

Making the Right Moves in  
Challenging Times

43<sup>rd</sup>

# Annual Report

2014-2015



**BHARAT GEARS LIMITED**

*Geared for Life*

**“ Business, like chess, is about focusing and concentrating on the final goal – to win. In the interim, one learns to deal with situations and even if need be make strategic sacrifices. Each move is a well calibrated one, which constantly analyses the future and the moves the opponents may make. Tactics keep changing while one is married to a long term strategy. And, finally, success is always determined by the moves that one makes through the game ”**





H

N

E

H

N

O

O

|                                                                 |    |
|-----------------------------------------------------------------|----|
| ● Chairman's Message .....                                      | 2  |
| ● Five Years Financial Snapshot .....                           | 5  |
| ● Corporate Information .....                                   | 6  |
| ● Strategic Focus: Customers .....                              | 8  |
| ● Strategic Focus: Manufacturing Facilities .....               | 10 |
| ● Strategic Focus: Expanding Capacities .....                   | 14 |
| ● Strategic Focus: Global Markets, Operations Excellence .....  | 16 |
| ● Management Discussion and Analysis .....                      | 20 |
| ● Board's Report .....                                          | 32 |
| ● Corporate Governance Report .....                             | 59 |
| ● Auditor's Report to the Members of Bharat Gears Limited ..... | 75 |
| ● Financial Statements .....                                    | 78 |
| ● Notes Forming Part of the Financial Statements .....          | 82 |

## CHAIRMAN'S MESSAGE



Surinder P. Kanwar, *Chairman & Managing Director*

Dear Shareholders,

There is a strong parallel between running a business and playing a game of chess. The final result will almost always depend on the decisions taken during the opening gambit and the middle game. In fact, each move that one makes has to be carefully crafted as an element of a larger plan that takes into account the future environment, which is often determined by moves that others make. While there is always some element of uncertainty that needs to

be dealt with, but the overall long term growth of an organisation is largely dependent on the design of these very strategic moves. Importantly, like in a game of chess, in the corporate world too, we need to continuously adjust and realign our strategic moves in line with the way the game evolves. Of course, one also has to have capabilities to implement the plans with clockwork precision. We at Bharat Gears, have made our opening gambit and have entered a difficult middle game.

In the last three years, the external environment has been particularly harsh for your Company. Demand conditions have been under stress, there were wide fluctuations in foreign exchange, interest rates remained high and business confidence hit major lows.

The demand conditions have been particularly difficult. With a significant slowdown in the Indian economy, right across the automobile sector, demand was impacted adversely. Our principal customers are manufacturers of tractors, commercial vehicles and construction equipment. Demand for commercial vehicles and construction equipment had already contracted in FY2013 and FY2014. The tractor sector, however, had been a silver lining so far. Since FY2009, tractors sales has been growing steadily and the sector delivered robust sales numbers. In FY2009 sales was around 3.4 lakh tractors a year, while in FY2014, this has increased to around 6.3 lakh tractors a year. Unfortunately, in FY2015, the positive growth trajectory for tractor sales in India has also come to a grinding halt. In fact, sales in FY2015 was 13% lower than in FY2014. We have entered a down-cycle in the industry, which is natural to the growth of any industry. We hope that the downside will remain for a short period of time and the revival will be faster.

In April 2012, the rupee was trading around ₹ 50 to a US dollar. It devalued substantially to reach levels of around ₹ 68 by August 2013. Since then, there has been some rally and during FY2014, there was some stability around ₹ 60 to a dollar. However, over the last few years the conviction on the stability of the rupee has been weak to effectively plan long term export relations or access lower cost international finance. As far as interest rates are concerned, there has been some easing out in the last few months



as the RBI focused on growth with inflation with some degree of control. But, these levels are still on the higher side and capital investments to remain globally competitive comes at a relatively higher cost.

As you are aware, your Company had embarked on a long term strategy in the last few years that focused on growing exports, continuously staying abreast in terms of technology, developing scale of operations and promoting manufacturing excellence. The key was to grow the business in terms of volumes, while also diversifying in terms of products, markets, and manufacturing units.

Essentially, we are in an investment phase at a time when external conditions have been difficult. It is a period in between enhancing and developing our own capabilities and generating significant incremental revenues from the expansion process. Even under natural course of business, one would expect some pressure on profits during this phase. However, we have also had to deal with the external exigencies discussed earlier. Naturally, in the interregnum, our financial performance has been affected.

Gross turnover reduced by 2% to ₹ 452 crore in FY2015 and the Company generated losses of a little over ₹ 4 crore in FY2015 compared to a marginal profit in FY2014. While, certainly these are not satisfactory numbers, but to understand the magnum of market difficulties, one must look at the industry figures estimated by ACMA (Automotive Components Manufacturers Association). After total industry turnover reducing by 2% in FY2014, there was a further 3% reduction in FY2015. Under the circumstances, our performance is a mere reflection of the industry conditions.

While, certainly the business slowdown has affected the pace of our growth plans, we have consciously continued to maintain focus on our long term strategy. There have been positive developments in most of the targeted building blocks of our strategic path.

To begin with, our exports performance continued to gain momentum. In fact, exports grew by 17% to ₹ 134.08 crore in FY2015, which accounts for 32% of total sales of the year. Only, five years back in FY2011, exports constituted only 16% of our total sales. Particularly, in the last 2 years, it has been exports that have substantially helped in stabilising our sales given the depressed domestic market

conditions. The foray into exports has not happened overnight. It was a planned effort, which required developing global customer relations, creating requisite logistics, developing appropriate products, further raising our bar in terms of quality and enhancing the production processes. These were focused efforts and we are starting to see their positive results. All efforts are being made to increase our business with the existing export customers and to further expand and build relations with new customers. I have always said, that in terms of exports, we have just scratched the tip of the iceberg. There is a huge market for us to benefit from by having even a miniscule share as a global player. We are making all efforts to become an increasingly more global company.

A corollary to this goal has been the way we have planned our capacity expansions. Our strategy is to expand capacities by building island of excellence that are focused on certain product groups and customers. As you are aware, in FY2014 we inaugurated our third plant in Lonand, near Pune, Maharashtra. Commercial production commenced in FY2015. This plant, with a focus on transmission gears, is being developed with all the principles of LEAN management. It has state of the art quality culture, which is reflected in the fact that the plant has not received any customer complaint since it started commercial production. I expect this to be our benchmark plant in terms of processes in the near future.

Initiatives focusing on promoting manufacturing excellence including those related to safety, 5S, Kaizen, autonomous maintenance, visual management, standard work and lost time analysis is being aggressively deployed across our existing plants at Faridabad and Mumbra. This has made a difference to our operations work culture. Even in a difficult financial year, we continued with our efforts of streamlining the workforce and spent a little over ₹ 2 crore as part of our Voluntary Retirement Scheme (VRS).

The Company continued with its long terms goal of continuous up-gradation of technology by commissioning the T-60 Gear Tester at the Faridabad plant. We are consolidating our investments in new machinery over the last few years and working on maximizing utilization before moving on to further rounds of capital investments in machinery. Today, we have the technology in bevel with dry cut machines and in transmission with high speed Mitsubishi machines to compete against the best of global players. Over a period of time, we will certainly further upgrade our technology capabilities.

# 43<sup>rd</sup> ANNUAL REPORT

2014- 2015

As I pen down this message, there are some positive trends in the automobile industry. In May 2015, passenger vehicles volumes grew by 4.7% and commercial vehicles by 3.9%. However, tractor sales remained affected decreasing by 18.1%. The Government of India has given all indication of providing a thrust to infrastructure and taken some proactive decisions particularly for roads and railways; so one expects a pick-up in demand for construction equipment. Overall, I expect the domestic market to remain competitive for us with small islands of opportunities that we will make all efforts to leverage. Exports will continue to be our primary growth driver in FY2016. I believe, we are in a critical phase of our growth path and the worst is behind us. We need to ramp up the new plant at Lonand quickly to be able to service the cost of debt that has gone into setting it up. This ramp up was affected in FY2015 due to the market downturn and was the prime reason for generating losses. We are

cautiously optimistic of being able to grow our topline in line with the debt servicing costs in FY2016 and generate profits.

I thank all of you – employees, shareholders, financiers, partners and customers – for lending your support to the Company. Hope to continue receiving your good wishes as we make our moves through difficult times. We are confident of sailing through to our long term goal and living up to the trust you have reposed on the Company.

Regards



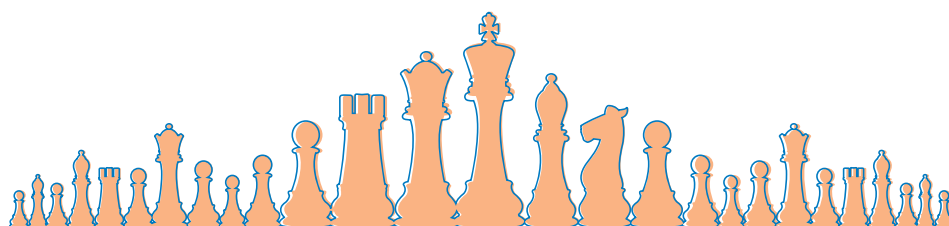
**Surinder P. Kanwar**  
Chairman & Managing Director





## FIVE YEAR FINANCIAL SNAPSHOT (₹ MILLION)

|                                                | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|------------------------------------------------|---------|---------|---------|---------|---------|
| Net Income from Operations (NI)                | 3350.2  | 4305.6  | 3926.2  | 4198.7  | 4148.9  |
| Exports                                        | 455.9   | 740.4   | 824.4   | 1143.2  | 1340.8  |
| Exports (% of Net Income from Operations)      | 13.6%   | 17.2%   | 21.0%   | 27.2%   | 32.3%   |
| Contribution (NI - Material Costs)             | 1713.4  | 2107.5  | 1935.2  | 2178.4  | 2183.4  |
| Contribution (% of Net Income from Operations) | 51.1%   | 48.9%   | 49.3%   | 51.9%   | 52.6%   |
| EBIDTA                                         | 321.1   | 502.3   | 306.5   | 288.1   | 238.8   |
| EBIDTA (% of NI)                               | 9.6%    | 11.7%   | 7.8%    | 6.2%    | 5.8%    |
| Interest & Finance Charges                     | 85.7    | 126.9   | 116.5   | 144.9   | 163.5   |
| PBT                                            | 144.6   | 267.6   | 74.5    | 6       | -64.3   |
| PAT                                            | 97.1    | 185.9   | 49.7    | 6       | -42.1   |
| Earnings Per Share (EPS) - ₹/share             | 12.11   | 23.63   | 6.35    | 0.76    | -5.38   |
| Reserves and Surplus                           | 502.3   | 652.2   | 684.4   | 680.3   | 628.6   |
| RONW (PAT/Net Worth)                           | 16.4%   | 25.5%   | 6.5%    | 0.8%    | -6.0%   |



## CORPORATE INFORMATION

### AUDIT COMMITTEE

Dr. Ram S. Tarneja, Chairman  
Mr. V.K. Pargal  
Mr. N.J. Kamath\*  
Mr. Rakesh Chopra

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. N.J. Kamath\*, Chairman  
Mr. Sameer Kanwar  
Mr. Rakesh Chopra

### NOMINATION AND REMUNERATION COMMITTEE

Mr. N.J. Kamath\*, Chairman  
Dr. Ram S. Tarneja  
Mr. V.K. Pargal  
Mr. Surinder P. Kanwar

### FINANCE COMMITTEE

Mr. Rakesh Chopra, Chairman  
Mr. Surinder P. Kanwar  
Mr. Sameer Kanwar  
Mr. S.G. Awasthi

### AUDITORS

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

### CHIEF FINANCIAL OFFICER

Mr. Milind Pujari

### HEAD (LEGAL) & COMPANY SECRETARY

Mr. Prashant Khattry

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Surinder P. Kanwar, Chairman  
Mr. Sameer Kanwar  
Mr. Rakesh Chopra  
Mr. S.G. Awasthi

### BANKERS

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

### REGISTRAR & TRANSFER AGENT

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

\*Mr. N.J. Kamath, Director has resigned w.e.f 29 May, 2015

### OFFICE LOCATIONS

- **REGISTERED OFFICE**  
20 K.M. Mathura Road, P.O. Amar Nagar,  
Faridabad - 121 003
- **CORPORATE OFFICE**  
14th Floor, Hoechst House, Nariman Point,  
Mumbai - 400 021
- **BRANCH OFFICE**  
1009, Surya Kiran Building,  
19, Kasturba Gandhi Marg, New Delhi -110 001

### 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



## BOARD OF DIRECTORS



Names in order from left to right :

Standing: Ms. Hiroo Suresh Advani (Independent Director), Mr. V.K. Pargal (Independent Director),  
Mr. Rakesh Chopra (Independent Director), Mr. S.G. Awasthi (Independent Director),  
Mr. W.R. Schilha (Independent Director), Mr. Sameer Kanwar (Joint Managing Director),  
Sitting: Dr. Ram S. Tarneja (Independent Director), Mr. Surinder P. Kanwar (Chairman & Managing Director),  
Mr. N.J. Kamath\* (Independent Director)

\*Mr. N.J. Kamath, Director has resigned w.e.f 29 May, 2015

## SENIOR MANAGEMENT



**Mr. Sameer Kanwar**  
Joint Managing Director



**Mr. Milind Pujari**  
Chief Financial Officer



**Mr. Naresh Verma**  
Corporate Head - HR



**Mr. Jagdeep Singh**  
Business Head - After Market



**Mr. Sandeep Bathla**  
Corporate Head - Operations



**Mr. K.K. Deshpande**  
Head - OE Marketing &  
Business Development



**Mr. Prashant Khattry**  
Head - Legal and Company  
Secretary

## STRATEGIC FOCUS: CUSTOMERS

Bharat Gears is continuously striving to enhance its servicing capabilities to increasing number of customers across the globe and cement strong customer relations.



Customer Interaction

### GEARS BUSINESS

Has a wide range of products comprising of ring gears and pinions, transmission gears and shafts, differential gears, and gear boxes for that services a marquee list of Original Equipment Manufacturers (OEMs).

### CLIENT LIST

BGL products are trusted by reputed companies in India and around the world for years for quality and service.

|                                                                                     |                                                       |                                                                                      |                                              |
|-------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------|
|  | Agriking Tractors & Equipments (P) Ltd.               |  | New Holland Fiat India Pvt. Ltd.             |
|  | Ashok Leyland Limited                                 |  | Paharpur Cooling Towers Ltd.                 |
|  | AVTEC Limited                                         |  | Rico Auto Industries Ltd.                    |
|  | Carraro India, Italy, China                           |   | Spicer India Ltd. DANA India Ltd.            |
|  | CLAAS Tractor SAS France, Hungary                     |  | SML ISUZU Ltd.                               |
|  | EATON Corporation - USA                               |   | Transaxle Manufacturing of America (TMA) USA |
|  | Force Motors Ltd.                                     |  | Tractors and Farm Equipment Ltd.             |
|  | Godrej & Boyce Mfg. Co. Ltd.                          |  | Toyota Kirloskar Auto Parts Ltd.             |
|  | Hyva India Pvt. Ltd.                                  |  | VST Tillers & Tractors                       |
|  | JCB-India, UK                                         |  | Escorts Ltd.                                 |
|  | John Deere - India, USA, Spain, Mexico, Brazil, China |  | Voltas Ltd.                                  |
|  | Mahindra & Mahindra Ltd.                              |   | ZF China, India, USA                         |
|  | Man Trucks India Pvt. Ltd.                            |  | Schafer Driveline LLC, USA                   |



## BGL Auto Components

Has developed and is leveraging its extensive dealership network that can penetrate the Indian market with an array of auto-components that is designed, sourced, tested and distributed by Bharat Gears.

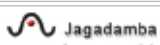


### DEALER NETWORK

|                               |     |                        |      |
|-------------------------------|-----|------------------------|------|
| Jammu & Kashmir               | - 2 | Jharkhand              | - 2  |
| Himachal                      | - 1 | Orissa                 | - 2  |
| Punjab                        | - 2 | West Bengal            | - 3  |
| Chandigarh                    | - 1 | Kolkata - Sales Office |      |
| Delhi                         | - 5 | North Eastern States   | - 3  |
| Delhi - Sales Office & Godown |     | Andhra Pradesh         | - 3  |
| Haryana                       | - 3 | Telangana              | - 1  |
| Rajasthan                     | - 5 | Karnataka              | - 6  |
| U.P.                          | - 2 | Tamil Nadu             | - 3  |
| Uttarakhand                   | - 1 | Kerala                 | - 4  |
| Gujarat                       | - 3 |                        |      |
| M.P.                          | - 3 |                        |      |
| Chhattisgarh                  | - 2 |                        |      |
| Maharashtra                   | - 8 |                        |      |
| Mumbai - Sales Office         |     | Distributors           | - 68 |
| Goa                           | - 1 | Sales Office           | - 3  |
| Bihar                         | - 2 | Godown                 | - 1  |

## BGL Furnaces

Engineers and undertakes onsite construction of batch and continuous heat-treating furnace systems in technical association with AFC-Holcroft, Michigan, USA.

