Statement of deviations, if required.

#### B. **Nomination and Remuneration Committee**

##### I. Constitution and Composition

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the Regulations, the Nomination and Remuneration Committee constitutes of following 4 (Four) Directors as members. **Table-3** gives the composition of the Nomination and Remuneration Committee and the attendance record of the members of the committee.

**Table-3**

S. No.	Name of Members	Designation	No. of Meetings Held/Attended
1.	Mr. S.G. Awasthi	Chairman	2/2
2.	Mr. V.K. Pargal	Member	2/2
3.	Mr. Rakesh Chopra	Member	2/2
4.	Mr. Surinder P. Kanwar	Member	2/2

Mr. S.G. Awasthi, Mr. V.K. Pargal and Mr. Rakesh Chopra are the Non-Executive Independent Directors and Mr. Surinder P. Kanwar is Chairman and Managing Director of the Company.

## II. Nomination and Remuneration Committee Meetings

During the Financial Year 2016-17, 2 (Two) meetings of the Nomination and Remuneration Committee were held.

**Table-4** gives the details of the date and purpose of the meetings of Nomination and Remuneration Committee:-

**Table-4**

S. No.	Date of Meeting	Purpose
1.	23 May, 2016	<ul style="list-style-type: none"> <li>Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director for a further period of 2 (Two) years w.e.f 1<sup>st</sup> June, 2016 of his present tenure</li> <li>Consideration and recommendation of the appraisal of Key Managerial Personnel (KMP) and Senior Management Personnel of the Company</li> </ul>
2.	24 March, 2017	Noting of the performance evaluation of Independent Directors carried on by the Board of Directors and performance evaluation by the Independent Directors in their separate meeting

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting and replied to the queries of the shareholders to their satisfaction.

Mr. Prashant Khattry, Head (Legal) & Company Secretary of the Company acted as Secretary to the Nomination and Remuneration Committee meetings as aforesaid.

## III. Role of Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee in terms of the Regulations includes the following:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. formulation of criteria for evaluation of performance of Independent Directors and the Board;
3. devising a policy on Board diversity;
4. identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
5. deciding whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

Pursuant to Schedule V to the Companies Act, 2013, in case of no profits or inadequate profits, the Nomination and Remuneration Committee has been empowered to consider, approve and recommend the remuneration of Whole Time Director/Managing Director.

## IV. Nomination and Remuneration Policy

Pursuant to the provisions of the Companies Act, 2013 read with Regulation 19 of the Regulations, the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management as approved by the Board is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

The objectives and purpose of the said policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

While deciding the remuneration for Directors, Key Managerial Personnel and other employees, the Board and the Nomination and Remuneration Committee takes into consideration the performance of the Company, the current trends in the industry, the qualification of the appointee(s), positive attributes, their independence, expertise, past performance and other relevant factors. The Board/Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review the Company's remuneration policy from time to time.

## V. Policy on Board Diversity

In terms of Regulation 19 of the Regulations, the Nomination and Remuneration Committee formed the policy on Board Diversity to provide for having a broad experience and diversity on the Board. The said policy is a part of Nomination and Remuneration Policy.

## VI. Performance Evaluation

In terms of Regulation 17 of the Regulations, the Board of Directors in its meeting held on 24 March, 2017 evaluated the performance of Independent Directors in terms of criteria of performance evaluation as laid down by Nomination and Remuneration Committee which covers the area relevant to their role as Independent Director in the Company.

During the Financial Year 2016-17, a separate meeting of the Independent Directors of the Company was held on 24 March, 2017 in terms of Regulation 25 of the Regulations.

## VII. Remuneration of Directors for 2016-17

**Table-5**

(₹ In lacs)

NON-EXECUTIVE INDEPENDENT DIRECTORS				
Name of Members	Sitting Fees#		Salaries and Perquisites	Total
	Board Meetings	Committee Meetings		
Mr. V.K. Pargal	0.86	0.98	Nil	1.84
Mr. W.R. Schilha	0.52	0.00	Nil	0.52
Mr. S.G. Awasthi	0.86	1.15	Nil	2.01
Mr. Rakesh Chopra	0.86	1.15	Nil	2.01
Ms. Hiroo Suresh Advani	0.86	0.00	Nil	0.86
			<b>Sub-Total (A)</b>	<b>7.24</b>
EXECUTIVE DIRECTORS				
Mr. Surinder P. Kanwar	Nil	Nil	• Salary	90.00
			• Contribution to provident and other funds (*)	10.85
			• Monetary value of perquisites (**)	29.57
				130.42
Mr. Sameer Kanwar	Nil	Nil	• Salary	102.00
			• Contribution to provident and other funds (*)	10.86
			• Monetary value of perquisites (**)	17.77
				130.63
			<b>Sub-Total (B)</b>	<b>261.05</b>
			<b>Grand Total</b>	<b>268.29</b>

# Inclusive of Service Tax @ 14.50% & 15.00% as applicable during the year.

\*Excludes provision for gratuity which is determined on the basis of actuarial valuation done on an overall basis for the Company.

\*\*Excludes provision for compensated absences which is made based on the actuarial valuation done on an overall basis for the Company.

There is no notice period or severance fee in respect of appointment of any of the above Managerial Personnel. Neither Mr. Surinder P. Kanwar nor Mr. Sameer Kanwar is entitled for any performance linked incentives and the Company does not have any Stock Option Scheme.

The Company has paid remuneration to the Non-Executive Independent Directors by way of sitting fees at the rate of ₹ 15,000/- (Rupees Fifteen Thousand Only) for attending

The Independent Directors in their separate meeting:

- reviewed the performance of non-independent Directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

each meeting of the Board and Audit Committee and ₹ 5,000/- (Rupees Five Thousand Only) for other Committees of the Board of Directors of the Company.

## C. Stakeholders' Relationship Committee

In terms of the provisions of the Companies Act, 2013 and Regulation 20 of the Regulations, the "Stakeholders' Relationship Committee" constitutes of following 3 (Three) Directors as members.

The "Stakeholders' Relationship Committee" has been empowered to consider and resolve the grievances of shareholders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and other miscellaneous complaints. The said Committee is also authorised to effect transfers/transmissions of Equity Shares/Debentures and other securities and also to issue Duplicate Share Certificates and other securities and matters related or incidental thereto.

The **Table-6** gives the composition of the Stakeholders' Relationship Committee and the attendance record of Members of the Stakeholders' Relationship Committee:

S. No.	Name of Member	Designation	No. of Meetings Held/Attended
1.	Mr. Rakesh Chopra	Chairman	1/1
2.	Mr. Sameer Kanwar	Member	1/1
3.	Mr. S.G. Awasthi	Member	1/1

Mr. Rakesh Chopra and Mr. S.G. Awasthi are the Non-Executive Independent Directors and Mr. Sameer Kanwar is Joint Managing Director of the Company.

The Chairman of the Stakeholders' Relationship Committee was present at the last Annual General Meeting and replied to the queries of the shareholders to their satisfaction.

#### *I. Stakeholder's Relationship Committee Meetings*

During the Financial Year 2016-17, the Committee met 1 (One) time on 23 May, 2016 and the Committee took note of status of requests received from the Shareholders for Dematerialisation, Rematerialisation, non-receipt of annual report, non-receipt of declared dividend, Transfers and Transmissions of Shares as on 31 March, 2016.

Mr. Prashant Khattry, Head (Legal) and Company Secretary of the Company acted as Secretary to the Stakeholder's Relationship Committee Meeting as aforesaid.

#### *II. Sub-Committee*

In order to have speedy disposal of the Shareholders'/ Investors' requests for transfer and transmission, a Sub-Committee consisting of the following Directors/ Officers of the Company is in place for effecting transfer/transmission/split/consolidation of shares:

- Mr. Surinder P. Kanwar, Chairman and Managing Director
- Mr. Sameer Kanwar, Joint Managing Director
- Mr. Prashant Khattry, Head (Legal) and Company Secretary

Any two of the above are authorised to consider and approve the transfer/transmission/split/consolidation of shares. The Sub-Committee is attending to Share Transfer formalities at least once in a fortnight.

#### *III. Status of Investor Complaints/Requests*

No. of Complaints received during financial year 2016-17	01
No. of Complaints resolved to the satisfaction of stakeholders during financial year 2016-17	01

No. of pending requests for share transfers, transmissions, dematerialisations and rematerialisations as on 31 March, 2017.

Particulars	No. of Requests	No. of Securities
Transfers and Transmissions	NIL	NIL
Dematerialisations and Rematerialisations	NIL	NIL

In terms of Regulation 13 of the Regulations, the Company has filed the status of investor complaints at the end of each quarter with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre duly signed by Mr. Prashant Khattry, Compliance Officer of the Company.

### **D. Corporate Social Responsibility Committee ("CSR Committee")**

#### *I. Constitution and Composition*

In terms of provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee ("CSR Committee") constitutes of following 4 (Four) Directors as members to monitor the Corporate Social Responsibility Policy of the Company as approved by the Board and the said policy is available on website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

The **Table-7** gives the composition of the CSR Committee:

S. No.	Name of Member	Designation
1.	Mr. Surinder P. Kanwar	Chairman
2.	Mr. Sameer Kanwar	Member
3.	Mr. Rakesh Chopra	Member
4.	Mr. S.G. Awasthi	Member

Mr. Surinder P. Kanwar is Chairman and Managing Director, Mr. Sameer Kanwar is Joint Managing Director and Mr. Rakesh Chopra and Mr. S.G. Awasthi are the Non-Executive Independent Directors of the Company.

#### *II. CSR Committee Meetings*

During the Financial Year 2016-17, no meeting of CSR Committee was held since the provisions of Section 135 of the Companies Act, 2013 were not applicable on the Company during the year because the Company does not fall under the conditions necessary for complying with CSR provisions. Hence, no amount required to be spent during the year.

### **E. Finance Committee**

The "Finance Committee" of the Board of Directors of the Company is in existence which has been empowered to take care of the financing and other day to day requirements of

the Company. The said Committee is authorised to borrow monies, make loans, issue shares, etc. and matters related or incidental thereto.

The **Table-8** gives the composition of the Finance Committee:

**Table-8**

S. No.	Name of Member	Designation
1.	Mr. Rakesh Chopra	Chairman
2.	Mr. Surinder P. Kanwar	Member
3.	Mr. Sameer Kanwar	Member
4.	Mr. S.G. Awasthi	Member

Mr. Rakesh Chopra and Mr. S.G. Awasthi are the Non-Executive Independent Directors, Mr. Surinder P. Kanwar is Chairman and Managing Director and Mr. Sameer Kanwar is Joint Managing Director of the Company.

During the Financial Year 2016-17, 3 (Three) meetings of Finance Committee were held on 12 July, 2016, 17 January, 2017 and 17 February, 2017 respectively to discharge the functions delegated to the Committee.

*Each of these Committees of the Board have requisite expertise to handle the issues relevant to their field and spend considerable time and give focused attention to the various*

## 7. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as detailed below:

### Annual General Meetings

**Table-9**

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2015-16	Huda Convention Centre Sector-12 Faridabad-121007 (Haryana)	04 August, 2016 11:30 A.M.	Yes Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director of the Company for a further period of 2 (Two) years w.e.f. 1 <sup>st</sup> June, 2016 of his present tenure.
2014-15	Huda Convention Centre Sector-12 Faridabad-121007 (Haryana)	31 July, 2015 11:30 A.M.	Yes 1. Alteration of Articles of Association (AOA) of the Company. 2. Re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for a further period of 5 (Five) years with effect from 01 October, 2015 on the terms and conditions including remuneration payable to him for a period of 3 (Three) years with effect from 01 October, 2015.
2013-14	Huda Convention Centre Sector-12 Faridabad-121007 (Haryana)	01 August, 2014 11:30 A.M.	Yes 1. Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director of the Company, for a further period of 2 (Two) years with effect from 01 June, 2014 of his present tenure. 2. Consideration and approval of increase in borrowing powers of the Company.

*issues placed before it and guidance by these Committees lend immense values and enhances the decision making process of the Board. The Board reviews the functioning of these Committees from time to time. The Meetings of each of the Committee are convened by the respective Chairman, who also informs the Board about the summary of discussion held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all the Directors individually and tabled at the respective Board/Committee Meeting.*

## 5. COMPLIANCE OFFICER

Mr. Prashant Khattri, Head (Legal) and Company Secretary is the Compliance Officer of the Company.