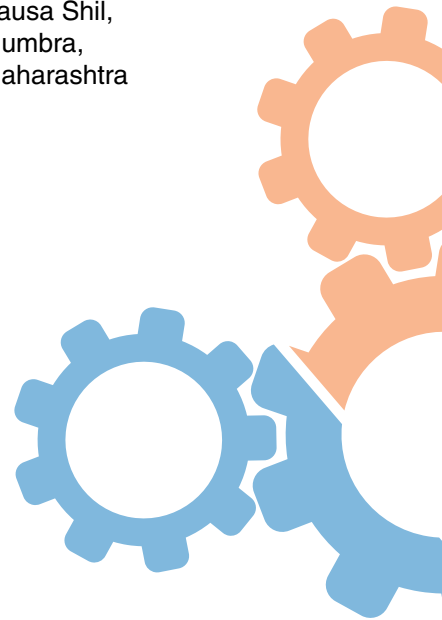
|                                                                                     |                                             |                                                                                      |                                  |
|-------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|
|  | AAM India Manufacturing<br>(American Axles) |  | Mahindra & Mahindra              |
|  | Ashok Leyland Limited                       |  | Oerlikon Drive Systems           |
|  | AVTEC Limited                               |  | Preciforge and Gears             |
|  | Bajaj Auto                                  |   | Precision Fasteners              |
|  | Bharat Earth Movers                         |  | Sanjeev Auto Parts Manufacturers |
|  | Drilbits International Pvt. Ltd.            |   | Sona Koyo Steering Systems       |
|  | Exedy India Limited                         |  | Sundaram Fasteners Ltd.          |
|  | High Technology Transmission Systems        |  | TATA Motors Ltd.                 |
|  | Indian Railways                             |  | Timken India                     |
|  | Jagadamba Auto Components                   |  | Tractor Engineers                |
|  | Mukand Limited                              |  | Varroc                           |

## STRATEGIC FOCUS: MANUFACTURING FACILITIES

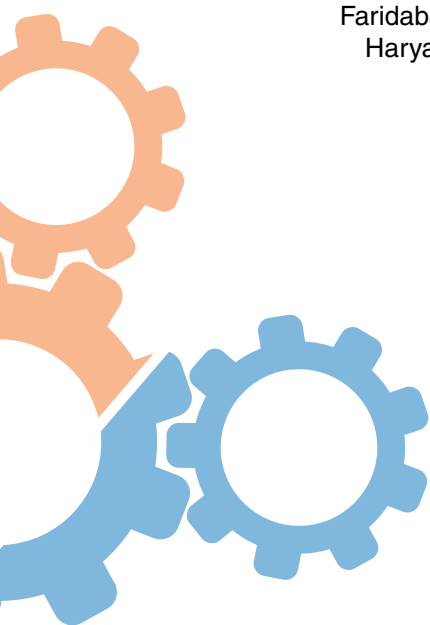
The manufacturing facilities at Mumbra and Faridabad have been developed with modern equipment to cater to demands for bevel, transmission and differential gears. There has been constant efforts to regularly upgrade technology for specific types of gear production.



Kausa Shil,  
Mumbra,  
Maharashtra



Faridabad,  
Haryana





## CWP GENERATING TECHNOLOGIES



Klingelnberg C-29

Klingelnberg C-50



## BAR BLADE GRINDING & CUTTER SETUP TECHNOLOGIES



**FOR BEVEL GEARS**

Investing in highly sophisticated 'two cut' method of production. The company has the 'state of the art' C29 machine supported by the C50 machine, which is one of its kinds with complete robot based operations world for years for quality and service

Klingelnberg CS 200

## GEAR CUTTING TECHNOLOGIES

### FOR TRANSMISSION GEARS

Investing in high speed hobbors and shavers supported by shaving cutting sharpener for efficient restoration of tools



Mitsubishi GE-20A Hobber



Mitsubishi GE-25A Hobber



Mitsubishi FE-30A Shaver

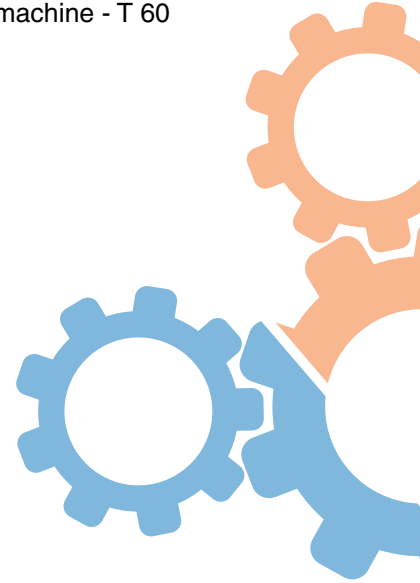




## TESTING TECHNOLOGIES



Klingelnberg  
Tester machine - T 60



P-65

### FOR TESTING

Investing in most advanced testing equipment to meet stringent customer tolerances. T60, P65 and P40 machines already under operation.



P-40

## STRATEGIC FOCUS: EXPANDING CAPACITIES

The Company continues to focus on developing the third facility at Lonand, near Pune in Maharashtra, India. The facility is being developed as a model unit with state of the art safety and lean management practices.



Initially, it is being developed as a transmissions unit that will provide better access to customer belt in the Pune region.





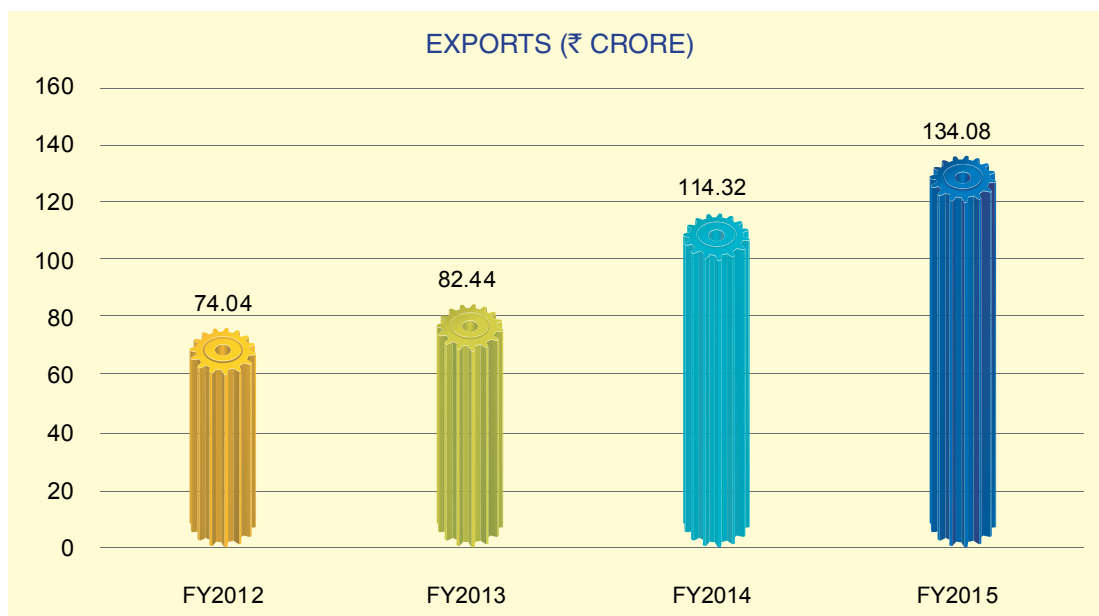
Commercial production has commenced and the plant has secured ISO14001:2004 & BS OHSAS 18001:2007 certificate received from Bureau Veritas.

- CGC installation completed and cold trials taken.
- Cell Layout for specific parts has been completed
- Two Borewells drilled in plant premises. Approx 8000Ltrs /day water is drawn.
- BGL-Lonand has completed 700 Accident free days.
- BGL- Lonand has completed 250 days supply without Customer Complaint

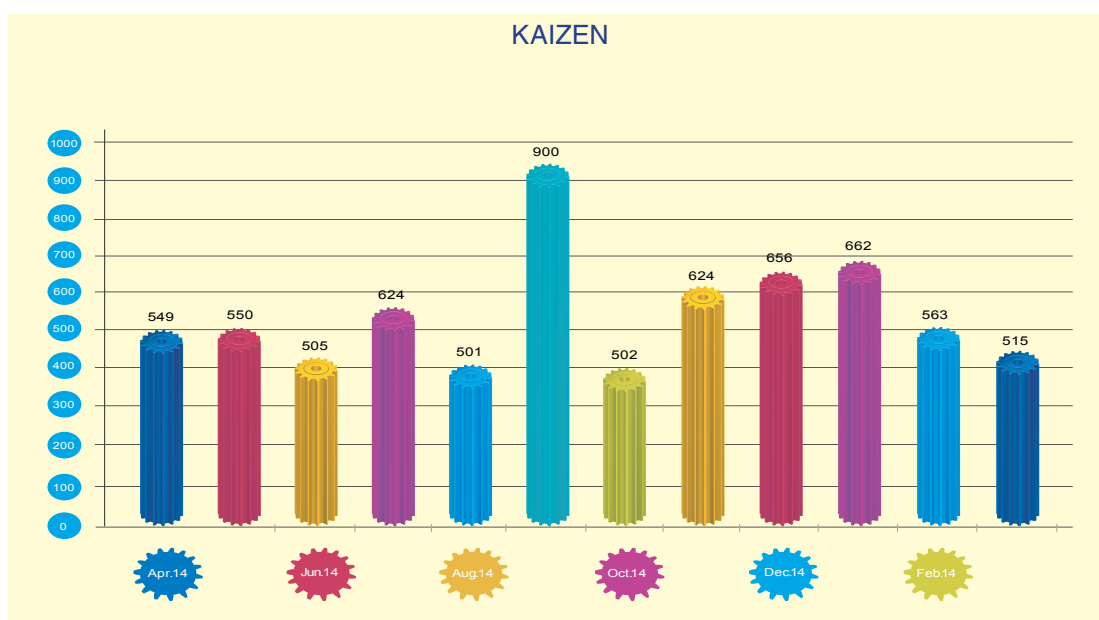


## STRATEGIC FOCUS: GLOBAL MARKETS, OPERATIONS EXCELLENCE

The Company has been gearing its own capabilities by adopting lean management practices to drive excellence in manufacturing and supporting it with engineering systems that minimise 'time to market' and enhance partnerships with global customers.



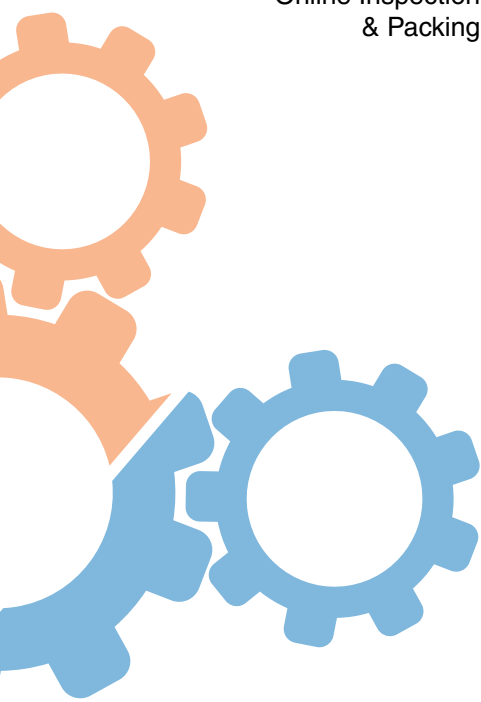
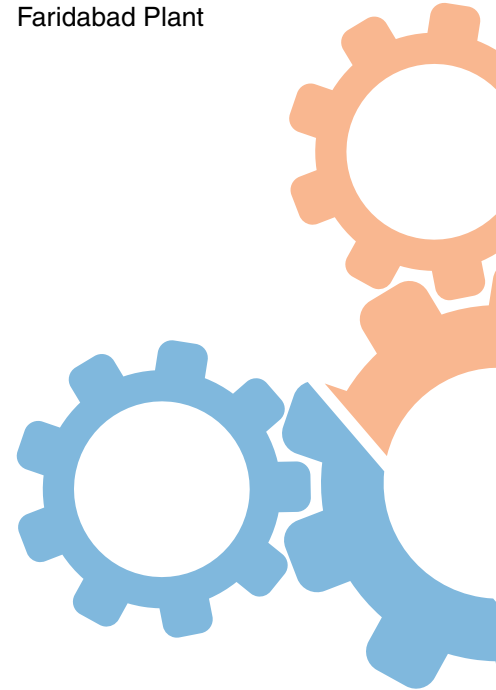
With these firmly in place, the Company is fast growing its exports and reaching out to a global customer base



Continues to be high level of participation in improvement activities as represented by steady healthy levels of Kaizens



Streamlining Layout at Faridabad Plant



Online Inspection & Packing



## OPEN HOUSE



## OPEN SPACE - OPEN MIND

● Brain-storming session under the tree

● Creative ideas by employees





## 5 'S' EVENT



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTRODUCTION

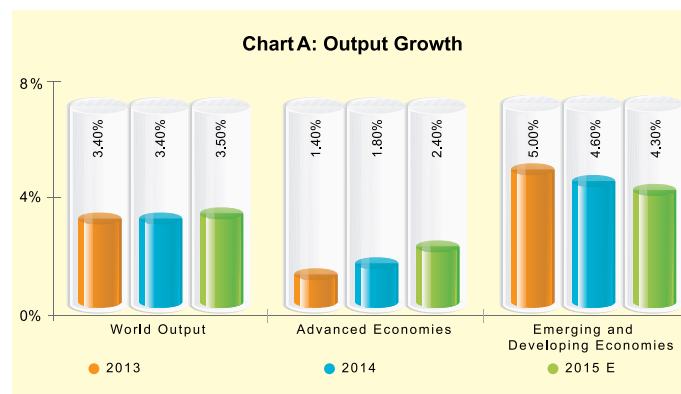


### MACRO-ECONOMIC ENVIRONMENT

Bharat Gears Limited (referred to as 'BGL' or 'the Company') is one of India's leading automotive gear manufacturers. The Company primarily produces medium to heavy gears and related components for agricultural machinery, commercial vehicles and construction equipment. After establishing a dominant positioning in the domestic market, in the last few years the Company has also focused on consciously building global customer relationships and growing its exports.

Having initially developed distribution competence in the after-market with its own manufactured gear products, Bharat Gears has extended its presence in the after-market distribution space through its separate business division – BGL Auto Components, which also deals with a select set of other auto-components. In this business, BGL Auto Components works on identifying markets, determining market positioning, developing innovative sourcing and distribution. In addition, there is a furnace division that manufactures heat treatment furnaces on site primarily for the auto-component industry.

From a global perspective there have been two distinct developments. For one, while advanced economies showed some signs of revival, emerging economies witnessed a slowdown. For another, there was a sharp fall in oil prices from November 2014. As Chart A shows, advanced economies grew by 1.8% in Calendar Year (CY) 2014 compared to 1.4% in CY2013, while emerging economic growth reduced from 5% in CY2013 to 4.6% in CY2014.



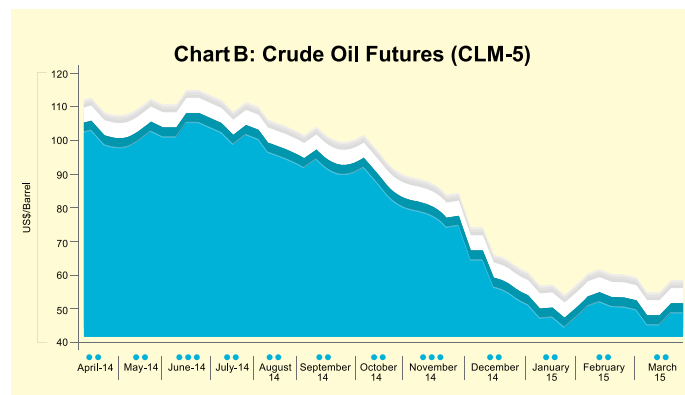
Source: IMF estimates





Growth in the United States was stronger than expected; averaging about 4% annualized in the last three quarters of CY2014, which is the basic reason for some optimism regarding advanced economies. Advance economies are projected to improve their growth to 2.4% in CY2015. For emerging economies, some of the large countries are facing structural issues with investment slowdown and rising public debt and growth is expected to reduce further to 4.3% in CY2015. Overall global growth is expected to remain around 3.4-3.5%.