## 6. DIRECTORS

During the financial year 2016-17, the members of the Company at their Annual General Meeting held on 04 August, 2016 approved the appointment of Mr. W.R. Schilha as Non-Executive Independent Director in terms of Section 149 of the Companies Act, 2013 for a period of 5 (Five) Years upto the conclusion of the 49<sup>th</sup> Annual General Meeting (AGM) of the Company in the Calendar year 2021.

There will be no appointment of a new Director or re-appointment of a Director in the forthcoming AGM.



## Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31 March, 2017.

## Postal Ballot

There are no special resolutions passed during 2016-17 through postal ballot and no special resolution is proposed to be conducted through postal ballot.

## 8. MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Financial Results during the year were published by the Company as under:

**Table-10**

Financial Results	Name(s) Of Newspapers	Date(s) of Publication
Quarter/Year ended 31 March, 2016	Mint# Veer Arjun (Hindi)##	25 May, 2016
Quarter ended 30 June, 2016	Mint# Veer Arjun(Hindi)##	05 August, 2016
Quarter/Half Year ended 30 September, 2016	Mint# Veer Arjun (Hindi)##	28 October, 2016
Quarter/Nine Months ended 31 December, 2016	Mint# Veer Arjun (Hindi)##	01 February, 2017

#Mint-Ahmedabad/Bangalore/Chandigarh/Chennai/Hyderabad/Kolkata/Mumbai/New Delhi/Pune Editions

##Veer Arjun (Hindi)-Delhi Edition

In addition to the above, the quarterly/half yearly and the annual financial results and official releases, if any, are also displayed under the "Investors" section on the Company's official website i.e. [www.bharatgears.com](http://www.bharatgears.com) for the information of all the shareholders.

Also, the Quarterly Results, Corporate Governance Report and Shareholding Pattern of the Company as mandated under Regulation 33, Regulation 27 and Regulation 31 of the Regulations respectively are filed with the National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre.

Further, any interviews given by Company Executives/ Management during the year are also displayed on the Company's official website i.e. [www.bharatgears.com](http://www.bharatgears.com).

## Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs (MCA), the Company had sent soft copies of Annual Reports for the year 2015-16 to all those shareholders whose e-mail addresses were made available to the depositories or the Registrar and Transfer Agents (RTA). Physical copies were sent to only those shareholders whose e-mail addresses were not available and for the bounced e-mail cases.

Besides the above, no other presentations were made to any institutional investor or to the analysts.

## 9. GENERAL SHAREHOLDERS' INFORMATION

### A. Company Registration Details:

The Company is registered under the Registrar of Companies, NCT of Delhi and Haryana.

The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29130HR1971PLC034365.

### B. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 03:00 P.M. on Wednesday, the 09 August, 2017 at ARK HALL Hotel Saffron Kiran, 12/6, NH-2, further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad-121003 Haryana.

### C. Financial Year:

Financial year of the Company commences on 01 April and ends on 31 March. The four Quarters of the Company ends on 30 June, 30 September, 31 December and 31 March respectively.

### D. Listing on Stock Exchanges and Stock Code:

The Shares of the Company are listed on the following Stock Exchanges:

1. BSE Limited [BSE]  
[Stock Code: 505688]
2. National Stock Exchange of India Limited [NSE]  
[Symbol: BHARATGEAR]

The Annual Listing Fees for the year 2017-18 has been paid in advance to the aforesaid Stock Exchanges.

### E. Market Price Data:

High and Low prices during each month of Financial Year 2016-17 on National Stock Exchange of India Limited and BSE Limited are as under:

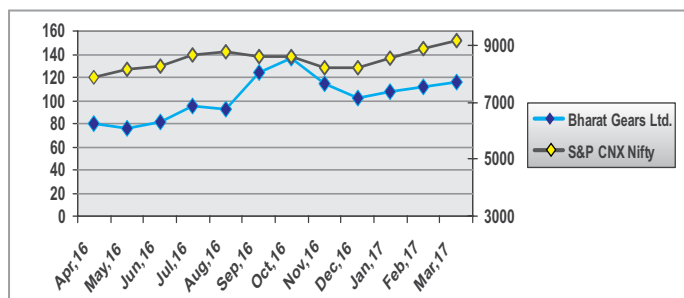
The Closing Price represents the price on the last trading day of each month of Financial Year 2016-17.

**Table-11**

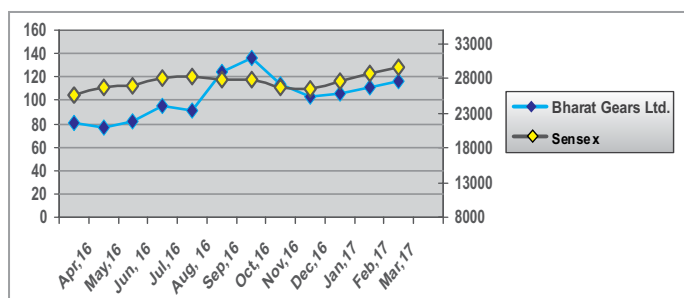
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	82.90	83.80	64.00	64.45	80.55	80.20
May	87.90	90.90	72.50	72.20	75.45	76.05
June	91.40	87.90	74.10	74.50	82.05	82.45
July	102.80	103.00	80.25	81.00	95.85	95.75
August	99.80	99.50	82.50	83.15	92.50	91.75
September	137.90	137.60	87.25	87.05	123.75	124.10
October	171.40	170.75	125.20	126.25	136.60	136.80
November	143.40	143.60	82.80	83.45	114.00	113.85
December	118.80	118.55	94.60	94.30	102.75	102.80
January	115.50	117.00	100.05	100.00	107.45	106.25
February	129.00	129.00	109.00	108.50	111.35	111.00
March	122.80	122.80	105.10	101.10	115.65	116.15

The graphical presentations of movement of closing share prices of the Company on NSE and BSE during the year are as under:

**a. BHARAT GEARS' PRICES VERSUS S & P CNX NIFTY**



**b. BHARAT GEARS' PRICES VERSUS SENSITIVITY AT BSE**



**F. Registrar and Transfer Agent:**

Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) is the Registrar and Transfer agent for handling both the share registry work relating to shares held in physical and electronic form at single point. The Share Transfers were duly registered and returned in the normal course within stipulated period, if the documents were clear in all respects.

The Shareholders are therefore advised to send all their correspondences directly to the Registrar and Transfer Agent of the Company at the below mentioned address:

Link Intime India Private Limited  
 44, Community Centre, 2<sup>nd</sup> Floor  
 Naraina Industrial Area  
 Phase-I, Near PVR Naraina  
 New Delhi- 110028  
 Tel Nos.: 011-41410592-94  
 Fax No.: 011-41410591  
 Email: delhi@linkintime.co.in

However, for the convenience of Shareholders, correspondence relating to Shares received by the Company are forwarded to the Registrar and Transfer Agent for action thereon.

In terms of Regulation 7 of the Regulations, the Company has filed a compliance certificate with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre duly signed by Mr. Prashant Khattry, Compliance Officer of the Company and the

authorized representative of Registrar & Transfer Agent of the Company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by the Registrar & Transfer Agent of the Company.

**G. Share Transfer System:**

The Shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar and Transfer Agent (RTA), Link Intime India Private Limited. Link Intime India Private Limited is fully equipped to undertake the activities of Share Transfers and redressal of Shareholders grievances.

In order to have speedy disposal of the shareholders'/ investors' requests for transfer and transmission, a sub-committee consisting of the following directors/officers of the Company is in place for effecting Transfer/Transmission/ Split/Consolidation of Shares.

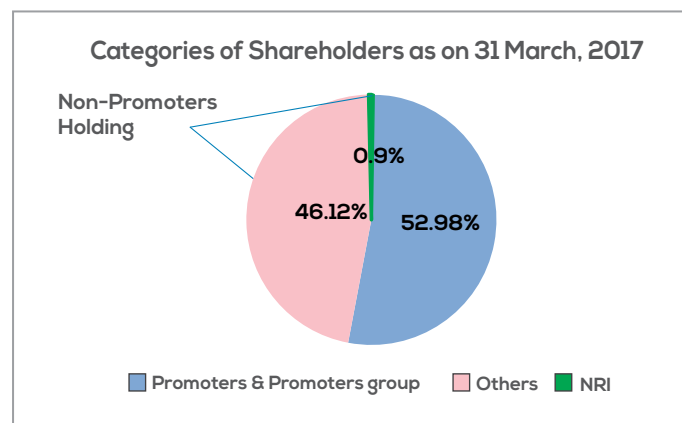
- a. Mr. Surinder P. Kanwar, Chairman and Managing Director
- b. Mr. Sameer Kanwar, Joint Managing Director
- c. Mr. Prashant Khattry, Head (Legal) and Company Secretary

Any two of the above are authorised to consider and approve the Transfer/Transmission/Split/Consolidation of Shares. The Sub-Committee is attending to Share Transfer formalities at least once in a fortnight.

After approved by the Sub-Committee, the Share Transfers are affected by the Registrar and Transfer Agent of the Company.

As per the requirements of Regulation 40(9) of the Regulations, the Company has obtained the Half Yearly Compliance Certificate from a Company Secretary in Practice for due compliance of Share Transfer formalities and the same has been filed with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre accordingly.

**H. Shareholding pattern of the Company as per category of shareholders as on 31 March, 2017**



**Table-12**

Category	No. of Shares Held	% age of Share Holding
<b>A. Promoters' holding</b>		
1. Promoters		
-Indian Promoters	2304525	29.48
-Foreign Promoters	-	-
2. Persons acting in Concert	1837213	23.50
<b>B. Non-Promoters' Holding</b>		
3. Institutional Investors		
a. Mutual Funds and Unit Trust of India	3350	0.04
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	2668	0.03
c. Foreign Institutional Investor	50	0.00
4. Others		
a. Private Corporate Bodies	358221	4.58
b. Indian Public	2909843	37.22
c. Non Resident Indians/Overseas	69915	0.90
d. Any Other	332048	4.25
<b>Total</b>	<b>7817833</b>	<b>100.00</b>

**I. Distribution of Shareholding as on 31 March, 2017:****Table-13**

No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 500	12293	1028363	13.15
501 to 1000	472	386193	4.94
1001 to 2000	253	387965	4.96
2001 to 3000	87	227359	2.91
3001 to 4000	27	97700	1.25
4001 to 5000	30	142811	1.83
5001 to 10000	51	381455	4.88
10001 and above	37	5165987	66.08
<b>Total</b>	<b>13250</b>	<b>7817833</b>	<b>100.00</b>

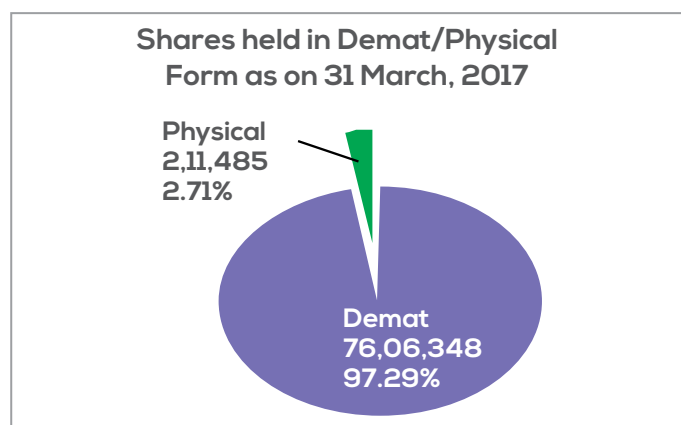
**J. Share Dematerialisation System:**

The requests for dematerialisation of shares are processed by Registrar & Transfer Agent (RTA) expeditiously and the confirmation in respect of dematerialisation is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialisation of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

**K. Dematerialization of Shares and Liquidity:**

The Company's Equity Shares are compulsorily traded in the Stock Exchanges in the dematerialized mode and are available for trading under both the Depository Systems in

India i.e. National Securities Depository Limited and Central Depository Services (India) Limited.



As on 31 March, 2017, a total of 76,06,348 equity shares of the Company of ₹ 10/- each, which forms 97.29% of the paid up Equity Share Capital, stand dematerialized.

**Table-14**

PARTICULARS					
DEMAT				PHYSICAL	
NSDL		CDSL			
No. of shares	%	No. of shares	%	No. of shares	%
60,57,597	77.48	15,48,751	19.81	2,11,485	2.71

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable.

**L. Unclaimed Shares in Physical Mode:**

As per Part F of Schedule V of the Regulations, there are no unclaimed shares in the Company.

In terms of Section 124(6) of the Companies Act, 2013 read with the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") and the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 ("the Amended Rules"), the Company is required to transfer the equity shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government.

The unclaimed dividend for the year 2009-10 shall be transferred to the Investor Education and Protection Fund (IEPF) on 27 August, 2017 i.e. upon completion of seven years from the transfer of dividend into unclaimed dividend account. Subsequently, the equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2009-10 shall also be transferred into IEPF.

In terms of the rules dated 05 September, 2016 and the amendment thereof vide notification dated 28 February, 2017, the necessary communications have been made to the

respective shareholders whose shares are required to be transferred to the IEPF so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF and further, the necessary information in this regard is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) for the convenience of the shareholders.

The Equity shares once transferred into IEPF can only be claimed by the concerned shareholder from IEPF Authority after complying with the procedure prescribed under the Rules and the amended Rules.

#### M. Corporate Benefits:

##### Dividend History:

Table-15

Financial Year	Rate (%)	Amount (₹ in Lacs)
<b>2016-17</b>	<b>NIL</b>	<b>NIL</b>
2015-16	NIL	NIL
2014-15	NIL	NIL
2013-14	10	78.00
2012-13	18	141.00

#### N. Plant locations:

The Company's Plants are located at the below mentioned addresses:

- 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, Pin-121 003
- Kausa Shil, Mumbra, Dist. Thane, Maharashtra, Pin-400 612
- Lonand, Taluka Khandala, District Satara, Maharashtra, Pin: 415 521

#### O. Addresses for Correspondence:

For Share transfer/demat/remat of shares or any other query relating to shares: -

Link Intime India Private Limited, 44 Community Centre, 2<sup>nd</sup> Floor, Naraina Industrial Area Phase-I, Near PVR Naraina, New Delhi 110 028, Phone No. 011-41410592-94, Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in).

For Investor Assistance:-

Mr. Prashant Khattry, Head (Legal) and Company Secretary, Bharat Gears Limited, 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad-121 003, Phone:0129-4288888, Fax No. 0129-4288822-23, E-mail: [prashant.khattry@bglindia.com](mailto:prashant.khattry@bglindia.com)

## 10. OTHER DISCLOSURES

### A. Related Party Transactions:

During the year 2016-17, there were no material individual transactions with related parties, which are not in normal course of business or are not on an Arm's Length basis in

terms of Regulation 23 of the Regulations. The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and approval. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board and the interested Directors neither participated in the discussion nor did they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes forming part of the financial statements.

Further, the Company has formulated a policy on materiality of Related Party Transactions in accordance with the Regulation 23 of the Regulations and the same is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link <http://www.bharatgears.com/corporate-governance.htm>.

### B. Disclosure of Accounting Treatment in preparation of Financial Statements:

Bharat Gears Limited has followed the guidelines of Accounting Standards as mandated by the Central Government in preparation of its financial statements.

### Indian Accounting Standards (IND AS) – IFRS Converged Standards

The Company is required to adopt "IND AS" w.e.f. 01 April, 2017. The implementation of "IND AS" is a major change process for which the Company has established a project team and has dedicated considerable resources. The impact of the change on adoption of "IND AS" has been assessed and the Company is ready to adopt "IND AS".

### C. Risk Management Framework:

In pursuance to the Companies Act, 2013 and Regulation 17(9) of the Regulations, the Board of Directors of the Company has adopted a comprehensive Enterprise Risk Management Framework wherein the risks faced by the Company have been identified and assessed and on the basis of the same, the various risks have been prioritized and further the procedures have been devised upon to mitigate such risks. The progress checks on all the risks are done at the Senior Management level and the summary of the same is placed before the Board on a quarterly basis.

The process of risk identification, assessment, prioritization and the devising of the procedures for mitigation of risks is repeated on an annual basis to make the risk management framework inline with the changing requirements of the Industry vis-à-vis the operations of the Company.

A detailed note on Risk Management is given in the Management Discussion and Analysis section forming part of the Board's Report.

### D. Management:

Management Discussion and Analysis forms part of the Annual Report to the Shareholders for the Financial Year 2016-17.

**E. Compliance by the Company:**

There were no instances of any non-compliance by the Company or any penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to the Capital Markets, during the last three years.

**F. Whistle Blower Policy/Vigil Mechanism:**

The Whistle Blower policy/Vigil Mechanism of the Company has been formulated as per Regulation 22 of the Regulations and Section 177 of the Companies Act, 2013. The policy provides a channel to the employees, Directors and any other person who avails such mechanism to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism of policy provides for adequate safeguards against victimization of employees, Directors and any other person who avails such mechanism and also provide for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The said policy has been communicated to all the personnel of the Company and is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

During the year under review, no unethical behavior has been reported. Further, the Company has not denied any personnel access to the Audit Committee and it will provide protection to Whistle Blower, if any, from adverse personnel action.

**G. Policy on Preservation of Documents/Archival Policy on Website Disclosure:**

The Policy on Preservation of Documents/Archival Policy on Website Disclosure in accordance with Regulation 9 and Regulation 30(8) of the Regulations is in existence which provides the framework for preservation of documents and records of the Company for a specified period and the records of the Company which are no longer needed or are of no value are discarded after following the due process for discarding the same. This Policy aids the employees of the Company in understanding their obligations in retaining and preserving the documents and records which are required to be maintained as per the applicable statutory and regulatory requirements. The said policy is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

**H. Policy on criteria for Determining Materiality of Events:**

The Policy on criteria for determining Materiality of Events has been framed in accordance with Regulation 30 of the Regulations which defines the criteria for determining the materiality of events or information related to the Company, provides that such information should be adequately disseminated in pursuance with the Regulations and further provides for the overall governance framework for such determination of materiality. The said policy is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

**I. CEO/CFO certification:**

Certificate from Mr. Surinder P. Kanwar, Chairman and Managing Director and Mr. Milind Pujari, Chief Financial Officer in terms of Regulation 17(8) of the Regulations for the Financial Year ended 31 March, 2017 was placed before the Board of Directors of the Company in its meeting held on 23 May, 2017.

**J. Code of Conduct and Corporate Ethics:***Code of Business Conduct and Ethics*

Bharat Gears Limited believes that Good Corporate Governance is the key to the Conduct of Company's Business in a transparent, reliable and vibrant manner. It is of paramount importance for any Company to create an atmosphere of faith, integrity, accountability, responsibility and financial stability by adhering to commitment, ethical business conduct, a high degree of transparency thereby unlocking the individual intellectual capabilities and enabling its Board of Directors to conduct its duties under a moral authority, which ultimately leads to enhance legitimate needs and value of the stakeholders. A copy of this code formulated in terms of Regulation 17 of the Regulations has been posted at Company's official website i.e. [www.bharatgears.com](http://www.bharatgears.com).

*Code of Conduct for Prevention of Insider Trading*

The Company has a comprehensive Code of Conduct for its Management, Staff and Directors for prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The code lays down the guidelines and procedures to be followed and disclosures to be made while dealing with the Shares of the Company and cautioning them on the consequences of non-compliances. The pieces of the price sensitive information are disseminated to the Stock Exchanges timely, adequately and promptly on continuous basis for prevention of Insider Trading. The Company Secretary has been appointed as Compliance Officer and is responsible for adherence to Code for prevention of Insider Trading. A copy of same has been posted at the official website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

**K. Legal Compliance Reporting:**

The Board of Directors reviews in detail, on a quarterly basis, the reports of compliance to all applicable laws and regulations in terms of Regulation 17 of the Regulations. The Company has developed a very comprehensive Legal compliance manual, which drills down from the Senior Management Personnel to the executive-level person (who is primarily responsible for compliance) within the Company. The process of compliance reporting is fully automated, using the legal compliance software. System based alerts are generated till the user submits the compliance report, with provision for escalation to the higher-ups in the hierarchy. Any non-compliance is seriously taken up by the Board, with fixation of accountability and reporting of steps taken for rectification of non compliance.



## L. Mandatory Requirements:

The Company has complied with all the mandatory requirements of Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Regulations. Details of compliances are given below:

**Table-16**

I. Disclosure on website in terms of Listing Regulations		Compliance status (Yes/No/NA)
Item		
Details of business		Yes
Terms and conditions of appointment of independent directors		Yes
Composition of various committees of board of directors		Yes
Code of conduct of board of directors and senior management personnel		Yes
Details of establishment of vigil mechanism/Whistle Blower policy		Yes
Criteria of making payments to non-executive directors		Yes
Policy on dealing with related party transactions		Yes
Policy for determining 'material' subsidiaries		NA
Details of familiarization programmes imparted to independent directors		Yes
Contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances		Yes
Email address for grievance redressal and other relevant details		Yes
Financial results		Yes
Shareholding pattern		Yes
Details of agreements entered into with the media companies and/or their associates		NA
New name and the old name of the listed entity		NA
II. Annual Affirmations		
Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholders' Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(5),(6),(7)&(8)	Yes
Prior or Omnibus approval of Audit Committee for all Related Party Transactions	23(2), (3)	Yes
Approval for material Related Party transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of Company	24(2),(3),(4),(5) & (6)	NA
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of Directors and Senior Management	26(2) & 26(5)	Yes

**M. Non-Mandatory Requirements:**

The Company has set up a Finance Committee, details whereof are given in the Board Committee section of this report.

**N. Investor Relations:**

The growing requirements of disclosure, transparency and corporate governance have made it imperative for Companies to manage information flow and communicate more effectively with shareholders. Investor Relations at BGL aims at seamless two way communication with the Investor Community. It is based on the tenets of transparency, accuracy and timeliness of disclosures. There is a conscious effort towards the effective dissemination of information to the shareholders to communicate the Company's long term vision and goals.

**O. E-mail for investors:**

The Company has designated [investor@bglindia.com](mailto:investor@bglindia.com) as e-mail address especially for investors' grievances. Alternatively, the investors can send their complaints/requests at [info@bglindia.com](mailto:info@bglindia.com).

SEBI has commenced processing of investor complaints in a centralised web based complaints redressal system i.e. SCORES. The Company has supported SCORES by using it as a platform for communication between SEBI and the Company.

**P. Nomination facility:**

The Shareholders holding Shares in physical form may, if they so want, send their nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules 2014 to the Company's RTA. The said form can

be obtained from the Company's RTA or downloaded from the Company's Website [http://bharatgears.com/documents/form\\_sh\\_13\\_nomination.pdf](http://bharatgears.com/documents/form_sh_13_nomination.pdf). The Shareholders who wish to change or cancel their nominations, if already made may send their requests in prescribed Form SH-14 of the Companies (Share Capital and Debentures) Rules 2014, to the Company's RTA which can be obtained from the Company's RTA or downloaded from the Company's Website <http://bharatgears.com/documents/form-sh-14-validation-or-cancellation.pdf>. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility or further change in nominations.

**Q. Updation of Shareholders information:**

The Shareholders of the Company are requested to intimate their latest Residential Address along with the details of their Shareholding in "Updation of Shareholder's Information Form" (which can be obtained from the Registered Office of the Company or downloaded from the Company's Website under the link [http://bharatgears.com/documents/form\\_updation\\_shareholders\\_information.pdf](http://bharatgears.com/documents/form_updation_shareholders_information.pdf)). The duly filled form for Updation of information may either be sent to the Company at its Registered Office or be hand-delivered at the Annual General Meeting of the Company.

On Behalf of the Board of Directors



**Surinder P. Kanwar**

Place: Mumbai

Chairman and Managing Director

Dated: 23 May, 2017

DIN: 00033524

**COMPLIANCE CERTIFICATE AS PER REGULATION 17(8) OF THE  
SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We have reviewed financial statements and the cash flow statement for the year 2016-17 and that to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) 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;
- 3) No transaction have been entered into by the Company during the above said period, which are fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and we have disclosed to the Auditors and the Audit Committee, wherever applicable:

- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2016-17;
- 3) Significant changes in accounting policies during the year 2016-17 and that the same have been disclosed in the notes to the financial statements;
- 4) Instances of significant fraud of which we have become 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.

**For Bharat Gears Limited**



**Milind Pujari**  
Chief Financial Officer



**Surinder P. Kanwar**  
Chairman and Managing Director

Place: Mumbai

Dated: 23 May, 2017

## COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted "Code of Business Conduct and Ethics" pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("the Regulations"). This code deals with the Good Governance and ethical Practices, which the Company, the Board members and the Senior Management of the Company are expected to follow.

In terms of the Regulations, it is hereby affirmed that during the year 2016-17, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.