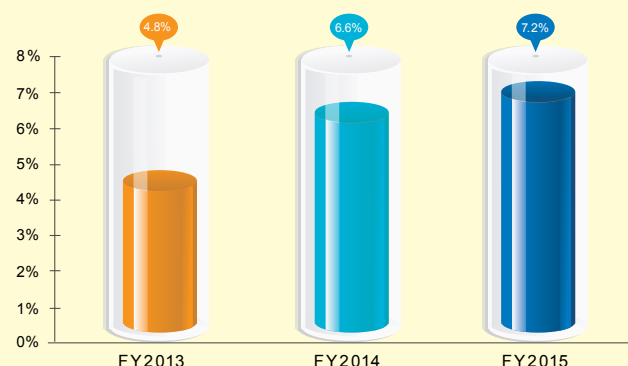
The good news for the automobile industry from a macro-economic perspective has been the sharp drop in oil prices. There has been a complete churn in the global oil and gas economy. This warrants a more detailed explanation. The bottom line is that since November 2014 when oil prices were at levels above US\$ 100 a barrel, it fell sharply to levels around US\$ 40 a barrel in March 2015 and is today trading around US\$ 60 a barrel (see Chart B). A generally depressed global market condition, increased US oil and gas supplies, non-reduction of supplies by OPEC countries and a reduction in speculative demand have contributed to this fall in price.



Source: *investing.com*

The Central Statistical Organisation (CSO) of the Government of India has refined and adjusted methods of calculating certain macro-economic parameters. Consequently, a comparative analysis of long term trends may not depict the correct picture. However, data over the short term reflect a positive movement. Real Gross Value Added (GVA), which is replacing the traditional Gross Domestic Product (GDP), witnessed a gradual positive trend over the last three years – moving from 4.8% in FY2013 to 6.6% in FY2014 to 7.2% in FY2015. Having said so, it needs emphasising that these growth rates are still on the lower side and pale in comparison to the double digit numbers witnessed a few years earlier. Chart C plots the CSO data.

**Chart C: Grow Value Added Growth, India**



Source: *Central Statistical Organisation (CSO), Government of India*

The new BJP-led NDA government that took charge in May 2014 have taken some positive initiatives. However, much of these will take some time to make an impact on the ground as the structural weaknesses in the economy runs deep. However, there is some renewed optimism in business sentiments.

Foreign investors, for example, seem to have taken a positive cue from the developments. Not only have there been much higher foreign portfolio investments (FPI) into the stock market but also positive trends in the more sticky foreign direct investments or FDI. For the April-February period, for which data is available, FDI into India increased by 23% from US\$ 26.5 billion in 2013-14 to US\$ 32.7 billion in 2014-15. Regarding portfolio investments, while in 2013-14 there was capital flight with US\$ 487 million net outflow, 2014-15 has seen a net inflow of US\$ 38.9 billion. A corollary to the improved investor sentiments is that growth in gross fixed capital formation (GFCF), which had hit a low of -0.3% in 2012-13 and has steadily improved to 4.1% in 2014-15.

The other good news is the gradual easing of inflationary pressures. With inflation under control, the Reserve Bank of India (RBI) has signalled a steady lowering of interest rates with two successive cuts in the benchmark repo rate – reducing from 8% in December 2014 to 7.5% in April 2015. Going forward the RBI's monetary policy will balance the growth objectives with need to maintain stability in domestic prices and the rupee exchange rates.

Macro-economic conditions are certainly looking better; however, the pace of improvement is gradual and slow.

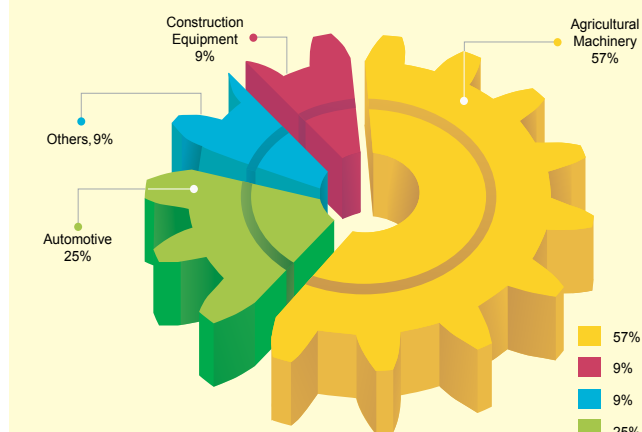
## GEARS BUSINESS



Bharat Gears has a presence across a wide range of gears servicing the automobile industry. The Company manufactures bevel gears and pinions, transmission gears and shafts, and differential gears. It has also enhanced its positioning at the higher end of the value chain by manufacturing some sub-assemblies for gear boxes. BGL services a wide Original Equipment (OE) customer base that includes leading players in agriculture machinery, LCV's and UV's, M&HCV's and construction equipment manufacturers.

Chart D shows the user segment-wise distribution of the Company's sales in FY2015. The largest segment is agriculture machinery (57%), followed by automotive including M&HCV's and LCV's (25%), construction equipment (9%), and others (9%)

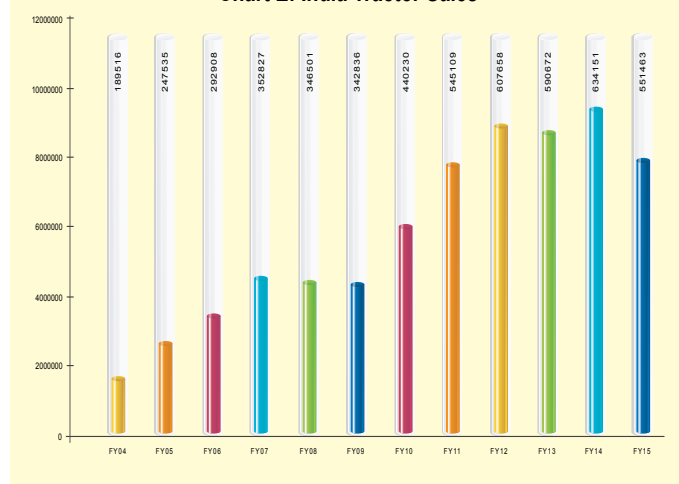
**Chart D: BGL Sales- Customer Segment**



of trade for farmers as confirmed by a recent agriculture ministry appointed working group report. This meant more disposable income and money in the hands of the rural population, which enabled increase in purchasing power of farmers.

FY2015 has, however, seen a reversal of all these trends, starting with the drop in crop price realizations following the end of the global bull-run in commodities and aggravated by crop damage from monsoon failures in combination with untimely rains and hailstorms. Besides, rural wage growth, too, has slowed down to 5-6% as non-farm job opportunities have dried up amid general economic sluggishness.

**Chart E: India Tractor Sales**



Source: Tractor Manufacturers' Association

## MARKET SCENARIO



Between Financial Year FY 2004 and FY2014, domestic tractor sales more than trebled from under 1.9 lakh to over 6.3 lakh units, after averaging about 2 lakh units annually through the nineties and the early part of the last decade. This surge had mainly to do with rising farm incomes underpinned by a global commodity boom, resulting in higher crop realizations and also forcing hikes in official minimum support prices to align them with world prices. Unlike in the 1990s, the early 2000 period saw higher incomes and improved terms

Consequently, as Chart E shows that tractor sales reduced by around 13% to 5.5 lakh units in FY2015. Monsoon forecast point at below-average rainfall in India during CY2015, which would be detrimental to agriculture and rural demand, including tractor sales.

Although the revival is slow, the Indian automobile industry is finally seeing an uptick in sales. As Table 1 shows FY2015 numbers reveal that all vehicle categories other than Commercial Vehicles (CVs) are in positive territory and passenger car sales have returned to the black after three years. Riding on the back of a gradual uplift in market sentiments, excise duty cuts continuing through to December 2014 and the opening up of the mining and infrastructure



Table 1: Vehicle Sales

| COMPANY                       | APRIL-MARCH |  |            |          |
|-------------------------------|-------------|--|------------|----------|
|                               | 2013-14     |  | 2014-15    | % CHANGE |
| <b>PASSENGER VEHICLES</b>     |             |  |            |          |
| Passenger Cars                | 1,786,826   |  | 1,876,017  | 4.99%    |
| Utility Vehicles              | 525,839     |  | 555,699    | 5.68%    |
| Vans                          | 190,844     |  | 171,395    | -10.19%  |
| Total passenger vehicles      | 2,503,509   |  | 2,603,111  | 3.98%    |
| <b>COMMERCIAL VEHICLES</b>    |             |  |            |          |
| M&HCVs                        |             |  |            |          |
| Passenger carriers            | 38,709      |  | 36,837     | -4.84%   |
| Goods carriers                | 161,909     |  | 195,918    | 21.01%   |
| Total M&HCVs                  | 200,618     |  | 232,755    | 16.02%   |
| <b>LCVS</b>                   |             |  |            |          |
| Passenger carriers            | 42,799      |  | 44,816     | 4.71%    |
| Goods carriers                | 389,434     |  | 337,390    | -13.36%  |
| Total LCVs                    | 432,233     |  | 382,206    | -11.57%  |
| Total commercial vehicles     | 632,851     |  | 614,961    | -2.83%   |
| <b>THREE-WHEELERS</b>         |             |  |            |          |
| Passenger carriers            | 385,384     |  | 432,234    | 12.16%   |
| Goods carriers                | 94,701      |  | 99,693     | 5.27%    |
| Total three-wheelers          | 480,085     |  | 531,927    | 10.80%   |
| <b>TWO-WHEELERS</b>           |             |  |            |          |
| Scooters/scooterettes         | 3,602,743   |  | 4,505,529  | 25.06%   |
| Motorcycles/stepthroughs      | 10,481,115  |  | 10,743,549 | 2.50%    |
| Mopeds                        | 722,920     |  | 755,503    | 4.51%    |
| Total two-wheelers            | 14,806,778  |  | 16,004,581 | 8.09%    |
| Grand total of all categories | 18,423,223  |  | 19,754,580 | 7.23%    |

Source: SIAM

sectors, the Indian automotive industry posted an overall growth of 7.22% in FY2015. While this is an improvement but the growth levels are still low.

In FY2015, passenger car and utility vehicle sales were up 4.99% and 5.30% respectively, pushing overall passenger vehicle sales up 3.90%. Van numbers however dipped 10.19%. In FY2014, PV's

had declined 6.05% and all three segments – cars, UV's and vans had seen a downturn. The overall CV sector's numbers are down in FY2015 mainly due to a below-par performance by LCV's, which de-grew 11.57% and pulled down CV sales by (-2.83%) year on year. M&HCV's recorded a good growth of 16.02% in FY2015.

With infrastructure development still not picking up at a fast pace, the Indian construction equipment industry grew by a paltry 2% in FY2015. Much of this growth was based on expectations of a ramp up in infrastructure development in the country. The Government of India has started taking several steps to push infrastructure development and this segment is expected to grow significantly in the next few years.

The "pronounced upswing" in the American tractor market came to an end in CY2014, although volumes still approached the very high levels seen at the beginning of the 2000s. More than 235,000 tractors were sold in North America (U.S. and Canada), with the "semi-professional" segment below 40 hp making up about 50% of market volume. The US tractor market was affected by reductions in tax incentives but the major obstacle is the oversupply of the market, so that much depends on movement toward a market clearance of high used machinery stocks. Therefore, the US tractor market is expected to witness a correction in FY2015.

Driven by need to replace an ageing fleet and the slight improvement in the domestic economy, commercial vehicles sales in the US has been steadily growing and in CY2014 it has almost come close to the high levels seen prior to the massive economic turmoil of 2008. This is creating opportunities. Chart F plots the data.



## MARKET PERFORMANCE

The sharp fall in BGL's primary market comprising tractors in India put severe pressure on revenue generation. The reduction in domestic sales was largely overcome by a growth in exports, and, overall gear sales increased marginally by 2% from ₹ 393.1 crore in FY2014 to ₹ 402.1 crore in FY2015.

The Company continues to make concerted efforts at leveraging relationships with existing customers as well as widening the customer base by adding new customers. Market conditions were such in FY2015, that there were no major developments in terms of new customers. However, there were significant requirements for new product development of existing clients. The wider product portfolio was important to build the export business. Unfortunately, many new products developed did not translate into material business growth as their commercialisation in the market place also got delayed from the customer end.

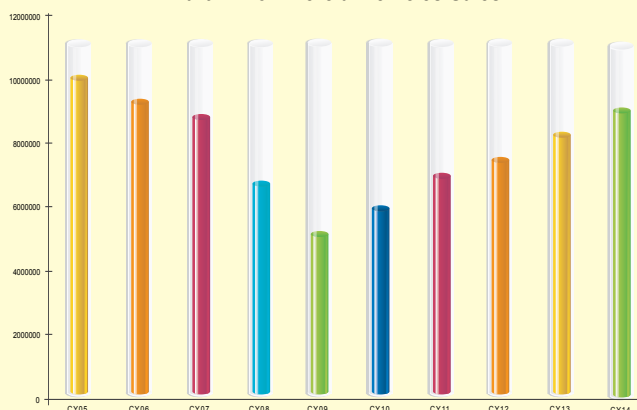
BGL continues to service a strong customer base comprising marquee players in each segment. Many of these customers are global players with a domestic presence in India. The Company continues with its effort to strengthen and cement relationships with these customers in the domestic market and explore opportunities to service their global needs.

The Company has made conscious efforts to de-risk the business from over reliance on a few set of customers. These efforts are slowly and steadily bearing fruit. In fact, % sales to top 5 customers reduced in the last 4 years from 63% in FY2012 to 60% in FY2015; to top 10 customers from 87% in FY2012 to 85% in FY2015.

BGL remains positioned globally as a cost competitive manufacturer with focus on quality. Continuous efforts are being undertaken to maintain the highest delivery standards in terms of 'on time' and 'in full'. The larger customer base with wider product portfolio, which is fast emerging as the need of the markets today, increases the challenges on this front. BGL is very conscious of not failing on this commitment. It has introduced a degree of flexibility in its production equipment and is continuously working on improving its planning systems.

These activities are aimed at establishing BGL not only as a vendor of choice but a trusted business partner for its customers across the world. The goal is to create as much a customer-centric organisation as possible within the contours of the inflexibilities inherent in the

**Chart F: Commercial Vehicles Sales**





prevailing technology for gear manufacturing and limitations of BGL's vendor base.

In line with the trend seen in FY2014, the conscious effort to export and penetrate global markets is starting to bear fruit – export sales actually increased by 17% from ₹ 114.32 crore in FY2014 to ₹ 134.08 crore in FY2015. Consequently over the last 5 years, the share of exports in sale of automotive gears and components has increased gradually from 16% in FY2011 to 32% in FY2015. This growth is a testimony to the good delivery record in the initial phase with global customers who have now extended orders and also started developing new products. While the global markets are under stress, BGL has a miniscule share of the global pie and there is ample scope and opportunities to grow exports aggressively.

further in FY2016. The team has initiated many improvement projects across the plant to reduce manufacturing cost in areas like power and fuel, oils, tooling and water. Today, there is a lot of focus on improving quality and productivity levels at this plant and one expects to see some quantum improvements in these parameters in the next two years.

## OPERATIONS



The three facilities of BGL are located at Mumbra (near Mumbai), Faridabad (near Delhi) and Lonand (near Pune). At Mumbra, BGL produces Bevel, Transmission and Differential gears, while at Faridabad it produces Bevel and Transmission gears and at Lonand the initial focus is on transmission gears. Both Mumbra and Faridabad plant of the Company continue to be certified under ISO/TS 16949 (quality). In addition, the Faridabad plant is also certified under ISO/14001 and EHS - OHSAS 18001 certification by BVC. The Lonand plant is in its second year of operations and went through the process for securing several certifications during FY2015.



## MUMBRA PLANT



Being the oldest plant, there is a focused drive to further strengthen the culture of safety. In fact, in FY2015, the facilities at Mumbra celebrated 100 days without any lost time injury. The processes at plant is being further streamlined by focused TQM initiatives. There is very good progress in adopting Kaizen with a total 3,618 Kaizens being implemented by the employees in FY2015. The level of 5S has also improved in the plant.

The plant has a wide variety of products being produced and meeting customer delivery schedules is particularly challenging. A lot of energy has been expended in FY2015 further improve performance in terms of customer deliveries.

On the cost front, importantly, the Company finalized the open power access purchase contract, which will help reduce energy costs



## 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 a continuous improvement culture. The plant has done 7,151 Kaizens in FY2015, which shows the high level of employee engagement. On the safety front, too, the performance was creditable – the plant had only 1 lost time injury in FY2015 and celebrated 627 accident free days.

There is a positive trend of in-house rejection and re-work. The Company also organized four 'supplier meets' in FY2015 to

strengthen and develop its vendor base. These meets also help disseminate the message of LEAN and excellence to the Company's vendors.

The delivery performance of the plant also witnessed improvements in FY2015. The various LEAN initiatives have been undertaken to reduce operating costs.

The Company continued with its long terms goal of continuous up-gradation of technology by commissioning the T-60 Gear Tester.



## LONAND PLANT



The Lonand plant has been established with culture of "safety" engrained in its systems and processes. The plant has remained "accident free" from the date of inauguration i.e. 13 May, 2013. As on date, Lonand plant has completed nearly 700 days without any lost time injury.

The culture of LEAN is taking its roots in Lonand plant and the team has already implemented 600 Kaizens in FY2015. The quality culture of Lonand plant is cutting edge. Bearing testimony to this, is the fact that the plant has not received any customer complaint since it started commercial production.

Efforts are on to create a good tier-2 supplier base around this plant, which will help to smoothen ramp up of production. There is complete focus on building people in the young plant and create a bench mark facility in all aspects.