**Prashant Khattry**

Head (Legal) and Company Secretary

Place: Mumbai

Dated: 23 May, 2017

For **Bharat Gears Limited**



**Surinder P. Kanwar**

Chairman and Managing Director

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF BHARAT GEARS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 03 October, 2016.
2. We, Deloitte Haskins and Sells, Chartered Accountants, the Statutory Auditors of BHARAT GEARS LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended 31 March, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

#### Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

#### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SOC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS AND SELLS**

Chartered Accountants  
(Firm's Registration No. 117365W)



**(Saira Nainar)**  
**(Partner)**

(Membership No. 040081)

Place: Mumbai

Dated: 23 May, 2017

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT GEARS LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **BHARAT GEARS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the

auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements other than the impact for claim of permanency of services and/or back wages pertaining to a set of temporary/permanent workmen which is not ascertainable – Refer Note 25.1(i)(a) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as

defined in the Notification S.O. 3407(E) dated 08 November, 2016 of the Ministry of Finance, during the period from 08 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the Management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)



**(Saira Nainar)**  
(Partner)

Place: Mumbai  
Date: 23 May, 2017

(Membership No. 040081)



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)  
Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of **BHARAT GEARS LIMITED** ("the Company") as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm's Registration No. 117365W)



**(Saira Nainar)**

(Partner)

(Membership No. 040081)

Place: Mumbai

Date: 23 May, 2017

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans taken by the Company are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable property of land that has been taken on lease and building constructed thereon, and disclosed as fixed asset in the financial statements, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement. However, in case of freehold land at one of the locations, the Company observed that the area and name mentioned in the records of the Government does not match with the Indenture of Conveyance, for which the Company has initiated necessary action for correction.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than stock lying with third parties where certificates confirming physical inventory have been received. No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not granted any loans or made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly, the question of complying with Sections 73 and 76 of the Act does not arise.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act for certain products of the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax as on 31 March, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not borrowed from Government. Also the Company has not issued debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)



**(Saira Nainar)**

(Partner)

(Membership No. 040081)

Place: Mumbai

Date: 23 May, 2017

# BALANCE SHEET

as at 31 March, 2017

₹ lacs

Particulars	Notes	As at 31 March, 2017	As at 31 March, 2016
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	2	781.78	781.78
(b) Reserves and surplus	3	5749.06	6310.08
		<b>6530.84</b>	<b>7091.86</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	4	3745.54	5143.45
(b) Other long-term liabilities	5	1186.63	1059.69
(c) Long-term provisions	6	435.51	447.97
		<b>5367.68</b>	<b>6651.11</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	7	2840.46	2578.49
(b) Trade payables	8		
- total outstanding dues of micro enterprises and small enterprises (Refer Note 25.2) and		245.51	96.64
- total outstanding dues of creditors other than micro enterprises and small enterprises		8657.26	7455.33
(c) Other current liabilities	9	2829.29	2835.06
(d) Short-term provisions	10	90.47	111.70
		<b>14662.99</b>	<b>13077.22</b>
<b>TOTAL</b>		<b>26561.51</b>	<b>26820.19</b>
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Property, plant and equipment	11A	10008.91	11353.77
(ii) Intangible assets	11B	116.63	141.34
(iii) Capital work-in-progress		159.46	347.94
		<b>10285.00</b>	<b>11843.05</b>
(b) Deferred tax assets (net)	26.7	110.70	40.76
(c) Long-term loans and advances	12	760.91	829.10
(d) Other non-current assets	13	55.49	51.17
		<b>11212.10</b>	<b>12764.08</b>
<b>2. Current assets</b>			
(a) Inventories	14	6242.95	5734.42
(b) Trade receivables	15	6835.13	6290.35
(c) Cash and bank balances	16	563.54	582.47
(d) Short-term loans and advances	17	1203.46	847.58
(e) Other current assets	18	504.33	601.29
		<b>15349.41</b>	<b>14056.11</b>
<b>TOTAL</b>		<b>26561.51</b>	<b>26820.19</b>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of the Board of Directors

**Saira Nainar**

Partner

**Surinder P. Kanwar**

Chairman and Managing Director  
(DIN : 00033524)

**Sameer Kanwar**

Joint Managing Director  
(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)

**W.R. Schilha** (DIN : 00374415)

**Rakesh Chopra** (DIN : 00032818)

**Hiroo Suresh Advani** (DIN : 00265233)

Directors

**Milind Pujari**

Chief Financial Officer  
(PAN : AAAPP3554C)

**Prashant Khattry**

Head (Legal) & Company Secretary  
(PAN : AOQPK8734B)

Place: Mumbai

Date: 23 May, 2017

# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2017

₹ lacs

Particulars	Notes	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>1. Revenue from operations (gross)</b>	19	43437.38	43086.37
Less: Excise duty	19	2759.28	3328.54
<b>Revenue from operations (net)</b>		<b>40678.10</b>	<b>39757.83</b>
<b>2. Other income</b>	20	95.71	244.69
<b>3. Total revenue (1+2)</b>		<b>40773.81</b>	<b>40002.52</b>
<b>4. Expenses</b>			
(a) Cost of materials and components consumed	21.a	18974.37	17918.43
(b) Changes in inventories of finished goods and work-in-progress	21.b	(387.32)	715.71
(c) Employee benefits expense	22	7676.35	7458.13
(d) Finance cost	23	1479.99	1615.77
(e) Depreciation and amortisation expense	11C	1668.06	1649.61
(f) Other expenses	24	11558.36	10592.42
<b>Total expenses</b>		<b>40969.81</b>	<b>39950.07</b>
<b>5. (Loss)/Profit before tax (3-4)</b>		(196.00)	52.45
<b>6. Tax expense</b>			
(a) Current tax expense		-	11.00
(b) Less: MAT credit		-	11.00
(c) Short provision for tax relating to prior years		-	13.49
(d) Net current tax expense		-	13.49
(e) Deferred tax (benefit)/expense		(69.94)	15.00
Net tax (benefit)/expense		(69.94)	28.49
<b>7. (Loss)/Profit for the year (5-6)</b>		<b>(126.06)</b>	<b>23.96</b>
<b>8. Earnings per share (of ₹ 10/- each):</b>	26.6	(1.61)	0.31
Basic and Diluted - in ₹			

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of the Board of Directors

**Saira Nainar**

Partner

**Surinder P. Kanwar**Chairman and Managing Director  
(DIN : 00033524)**Sameer Kanwar**Joint Managing Director  
(DIN : 00033622)**V.K. Pargal** (DIN : 00076639)**W.R. Schilha** (DIN : 00374415)**Rakesh Chopra** (DIN : 00032818)**Hiroo Suresh Advani** (DIN : 00265233)

Directors

**Milind Pujari**Chief Financial Officer  
(PAN : AAAPP3554C)**Prashant Khattry**Head (Legal) & Company Secretary  
(PAN : AOQPK8734B)

Place: Mumbai

Date: 23 May, 2017



# CASH FLOW STATEMENT

for the year ended 31 March, 2017

₹ lacs

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>A. Cash flow from operating activities:</b>		
Net (loss)/profit before tax	(196.00)	52.45
Adjustments for:		
Depreciation and amortisation expense	1668.06	1649.61
Loss on sale/write off of fixed assets (net)	1.57	0.51
Finance costs	1258.35	1391.21
Interest income	(77.25)	(68.74)
Liabilities/provisions no longer required written back	(16.54)	(9.16)
Provision for doubtful debts	20.94	2.28
Bad debts written off	6.53	13.25
Debit balance of trade payables written off	-	7.54
Unrealised exchange loss (net)	33.75	21.77
<b>Operating profit before working capital changes</b>	<b>2699.41</b>	<b>3060.72</b>
<u>Changes in working capital</u>		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(508.53)	756.92
Trade receivables	(618.92)	847.59
Long-term loans and advances	(137.40)	229.02
Short-term loans and advances	(326.58)	103.87
Other current assets	89.74	(358.14)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	1367.42	(2018.84)
Other current liabilities	(102.63)	(43.92)
Other long-term liabilities	126.94	(173.74)
Short-term provisions	(21.23)	(18.27)
Long-term provisions	(12.46)	(4.49)
<b>Cash generated from operations</b>	<b>2555.76</b>	<b>2380.72</b>
Net income tax refund/(paid)	173.56	(48.84)
<b>Net cash flow from operating activities (A)</b>	<b>2729.32</b>	<b>2331.88</b>
<b>B. Cash flow from investing activities:</b>		
Capital expenditure on fixed assets, including capital advances	(581.60)	(765.54)
Proceeds from sale of fixed assets	15.85	13.06
Bank balances (including non-current) not considered as cash and cash equivalents (net)	(9.37)	(2.98)
Interest received	84.47	43.34
Increase in balance in unpaid dividend account	1.91	1.17
<b>Net cash flow used in investing activities (B)</b>	<b>(488.74)</b>	<b>(710.95)</b>

## Cash Flow Statement for the year ended 31 March, 2017 .... Contd.

Particulars	₹ lacs	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>C. Cash flow from financing activities:</b>		
Proceeds from long-term borrowings	700.00	2500.00
Unsecured loan from Director	500.00	-
Repayment of long-term borrowings	(2470.96)	(1714.62)
Net increase/(decrease) in short-term borrowings	274.82	(781.50)
Finance cost	(1252.17)	(1423.14)
Dividends paid	(1.91)	(1.17)
Finance lease obligation	(12.43)	(168.92)
<b>Net cash flow used in financing activities (C)</b>	<b>(2262.65)</b>	<b>(1589.35)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(22.07)</b>	<b>31.58</b>
Cash and cash equivalents at the beginning of the year	68.08	36.50
<b>Cash and cash equivalents at the end of the year</b>	<b>46.01</b>	<b>68.08</b>
Cash and cash equivalents	46.01	68.08
Other bank balances	517.53	514.39
Cash and bank balances	<b>563.54</b>	<b>582.47</b>

**Note:**

Adjustment of Revaluation reserve against carrying value of fixed assets and transfer to general reserve consequent to application of transitional provisions of amended Accounting Standard 10 as stated in Note 11(D) is a non-cash transaction.

**See accompanying notes forming part of the financial statements**

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Saira Nainar**  
Partner

**Surinder P. Kanwar**  
Chairman and Managing Director  
(DIN : 00033524)

**Sameer Kanwar**  
Joint Managing Director  
(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)  
**W.R. Schilha** (DIN : 00374415)  
**Rakesh Chopra** (DIN : 00032818)  
**Hiroo Suresh Advani** (DIN : 00265233)  
Directors

Place: Mumbai  
Date: 23 May, 2017

**Milind Pujari**  
Chief Financial Officer  
(PAN : AAAPP3554C)

**Prashant Khattry**  
Head (Legal) & Company Secretary  
(PAN : AOQPK8734B)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March, 2017

## Note 1 : Significant accounting policies

Note	Particulars
<b>1.1</b>	<b>Basis of accounting and preparation of financial statements:</b>
	The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act) and the relevant provisions of the Act. The financial statements have been prepared on an accrual basis under the historical cost convention. Also Refer Note 11(D) for treatment pertaining to Revaluation reserve.
<b>1.2</b>	<b>Use of estimates:</b>
	The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which results are known/materialised.
<b>1.3</b>	<b>Property, plant and Equipment and Intangible assets:</b>
	<b>(a) Property, plant and equipment:</b>
	Property, plant and equipment are stated at cost of acquisition or construction or (as at 31 March, 2016: at revalued amounts) less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises of purchase/acquisition price, import duties, taxes and any directly attributed cost of bringing the asset to its working condition for its intended use. Financing cost on borrowings for acquisition or construction of assets, for the period up to the date of acquisition of assets or when the assets are ready to be put to use/the date of commencement of commercial production, is included in the cost of assets.
	Assessment of indication of impairment of an asset is made at the year-end and impairment loss, if any, is recognized.
	Depreciation/amortisation is provided over the economic useful life of the assets on the basis stated hereunder:
	Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.
	Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act [Refer Note 11(D)].
	Leasehold land was amortised over the remaining period of lease.
	<b>(b) Intangible assets</b>
	Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment losses, if any.
	Intangible assets (i.e. computer software) are amortised over their estimated useful life on straight line method.

**Note 1 : Significant accounting policies.... Contd.**

Note	Particulars
<b>1.4</b>	<p><b>Inventories:</b></p> <p>Inventories are valued at the lower of cost and net realisable value, except for scrap which is valued at net realisable value.</p> <p>Cost comprises of material cost and expenditure incurred in normal course of business in bringing inventories to its location and includes, where applicable, appropriate overheads.</p> <p>Material cost is arrived at on weighted average basis.</p>
<b>1.5</b>	<p><b>Contracts for furnace construction:</b></p> <p>When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.</p>
<b>1.6</b>	<p><b>Foreign currency transactions:</b></p> <p>Foreign currency transactions during the year are recorded at the rate of exchange prevailing at the date of transaction. All foreign currency monetary items outstanding at the year end are translated at year end exchange rates. All foreign exchange gains or losses on settlement and translation are accounted for in the Statement of Profit and Loss. In case of forward exchange contracts, premium or discounts are amortised as expense or income over the life of the contract. Profit or loss arising on cancellation or renewal of such forward exchange contracts are recognised as income or as expenses for the year.</p>
<b>1.7</b>	<p><b>Revenue recognition:</b></p> <p>Sale of products and services including export benefits thereon are recognised when the products are shipped or services rendered, i.e. when significant risks and rewards of ownership are passed on to the customers. Sales are net of sales tax/value added tax and trade discounts.</p> <p>Revenue from contracts for construction of furnaces is recognised on the percentage of completion method based on the stage of completion determined with reference to the contract costs incurred up to the year end and the estimated total costs of the contracts.</p> <p>Net income, if any, from development of tools is recognised as income as and when the development of tool is complete or on expiry of five years from completion of development, whichever is earlier.</p> <p>Interest income is recognised on time proportion basis.</p>
<b>1.8</b>	<p><b>Employee benefits:</b></p> <p><b>(a) Defined contribution plan:</b></p> <p>The Company's contributions to the recognised provident fund and superannuation fund are charged to the Statement of Profit and Loss.</p> <p><b>(b) Defined benefit plan/Long term compensated absences:</b></p> <p>The Company's liability towards Gratuity (Funded), Terminal Ex-gratia (Unfunded) and Compensated absences (Unfunded) is determined on the basis of the year end actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognised immediately in the Statement of Profit and Loss as an income or expense.</p>
<b>1.9</b>	<p><b>Taxation:</b></p> <p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.</p> <p>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.</p>

## Note 1 : Significant accounting policies.... Contd.

Note	Particulars
	<p>Deferred tax is calculated at current statutory income tax rate and is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.</p> <p>Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses only to the extent that there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax asset is reviewed at each Balance Sheet date. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.</p> <p>Deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.</p>
<b>1.10</b>	<b>Contingencies/Provisions:</b>
	<p>Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.</p>
<b>1.11</b>	<b>Cash and cash equivalents (for purposes of Cash Flow Statement):</b>
	<p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p>
<b>1.12</b>	<b>Cash Flow Statement:</b>
	<p>Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p>
<b>1.13</b>	<b>Operating Cycle:</b>
	<p>Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.</p>
<b>1.14</b>	<b>Leases:</b>
	<p>Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.</p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.</p>



**Note 2 : Share capital**

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	₹ Lacs	Number of shares	₹ Lacs
<b>(a) Authorised</b>				
Equity shares of ₹10 each	10000000	1000.00	10000000	1000.00
Cumulative redeemable convertible or non convertible preference shares of ₹100 each	1500000	1500.00	1500000	1500.00
	<b>11500000</b>	<b>2500.00</b>	<b>11500000</b>	<b>2500.00</b>
<b>(b) Issued, Subscribed and paid up</b>				
Equity shares of ₹10 each, fully paid up, outstanding at the beginning and at the end of the year	7817833	781.78	7817833	781.78
<b>Total</b>	<b>7817833</b>	<b>781.78</b>	<b>7817833</b>	<b>781.78</b>

The Company has only one class of Equity shares having a face value of ₹10 each. Every member shall be entitled to be present, and to speak and vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. The Company in General Meeting may declare dividends to be paid to members according to their respective rights. While no dividends shall exceed the amount recommended by the Board, the Company in General Meeting may declare a smaller dividend.

In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

**2.1 Details of shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
<b>Equity shares</b>				
Surinder P. Kanwar	<b>2289667</b>	<b>29.29</b>	2289667	29.29
Ultra Consultants Private Limited	<b>766038</b>	<b>9.80</b>	766038	9.80
Future Consultants Private Limited	<b>645071</b>	<b>8.25</b>	645071	8.25

### Note 3 : Reserves and surplus

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Capital redemption reserve</b>		
Opening balance	588.50	588.50
<b>Closing balance</b>	<b>588.50</b>	<b>588.50</b>
<b>(b) Securities premium account</b>		
Opening balance	924.60	924.60
<b>Closing balance</b>	<b>924.60</b>	<b>924.60</b>
<b>(c) Revaluation reserve</b>		
Opening balance	448.03	448.03
Less: Adjusted in carrying value of fixed assets consequent to application of transitional provisions as prescribed under amended Accounting Standard 10 [Refer Note 11(D)]	434.96	-
Less: Transferred to General reserve [Refer Note 11(D)]	13.07	-
<b>Closing balance</b>	<b>-</b>	<b>448.03</b>
<b>(d) General reserve</b>		
Opening balance	1745.80	1745.80
Add: Transferred from Revaluation reserve [Refer Note 11(D)]	13.07	-
<b>Closing balance</b>	<b>1758.87</b>	<b>1745.80</b>
<b>(e) Surplus in Statement of Profit and Loss</b>		
Opening balance	2603.15	2579.19
Add: (Loss)/Profit for the year	(126.06)	23.96
<b>Closing balance</b>	<b>2477.09</b>	<b>2603.15</b>
<b>Total</b>	<b>5749.06</b>	<b>6310.08</b>

## Note 4 : Long-term borrowings

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Term loans - Secured (Refer footnotes (i) and (ii))</b>		
From banks	1676.64	1475.00
Less: Current maturities of long-term debts (Refer Note 9 (a))	800.55	490.00
	<b>876.09</b>	<b>985.00</b>
From others	3802.78	5775.38
Less: Current maturities of long-term debts (Refer Note 9 (a))	1433.33	1616.93
	<b>2369.45</b>	<b>4158.45</b>
<b>(b) Long-term maturities of finance lease obligations - Secured</b>	-	12.43
Less: Current maturities of finance lease obligations (Refer Note 9 (b)) (Refer footnote (iii) and Note 26.5 (A) (ii))	-	12.43
	-	-
<b>(c) Loan from Director - Unsecured</b> (Refer footnote (iv) and Note 26.4)	500.00	-
<b>Total</b>	<b>3745.54</b>	<b>5143.45</b>

### Footnotes:

#### (i) Term loans from banks:

##### (A) Rupee loan from State Bank of India:

₹ 360.00 lacs (As at 31 March, 2016: ₹ 600.00 lacs): Secured by first pari passu charge on Current assets with loans referred to in footnote of Note 7 and footnote [(i) (B)] and also by way of first charge on Fixed Assets of the Company located at Mumbra plant, Faridabad plant and Satara plant on pari passu basis with loans referred to in footnotes [(i) (B) and (ii) (A) and (ii) (C)]. Repayable in twelve monthly installments by 31 March, 2018 and carries an interest rate of 11.05% p.a.

##### (B) Rupee loan from IDBI Bank Limited:

₹ 625.00 lacs (As at 31 March, 2016: ₹ 875.00 lacs): Secured by first pari passu charge on Current assets with loans referred to in footnote of Note 7 and footnote [(i) (A)] and also by way of first charge on Fixed Assets of the Company located at Mumbra plant, Faridabad plant and Satara plant on pari passu basis with loans referred to in footnotes [(i) (A) and (ii) (A) and (ii) (C)]. Repayable in equal quarterly installments by 1 August, 2019 and carries an interest rate of 12.50% p.a.

##### (C) Rupee loan from HDFC Bank Limited:

₹ 691.64 lacs (As at 31 March, 2016: ₹ Nil): Secured by exclusive charge on office premises situated at Nariman Point, Mumbai. Repayable in forty eight monthly installments by 20 March, 2021 and carries an interest rate of 12.00% p.a.

#### (ii) Term loans from others:

##### (A) Rupee loan from Export-Import Bank of India:

(a) ₹ 200.00 lacs (As at 31 March, 2016: ₹ 600.00 lacs): Secured by first pari passu charge created by way of hypothecation over the movable fixed assets and mortgage of immovable properties located at Mumbra plant and Faridabad plant, both present and future, with loans referred to in footnotes [(i) (A) and (B)] and [(ii) (A) (b) & (c) and (ii) (C)]. Further, secured by first pari passu charge created by way of hypothecation over the movable fixed assets and mortgage (to be created) of immovable properties located at Satara plant, both present and future, with loans referred to in footnotes [(i) (A) and (B)] and [(ii) (A) (b) & (c) and (ii) (C)]. Repayable in equal quarterly installments by 1 September, 2017 and carries an interest rate of 11.65% p.a.

(b) ₹ 525.00 lacs (As at 31 March, 2016: ₹ 825.00 lacs): Secured by first pari passu charge created by way of hypothecation over the movable fixed assets and mortgage of immovable properties located at Mumbra plant and Faridabad plant, both present and future, with loans referred to in footnotes [(i) (A) and (B)] and [(ii) (A) (a) & (c) and (ii) (C)]. Further, secured by first pari passu charge created by way of hypothecation over the movable fixed assets and mortgage (to be created) of immovable properties located at Satara plant, both present and future, with loans referred to in footnotes [(i) (A) and (B)] and [(ii) (A) (a) & (c) and (ii) (C)]. Repayable in equal quarterly installments by 1 November, 2018 and carries an average interest rate of 11.46% p.a.

(c) ₹ 1800.00 lacs (As at 31 March, 2016: ₹ 2400.00 lacs): Secured by first charge on Fixed Assets of the Company located at Mumbra plant, Faridabad plant and Satara plant on pari passu basis with loans referred to in footnotes [(i) (A) and (B)] and [(ii) (A) (a) & (b) and (ii) (C)]. Repayable in equal quarterly installments by 1 February, 2020 and carries an average interest rate of 11.48% p.a.

##### (B) Rupee loan from Hero FinCorp Limited:

₹ Nil (As at 31 March, 2016: ₹ 450.38 lacs): Secured by exclusive charge on office premises situated at Nariman Point, Mumbai.

##### (C) Rupee loan from Tata Capital Financial Services Limited:

₹ 1277.78 lacs (As at 31 March, 2016: ₹ 1500.00 lacs): Secured by first pari passu charge created on Fixed Assets of the Company located at Mumbra plant, Faridabad plant and Satara plant on pari passu basis with loans referred to in footnotes [(i) (A) and (B) & (ii) (A)]. Repayable in 46 equal monthly installments by 25 January, 2021 and carries an interest rate of 12.75% p.a.

#### (iii) Finance leases are secured on the asset to which they relate and repayable in equated quarterly installments.

#### (iv) Interest free unsecured loan received from director does not have fixed repayment term. However, the same can be repaid only after compliance of the applicable terms and conditions stated in the Loan agreement(s) pertaining to the existing lenders.

## Note 5 : Other long-term liabilities

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Others:</b>		
(i) Advances from customers	165.92	145.90
(ii) Provision for gratuity (net) (Refer Note 26.2.b)	1020.71	913.79
<b>Total</b>	<b>1186.63</b>	<b>1059.69</b>

## Note 6 : Long-term provisions

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Provision for employee benefits:</b>		
(i) Provision for compensated absences	382.81	392.18
(ii) Provision for other employee benefits (Terminal Ex-gratia) (Refer Note 26.2.b)	30.80	33.89
<b>(b) Provision - Others:</b>		
Provision for tax (net of advance tax ₹ 1213.15 lacs (As at 31 March, 2016: ₹ 1198.21 lacs))	21.90	21.90
<b>Total</b>	<b>435.51</b>	<b>447.97</b>

## Note 7 : Short-term borrowings

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>Loans repayable on demand - Secured</b> (Refer footnote below)		
From banks	2840.46	2578.49
<b>Total</b>	<b>2840.46</b>	<b>2578.49</b>

### Footnote:

Loans repayable on demand from banks are secured by hypothecation of stocks of raw materials, stock in process, semi finished and finished goods, loose tools, general stores and book debts and all other moveables both present and future ranking pari passu with loans referred to in footnote [(i) (A) and (B)] of Note 4 and by joint mortgage created for all immovable properties of the Company located at Mumbra, Faridabad and Satara plants together with all buildings, plant and machinery thereon which rank second subject and subservient to charges created in favour of loans referred to in footnotes [(i) (A) and (B)] and [(ii) (A) and (C)] of Note 4.