Safe Launch Room



## AUTO COMPONENTS DISTRIBUTION

Bharat Gears is a trusted brand in the replacement gear market, where it continues to maintain steady market share. Today, the Company has a pan India distribution network with greater strengths in the East, North and West of India. The auto-components space includes a wide array of parts engineered to excellence where BGL maintains tight controls over design and quality. The range of products include 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.

Due to sluggish market conditions, revenues from the after-market distribution channel decreased by 16.5% to ₹ 32.74 crore in FY 2015.





## FURNACE



BGL Furnace division engineers and constructs batch and continuous heat-treating furnace systems in technical association with AFC-Holcroft, Michigan, USA. AFC-Holcroft is recognized internationally as an industry leader for innovative technology, quality and reliability. More than 110 BGL-AFC-HOLCROFT heat treating furnace systems are in service at several customers' plants in India.

In an environment where investments in the Indian auto component industry, which is the primary market, has seen a major slowdown in investments, operations of the furnace division were badly affected. Basically, there was inadequate orders. Consequently, business was slow and revenues were only ₹ 1.7 crore (including sale of services) in FY2015.



## SUPPORT SYSTEMS



The entire operations at BGL are well supported by strong human resource (HR) management and information technology (IT) as it's backbone.

HR has given continuous emphasis on training both workers and managerial staff through structured training programmes. The emphasis over the last few years for the management and

administrative staff has been to position and develop the workforce to be most efficient. On the shop-floor, HR management has been deployed to improve productivity and strike a fine balance between ensuring availability of manpower and managing cost of operations. In FY2015, labour relations at all the plants continued to be cordial and not a single day's work was lost. Even under difficult financial conditions, the Company remained steadfast on its goals of restructuring the labour force and ₹ 2 crore was spent on voluntary retirement (VRS) to streamline manpower deployment. The company has a well described succession planning in place. As on 31 March, 2015, BGL's total workforce was 1,280.

Bharat Gears has a well-functioning ERP system developed by RAMCO. The entire operations are streamlined through the ERP at both plants. IT tools are also effectively utilised for product development, quote management and compliance.



## FINANCIAL HIGHLIGHTS

Difficult market conditions led to a marginal 2% drop in gross turnover for the year ended March 31, 2015 (₹ 451.90 crore) compared to year ended March 31, 2014 (₹ 459.71 crore). In line with this, profit before interest, depreciation and tax reduced to ₹ 23.87 crore in FY2015 from ₹ 28.81 crore in FY2014.

|                              | ₹ in crore |         |
|------------------------------|------------|---------|
|                              | FY 2015    | FY 2014 |
| Turnover (GROSS)             | 451.90     | 459.71  |
| Profit before interest & Dep | 23.87      | 28.81   |
| Interest                     | 16.35      | 14.49   |
| Cash profit                  | 7.52       | 14.32   |
| Depreciation                 | 13.95      | 13.72   |
| Profit before Tax            | (6.43)     | 0.60    |
| Tax                          | (2.22)     | 0.00    |
| Net profit                   | (4.21)     | 0.60    |

## RISKS AND CONCERNS



At the operational level there are several risks that are inherent to the business. These are typically transactional in nature. These risks are managed through internal processes and controls and the effective utilisation of the ERP. In addition, the Company has to deal certain major micro risks that affect the Company's strategy implementation.

**Market Risks:** BGL is primarily an OE based gear supplier. Its ability to generate revenue growth is affected by the continuing relationship with the customer base and the developments in the customer industry as a whole. The Company still has a large concentration amongst a few groups of customers and industry segment. This concentration adds to market risks and also highlights the fact that one customer moving out could leave a large void.



BGL is focusing on widening its customer base, entering new user segments and spreading operations across geographies to mitigate this market risk.

**Input Cost Risks:** Being an integral unit of a long supply chain in the automotive industry, BGL is always exposed to the risks of having to absorb increased input costs that cannot be passed on to customers. While contractually steel cost increases can be passed on, there is always bargaining pressure from the large OEMs. Other

price increases like energy and operational expenses have to be offset by operational efficiency and value engineering.

**Technology Risks:** Globally, it is the Auto manufacturers who are the prime drivers of Component design, development and material changes. Thus, the component manufacturers need to continuously stay in sync with such progress. There is a risk of technological obsolescence that may drive away large markets. However, BGL has always invested in upgrading its technology to meet changing customer demand.

**Financial Risks:** The Company is exposed to various risks like any other business due to changes in foreign exchange rates, interest rates, credit availability and liquidity. While there will be repayment obligations in the near future, the Company is well positioned to service that and further finance its growth objectives.

The Company has adequate policy, procedure, and systems in place to forecast, analyse, assess, evaluate and take proactive actions/steps to deal with all types of financial risks.

**Regulatory and Safety Risk:** Changes in laws, regulations, policies and other Governmental actions could affect the Company's operation periodically. These laws, regulations and policies include those affecting environmental matters, employee welfare, safety, wastage emissions. The Company has ensured compliance of all laws applicable to the Company and monitors these effectively through compliance management system.

**Product Risks:** Many of the Company's products are critical components for the automotive customers. The Company maintains strong controls on design and product quality and interacts with customers regularly on technical issues. Wherever possible, there is contractual protection against such claims but with some of these risk exposure exists. In the after-market, especially while the Company provides for specific warranty, it is also exploring the cost benefits of product liability insurance.

**Exchange Rate Risks:** Exports growth has been happening steadily over the last few years. Such Exports sales also expose the Company to the risks associated with the volatility of global foreign exchange rates.



## OUTLOOK



The new Government of India has taken several initiatives and early indications from the macro-economic numbers do indicate an economic revival is under way in India. However, the progress of this improvement is slow and gradual. Unseasonal rains in March and April 2015 and the monsoon forecast don't auger well for Indian agriculture. Anyways, the tractor industry is on a slowdown purely from business cycle perspective. However, the commercial vehicles segment is looking up. Overall, business environment in BGL's core markets is expected to continue to be highly competitive. In this environment, BGL will continue to leverage its strong customer relationships and grow. Efforts at internal efficiency enhancements will be pursued with zeal and operations at the Lonand plant will be grown to take it through its initial teething period to a position of breaking even. For BGL, exports continue to be a major opportunity and all efforts will be put to further increase exports. The Company believes that FY2016 will continue to be a challenging year but for BGL it will surely be a step in the direction to much higher scale of operations.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY



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

In FY2015, the Company has initiated a detailed evaluation including testing for efficacy of the Company's internal financial control framework and systems with the support of the internal auditors. The framework was reviewed across all critical processes. The internal financial control framework will be further strengthened and made more operationally effective with planned activities through the next couple of years.

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 reports 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.

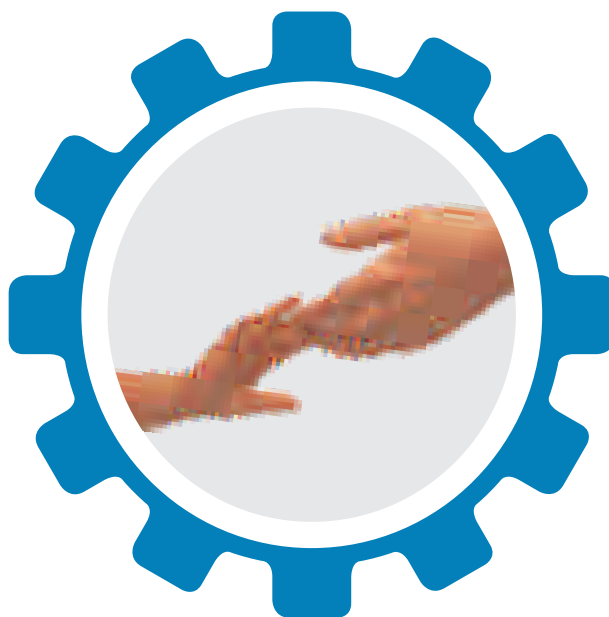


## CAUTIONARY STATEMENT

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



## CSR INITIATIVES



Bharat Gears Limited (BGL) is a pioneer in Gear Technology and India's largest gear manufacturer.

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 website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com/documents/corporate-social-responsibility-policy.pdf) under the link: <http://bharatgears.com/documents/corporate-social-responsibility-policy.pdf>

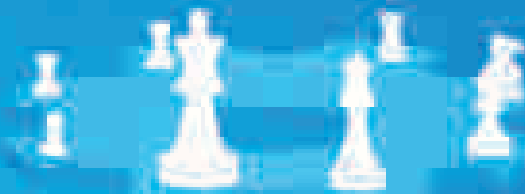
The broader activities proposed to be undertaken by the Company incorporated under the CSR policy in line with the activities prescribed under the Schedule VII of the Companies Act, 2013 includes:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age

homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art and setting up of public libraries;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- Rural Development projects.

During the past decades, the Company has voluntarily contributed to the lives of its associates, stakeholders in many different ways, which forms 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 also contributed to society especially the needy persons in our special ways and through various NGOs.



### Caring Autism

Autism is complex lifelong neurological disability affecting a person's communicative and imaginative skills and ability to relate to people. Symptoms range from a mild learning and social disability to a severe impairment. A number of autistic children do not ever develop speech while others do but rarely use language to communicate. There are nearly 2 million autistic persons in India and the diagnosis of autism is now growing at a steep rate.

Action for Autism (AFA) is the largest non-profit non-government organization providing support and services to persons with autism and their families.

BGL has been an active corporate contributor to the cause supported by AFA.

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

The Company has constructed an alternate road to the railway crossing in the local surrounding. The road is being used by the general public in large which has reduced the traffic congestion at the railway crossing and thus resulted in a no casualty zone.

The Company has taken a green initiative by developing and maintaining greenery along the road crossing thus contributing towards making the environment Clean and Green.

### Safety and Environment

The Company has adopted safety, health, and environment (SHE) policy with a commitment to provide a safe and healthy working environment, preservation of the environment of the territory in which the organization operates, preventing the wasteful use of natural resources and minimize any hazardous impact of development, production, use and disposal of any of the organization products and services on ecological environment, maintained highest standard of environmental management and ensure for all its members, consultants, contractors and customers a safe and healthy environment, free from injury and disease.

### Employee welfare

The Company provides med claim policy to its employees and also provides other assistance on any mis-happening with any employee, in deserving cases. Company does also provide valuable gifts to the employees on occasions of self marriage and on daughter's marriage and also celebrates their birthdays which create a feeling of self belonging to the Company in the minds of the employees for the Company. In order to build team spirit among employees, various cultural programmes and sports tournaments are also organized at short intervals and on festive occasions.

## BOARD'S REPORT

(SECTION 134 OF THE COMPANIES ACT, 2013)

To The Members

The Directors have pleasure in submitting 43<sup>rd</sup> Annual Report together with Audited Financial Statements of your Company for the year ended on 31 March, 2015.

|                                                                                                                                          | (₹/Crores)           |              |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|
|                                                                                                                                          | Financial year ended |              |
| Financial Results                                                                                                                        | 31.03.2015           | 31.03.2014   |
| Revenue from operations and other income (gross)                                                                                         | 451.90               | 459.71       |
| Profit before finance cost and depreciation and amortisation expense                                                                     | 23.87                | 28.81        |
| Finance Cost                                                                                                                             | 16.35                | 14.49        |
| Depreciation and Amortisation expense                                                                                                    | 13.95                | 13.72        |
| (Loss)/Profit before tax                                                                                                                 | (6.43)               | 0.60         |
| Less: Tax (benefit)/expense                                                                                                              | (2.22)               |              |
| <b>(Loss)/Profit after tax</b>                                                                                                           | <b>(4.21)</b>        | <b>0.60</b>  |
| <b>Surplus in Statement of Profit and Loss</b>                                                                                           |                      |              |
| Opening balance                                                                                                                          | 30.96                | 31.28        |
| Less: Depreciation on transition to Schedule II to the Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) | 0.96                 | -            |
| Add: (Loss)/Profit for the year                                                                                                          | (4.21)               | 0.60         |
| Less: Proposed Dividend                                                                                                                  |                      |              |
| - Equity                                                                                                                                 | -                    | 0.79         |
| Tax on distributed profits                                                                                                               | -                    | 0.13         |
| <b>Closing Balance</b>                                                                                                                   | <b>25.79</b>         | <b>30.96</b> |

### 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 March 31, 2015.

### FINANCIAL PERFORMANCE

On account of continuous subdued market conditions, the turnover of the Company for the year ended March 31, 2015 dropped by 2% vis a vis year ended March 31, 2014, which had adverse effect on the financial performance of the Company.

#### Key financial figures: FY 2014-15

- The EBITDA margin registered a drop from 6.27% in FY 2013-14 to 5.28% in the current fiscal due to higher fixed costs.
- One time cost of ₹ 2.04 Crores was incurred by the Company towards Voluntary Retirement Scheme in the FY 2014-15 against ₹ 0.25 Crores in FY 2013-14.
- The Company, in the current year has incurred a loss (after tax credit) of ₹ 4.21 Crores compared to Profit after Tax of ₹ 0.60 Crores in FY 2013-14.

During FY 2014-15, the Company has availed Corporate loan of ₹ 5.00 Crores for shoring up of Net Working Capital. The Company also repaid ₹ 8.20 Crores of existing borrowings to Financial Institutions and Banks.

### 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:-

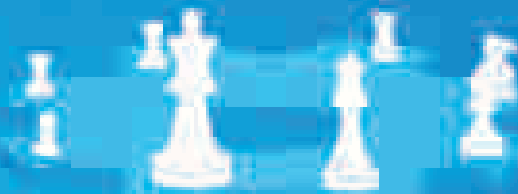
- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2015 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;
- the directors had prepared the annual accounts on a going concern basis;
- 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
- 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 particulars of the undergoing contracts or arrangements of the Company with related parties during the period under review referred to in Section 188(1) of the Company 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 Clause 49 of the Listing Agreement is available on the website of the Company i.e. [www.bharatgears.com](http://bharatgears.com/documents/related-party-transactions-policy.pdf) under the link <http://bharatgears.com/documents/related-party-transactions-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

In accordance with the provisions of the Act and the Articles of Association of your Company, Mr. Rakesh Chopra and Mr. V.K. Pargal, Directors retire by rotation at the ensuing Annual General Meeting. Therefore, in terms of Section 149 of the Companies Act, 2013, it has been proposed to appoint Mr. Rakesh Chopra and Mr. V.K. Pargal as Non Executive Independent Directors for a period of 5 (Five) Years upto the conclusion of the 48<sup>th</sup> Annual General Meeting (AGM) of the Company in the Calendar Year 2020 at the ensuing AGM of the Company.

The Company has received notice under Section 160 of the Companies Act, 2013 from member(s) of the Company, proposing the candidature for the office of Director for the above Directors.

During the year under review, the members approved the appointment of Dr. Ram S. Tarneja, Mr. S.G. Awasthi and Ms. Hiroo Suresh Advani as Independent Directors.

The brief resume of the Directors proposed to be appointed is given in the notice calling the Annual General Meeting.

The tenure of Mr. Surinder P. Kanwar as Managing Director of the Company is expiring on 30 September, 2015. Further to his willingness to be re-appointed, the Board of Directors accordingly proposed the re-appointment of Mr. Surinder P. Kanwar as Managing Director and designate him as Chairman cum Managing Director for a further period of 5(Five) years w.e.f. 01 October, 2015 alongwith proposed remuneration. The brief resume of Mr. Surinder P. Kanwar is given in the notice calling Annual General Meeting.

Mr. N.J. Kamath resigned from the directorship of the Company on 29 May, 2015. The Board expresses its sincere gratitude to Mr. N.J. Kamath for his valuable contribution to the Company during his tenure.

## NUMBER OF MEETINGS OF THE BOARD

During the financial year 2014-15, Five (5) Board Meetings were held on the following dates. 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 Clause 49 of the Listing Agreement with the Stock Exchanges:-

- May 28, 2014;
- August 01, 2014;
- November 06, 2014;
- January 28, 2015; and
- March 27, 2015

## 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 29 May, 2015 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 Clause 49 of the Listing Agreement, the Company has adopted a familiarization programme for Independent Directors. The details of the said programme is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link <http://bharatgears.com/documents/familiarisation-programme-independent-directors.pdf>.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of Section 178 of the Companies Act, 2013 read with revised Clause 49 of the Listing Agreement, 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/nomination-and-remuneration-policy-bgl.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.

The certain parameters covering the evaluation of the Chairman, Executive Directors and Independent Directors have been fixed by the Board on the basis of which the evaluation is being carried out on annual basis in terms of provisions of the Companies Act, 2013.

## KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company has designated following Directors/Officials of the Company as Key Managerial Personnel (KMP) of the Company w.e.f. 28 May, 2014 in terms of provisions of Section 203 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges:

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 Khattry, Head (Legal) & Company Secretary

No Key Managerial Personnel (KMP) of the Company has resigned during the financial year ended 31 March, 2015.

## DISCLOSURES UNDER 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 and 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 and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure -“D” to this Report.