## Note 8 : Trade payables

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>Total outstanding dues of micro enterprises and small enterprises (Refer Note 25.2)</b>	245.51	96.64
<b>Total outstanding dues of Trade Payables other than micro enterprises and small enterprises</b>		
Acceptances	3278.63	3312.44
Other than Acceptances (Footnote of Note 26.4.b)	5378.63	4142.89
<b>Total</b>	<b>8657.26</b>	<b>7455.33</b>
	<b>8902.77</b>	<b>7551.97</b>

**Note 9 : Other current liabilities**

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Current maturities of long-term debts (Refer Note 4):</b>		
From banks	800.55	490.00
From others	1433.33	1616.93
<b>(b) Current maturities of finance lease obligations</b> (Refer Note 4 and Note 26.5 (A) (ii))	-	12.43
<b>(c) Interest accrued but not due on borrowings</b>	37.24	51.97
<b>(d) Unpaid dividends (Refer footnote below)</b>	12.36	14.27
<b>(e) Other payables:</b>		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	307.38	236.03
(ii) Payables on purchase of fixed assets (Refer Note 25.2)	59.36	75.36
(iii) Advances from customers	15.95	136.79
(iv) Trade/security deposits received	23.29	23.29
(v) Interest accrued on others	-	3.71
(vi) Provision for gratuity (net) (Refer Note 26.2.b)	53.95	100.00
(vii) Others	85.88	74.28
<b>Total</b>	<b>2829.29</b>	<b>2835.06</b>

**Footnote:**

The figures reflect the position as at the year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.

**Note 10 : Short-term provisions**

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Provision for employee benefits:</b>		
(i) Provision for compensated absences	78.32	99.84
(ii) Provision for other employee benefits (Terminal Ex-Gratia) (Refer Note 26.2.b)	7.59	8.83
	<b>85.91</b>	<b>108.67</b>
<b>(b) Provision - Others:</b>		
Provision for warranty (Refer Note 26.8)	4.56	3.03
	<b>4.56</b>	<b>3.03</b>
<b>Total</b>	<b>90.47</b>	<b>111.70</b>





**Note 11 : Fixed assets .... Contd.**

Particulars	₹ lacs	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>(C) Depreciation and amortisation expense:</b>		
Tangible assets	1624.93	1604.85
Intangible assets	43.13	44.76
<b>Total</b>	<b>1668.06</b>	<b>1649.61</b>

(D) The Accounting Standard (AS) 10 'Property, Plant and Equipment' amended by the Central Government, has become applicable to the Company from 1 April, 2016. In accordance with the transitional provisions prescribed in the said AS, the Company has adopted the cost model as its accounting policy. Accordingly, Revaluation reserve of ₹ 434.96 lacs has been adjusted against the carrying value of the respective items (Gross block of ₹ 785.26 lacs and accumulated depreciation of ₹ 350.30 lacs) and excess Revaluation reserve of ₹ 13.07 lacs has been transferred to General reserve as at 1 April, 2016. Consequently, the Depreciation and amortization expense for the year is lower by ₹ 6.51 lacs.

**Note 12 : Long-term loans and advances**

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Capital advances</b>		
Unsecured, considered good	32.08	28.87
<b>(b) Security deposits (Refer footnote below)</b>		
Unsecured, considered good	159.28	169.67
<b>(c) Loans and advances to employees</b>		
Unsecured, considered good	144.39	126.23
<b>(d) Prepaid expenses</b>		
Unsecured, considered good	13.50	10.50
<b>(e) Prepaid tooling expenses</b>		
Unsecured, considered good	185.03	118.69
<b>(f) Interest accrued and receivable</b>		
Unsecured, considered good	0.24	0.23
<b>(g) Advance income tax</b> (net of provisions ₹ 35.00 lacs (As at 31 March, 2016: ₹ 343.65 lacs))		
Unsecured, considered good	166.11	314.63
<b>(h) Others</b>	60.28	60.28
<b>Total</b>	<b>760.91</b>	<b>829.10</b>

**Footnote:**

Security deposits include ₹ 60.00 lacs (As at 31 March, 2016: ₹ 70.00 lacs) due from directors and ₹ 5.00 lacs (As at 31 March, 2016: ₹ 5.00 lacs) due from a private limited company, in which directors of the Company are directors (Refer Note 26.4.b).

## Note 13 : Other non-current assets

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>Balances with Bank</b>		
In fixed deposits (Refer footnote below)	55.49	51.17
<b>Total</b>	<b>55.49</b>	<b>51.17</b>

### Footnote:

Represent deposit, the receipts for which are held by Tata Capital Financial Services Limited towards security deposit for availing operating lease facility.

## Note 14 : Inventories (At lower of cost and net realisable value)

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Raw materials and components:</b>		
- Automotive Gears	587.50	489.89
- Automotive Components	68.39	35.53
	<b>655.89</b>	<b>525.42</b>
<b>(b) Work-in-progress</b>		
- Automotive Gears	<b>2464.09</b>	<b>2184.55</b>
<b>(c) Finished goods:</b>		
- Automotive Gears	1371.06	1280.71
- Automotive Components	246.89	229.46
	<b>1617.95</b>	<b>1510.17</b>
<b>(d) Stores and spares</b>	<b>523.84</b>	<b>518.63</b>
<b>(e) Loose tools</b>	<b>976.67</b>	<b>988.16</b>
<b>(f) Scrap</b>	<b>4.51</b>	<b>7.49</b>
<b>Total</b>	<b>6242.95</b>	<b>5734.42</b>

## Note 15 : Trade receivables

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>		
Unsecured, considered good	15.67	29.26
Doubtful debts	28.41	7.47
	44.08	36.73
Less: Provision for doubtful debts	28.41	7.47
	<b>15.67</b>	<b>29.26</b>
<b>Other Trade receivables</b>		
Unsecured, considered good	6819.46	6261.09
<b>Total</b>	<b>6835.13</b>	<b>6290.35</b>

**Note 16 : Cash and bank balances**

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(A) Cash and cash equivalents:</b>		
(a) Cash on hand	3.84	14.60
(b) Balances with banks:		
(i) In current accounts	42.17	53.48
	<b>46.01</b>	<b>68.08</b>
<b>(B) Other bank balances:</b>		
(i) In earmarked accounts (Refer footnote below)		
- Unpaid dividend accounts	12.36	14.27
(ii) Balances held as margin money or security against borrowings, guarantees and other commitments	505.17	500.12
	<b>517.53</b>	<b>514.39</b>
<b>Total</b>	<b>563.54</b>	<b>582.47</b>

**Footnote:**

Balances with banks which have restrictions on utilisation.

**Note 17 : Short-term loans and advances**

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Security deposits</b>		
Unsecured, considered good	78.60	75.20
<b>(b) Loans and advances to employees</b>		
Unsecured, considered good	45.25	42.07
<b>(c) Prepaid expenses</b>		
Unsecured, considered good	92.74	110.59
<b>(d) Prepaid tooling expenses</b>		
Unsecured, considered good	-	6.60
<b>(e) Advances to suppliers</b>		
Unsecured, considered good	139.15	128.59
<b>(f) Balances with government authorities</b>		
Unsecured, considered good		
(i) CENVAT credit receivable	429.02	193.78
(ii) VAT credit receivable	58.06	36.34
(iii) Service Tax credit receivable	250.89	145.17
<b>(g) Advance income tax</b> (net of provisions ₹ 11.00 lacs (As at 31 March, 2016: ₹ Nil))		
Unsecured, considered good	37.91	62.95
<b>(h) MAT credit entitlement</b>		
Unsecured, considered good	26.00	26.00
<b>(i) Others</b>		
Unsecured, considered good	45.84	20.29
<b>Total</b>	<b>1203.46</b>	<b>847.58</b>

**Footnote:**

Security deposits include ₹ 10.00 lacs (As at 31 March, 2016: ₹ Nil) due from director (Refer Note 26.4.b).

## Note 18 : Other current assets

Particulars	₹ lacs	
	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Accruals</b>		
Interest accrued on deposits	0.82	8.04
<b>(b) Others:</b>		
(i) Export Incentives	425.89	540.83
(ii) Due from customers for contract work (Refer Note 26.1)	15.75	-
(iii) Due from Related Party		
- Services rendered to Xlerate Driveline India Limited (XDIL) (Refer Note 26.4.b)	42.31	32.18
(iv) Other Recoveries	19.56	20.24
<b>Total</b>	<b>504.33</b>	<b>601.29</b>

## Note 19 : Revenue from operations

Particulars	₹ lacs	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a) Sale of products (Refer footnote (i) below)	42129.69	41796.18
(b) Sale of services	340.97	218.25
(c) Other operating revenues (Refer footnote (ii) below)	966.72	1071.94
Revenue from operations (gross)	<b>43437.38</b>	<b>43086.37</b>
Less:		
(d) Excise duty	2759.28	3328.54
Revenue from operations (net)	<b>40678.10</b>	<b>39757.83</b>
<b>Footnotes</b>	<b>For the year ended 31 March, 2017</b>	<b>For the year ended 31 March, 2016</b>
<b>(i) Sale of products comprises:</b>		
Manufactured goods:		
- Automotive Gears (Includes processing charges ₹ 363.37 lacs (Year ended 31 March, 2016: ₹ 359.19 lacs))	38680.82	37486.03
- Automotive Components	2949.83	3298.17
- Industrial Furnaces (Refer footnote (iii) below) (Excludes ₹ 208.34 lacs (Year ended 31 March, 2016: ₹ 96.31 lacs) which is included in sale of services)	273.59	118.28
- Tooling Development	225.45	893.70
<b>Total - Sale of products</b>	<b>42129.69</b>	<b>41796.18</b>
<b>(ii) Other operating revenues comprise:</b>		
- Sale of scrap	329.03	315.09
- Export incentives	608.87	716.99
- Liabilities/provisions no longer required written back	12.83	9.16
- Miscellaneous income	15.99	30.70
<b>Total - Other operating revenues</b>	<b>966.72</b>	<b>1071.94</b>
<b>(iii) Revenue from contracts is recognized as stated in Note 1.7</b>		



## Note 20 : Other income

		₹ lacs	
Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
(a)	Interest income (Refer footnote (i) below)	77.25	68.74
(b)	Net gain on foreign currency transactions and translation	-	160.86
(c)	Other non-operating income (Refer footnote (ii) below)	18.46	15.09
	<b>Total</b>	<b>95.71</b>	<b>244.69</b>
Footnotes		For the year ended 31 March, 2017	For the year ended 31 March, 2016
(i)	<b>Interest income comprises :</b>		
	Interest from banks on:		
	- Deposits	4.82	4.55
	- Margin money	34.69	41.28
	Others	1.41	1.11
	Interest on Income Tax refund	36.33	21.80
	<b>Total - Interest income</b>	<b>77.25</b>	<b>68.74</b>
(ii)	<b>Other non-operating income comprises:</b>		
	Rent	10.83	10.68
	Profit on sale of fixed assets	3.92	4.41
	Liabilities/provisions no longer required written back	3.71	-
	<b>Total - Other non-operating income</b>	<b>18.46</b>	<b>15.09</b>

## Note 21.a : Cost of material and components consumed

		₹ lacs	
Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
	<b>Opening stock</b>	525.42	536.81
	Add: Purchases	19104.84	17907.04
		19630.26	18443.85
	Less: Closing stock	655.89	525.42
	<b>Cost of material and components consumed</b>	<b>18974.37</b>	<b>17918.43</b>
<b>Material and components consumed comprises:</b>			
	Forgings	16597.73	15519.81
	Automotive components	2113.90	2312.63
	Others	262.74	85.99
	<b>Total</b>	<b>18974.37</b>	<b>17918.43</b>

## Note 21.b : Changes in inventories of finished goods and work-in-progress

	₹ lacs	
Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>Inventories at the end of the year:</b>		
Finished goods	1617.95	1510.17
Work-in-progress	2464.09	2184.55
	<b>4082.04</b>	<b>3694.72</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	1510.17	2204.66
Work-in-progress	2184.55	2205.77
	<b>3694.72</b>	<b>4410.43</b>
<b>Net (increase)/decrease</b>	<b>(387.32)</b>	<b>715.71</b>

## Note 22 : Employee benefits expense

	₹ lacs	
Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Salaries and wages	6287.81	5945.33
Contributions to provident and other funds	485.15	633.57
Staff welfare expenses	903.39	879.23
<b>Total</b>	<b>7676.35</b>	<b>7458.13</b>

## Note 23 : Finance costs

	₹ lacs	
Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>(a) Interest expense on:</b>		
(i) Borrowings	1007.12	1127.57
(ii) Others		
- Bill discounting charges	251.23	263.64
<b>(b) Other borrowing costs (Bank and other financing charges)</b>		
	221.64	224.56
<b>Total</b>	<b>1479.99</b>	<b>1615.77</b>

## Note 24 : Other expenses

	₹ lacs	
Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Consumption of stores and spare parts	1211.37	1108.95
Consumption of loose tools	1077.64	1188.70
Consumption of packing materials	846.29	797.20
Excise duty (Refer footnote (i) below)	59.55	21.17
Processing charges	1618.51	1257.74
Power and fuel	2938.01	2885.07
Rent including lease rentals (Refer Note 26.5 B (i))	497.85	449.54
Repairs and maintenance - Buildings	63.13	61.69
Repairs and maintenance - Machinery	380.63	320.47
Repairs and maintenance - Others	582.80	462.20
Insurance	92.69	96.00
Rates and taxes	46.36	33.30
Travelling, conveyance and car expenses	464.83	479.35
Freight, forwarding and other charges	591.68	404.24
Commission to selling agents	50.90	13.15
Payments to auditors (Refer footnote (ii) below)	39.94	35.95
Exchange loss (net loss on foreign currency transaction and translation)	0.21	-
Bad debts written off	6.53	13.25
Loss on sale/write off of fixed assets	5.49	4.92
Provision for doubtful debts	20.94	2.28
Miscellaneous expenses	963.01	957.25
<b>Total</b>	<b>11558.36</b>	<b>10592.42</b>

### Footnotes:

- (i) Excise duty represents (a) the difference between the excise duty included in the closing stock and that in the opening stock of manufactured finished goods ₹ 44.41 lacs (Year ended 31 March, 2016: ₹ 6.76 lacs) and (b) the excise duty on free supplies under sales promotion schemes, free replacement, shortages, etc. ₹ 15.14 lacs (Year ended 31 March, 2016: ₹ 14.41 lacs)

	₹ lacs	
Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>(ii) Payments to the auditors comprises (net of service tax input credit):</b>		
-As auditors - statutory audit	22.75	22.75
-For Company Law matters	-	0.15
-For other services	16.67	12.65
-Reimbursement of expenses	0.52	0.40
<b>Total</b>	<b>39.94</b>	<b>35.95</b>

## Note 25 : Additional information to the financial statements

		₹ lacs	
Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
<b>25.1</b>	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>(i)</b>	<b>Contingent liabilities:</b>		
	<b>(a) Claims against the Company not acknowledged as debt:</b>		
	<b>1. In respect of Employees:</b>		
	(i) The Company has filed an appeal in the Bombay High Court against the order passed by Third Labour Court on issue of back wages and reinstatement of 11 employees.	40.26	40.26
	(ii) In respect of claim of permanency of services and/or back wages (less subsistence allowance paid if any) filed by set of temporary/permanent workmen before the Hon'ble Industrial Tribunal, Thane/Labour court.	Not ascertainable	Not ascertainable
	<b>2. Others:</b>		
	(i) The Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of Provident fund dues on Subsistence Allowance.	1.27	1.27
	(ii) The Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of Provident fund dues on difference of wages of certain employees.	0.87	0.87
	Future ultimate outflow of resources embodying economic benefits in respect of these matters is uncertain as it depends on financial outcome of judgments/decisions on the matters involved.		
	<b>(b) Other money for which the Company is contingently liable</b>		
	In respect of Sales Invoice Finance facility	2396.92	1693.18
<b>(ii)</b>	<b>Commitments:</b>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):		
	<b>Tangible assets</b>	<b>1,636.41</b>	<b>122.89</b>

### 25.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March, 2017	As at 31 March, 2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	151.45	46.20
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of principal paid beyond the appointed day	457.64	444.37
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

The information disclosed above in respect of principal and/or interest due to Micro and Small Enterprises has been determined on the basis of information available with the Company and confirmations received from the suppliers for registration under the Micro, Small and Medium Enterprises Development Act, 2006 and for interest outstanding/due. This has been relied upon by the auditors.

**Note 25 : Additional information to the financial statements.... Contd.**

Note	Particulars		
<b>25.3</b>	<b>Details on derivatives instruments and unhedged foreign currency exposures:</b>		
	The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end. The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:		
		<b>Amount in Foreign currency</b>	<b>Equivalent amount in Indian currency ₹ lacs</b>
	Payables	<b>USD 5,62,204.15</b> (USD 14,62,910.88)	<b>364.59</b> (971.01)
		<b>EUR 24,257.88</b> (-)	<b>16.81</b> (-)
	Receivables	<b>USD 29,21,485.71</b> (USD 29,51,272.19)	<b>1894.29</b> (1958.61)
		<b>EUR 10,43,024.50</b> (EUR 6,77,830.20)	<b>722.59</b> (508.98)
		<b>SGD 40.90</b> (SGD 40.90)	<b>0.02</b> (0.02)
		<b>-</b> (JPY 9,51,283.00)	<b>-</b> (5.43)

**Footnote:**

Figures in brackets are for the previous year.

		₹ lacs
<b>25.4</b>	<b>Value of imports calculated on CIF basis:</b>	
		<b>For the year ended 31 March, 2017</b>
		<b>For the year ended 31 March, 2016</b>
	Raw materials and components	76.70
	Stores and spare parts	17.64
	Loose tools	68.73
	Capital goods	44.48
		<b>207.55</b>
		<b>301.37</b>

		₹ lacs
<b>25.5</b>	<b>Expenditure in foreign currency:</b>	
		<b>For the year ended 31 March, 2017</b>
		<b>For the year ended 31 March, 2016</b>
	Royalty	24.14
	Professional Fees	1.68
	Interest on foreign currency loans	44.81
	Exchange loss (net) (excludes gain of ₹ 0.62 lac (Year ended 31 March, 2016: ₹ Nil) adjusted to Property, plant and equipment)	0.21
	Others (travel, commission, warehousing charges, rejection claims, etc.) (excludes ₹ 13.28 lacs (Year ended 31 March, 2016: ₹ 2.53 lacs) added to capital work-in-progress)	126.74
		105.86

## Note 25 : Additional information to the financial statements.... Contd.

Note	Particulars	For the year ended 31 March, 2017	
		₹ lacs	%
<b>25.6</b>	<b>Details of consumption of imported and indigenous items:</b>		
	<b>Imported:</b>		
	Raw materials and components	<b>81.44</b> (101.63)	<b>0.43</b> (0.57)
	Stores and spare parts	<b>29.70</b> (57.62)	<b>2.45</b> (5.20)
	Loose tools	<b>88.82</b> (78.51)	<b>8.23</b> (6.60)
		<b>199.96</b> (237.76)	
	<b>Indigenous:</b>		
	Raw materials and components	<b>18892.93</b> (17816.80)	<b>99.57</b> (99.43)
	Stores and spare parts	<b>1181.67</b> (1051.33)	<b>97.55</b> (94.80)
	Loose tools	<b>988.82</b> (1110.19)	<b>91.77</b> (93.40)
		<b>21063.42</b> (19978.32)	

Note: Figures in brackets are for the previous year.

25.7 Earnings in foreign exchange:	₹ lacs	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Export of goods calculated on FOB basis	11904.18	11955.58
Tooling Development Income	62.63	664.10
Exchange gain (net) (excludes ₹ Nil (Year ended 31 March, 2016: ₹ 1.19 lacs) adjusted to capital work-in-progress)	-	160.86
Other income (Freight, Insurance, Commission, etc.)	34.70	71.39
	<b>12001.51</b>	<b>12851.93</b>



**Note 25 : Additional information to the financial statements.... Contd.**

Note	Particulars		
<b>25.8</b>	<b>Disclosure on Specified Bank Notes</b>		
Specified Bank Notes (SBNs) and other denominations held and transacted during the period from 8 November, 2016 to 30 December, 2016, is given below as per MCA notification G.S.R 308(E) dated 30 March, 2017:			
	<b>SBNs*</b>	<b>Other Denomination Notes</b>	<b>Total</b>
	<b>₹ lacs</b>	<b>₹ lacs</b>	<b>₹ lacs</b>
<b>Closing cash in hand as on 8 November, 2016</b>	6.50	1.16	7.66
(+) Permitted receipts	-	11.57	11.57
(+) Other receipt @	0.08	-	0.08
(-) Permitted payments	-	6.82	6.82
(-) Amount deposited in Bank	6.58	-	6.58
<b>Closing cash in hand as on 30 December, 2016</b>	-	5.91	5.91

\* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8 November, 2016.

@ Other receipt represents cash received on 8 November, 2016 after business hours which was recorded in the books subsequently.

**Note 26 : Disclosures under Accounting Standards**

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>26.1</b>	<b>Details of contract revenue and costs</b>		
	Contract revenue recognised during the year (Excludes Sale of spares ₹102.87 lacs (Year ended 31 March, 2016: ₹ 69.21 lacs))	379.06	145.38
	Method used to determine contract revenue and the stage of completion of contracts in progress	(Refer Note 1.7)	(Refer Note 1.7)
	Aggregate of contract costs incurred and recognised profits upto the reporting date	244.40	59.84
	Advances received for contracts in progress	5.94	11.16
	Retention money for contracts in progress	-	-
	Gross amount due from customers for contract work (Refer Note 18)	15.75	-
	Gross amount due to customers for contract work	-	-

## Note 26 : Disclosures under Accounting Standards... Contd.

Note	Particulars									
<b>26.2</b>	<b>Employee benefit plans</b>									
<b>26.2.a</b>	Defined Contribution Plans									
	During the year ended 31 March the Company has recognized the following amounts in the Statement of Profit and Loss:									
	₹ lacs									
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>For the year ended 31 March, 2017</th> <th>For the year ended 31 March, 2016</th> </tr> </thead> <tbody> <tr> <td>- Employers' contribution to Provident Fund and Family Pension Fund</td> <td style="text-align: right;">264.74</td> <td style="text-align: right;">274.89</td> </tr> <tr> <td>- Employers' contribution to Superannuation Fund</td> <td style="text-align: right;">92.66</td> <td style="text-align: right;">101.73</td> </tr> </tbody> </table>	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016	- Employers' contribution to Provident Fund and Family Pension Fund	264.74	274.89	- Employers' contribution to Superannuation Fund	92.66	101.73
Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016								
- Employers' contribution to Provident Fund and Family Pension Fund	264.74	274.89								
- Employers' contribution to Superannuation Fund	92.66	101.73								
	The above amounts are included in Contributions to provident and other funds under Note 22 Employee benefits expense.									

<b>26.2.b</b>	Defined Benefit Plans
	A general description of the Employees Benefit Plans:
	(i) <u>Gratuity (Funded)</u>
	The Company has an obligation towards gratuity, a funded defined benefits retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment, of an amount calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.
	(ii) <u>Terminal Ex-gratia (Unfunded)</u>
	The Company has an obligation towards Terminal Ex-gratia, an unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment which varies depending upon the number of completed years of service to vested employees on completion of employment. Vesting occurs upon the completion of 15 years of service.
	The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements.

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Terminal Ex-gratia (Unfunded)	Gratuity	Terminal Ex-gratia (Unfunded)
<b>Components of employer expense</b>				
Current service cost	73.07	1.65	74.17	1.68
Interest cost	109.67	3.02	108.30	3.16
Expected return on plan assets	(33.24)	-	(40.76)	-
Actuarial gains/(losses)	(31.97)	(0.50)	108.13	1.12
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>* 117.53</b>	<b>**4.17</b>	<b>* 249.84</b>	<b>**5.96</b>
<b>Actual contribution and benefit payments for year</b>				
Actual benefit payments	(195.33)	(8.50)	(196.77)	(6.05)
Actual contributions	56.66	8.50	64.70	6.05
<b>Net liability recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	1441.30	38.39	1488.42	42.72
Fair value of plan assets	366.64	-	474.63	-
Funded status (Deficit)	<b>(1,074.66)</b>	<b>(38.39)</b>	<b>(1,013.79)</b>	<b>(42.72)</b>
<b>Net liability recognised in the Balance Sheet accounted as below:</b>	(1,074.66)	(38.39)	(1,013.79)	(42.72)
- Other long-term liabilities (Refer Note 5(a)(ii))	(1,020.71)	-	(913.79)	-
- Other current liabilities (Refer Note 9(e)(vi))	(53.95)	-	(100.00)	-
- Long-term provisions (Refer Note 6(a)(ii))	-	(30.80)	-	(33.89)
- Short-term provisions (Refer Note 10(a)(ii))	-	(7.59)	-	(8.83)

(\* Included in Contributions to provident and other funds under Employee benefits expense in Note 22).