## RISK MANAGEMENT

During the year, a robust improvement has been made in the existing integrated enterprise risk management system in order to identify the common prevailing risks in the Company to be reviewed on periodically basis by the Audit Committee and assess the management's actions to mitigate the risk exposure in a timely manner. A risk management policy has been duly approved by the Board on recommendation of the Audit Committee on 29 May, 2015.

## CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the approval of the Board of Directors of the Company, a Corporate Social Responsibility (CSR) Committee has been constituted in terms of provisions of Section 135 of the Companies Act, 2013. The CSR Committee of the Company has also formulated a CSR policy containing the areas wherein the Company proposes to spend the share of its profits as prescribed under Section 135 of the Companies Act, 2013 and the said policy has been approved by the Board of Directors of the Company thereby directing the CSR Committee to execute the CSR initiatives.

As per the provisions of the said Section, the amount of ₹ 0.22 Crore was required to be spent on CSR activities by the Company during the year, however, considering the performance for the year, the Company has not spent the required funds on CSR activities.

The report on CSR activities in terms of provisions of Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed as Annexure -“E” to this report.

## CSR COMMITTEE

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

## AUDIT COMMITTEE

The Audit Committee comprises of Dr. Ram S. Tarneja, Mr. V.K. Pargal, Mr. N.J. Kamath and Mr. Rakesh Chopra.

Pursuant to the resignation of Mr. N.J. Kamath on 29 May, 2015, the Audit Committee shall be re-constituted accordingly as may be required.

## 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 Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has constituted Internal Complaints Committee at all its Units (i.e. Faridabad, Mumbra 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>.

## 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, the Unclaimed Final Dividend for the Financial Year 2007-08 is proposed to be transferred into the “Investor Education and Protection Fund” on 29 August, 2015 upon completion of seven years from the date of transfer of said Dividend into the Unclaimed Dividend Account.

## 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 third consecutive Annual General Meeting from the 42<sup>nd</sup> AGM in the Calendar year 2017 (subject to ratification by the members at every Annual General Meeting).

Therefore, the consent of members for ratification of appointment of Statutory Auditors to hold office from the ensuing Annual General Meeting of the Company till the next Annual General Meeting of the Company in calendar year 2016 is being sought in the ensuing Annual General Meeting.

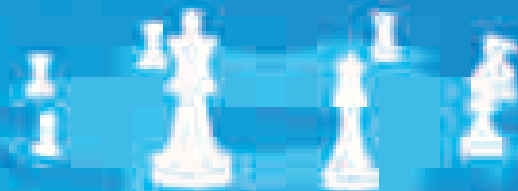
## REPORT ON FINANCIAL STATEMENTS

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, 2015 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 2014-15 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, 2015 in the prescribed form MR-3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure -“F” 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.





## COST AUDIT

In pursuant to Companies (Cost Records and Audit) Amendment Rules, 2014 notified by the Ministry of Corporate Affairs (MCA) on 31 December, 2014, the Company shall not be mandatorily required to get its Cost Records for the financial year 2014-15 audited in terms of provisions of Section 148 of the Companies Act, 2013 as the Industry under which the Company falls has been exempted from the Cost Audit by MCA vide Companies (Cost Records and Audit) Amendment Rules, 2014.

Therefore, the audit of cost records for the financial year ended on 31 March, 2015 has not been undertaken by M/s M.K. Kulshrestha & Associates, Cost Accountants in terms of the Companies (Cost Records and Audit) Amendment Rules, 2014.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Bharat Gears 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.

## CORPORATE GOVERNANCE

The Company is committed to maintain the quality standards of Corporate Governance. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement 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. It protects employees 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 send 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>.

## 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 was forwarded to the BSE Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai, 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 the Rule 8 of the Companies (Accounts) Rules, 2014 is given in **Annexure-"G"** 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-"H"** 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 thanks 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, Bankers, 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  
Chairman and Managing Director

Place: Mumbai  
Dated: 29 May, 2015

## 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 arrangement 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.     | Cliplok Simpak (India) Private Limited (CSIPL), Company within the Group | Lease Agreement between the Company and CSIPL for 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)                     | 2 (Two) years and 45 days w.e.f. 01 April, 2014 till 15 May, 2016       | The monthly lease rent in respect of said premises is ₹ 4,000/- (Rupees Four Thousand Only), i.e. ₹ 160/- per Square Feet                                                                                                                                                                                                      | NA                                       | -                               |
| 2.     | Raunaq International Limited (RIL), Company within the Group             | Lease Agreement between the Company and RIL for portion of the leasehold office premises of the Company situated at Mookerjee House, 17, Brabourne Road, Kolkata area admeasuring 25 Sq. Ft. (Twenty Five Square Feet)                                            | 2 (Two) years and 8 Months w.e.f. 01 April, 2014 till 30 November, 2016 | The monthly lease rent in respect of the said premises is ₹ 1,000/- (Rupees One Thousand Only) i.e. ₹ 40/- per Square Feet                                                                                                                                                                                                     | NA                                       | -                               |
| 3.     | Raunaq International Limited (RIL), Company within the Group             | Lease Agreement between the Company and RIL 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)                 | 2 (Two) years and 45 days w.e.f. 01 April, 2014 till 15 May, 2016       | The monthly lease rent in respect of the said premises is ₹ 4,000/- (Rupees Four Thousand Only) i.e. ₹ 160/- per Square Feet                                                                                                                                                                                                   | NA                                       | -                               |
| 4.     | Raunaq International Limited (RIL), Company within the Group             | Lease Agreement between the Company and RIL for a portion of the administrative block of office premises of the Company situated at 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad area admeasuring 5,406 Sq. Ft. (Five Thousand Four Hundred Six Square Feet) | 5 (Five) years w.e.f. 01 April, 2014                                    | <ul style="list-style-type: none"> <li>The monthly lease rent in respect of the said premises is ₹ 70,000/- (Rupees Seventy Thousand Only) i.e. ₹ 12.95 per Square Feet</li> <li>The Lease rent shall be subject to an increase of 15% after the completion of every 3 (Three) years from the commencement of lease</li> </ul> | NA                                       | -                               |



2. Details of material contracts or arrangement or transactions at arm's length basis..... (Contd.)

| 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 |
|--------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------|
| 5.     | Raunaq International Limited (RIL), Company within the Group                     | Lease Agreement between the Company and RIL for portions of the office premises of the Company, situated at 14 <sup>th</sup> Floor, Hoechst House, Nariman Point, Mumbai area admeasuring 50 Sq. Ft. (Fifty Square Feet)                             | 5 (Five) years w.e.f. 01 April, 2014                   | <ul style="list-style-type: none"> <li>The monthly lease rent in respect of the said premises shall be ₹ 10,000/- (Rupees Ten Thousand Only), i.e. ₹ 200/- per Square Feet</li> <li>The Lease rent for said premises shall be subject to an increase of 15% after the completion of every 3 (Three) years from the commencement of lease</li> </ul> | NA                                       | -                               |
| 6.     | Vibrant Finance and Investment Private Limited (VFIPL), Company within the Group | Lease Agreement between the Company and VFIPL for residential premises with area aggregated to 2540 Sq. Ft. (Two Thousand Five Hundred Forty Square Feet)                                                                                            | 5 (Five) years w.e.f. 01 October, 2014                 | <ul style="list-style-type: none"> <li>Rental of ₹ 75,000/- (Rupees Seventy Five Thousand Only) per month</li> <li>Security Deposit of ₹ 2,50,000/- (Rupees Two Lacs Fifty Thousand Only)</li> <li>Hike of 10% in Rental on completion of every 3<sup>rd</sup> year</li> </ul>                                                                      | NA                                       | -                               |
| 7.     | Mr. Sameer Kanwar (SK), Promoter and Director                                    | License Agreement between the Company and SK for portion of premises owned by SK situated at 402, Royale Retreat-II, Charmwood Village, Surajkund Road, Faridabad-121009 with area aggregated to 3000 Sq. Ft. (Three Thousand Square Feet) (approx). | 3 (Three) years w.e.f. 01 February, 2015               | <ul style="list-style-type: none"> <li>License fees of ₹ 2,90,400/- (Rupees Two Lacs Ninety Thousand Four Hundred Only) per month plus service tax if applicable</li> <li>₹ 10,00,000/- (Rupees Ten Lacs Only) as existing security deposit</li> </ul>                                                                                              | NA                                       | -                               |

For and on behalf of the Board of Directors

Surinder P. Kanwar  
Chairman and Managing Director

Place: Mumbai  
Dated: 29 May, 2015

### 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 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 listing agreement 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 Committee and 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:

| S. No. | Committee Members                                               |
|--------|-----------------------------------------------------------------|
| 1.     | Mr. N. J. Kamath, Chairman (Independent Director)               |
| 2.     | Mr. Surinder P. Kanwar, Member (Chairman and Managing Director) |
| 3.     | Dr. Ram S. Tarneja, Member (Independent Director)               |
| 4.     | Mr. V. K. Pargal, 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 its 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:

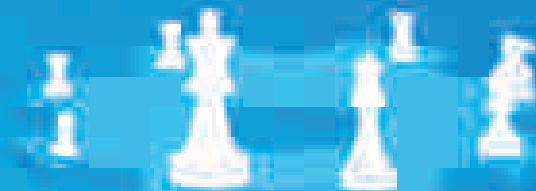
- This Policy is divided in three parts:
  - Part – A covers the matters to be dealt with and recommended by the Committee to the Board;
  - Part – B covers the appointment and nomination; and;
  - Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be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

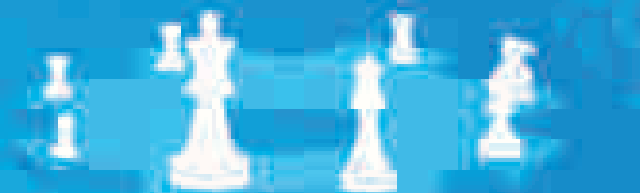
BGL recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences 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.



## 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 2014-15:

| S. No. | Name of the Director                                     | Ratio of Remuneration of each Director/ to median remuneration of employees |
|--------|----------------------------------------------------------|-----------------------------------------------------------------------------|
| 1.     | Mr. Surinder P. Kanwar<br>Chairman and Managing Director | 74.87                                                                       |
| 2.     | Mr. Sameer Kanwar<br>Joint Managing Director             | 40.19                                                                       |

Other directors are being paid sitting fees only, details of which are mentioned in the extract of return in the Boards' 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 2014-15 |
|--------|------------------------------------------------------------|----------------------------------------------------------|
| 1.     | Mr. Surinder P Kanwar<br>Chairman and Managing Director    | -1%                                                      |
| 2.     | Mr. Sameer Kanwar<br>Joint Managing Director               | 11%                                                      |
| 3.     | Mr. Milind Pujari<br>Chief Financial Officer               | 13%                                                      |
| 4.     | Mr. Prashant Khattri<br>Head (Legal) and Company Secretary | 17%                                                      |

3. Percentage increase in the remuneration of the median employee is 14% in the Financial Year 2014-15.
4. There were 1280 permanent employees on the rolls of the Company as on March 31, 2015.
5. The relationship between average increase in remuneration and Company performance: The turnover of the Company has shown a marginal drop of 2% for the year ended March 31, 2015 as compared to year ended March 31, 2014 and operations for the year ended March 31, 2015 resulted in a loss of ₹ 4.21 Crores as compared to the profit of ₹ 0.60 Crores in the previous year. Whereas

average increase in the remuneration of the Company is 16%. The current performance is due to the market recession in the auto and tractor industry which Company believes it as a temporary phase, so maintained the average percentage increase in the remuneration of the Company.

6. The comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

The total remuneration of Key Managerial Personnel increased by 4% from ₹ 401.52 Lacs in 2013-14 to ₹ 417.74 Lacs in 2014-15 whereas the Company has shown a marginal drop of 2% for the year ended March 31, 2015 as compared to year ended March 31, 2014 and operations for the year ended March 31, 2015 resulted in a loss of ₹ 4.21 Crores as compared to the profit of ₹ 0.60 Crores in the previous year.

7. a) Variations in the market capitalisation of the company: The market capitalization as on March 31, 2015 was ₹ 567.97 Lacs and ₹ 307.24 Lacs as on March 31, 2014 which shown an increase of 85%.  
b) Price Earnings Ratio of the Company was 51.64 as at March 31, 2014 whereas at March 31, 2015 is not available as there is loss.  
c) The Company had come out of initial public offer in 1973 an amount of ₹ 1000/- invested would be ₹ 7265/- as on March 31, 2015 indicating a Compounded Annual Growth Rate of 4.83%. This is excluding of any dividend accrued thereon.
8. The average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year 2014-15 was 17% whereas percentile increase in the managerial remuneration was 4% for the same financial year.
9. There is no variable component of remuneration which is availed by the Directors during the financial year 2014-15.
10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable.
11. It is affirmed that the remuneration paid is as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.

## Annexure-"D"

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, 2015

| 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 |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|---------------|------------------------------|------------------------------------|---------------|---------------------------|---------------------------------------|-------------------------------------------|
| A. Employed throughout the year ended 31 March, 2015 & were in receipt of Remuneration aggregating not less than ₹ 60,00,000/- per annum. |                    |              |               |                              |                                    |               |                           |                                       |                                           |
| 1.                                                                                                                                        | Surinder P. Kanwar | 62           | B. Com.       | Chairman & Managing Director | 01.10.1990                         | 40            | 234.95                    | Managing Director<br>BST Mfg. Ltd.    | 29.29                                     |
| 2.                                                                                                                                        | Sameer Kanwar      | 38           | B. A. (Eco.)  | Joint Managing Director      | 01.02.2002                         | 15            | 126.13                    | Management Trainee<br>ZF (AG) Germany | 0.18                                      |

B. Employed for the part of the year ended 31 March, 2015 and were in receipt of Remuneration aggregating not less than ₹ 5,00,000/- per month.

NIL

C. 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.

NIL

### NOTES :

01. Remuneration includes Salary, Allowances, Co's Contribution to Provident Fund & Superannuation Funds and value of other perquisites on the basis of Income Tax Act, 1961.
02. 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.
03. 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



Place : Mumbai  
Dated : 29 May, 2015

Surinder P. Kanwar  
Chairman & Managing Director

## Annual Report on CSR activities for the financial year 2014-15

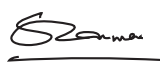
|    |                                                                                                                                                                                                                                                     |                                                                                                                         |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| 1. | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs                                                        | A brief outline of the company's CSR policy has been provided in the "CSR Initiatives" section under the Annual Report. |
| 2. | The Composition of the CSR Committee:<br><br>Mr. Surinder P. Kanwar                      Chairman<br>Mr. Sameer Kanwar                      Member<br>Mr. Rakesh Chopra                      Member<br>Mr. S.G. Awasthi                      Member |                                                                                                                         |
| 3. | Average net profit of the company for last three financial years                                                                                                                                                                                    | ₹ 10.88 Crore                                                                                                           |
| 4. | Prescribed CSR Expenditure (two percent of the amount as in item 3 above)                                                                                                                                                                           | ₹ 0.22 Crore                                                                                                            |
| 5. | Details of CSR spent during the financial year:<br>(a) Total amount to be spent for the financial year<br>(b) Amount unspent, if any                                                                                                                | ₹ 0.22 Crore<br>₹ 0.22 Crore                                                                                            |
|    | (c) Manner in which the amount spent during the financial year is detailed below:                                                                                                                                                                   |                                                                                                                         |

| 1            | 2                                  | 3                                      | 4                                                                                                                                 | 5                                               | 6                                                                                                                         | 7                                                | 8                                                    |
|--------------|------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|
| S. No        | CSR project or activity identified | Sector in which the project is covered | Projects or Programmes<br>(1) Local area or other<br>(2) Specify the State and District where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs<br>Sub-heads:<br>(1) Direct expenditure on projects or programs<br>(2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency* |
| 1.           |                                    |                                        |                                                                                                                                   | NIL                                             |                                                                                                                           |                                                  |                                                      |
| <b>TOTAL</b> |                                    |                                        |                                                                                                                                   |                                                 |                                                                                                                           |                                                  |                                                      |

\* Give details of implementing agency.

6. During the Financial Year 2014-15, the Company decided not to spend on CSR activities as laid down in the CSR policy as enumerated above in preview of the financial performance during Financial Year 2014-15.
7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place: Mumbai  
Dated: 29 May, 2015

  
Surinder P. Kanwar  
Chairman of CSR Committee

  
Sameer Kanwar  
Joint Managing Director

## Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2015

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

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

Subject: Secretarial Audit Report for the year 2014-15

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, informations and explanations provided to us by the company **Bharat Gears Limited** 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, 2015, 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 **Bharat Gears Limited** (“the Company”) for the financial year ended on 31 March, 2015 according to the provisions of:

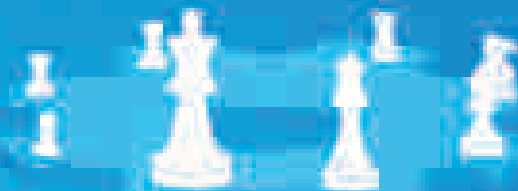
- I. The Companies Act, 2013 (“the Act”) and to the extent applicable and Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange 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, 1992;
- 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;
- 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; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

### 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, 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; Employees' Provident Fund And Misc. Provisions Act, 1952; 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 Labor (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; Contract Labour (Regulation and Abolition) Act, 1970; The Equal Remuneration Act 1976.
- ❖ **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 (these were recommendatory during the period of audit).
- b) The Listing Agreements entered into by the Company with National Stock Exchange (NSE) & Bombay Stock Exchange (BSE).

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.

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.

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

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):

- (1) **Increase in Borrowings powers of the Company from Rs. 100 Crores to Rs. 200 Crores** taken by the members in pursuance to section 180(1) (c) of the Companies Act, 2013.

Annexure 1, 2 and 3 form part of this Final Review in relation to Secretarial Audit for the year 2014-15.

For AGB & Associates  
Company Secretaries

(Nitin Rawat)  
Partner  
CP No. 10554

Date: 14.05.2015  
Place: Faridabad

## ANNEXURE-1

Forming part of Secretarial Audit Report for the year ending on 31 March, 2015.

### 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:

- Maintenance of statutory registers, documents, and making in them necessary entries;
- Forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
- Service of documents by the Company to its Members and Registrar of Companies;
- Minutes of proceedings of General Meeting, Meeting of Board of Directors and their Committees thereof were available;
- Approval of shareholders, the Board of Directors, the Committee of Directors, wherever required including investment of funds of the Company;
- Form of Balance Sheets prescribed under the Act;
- Borrowings and Registration of Charges;
- Records for the meeting of Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee; Finance Committee.
- Contracts, common seal, registered office and publication of name of the Company; and
- Generally, all other applicable provisions of the Act and the Rules made under that Act.

### It is further reported that:

- The status of the company during the period under review has been "active" on MCA website.
- The company has not been a holding or subsidiary of another company. The company is a non government company or a non NBFC.
- Adequate notice given to all the Directors to schedule the Board meeting, agenda and detailed notes on agenda are sent **at least 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.

- The company has not made any changes with regard to the following:-

- Name of the Company;
- Registered Office of the Company;
- Principal Business is in conformity with the object;
- Share Capital (Authorized, issued, subscribed, paid up, conversion /redemption, reclassification, sweat).

- 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.
- During the period under the 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.
- During the period under review the Company has not taken any advanced loans, nor given any guarantees and provided securities to Directors and/or persons or firms or companies in which Directors were interested, which fall within the ambit of provisions of the Companies Act, 2013.
- The Company has not made loans and investments; or given guarantees or provided securities to other business entities during the period under review.
- During the period under review, we noted no default in the repayment of loans etc.
- Updating website of the Company in reference to Stakeholders (more particularly investors/shareholders) is outsourced to M/s Smartech Interactive Services Pvt. Ltd. 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.

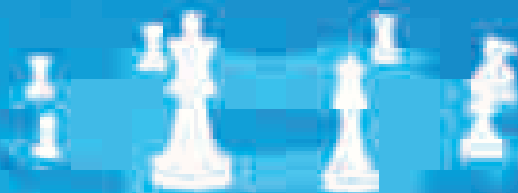
For AGB & Associates  
Company Secretaries



(Nitin Rawat)  
Partner  
CP No. 10554

Date: 14.05.2015  
Place: Faridabad





## ANNEXURE-2

Forming part of Secretarial Audit Report for the year ending on 31 March, 2015.

### SEBI and Listing Agreement

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 Listing Agreement entered with NSE and BSE as amended from time to time 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 Exchange – checklist and compliances;
- f) 'Code of Conduct : Code of Business Conduct and Ethics; and Code of Conduct for Prevention of Insider Trading.

For AGB & Associates  
Company Secretaries

(Nitin Rawat)  
Partner  
CP No. 10554

Date: 14.05.2015  
Place: Faridabad

## ANNEXURE-3

Forming part of Secretarial Audit Report for the year ending on 31 March, 2015.

### 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 and Observations:

Company has developed reliable and robust compliance mechanism with back-up plan. **Suggestions:** 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

Date: 14.05.2015  
Place: Faridabad

## Annexure-“G”

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, 2015

### (A) Conservation of energy:

#### (i) the steps taken or impact on conservation of energy:

- Plants are equipped with transparent sheets to use natural day light. No lights are used in day time.
- Electrical heater disconnected from washing machine resulting into saving in power consumption.
- Machine cycle is modified to achieve energy saving by switching off conveyors & hydraulic when not required.
- Hydraulic chiller is being removed from machines resulting into saving in power consumption.
- Electrical panel Air Conditioners are being removed from Machine Panel.
- The kerosene washing of lapped part is being replaced with water soluble cleaner.
- The high capacity motors installed on the machines are being replaced with the motors having capacity as per consumption needs to perform operations.
- LED lights are being installed in place of conventional tube lights.
- Motion sensors are being installed at various places to switch off lights when not required.
- Auto power factor control panel is installed for improving the power factor to reduce the energy cost.
- Tempering furnace are equipped with Thyristor Control Heating to control temperature within specific band. This also reduces consumption of electricity.
- Compressor is equipped with VFD and programming is done in such a way that compressor goes to standby mode when air consumption is NIL.
- Auto system panel for cooling tower to switch off the cooling fan when ambient temperature is low.
- Conversion of phosphating heating from LDO fired Thermic Fluid Boiler to immersion type electrical heating. Effective electrical heating cost much less than LDO cost.
- Oil Coolers were removed from some of machines to reduce the energy cost.
- Energy saving is done on all tube lights by putting in auto mode. It means lights are getting on during only night time.

- Energy saving is done on all shop floor fans by putting in auto mode resulting not a single fan is in running condition during break time.
- Hydraulic systems of most of the machines is put off during the idle time, e.g if no part is being cut on the machine for 5 minutes then hydraulic system of machine will be automatically off.
- Auto power factor control panel is installed for improving the power factor to reduce the energy cost.
- Steps are being taken to use Group 2 hydraulic oil to remove the more hydraulic oil coolers.
- Implementation steps are being taken to modify cooling tower, centrifugal pumps & pipe lining for DG Sets & Compressors by replacing submersible pumps and auto control system to reduce energy with better water cooling effect.
- Open Access Electrical Power project is being estimated and shall be implemented to reduce the electrical energy cost.
- Turbo exhaust ventilators are used to exhaust the hot air in the shop & have natural current of fresh air.
- 300 Watts (150 W x 2 Nos.) conventional twin tube light fittings by 85 Watts CFL replacement work is in progress at Transmission Plant at Mumbra Plant.

#### (ii) the steps taken by the company for utilizing alternate sources of energy:

- Plants are equipped with transparent sheets to use natural day light. No lights are used in day time.
- Bin washing heater disconnected and HT hot waste water used for heating.
- Steps are being taken to heat the water of Prewash and Post wash of CGC by using the exhaust fumes of burners.
- Steps are being taken to replace the roof sheets with some transparent sheets in between at Bevel & HT area at Mumbra Plant.
- Solar Heater is used in canteen at Lonand Plant.

#### (iii) the capital investment on energy conservation equipments:

NIL



(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>New Induction Hardening Machine is installed.</li> <li>CGC-4 is renovated for better results.</li> <li>T-60 tester is installed successfully for single flank testing.</li> <li>New Hard turning machine is installed for Eaton shafts.</li> <li>New P-40 gear inspection tester is installed in Lonand Plant.</li> <li>One Continuous Furnace installed in Lonand Plant.</li> <li>Assembly line set up is done. John Deere differential assembly sample is submitted from the line.</li> </ul> |                                                    |                                                             |
| 2. | The benefits derived like product improvement, cost reduction, product development or import substitution                | Reduced PPM levels, reduction in manufacturing costs and addition of new business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                    |                                                             |
| 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                                                                                    | Dry Cutting Machine C-50 installed with Robotic handling                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | T-60 single flank tester is installed to check MTE | CNC shaving cutting sharpening machine SRS-410 is installed |
|    | b) the year of import                                                                                                    | 2013-14                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2014-15                                            | 2012-13                                                     |
|    | c) whether the technology been fully absorbed                                                                            | YES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | YES                                                | YES                                                         |
|    | d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof                            | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | N.A.                                               | N.A.                                                        |
| 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)

|                               | 2014-2015 | 2013-2014 |
|-------------------------------|-----------|-----------|
| Foreign Exchange earned       | 14000.22  | 11860.48  |
| Foreign Exchange used         | 558.53    | 1763.91   |
| Net Foreign Exchange earnings | 13441.69  | 10096.57  |

For and on behalf of the Board of Directors

Surinder P. Kanwar  
Chairman and Managing Director

Place: Mumbai  
Dated: 29 May, 2015

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

as on the financial year ended on 31 March, 2015

[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 <sup>rd</sup> 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,<br>Faridabad-121003, Haryana<br>Ph: 0129-4288888<br>Fax: 0129-4288822-23<br>E-mail: info@bglindia.com                                                                 |
| vi)  | Whether listed company Yes / No                                           | : | Yes                                                                                                                                                                                                          |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Linkintime India Private Limited<br>A-40, Community Centre, IInd Floor, Naraina Phase-I,<br>Near PVR Naraina, New Delhi-110028<br>Ph: 011-41410592-94<br>Fax: 011-41410591<br>E-mail: delhi@linkintime.co.in |

### 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 | 95.91%                             |

### 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:

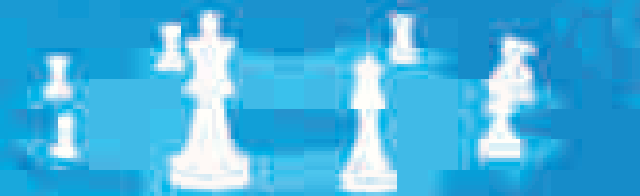
| Category of Share holders                                                       | No. of Shares held at the beginning of the year |               |                |                   | No. of Shares held at the end of the year |               |                |                   | % Change during the 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 (A) (2):-</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                                               | 3300          | 3300           | 0.04              | 0                                         | 3300          | 3300           | 0.04              | 0.00                     |
| b) Banks / FI                                                                   | 6                                               | 2012          | 2018           | 0.03              | 6                                         | 2012          | 2018           | 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) FII's                                                                        | 0                                               | 50            | 50             | 0.00              | 0                                         | 50            | 50             | 0.00              | 0.00                     |
| g) Foreign Venture Capital Funds                                                | 0                                               | 0             | 0              | 0.00              | 0                                         | 0             | 0              | 0.00              | 0.00                     |
| h) Others (specify)                                                             | 0                                               | 0             | 0              | 0.00              | 0                                         | 0             | 0              | 0.00              | 0.00                     |
| <b>Sub-total (B)(1):-</b>                                                       | <b>6</b>                                        | <b>5362</b>   | <b>5368</b>    | <b>0.07</b>       | <b>6</b>                                  | <b>5362</b>   | <b>5368</b>    | <b>0.07</b>       | <b>0.00</b>              |
| <b>2. Non-Institutions</b>                                                      |                                                 |               |                |                   |                                           |               |                |                   |                          |
| a) Bodies Corp.                                                                 |                                                 |               |                |                   |                                           |               |                |                   |                          |
| i) Indian                                                                       | 306118                                          | 65153         | 371271         | 4.75              | 488395                                    | 60993         | 549388         | 7.03              | 2.28                     |
| 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          | 1654604                                         | 161651        | 1816255        | 23.23             | 1644898                                   | 153396        | 1798294        | 23.00             | (0.23)                   |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1292375                                         | 0             | 1292375        | 16.53             | 1160613                                   | 0             | 1160613        | 14.85             | (1.68)                   |
| c) Others (specify)                                                             |                                                 |               |                |                   |                                           |               |                |                   |                          |
| i) Trusts                                                                       | 1000                                            | 0             | 1000           | 0.01              | 1000                                      | 0             | 1000           | 0.01              | 0.00                     |
| ii) Non-Resident Indians                                                        | 45170                                           | 0             | 45170          | 0.58              | 28155                                     | 0             | 28155          | 0.36              | (0.22)                   |
| iii) Clearing Members                                                           | 4053                                            | 0             | 4053           | 0.05              | 11426                                     | 0             | 11426          | 0.15              | 0.10                     |
| iv) Hindu Undivided Families                                                    | 140453                                          | 150           | 140603         | 1.80              | 121701                                    | 150           | 121851         | 1.56              | (0.24)                   |
| <b>Sub-total (B)(2):-</b>                                                       | <b>3443773</b>                                  | <b>226954</b> | <b>3670727</b> | <b>46.95</b>      | <b>3456188</b>                            | <b>214539</b> | <b>3670727</b> | <b>46.95</b>      | <b>0.00</b>              |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                             | <b>3443779</b>                                  | <b>232316</b> | <b>3676095</b> | <b>47.02</b>      | <b>3456194</b>                            | <b>219901</b> | <b>3676095</b> | <b>47.02</b>      | <b>0.00</b>              |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</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>Grand Total (A+B+C)</b>                                                      | <b>7584912</b>                                  | <b>232921</b> | <b>7817833</b> | <b>100.00</b>     | <b>7597327</b>                            | <b>220506</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 |                                  |                                                  | % change in share holding during 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 |                                           |
| 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 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 Promoters' 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                             | 01/04/2014 |                                   |                           |                                         |                                  |
|        |                                                |                                           |                                  |            | -                                 | No change in shareholding |                                         |                                  |
|        |                                                |                                           |                                  | 31/03/2015 |                                   |                           | 605                                     | 0.01                             |
| 3.     | Mr. Surinder P. Kanwar                         | 2289667                                   | 29.29                            | 01/04/2014 |                                   |                           |                                         |                                  |
|        |                                                |                                           |                                  |            | -                                 | No change in shareholding |                                         |                                  |
|        |                                                |                                           |                                  | 31/03/2015 |                                   |                           | 2289667                                 | 29.29                            |
| 4.     | Mr. Sameer Kanwar                              | 14253                                     | 0.18                             | 01/04/2014 |                                   |                           |                                         |                                  |
|        |                                                |                                           |                                  |            | -                                 | No change in shareholding |                                         |                                  |
|        |                                                |                                           |                                  | 31/03/2015 |                                   |                           | 14253                                   | 0.18                             |
| 5.     | Ultra Consultants Private Limited              | 766038                                    | 9.80                             | 01/04/2014 |                                   |                           |                                         |                                  |
|        |                                                |                                           |                                  |            | -                                 | No change in shareholding |                                         |                                  |
|        |                                                |                                           |                                  | 31/03/2015 |                                   |                           | 766038                                  | 9.80                             |
| 6.     | Vibrant Finance and Investment Private Limited | 132804                                    | 1.70                             | 01/04/2014 |                                   |                           |                                         |                                  |
|        |                                                |                                           |                                  |            | -                                 | No change in shareholding |                                         |                                  |
|        |                                                |                                           |                                  | 31/03/2015 |                                   |                           | 132804                                  | 1.70                             |



(iii) Change in Promoters' Shareholding (please specify, if there is no change):....Contd.

| 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 |
| 7.    | Raunaq International Limited       | 293300                                    | 3.75                             | 01/04/2014 |                                   |                           |                                         |                                  |
|       |                                    |                                           |                                  |            | -                                 | No change in shareholding |                                         |                                  |
|       |                                    |                                           |                                  | 31/03/2015 |                                   |                           | 293300                                  | 3.75                             |
| 8.    | Future Consultants Private Limited | 645071                                    | 8.25                             | 01/04/2014 |                                   |                           |                                         |                                  |
|       |                                    |                                           |                                  |            | -                                 | No change in shareholding |                                         |                                  |
|       |                                    |                                           |                                  | 31/03/2015 |                                   |                           | 645071                                  | 8.25                             |

Note: There is no change in the total shareholding of promoters between 01/04/2014 and 31/03/2015

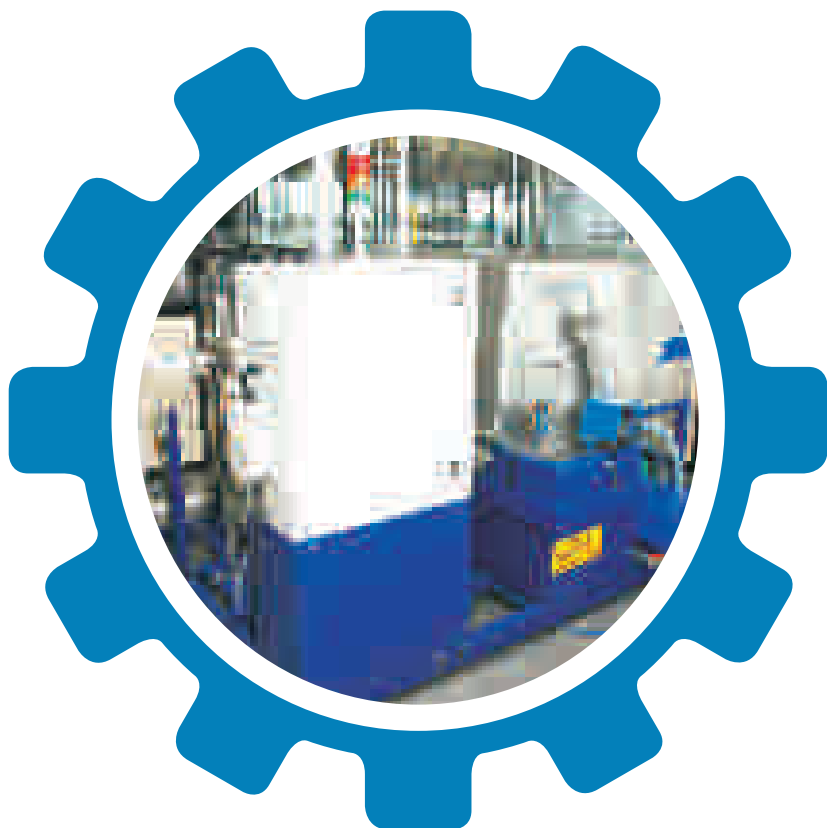
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