(\*\* Included in 'Salaries and wages' under Employee benefits expense in Note 22).

## Note 26 : Disclosures under Accounting Standards... Contd.

₹ lacs

Note	Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
		Gratuity	Terminal Ex-gratia (Unfunded)	Gratuity	Terminal Ex-gratia (Unfunded)
<b>Change in defined benefit obligations (DBO) during the year</b>					
	Present value of DBO at beginning of the year	1488.42	42.72	1400.29	42.81
	Current service cost	73.07	1.65	74.17	1.68
	Interest cost	109.67	3.02	108.30	3.16
	Actuarial losses/(gains)	(34.53)	(0.50)	102.43	1.12
	Benefits paid	(195.33)	(8.50)	(196.77)	(6.05)
	Present value of DBO at the end of the year	<b>1441.30</b>	<b>38.39</b>	<b>1488.42</b>	<b>42.72</b>
<b>Change in fair value of assets during the year</b>					
	Plan assets at beginning of the year	474.63	-	571.64	-
	Expected return on plan assets	33.24	-	40.76	-
	Actual company contributions	56.66	-	64.70	-
	Actuarial (losses)/gains	(2.56)	-	(5.70)	-
	Benefits paid	(195.33)	-	(196.77)	-
	Plan assets at the end of the year	366.64	-	474.63	-
Actual return on plan assets: The expected rate of return on the plan asset (Gratuity Funded) is based on the average long term rate of return expected on investments of funds during estimated term of obligation. Actual return on Plan Assets (Gratuity Funded) is ₹ 30.69 lacs (Year ended 31 March, 2016: ₹ 35.07 lacs).					

**Composition of the plan assets**

Insurer Managed funds	100%	-	100%	-
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The details of investment made by the Insurer is not readily available with the company

**Actuarial assumptions:**

Discount rate	7.25%	7.25%	7.55%	7.55%
Expected return on plan assets	7.55%	-	8.00%	-
Salary escalation	6.00%	6.00%	6.00%	6.00%

Estimate of amount of contribution in the immediate next year ₹ 53.95 lacs

₹ 100 lacs

**Particulars**

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

**Experience adjustments**

₹ lacs

	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Gratuity (Funded)</b>					
Present value of DBO	1441.30	1488.42	1400.29	1334.72	1186.40
Fair value of plan assets	366.64	474.63	571.64	667.31	643.31
Funded status (Deficit)	(1074.66)	(1013.79)	(828.65)	(667.41)	(543.09)
Experience gain/(loss) adjustments on plan liabilities	(65.66)	60.93	(17.26)	174.80	11.86
Experience (loss)/gain adjustments on plan assets	(2.56)	(5.70)	0.83	10.16	9.97
<b>Terminal Ex-gratia (Unfunded)</b>					
Present value of DBO	38.39	42.72	42.81	44.11	45.76
Fair value of plan assets	-	-	-	-	-
Funded status (Deficit)	(38.39)	(42.72)	(42.81)	(44.11)	(45.76)
Experience gain/(loss) adjustments on plan liabilities	(1.08)	0.25	1.47	(0.34)	(0.72)
Experience gain/(loss) adjustments on plan assets	-	-	-	-	-

## Note 26 : Disclosures under Accounting Standards... Contd.

Note	Particulars																																																												
<b>26.3</b>	<b>Segment information</b> The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same. Risks and rewards involved in sales to overseas customers are not significantly different from those attributable to domestic market. As such there is no other separate reportable segment as defined by Accounting Standard - 17 " Segment Reporting".																																																												
<b>26.4</b>	<b>Related party transactions</b>																																																												
<b>26.4.a</b>	<b>Details of related parties with whom the Company had transactions during the year.</b>																																																												
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## Note 26 : Disclosures under Accounting Standards.... Contd.

₹ lacs

Note	Particulars	KMP	Enterprises over which KMP is able to exercise significant influence
	<b>Payables:</b>		
	Long terms borrowings (Refer Note 4)	500.00	
		(-)	
	Trade payables (Refer footnote and Refer Note 8)	5.11	
		(12.46)	
	Note: Figures in brackets are for the previous year.		
	Footnote:		
	Represents remuneration payable to the Directors of the Company.		

26.4.c No amounts have been written off/provided for or written back during the year in respect of amounts receivable from or payable to related parties.

## 26.5 Details of Leasing arrangements

## (A) Finance Lease:

- (i) For net carrying amount as at 31 March, 2017 for assets acquired under finance lease. (Refer Note 11A Fixed assets)
- (ii) The maturity profile of finance lease obligations is as follows:

	Total minimum lease payments outstanding as at 31 March, 2017	Interest not due	Present value of minimum lease payments
			₹ lacs
Not later than one year	-	-	-
	(13.13)	(0.70)	(12.43)
Later than one year but not later than five years	-	-	-
	(-)	(-)	(-)
<b>Total</b>	-	-	-
	(13.13)	(0.70)	(12.43)

Note: Figures in brackets are for the previous year.

- (iii) General description of these agreements:

-Some of these agreements contains renewal clause.

-There are no restrictions such as those concerning dividends, additional debt and further leasing imposed by the lease agreements entered into by the Company.

## (B) Operating Lease:

- (i) Lease payments recognised in the Statement of Profit and Loss for the year are as follows:

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Residential flats/offices/godowns	234.33	220.44
Vehicle/Plant and machinery/Air conditioner	258.24	225.27

- (ii) Future minimum lease payments under the agreement, which is non-cancellable is as follows:

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
not later than one year	129.12	164.53
later than one year and not later than five years	170.37	299.49
later than five years	-	-

- (iii) Some of the agreements contain renewal clause and provide for escalation of rent of about 5% on renewal. Some of the agreements provide for escalation in rent during the tenure of the agreement.

## Note 26 : Disclosures under Accounting Standards.... Contd.

₹ lacs

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
<b>26.6</b>	<b>Earnings per share</b>		
	Basic and diluted:		
	Net (loss)/profit for the year attributable to the equity shareholders	(126.06)	23.96
	Weighted average number of equity shares (Nos.)	7817833	7817833
	Par value per share (In ₹)	10.00	10.00
	Earnings per share - Basic and diluted (In ₹)	(1.61)	0.31

₹ lacs

<b>26.7</b>	<b>Components of deferred tax balances:</b>	<b>As at 31 March, 2017</b>	<b>As at 31 March, 2016</b>
	Tax effect of items constituting deferred tax liability:		
	On difference between book balance and tax balance of fixed assets	546.94	605.30
	On Lease liability	113.50	150.14
	<b>Tax effect of items constituting deferred tax liability</b>	<b>660.44</b>	<b>755.44</b>
	Tax effect of items constituting deferred tax assets:		
	Provision for compensated absences, gratuity and other employee benefits	520.46	511.99
	Other disallowances under Section 43B of the Income Tax Act, 1961	70.34	61.65
	Unabsorbed depreciation	69.23	150.71
	Payments made under Voluntary Retirement Scheme	101.72	69.32
	Others	9.39	2.53
	<b>Tax effect of items constituting deferred tax assets</b>	<b>771.14</b>	<b>796.20</b>
	<b>Deferred tax asset (net)</b>	<b>(110.70)</b>	<b>(40.76)</b>

### 26.8 Details of provisions

Disclosures in pursuance of the Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets":

₹ lacs

<b>Provision for warranties</b>	<b>As at 31 March, 2017</b>	<b>As at 31 March, 2016</b>
Carrying amount at the beginning of the year	3.03	9.36
Additional provision made during the year	3.79	1.39
Amount used during the year	-	0.88
Unused amount reversed during the year	2.26	6.84
Carrying amount at the end of the year (Refer Note 10(b))	4.56	3.03

Provision for warranty is made for the estimated amount of expenditure, which may be incurred during the warranty period of twelve months after successful commissioning of the furnace.

## Note 27 : Previous year's figures

Note	Particulars
<b>27</b>	Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

**Surinder P. Kanwar**  
Chairman and Managing Director  
(DIN : 00033524)

**Sameer Kanwar**  
Joint Managing Director  
(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)  
**W.R. Schilha** (DIN : 00374415)  
**Rakesh Chopra** (DIN : 00032818)  
**Hiroo Suresh Advani** (DIN : 00265233)  
Directors

**Milind Pujari**  
Chief Financial Officer  
(PAN : AAAPP3554C)

**Prashant Khattry**  
Head (Legal) & Company Secretary  
(PAN : AOQPK8734B)

Place: Mumbai  
Date: 23 May, 2017





## Form No. SH-13 Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies  
(Share Capital and Debentures) Rules 2014]

To,  
**Bharat Gears Limited**  
**20 K.M. Mathura Road, P.O. Box 328,**  
**P.O. Amar Nagar, Faridabad- 121 003**  
**Haryana**

I/We\_\_\_\_\_ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

### (1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive Nos.

### (2) PARTICULARS OF NOMINEE/S

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:

### (3) IN CASE NOMINEE IS A MINOR

- (a) Date of birth:
- (b) Date of attaining majority:
- (c) Name of guardian:
- (d) Address of guardian:

### (4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:
- (i) Relationship with the minor nominee:

Name:

Address:

Name of the Security Holder(s)

Signature

Witness with name and address

Signature

## Form No. SH-14

### Cancellation or Variation of Nomination

[Pursuant to sub-section (3) of Section 72 of the Companies Act, 2013 and rule 19(9) of the Companies  
(Share Capital and Debentures) Rules 2014]

To,  
**Bharat Gears Limited**  
**20 K.M. Mathura Road, P.O. Box 328,**  
**P.O. Amar Nagar, Faridabad- 121 003**  
**Haryana**

I/We hereby cancel the nomination(s) made by me/us in favor of \_\_\_\_\_  
 \_\_\_\_\_ (name and address of the nominee) in respect of the below mentioned securities.

Or

I/We hereby nominate the following person in place of \_\_\_\_\_ as nominee in  
 respect of the below mentioned securities in whom shall vest all rights in respect of such securities in the event of my/our  
 death.

**(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled /varied)**

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive Nos.

**(2) (a) PARTICULARS OF THE NEW NOMINEE:**

- i. Name:
- ii. Date of Birth:
- iii. Father's/Mother's/Spouse's name:
- iv. Nationality:
- v. Address:
- vi. E-mail id:
- vii. Relationship with the Security holder:

**(b) IN CASE NEW NOMINEE IS A MINOR**

- i. Date of birth:
- ii. Date of attaining majority:
- iii. Name of guardian:
- iv. Address of guardian:

**(3) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY**

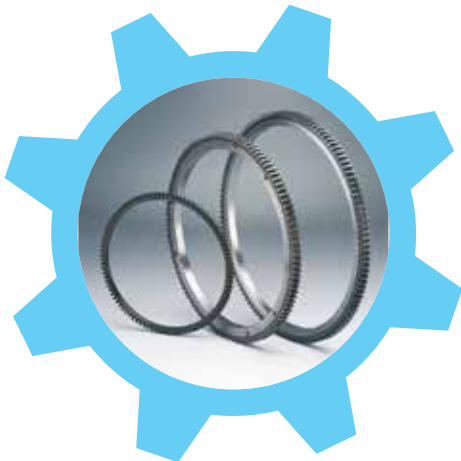
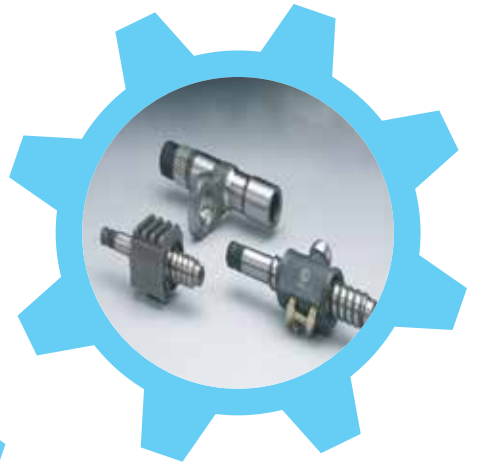
- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:
- (i) Relationship with the minor nominee:

Signature

Name of the Security Holder(s)

Witness with name and address





Notes



Geared for Life

Notes



Geared for Life







**BHARAT GEARS LIMITED**

*Geared for Life*

**Registered Office**

20 K.M. Mathura Road, P.O. Amar Nagar,  
Faridabad-121 003, Haryana

**CIN: L29130HRI971PLC034365**