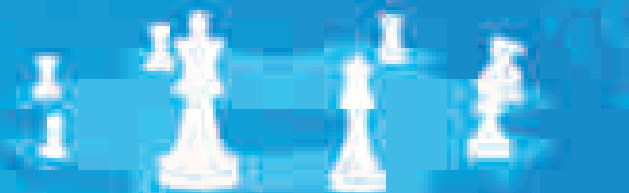
| S.No. | Name of Shareholder                     | Shareholding at the beginning of the year |                                  | Date       | Increase/Decrease in shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|-------|-----------------------------------------|-------------------------------------------|----------------------------------|------------|-----------------------------------|------------------------------|-----------------------------------------|----------------------------------|
|       |                                         | No. of shares                             | % of total shares of the Company |            |                                   |                              | No. of shares                           | % of total shares of the Company |
| 1.    | Anil Kumar Goel                         | 342000                                    | 4.37                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                                         |                                           |                                  | 23/01/2015 | 42000(D)                          | Transfer                     | 300000                                  | 3.84                             |
|       |                                         |                                           |                                  | 31/03/2015 |                                   |                              | 300000                                  | 3.84                             |
| 2.    | Arcadia Share & Stock Brokers Pvt. Ltd. | 0                                         | 0.00                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                                         |                                           |                                  | 04/07/2014 | 1000(I)                           | Purchase                     | 1000                                    | 0.00                             |
|       |                                         |                                           |                                  | 11/07/2014 | 1000(D)                           | Transfer                     | 0                                       | 0.00                             |
|       |                                         |                                           |                                  | 31/03/2015 | 100000(I)                         | Purchase                     | 100000                                  | 1.28                             |
|       |                                         |                                           |                                  | 31/03/2015 |                                   |                              | 100000                                  | 1.28                             |
| 3.    | Bharati Bharat Dattani                  | 78259                                     | 1.00                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                                         |                                           |                                  |            | -                                 | Nil Movement during the year |                                         |                                  |
|       |                                         |                                           |                                  | 31/03/2015 |                                   |                              | 78259                                   | 1.00                             |
| 4.    | Seema Goel                              | 132837                                    | 1.70                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                                         |                                           |                                  | 12/09/2014 | 4837(D)                           | Transfer                     | 128000                                  | 1.64                             |
|       |                                         |                                           |                                  | 23/01/2015 | 58000(D)                          | Transfer                     | 70000                                   | 0.90                             |
|       |                                         |                                           |                                  | 31/03/2015 |                                   |                              | 70000                                   | 0.90                             |
| 5.    | Bharat Jamnadas Dattani                 | 69226                                     | 0.89                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                                         |                                           |                                  |            | -                                 | Nil Movement during the year |                                         |                                  |
|       |                                         |                                           |                                  | 31/03/2015 |                                   |                              | 69226                                   | 0.89                             |
| 6.    | Aditya Omprakash Damani                 | 51342                                     | 0.66                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                                         |                                           |                                  | 17/10/2014 | 1342(D)                           | Transfer                     | 50000                                   | 0.64                             |
|       |                                         |                                           |                                  | 31/03/2015 |                                   |                              | 50000                                   | 0.64                             |

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

| 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 |
| 7.    | Vikram Omprakash Damani | 52519                                     | 0.67                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                         |                                           |                                  | 31/10/2014 | 2519(D)                           | Transfer                     | 50000                                   | 0.64                             |
|       |                         |                                           |                                  | 31/03/2015 |                                   |                              | 50000                                   | 0.64                             |
| 8.    | Nagarajan V             | 29600                                     | 0.38                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                         |                                           |                                  | 16/05/2014 | 500(I)                            | Purchase                     | 30100                                   | 0.39                             |
|       |                         |                                           |                                  | 23/05/2014 | 1000(I)                           | Purchase                     | 31100                                   | 0.40                             |
|       |                         |                                           |                                  | 30/06/2014 | 1000(I)                           | Purchase                     | 32100                                   | 0.41                             |
|       |                         |                                           |                                  | 31/03/2015 |                                   |                              | 32100                                   | 0.41                             |
| 9.    | Devika Anand            | 30000                                     | 0.38                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                         |                                           |                                  |            | -                                 | Nil Movement during the year |                                         |                                  |
|       |                         |                                           |                                  | 31/03/2015 |                                   |                              | 30000                                   | 0.38                             |
| 10.   | Monica Vimesh Zaveri    | 29250                                     | 0.37                             | 01/04/2014 |                                   |                              |                                         |                                  |
|       |                         |                                           |                                  |            | -                                 | Nil Movement during the year |                                         |                                  |
|       |                         |                                           |                                  | 31/03/2015 |                                   |                              | 29250                                   | 0.37                             |

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.</b> | <b>Directors</b>                                            |                                           |                                  |            |                                   |                                      |                                         |                                  |
| 1.        | Mr. Surinder P. Kanwar                                      | 2289667                                   | 29.29                            | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | No change in shareholding            |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 2289667                                 | 29.29                            |
| 2.        | Mr. Sameer Kanwar                                           | 14253                                     | 0.18                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | No change in shareholding            |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 14253                                   | 0.18                             |
| 3.        | Dr. Ram S. Tarneja                                          | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |
| 4.        | Mr. N. J. Kamath                                            | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |
| 5.        | Mr. W. R. Schilha                                           | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |
| 6.        | Mr. Rakesh Chopra                                           | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |
| 7.        | Mr. V.K. Pargal                                             | 100                                       | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | No change in shareholding            |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 100                                     | 0.00                             |
| 8.        | Mr. S.G. Awasthi                                            | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |
| 9.        | Ms. Hiroo Suresh Advani                                     | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |
| <b>B.</b> | <b>Key Managerial Personnel (KMP's)</b>                     |                                           |                                  |            |                                   |                                      |                                         |                                  |
| 1.        | Mr. Milind Pujari<br>Chief Financial Officer                | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |
| 2.        | Mr. Prashant Khattry<br>Head (Legal) &<br>Company Secretary | 0                                         | 0.00                             | 01/04/2014 |                                   |                                      |                                         |                                  |
|           |                                                             |                                           |                                  |            | -                                 | Nil Holding/movement during the year |                                         |                                  |
|           |                                                             |                                           |                                  | 31/03/2015 |                                   |                                      | 0                                       | 0.00                             |

## V. INDEBTEDNESS:

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

(₹ In Lacs)

|                                                     | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|-----------------------------------------------------|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year |                                     |                    |          |                       |
| (i) Principal Amount                                | 9979.74                             | -                  | -        | 9979.74               |
| (ii) Interest due but not paid                      | -                                   | -                  | -        | -                     |
| (iii) Interest accrued but not due                  | 23.51                               | -                  | -        | 23.51                 |
| <b>Total (i+ii+iii)</b>                             | <b>10003.25</b>                     | <b>-</b>           | <b>-</b> | <b>10003.25</b>       |
| Change in Indebtedness during the financial year    |                                     |                    |          |                       |
| • Addition                                          | 1059.55                             | -                  | -        | 1059.55               |
| • Reduction                                         | 995.28                              | -                  | -        | 995.28                |
| Net Change                                          | 64.27                               | -                  | -        | 64.27                 |
| Indebtedness at the end of the financial year       |                                     |                    |          |                       |
| (i) Principal Amount                                | 9995.66                             | -                  | -        | 9995.66               |
| (ii) Interest due but not paid                      | -                                   | -                  | -        | -                     |
| (iii) Interest accrued but not due                  | 71.86                               | -                  | -        | 71.86                 |
| <b>Total (i+ii+iii)</b>                             | <b>10067.52</b>                     | <b>-</b>           | <b>-</b> | <b>10067.52</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<br>Amount |
|-------|-------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------|-----------------|
|       |                                                                                     | Mr. Surinder P. Kanwar<br>Chairman and Managing<br>Director | Mr. Sameer Kanwar<br>Joint Managing Director |                 |
| 1.    | Gross salary                                                                        |                                                             |                                              |                 |
|       | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 167.71                                                      | 98.77                                        | 266.48          |
|       | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | 47.12                                                       | 16.90                                        | 64.02           |
|       | (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                                                  | 20.12                                                       | 10.46                                        | 30.58           |
|       | <b>Total (A)</b>                                                                    | <b>234.95</b>                                               | <b>126.13</b>                                | <b>361.08</b>   |
|       | Ceiling as per the Act*                                                             | 264.22*                                                     | 139.51**                                     | 403.73          |

\* Pursuant to the Central Government approval of ₹ 284.30 Lacs for the period October 1, 2014 to September 30, 2015.

\*\* Pursuant to the Minimum Remuneration as per Schedule V to the Companies Act.





**B. Remuneration to other directors:**

(₹ In Lacs)

| S.No. | Particulars of Remuneration                    | Name of Directors                                                           |                 |                 |                   |                  |                  |                         | Total Amount |
|-------|------------------------------------------------|-----------------------------------------------------------------------------|-----------------|-----------------|-------------------|------------------|------------------|-------------------------|--------------|
| 1.    | Independent Directors                          | Dr. Ram S. Tarneja                                                          | Mr. N.J. Kamath | Mr. V.K. Pargal | Mr. Rakesh Chopra | Mr. W.R. Schilha | Mr. S.G. Awasthi | Ms. Hiroo Suresh Advani |              |
|       | • Fee for attending board / committee meetings | 1.96                                                                        | 2.02            | 1.96            | 1.80              | 0.51             | 1.07             | 0.90                    | 10.22        |
|       | • Commission                                   | -                                                                           | -               | -               | -                 | -                | -                | -                       | -            |
|       | • Others, please specify                       | -                                                                           | -               | -               | -                 | -                | -                | -                       | -            |
|       | <b>Total (1)</b>                               | <b>1.96</b>                                                                 | <b>2.02</b>     | <b>1.96</b>     | <b>1.80</b>       | <b>0.51</b>      | <b>1.07</b>      | <b>0.90</b>             | <b>10.22</b> |
| 2.    | Other Non-Executive Directors                  |                                                                             |                 |                 |                   |                  |                  |                         |              |
|       | • 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>-</b>                | <b>-</b>     |
|       | <b>Total (B)=(1+2)</b>                         | <b>1.96</b>                                                                 | <b>2.02</b>     | <b>1.96</b>     | <b>1.80</b>       | <b>0.51</b>      | <b>1.07</b>      | <b>0.90</b>             | <b>10.22</b> |
|       | Total Managerial Remuneration                  |                                                                             |                 |                 |                   |                  |                  |                         | 371.30*      |
|       | Overall Ceiling as per the Act                 | ₹ 1.00 Lac sitting fees to a director per meeting of the Board or Committee |                 |                 |                   |                  |                  |                         |              |

\*Total Remuneration of Chairman and Managing Director, Joint Managing Director and inclusive of ₹ 10.22 lacs paid as sitting fees to other Directors

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

(₹ In Lacs)

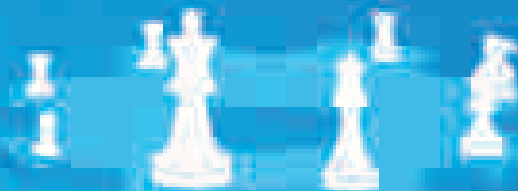
| S.No. | Particulars of Remuneration                                                         | Key Managerial Personnel                     |                                           | Total Amount |
|-------|-------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------------|--------------|
|       |                                                                                     | Mr. Milind Pujari<br>Chief Financial Officer | Mr. Prashant Khattry<br>Company Secretary |              |
| 1.    | Gross salary                                                                        |                                              |                                           |              |
|       | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 35.77                                        | 11.60                                     | 47.37        |
|       | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | 5.37                                         | 0.37                                      | 5.74         |
|       | (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                                                  | 1.45                                         | 2.10                                      | 3.55         |
|       | <b>Total</b>                                                                        | <b>42.59</b>                                 | <b>14.07</b>                              | <b>56.66</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                         |                              |                   |                                                          |                              |                                    |

**NIL**





# CORPORATE GOVERNANCE REPORT

For the Year ended 31 March, 2015

(Pursuant to Clause 49 of the Listing Agreements)

## 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 right 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. BOARD OF DIRECTORS

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board which includes one Woman Director. As on 31 March, 2015, the Board consists of Nine (9) 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, 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. 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 organisation 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, 2015, they fulfill the criteria of being "Independent Director" as stipulated under Clause 49 of the Listing Agreements.

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.   | Dr. Ram S. Tarneja      | Non-Executive Independent Director | 5/5                                 | Present                | 9                                              | 4                                                                 | 2        |
| 5.   | Mr. N.J. Kamath*        | Non-Executive Independent Director | 5/5                                 | Present                | -                                              | 1                                                                 | 1        |
| 6.   | Mr. V.K. Pargal         | Non-Executive Independent Director | 5/5                                 | Present                | 2                                              | 3                                                                 | -        |
| 7.   | Mr. S.G. Awasthi        | Non-Executive Independent Director | 5/5                                 | Present                | -                                              | -                                                                 | -        |
| 8.   | Mr. Rakesh Chopra       | Non-Executive Independent Director | 5/5                                 | Present                | 2                                              | 3                                                                 | 1        |
| 9.   | Ms. Hiroo Suresh Advani | Non-Executive Independent Director | 5/5                                 | Present                | -                                              | -                                                                 | -        |

\* Resigned w.e.f. 29 May, 2015.

<sup>A</sup>excluding directorship in Private 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. Further, it includes Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee only. None of the Directors of your Company is a Member of more than ten (10) Committees or is the Chairman of more than five (5) Committees across all Public Limited Companies in which they are Directors. The Membership/Chairmanship also includes Membership/Chairmanship in Bharat Gears Limited.

None of the Independent Director of the Company holds the position of the Independent Director in more than Seven (7) 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 three listed Companies including Bharat Gears Limited.

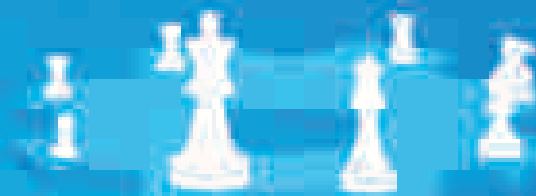
Mr. Surinder P. Kanwar is father of Mr. Sameer Kanwar. Mr. Sameer Kanwar has been re-appointed as Joint Managing Director of the Company w.e.f. 01 June, 2013 for a period of 5(Five) years.

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

A formal letter of appointment had been issued to the Directors appointed at the Annual General Meeting of the Company held on 01 August, 2014. The terms and conditions of the said appointment are available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

Further, the Company has adopted a familiarisation programme for Independent Directors which is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com) under the link: <http://www.bharatgears.com/documents/familiarisation-programmme-independent-directors.pdf>.





## B. Board Meetings

During the financial year 2014-15, Five (5) Board Meetings were held on the following dates. The gap between any two meetings was not more than One hundred and twenty (120) days as mandated in Clause 49 of the Listing Agreements:-

- 28 May, 2014;
- 01 August, 2014;
- 06 November, 2014;
- 28 January, 2015; and
- 27 March, 2015

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 atleast 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. 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 Clause 49 of the Listing agreements.

- 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.

## 3. BOARD COMMITTEES

### A. Audit Committee

#### I. Constitution and Composition

The "Audit Committee" comprises of the following four (4) 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 the attendance record of members of the Committee:

**Table-2**

| S.No. | Name of Member     | Designation | No. of meetings Held/Attended |
|-------|--------------------|-------------|-------------------------------|
| 1.    | Dr. Ram S. Tarneja | Chairman    | 5/5                           |
| 2.    | Mr. V.K. Pargal    | Member      | 5/5                           |
| 3.    | Mr. N.J. Kamath*   | Member      | 5/5                           |
| 4.    | Mr. Rakesh Chopra  | Member      | 5/4                           |

\* Resigned w.e.f. 29 May, 2015.

In addition to the Members of the Audit Committee, the Chief Financial Officer, Internal Auditors, Cost 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 in the last Annual General Meeting and replied to the queries of the shareholders to their satisfaction.

Mr. Prashant Khattri, 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, five (5) meetings of the Audit Committee were held on the following dates:

- 27 May, 2014;
- 31 July, 2014;
- 05 November, 2014;
- 28 January, 2015; and
- 26 March, 2015

#### III. Powers of Audit Committee

The Audit Committee has been empowered with the adequate powers as mandated in Clause 49 of the Listing Agreements, 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 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. Qualifications 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. Review and monitor 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 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 Agreements, Companies Act and other Statutes.

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

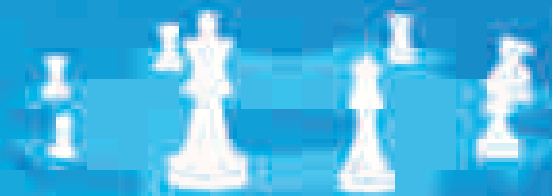
The Audit Committee reviews the following information:

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; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

#### B. Nomination and Remuneration Committee

##### I. Constitution and Composition

Pursuant to the enactment of the Companies Act, 2013 and revisions in Clause 49 of the listing agreements mandating the constitution of Nomination and Remuneration Committee, the nomenclature of the erstwhile "Remuneration Committee" constituted on 22 April, 2002 had been changed to "Nomination and Remuneration Committee" by the Board of Directors of the Company on 07 May, 2014 thereby assigning the adequate roles and responsibilities in line with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreements.



The Nomination and Remuneration Committee constitutes of following four (4) 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 Member         | Designation | No. of meetings Held/Attended |
|-------|------------------------|-------------|-------------------------------|
| 1.    | Mr. N.J. Kamath*       | Chairman    | 4/4                           |
| 2.    | Mr. Surinder P. Kanwar | Member      | 4/4                           |
| 2.    | Dr. Ram S. Tarneja     | Member      | 4/4                           |
| 3.    | Mr. V.K. Pargal        | Member      | 4/4                           |

\* Resigned w.e.f. 29 May, 2015.

Mr. N.J. Kamath, Dr. Ram S. Tarneja and Mr. V.K. Pargal 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 2014-15, Four (4) 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.    | 27 May, 2014     | 1. Adoption of terms of Reference (Charter) of the Nomination and Remuneration Committee laid down by the Board of Directors of the Company<br>2. Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director, for further period of 2 (Two) years w.e.f 01 June, 2014 of his present tenure     |
| 2.    | 31 July, 2014    | 1. Recommendation of the Remuneration Policy for the Directors/Senior Management Personnel of the Company to the Board of Directors<br>2. Consideration and approval of the payment of remuneration to Mr. Surinder P. Kanwar, Chairman & Managing Director, for further period of 1 (One) year w.e.f 01 October, 2014 of his present tenure |
| 3.    | 28 January, 2015 | Consideration and approval of the evaluation process of Directors of the Company and recommendation of the same to the Board of Directors                                                                                                                                                                                                    |
| 4.    | 27 March, 2015   | 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, to answer the shareholders' queries.

## III. Role of Nomination and Remuneration Committee

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 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 their appointment and removal.

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

In terms of requirements of Clause 49 of the Listing Agreements, the Board of Directors of the Company, in its meeting held on 01 August, 2014 approved the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management. The said policy 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

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. Remuneration of Directors for 2014-15

Table-5

(₹ In lacs)

| NON-EXECUTIVE INDEPENDENT DIRECTORS |                |                     |                                                 |        |
|-------------------------------------|----------------|---------------------|-------------------------------------------------|--------|
| Name of Members                     | Sitting Fees#  |                     | Salaries and Perquisites                        | Total  |
|                                     | Board Meetings | Committee Meetings@ |                                                 |        |
| Mr. N. J. Kamath\$                  | 0.84           | 1.18                | Nil                                             | 2.02   |
| Mr. V. K. Pargal                    | 0.84           | 1.12                | Nil                                             | 1.96   |
| Dr. Ram S. Tarneja                  | 0.84           | 1.12                | Nil                                             | 1.96   |
| Mr. W.R. Schilha                    | 0.51           | -                   | Nil                                             | 0.51   |
| Mr. S.G. Awasthi                    | 0.84           | 0.23                | Nil                                             | 1.07   |
| Mr. Rakesh Chopra                   | 0.84           | 0.96                | Nil                                             | 1.80   |
| Ms. Hiroo Suresh Advani             | 0.84           | 0.06                | Nil                                             | 0.90   |
|                                     |                |                     | Sub-Total (A)                                   | 10.22  |
| EXECUTIVE DIRECTORS                 |                |                     |                                                 |        |
| Mr. Surinder P. Kanwar              | Nil            | Nil                 | • Salary                                        | 167.71 |
|                                     |                |                     | • Contribution to provident and other funds (*) | 20.12  |
|                                     |                |                     | • Monetary value of perquisites (**)            | 47.12  |
| Mr. Sameer Kanwar                   | Nil            | Nil                 | • Salary and allowances                         | 98.77  |
|                                     |                |                     | • Contribution to provident and other funds (*) | 10.46  |
|                                     |                |                     | • Monetary value of perquisites (**)            | 16.90  |
|                                     |                |                     | Sub-Total (B)                                   | 361.08 |
|                                     |                |                     | Grand Total                                     | 371.30 |

\$ Resigned w.e.f. 29 May, 2015.

# Inclusive of Service Tax @ 12.36%.

@ Includes the amount of sitting fees paid for the separate meeting of Independent Directors.

\*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 by way of sitting fees at the rate of ₹ 15,000/- for attending each meeting of the Board and Audit Committee and ₹ 5,000/- for other Committees of the Board of Directors of the Company.

## VII. Performance Evaluation

The Nomination and Remuneration Committee in its meeting held on 28 January, 2015 laid down the criteria for performance evaluation of Independent Directors. The criteria for performance evaluation covers the area relevant to their role as Independent Directors in the Company.

The Board of Directors in its meeting held on 27 March, 2015 evaluated the performance of Independent Directors.

During the Financial Year 2014-15, a separate meeting of the Independent Directors of the Company was held on 27 March, 2015. 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.

## C. Stakeholders' Relationship Committee

In terms of provisions of Section 178(5), 178(6) of the Companies Act, 2013 read with Clause 49 of the Listing Agreements, the Board of Directors in its meeting held on 28 May, 2014 changed the nomenclature of the erstwhile "Shareholders'/Investors' Grievance Committee" to "Stakeholders' Relationship Committee" with the revised terms of reference.

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 (erstwhile Shareholders'/ Investors' Grievance Committee):

**Table-6**

| S.No. | Name of Member    | Designation | No. of meetings Held/Attended |
|-------|-------------------|-------------|-------------------------------|
| 1.    | Mr. N. J. Kamath* | Chairman    | 1/1                           |
| 2.    | Mr. Sameer Kanwar | Member      | 1/1                           |
| 3.    | Mr. Rakesh Chopra | Member      | 1/1                           |

\* Resigned w.e.f. 29 May, 2015.

Mr. N.J. Kamath and Mr. Rakesh Chopra are the Non-Executive Independent Directors and Mr. Sameer Kanwar is Joint Managing Director of the Company.

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

During the Financial Year 2014-15, the Committee met one (1) time on 27 May, 2014 and the Committee took note of status of requests received from the Shareholders for Dematerialisation, Rematerialisation, Transfers and Transmission of Shares as on 31 March, 2014.

#### *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. P.C. Kothari, Head (Finance and Accounts)\*\*
- Mr. Prashant Khattri, Head (Legal) and Company Secretary

\*\*Ceased to be a member w.e.f. 24 April, 2015.

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 2014-15                                     | NIL            |
| No. of Complaints resolved to the satisfaction of stakeholders during financial year 2014-15 | Not Applicable |

No. of pending requests for share transfers, transmissions, dematerialisations and rematerialisations as on 31 March, 2015

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

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

##### *I. Constitution and Composition*

The Corporate Social Responsibility Committee ("CSR Committee") of the Board of Directors of the Company had been constituted by the Board on 15 January, 2015 as required under the provisions of the Companies Act, 2013.

The terms of reference of the CSR Committee are as follows:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

The **Table-7** gives the composition of the CSR Committee and the attendance record of Members of the CSR Committee:

**Table-7**

| S.No. | Name of Member         | Designation | No. of meetings Held/Attended |
|-------|------------------------|-------------|-------------------------------|
| 1.    | Mr. Surinder P. Kanwar | Chairman    | 2/2                           |
| 2.    | Mr. Sameer Kanwar      | Member      | 2/2                           |
| 3.    | Mr. Rakesh Chopra      | Member      | 2/2                           |
| 4.    | Mr. S.G. Awasthi       | Member      | 2/2                           |

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 2014-15, Two (2) meetings of the CSR Committee were held. **Table-8** gives the details of the date and purpose of the meetings of CSR Committee: -

**Table-8**

| S.No. | Date of Meeting  | Purpose                                                                                                                                                                                                             |
|-------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.    | 28 January, 2015 | Recommendation of the Corporate Social Responsibility Policy (CSR Policy) to the Board of Directors                                                                                                                 |
| 2.    | 27 March, 2015   | Consideration and approval of spending on Corporate Social Responsibility (CSR) activities in terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Rules), 2014 |

#### **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-9** gives the composition of the Finance Committee:

**Table-9**

| 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 2014-15, One (1) meeting of Finance Committee was held on 10 March, 2015 to discharge the functions delegated to the Committee.

#### 4. COMPLIANCE OFFICER

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

#### 5. DIRECTORS

During the financial year 2014-15, the members of the Company at their Annual General Meeting held on 01 August, 2014 approved the appointment of Dr. Ram S Tarneja, Mr. S.G. Awasthi and Ms. Hiroo Suresh Advani as Non Executive Independent Directors in terms of Section 149 of the Companies Act, 2013 for a period of 5 (Five) Years upto the conclusion of the 47<sup>th</sup> Annual General Meeting (AGM) of the Company in the Calendar year 2019.

#### Re-Appointment of existing Non-Executive Rotational Directors

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Rakesh Chopra and Mr. V.K. Pargal, Directors retire by rotation at the ensuing Annual General Meeting. Therefore, in terms of Section 149 of the Companies Act, 2013, it has been proposed to appoint Mr. Rakesh Chopra and Mr. V.K. Pargal as Non Executive Independent Directors at the ensuing Annual General Meeting (AGM) of the Company for a period of 5 (Five) Years upto the conclusion of the 48<sup>th</sup> Annual General Meeting (AGM) of the Company in the Calendar year 2020.

**Table-11**

| Financial Year | Venue                                                                               | Date & Time                   | Special Resolution(s) Passed                                                                                                                                                                                                                                                                    |
|----------------|-------------------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2013-14        | Huda Convention Centre, Sector-12, Faridabad-121007 Haryana)                        | 01 August, 2014<br>11.30 A.M. | Yes<br>1. Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director of the Company, for further period of 2 (Two) years w.e.f 01 June, 2014 of his present tenure<br>2. Consideration and approval of increase in borrowing powers of the Company |
| 2012-13        | Huda Convention Centre, Sector-12, Faridabad-121007 (Haryana)                       | 31 July, 2013<br>11.30 A.M.   | Yes<br>Appointment of Mr. Sameer Kanwar as Joint Managing Director for further period of 5 (Five) years w.e.f. 01 June, 2013                                                                                                                                                                    |
| 2011-12        | Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana) | 26 July, 2012<br>11.30 A.M.   | No                                                                                                                                                                                                                                                                                              |

As required under Clause 49 of the Listing Agreements, the information or details pertaining to the Directors seeking appointment/re-appointment in the ensuing Annual General Meeting, are furnished below.

The **Table-10** gives the information pertaining to the Non-Executive Independent Directors who are to be appointed in terms of the provisions of the Section 149 of the Companies Act, 2013 in the forthcoming Annual General Meeting:

**Table-10**

| S. No. | Particulars of Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | <b>Mr. V.K. Pargal, Director</b><br><b>Brief Resume:</b> Mr. Virender Kumar Pargal aged 82 Years is a Non-Executive Director of the Company since 24 January, 2002. Mr. Pargal is a qualified Chartered Engineer from England. He is presently also managing a consultancy company specializing in business Strategies & Structures and he holds the directorship in Pargal Consultants Pvt. Ltd. Apart from being the member of Nomination and Remuneration Committee of Bharat Gears Limited, he is also the Member of Audit Committee of Bharat Gears Limited.<br>As on 31 March, 2015, he holds 100 shares in the Company. |
| 2.     | <b>Mr. Rakesh Chopra, Director</b><br><b>Brief Resume:</b> Mr. Rakesh Chopra aged 64 years is a Non-Executive Independent Director of the Company since 25 January, 2007. He is a qualified Chartered Accountant (England & Wales) and MBA from Cranfield University, U.K. He had been spearheading various industry groups at top levels including Escorts Limited. He has rich experience of around 39 years.<br>As on 31 March, 2015, he does not hold any share in the Company.                                                                                                                                            |

#### 6. GENERAL BODY MEETINGS

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

#### Annual General Meetings



## Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31 March, 2015.

### Postal Ballot

During the Financial Year 2014-15, the Company has obtained the approval of its members through Postal Ballot (Including voting by electronic means) in accordance with the procedure prescribed in terms of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 on following resolutions:

1. Consideration and approval of the payment of remuneration to Mr. Surinder P. Kanwar, Chairman and Managing Director of the Company for 1 (One) year w.e.f 01 October, 2014 to 30 September, 2015.

### Type of Resolution: (Special)

| Promoter/<br>Public               | No. of<br>Shares held<br>(1) | No. of<br>Votes Polled<br>(2) | % of Votes<br>Polled on<br>outstanding<br>shares<br>(3)=[(2)/(1)]<br>*100 | No. of<br>Votes - in<br>favour<br>(4) | No. of<br>Votes - against<br>(5) | % of Votes<br>in favour on<br>votes polled<br>(6)=[(4)/(2)]<br>*100 | % of Votes<br>against on<br>votes polled<br>(7)=[(5)/(2)]<br>*100 |
|-----------------------------------|------------------------------|-------------------------------|---------------------------------------------------------------------------|---------------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|
| Promoter and<br>Promoter Group    | 4141738                      | 4141133                       | 99.98                                                                     | 4141133                               | 0                                | 100.00                                                              | 0.00                                                              |
| Public – Institutional<br>holders | 0                            | 0                             | 0.00                                                                      | 0                                     | 0                                | 0.00                                                                | 0.00                                                              |
| Public – Others                   | 3676095                      | 13287                         | 0.37                                                                      | 8526                                  | 4761                             | 64.17                                                               | 35.83                                                             |
| <b>Total</b>                      | <b>7817833</b>               | <b>4154420</b>                | <b>53.14</b>                                                              | <b>4149659</b>                        | <b>4761</b>                      | <b>99.89</b>                                                        | <b>0.11</b>                                                       |

**Resolution No.2:** Creation of charge on the movable and immovable properties of the Company, both present and future, in respect of Borrowings u/s 180(1)(a) of the Companies Act, 2013.

### Type of Resolution: (Special)

| Promoter/<br>Public               | No. of<br>Shares held<br>(1) | No. of<br>Votes Polled<br>(2) | % of Votes<br>Polled on<br>outstanding<br>shares<br>(3)=[(2)/(1)]<br>*100 | No. of<br>Votes - in<br>favour<br>(4) | No. of<br>Votes - against<br>(5) | % of Votes<br>in favour on<br>votes polled<br>(6)=[(4)/(2)]<br>*100 | % of Votes<br>against on<br>votes polled<br>(7)=[(5)/(2)]<br>*100 |
|-----------------------------------|------------------------------|-------------------------------|---------------------------------------------------------------------------|---------------------------------------|----------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|
| Promoter and<br>Promoter Group    | 4141738                      | 4141133                       | 99.98                                                                     | 4141133                               | 0                                | 100.00                                                              | 0.00                                                              |
| Public – Institutional<br>holders | 0                            | 0                             | 0.00                                                                      | 0                                     | 0                                | 0.00                                                                | 0.00                                                              |
| Public – Others                   | 3676095                      | 12910                         | 0.35                                                                      | 8526                                  | 4384                             | 66.04                                                               | 33.96                                                             |
| <b>Total</b>                      | <b>7817833</b>               | <b>4154043</b>                | <b>53.13</b>                                                              | <b>4149659</b>                        | <b>4384</b>                      | <b>99.89</b>                                                        | <b>0.11</b>                                                       |

## 7. DISCLOSURES

### A. Related Party Transactions

During the year 2014–15, 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. 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

2. Creation of charge on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1)(a) of the Companies Act, 2013.

Mr. Rajesh Kumar Khandelwal, Partner, M/s. Sanmarks & Associates, Chartered Accountants, Faridabad was appointed as the Scrutinizer by the Board to conduct the said Postal Ballot Process in fair and transparent manner.

The results of voting, conducted through Postal Ballot (including voting by electronic means) for passing of the Special Resolution(s), had been announced by the Chairman and Managing Director on 17 October, 2014 and the same is reproduced here:

**Resolution No. 1:** To consider and approve the payment of remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director of the Company for a period of 1(One) year w.e.f. 01 October, 2014 to 30 September, 2015.

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 financial statements.

Further, the Company has formulated a policy on materiality of Related Party Transactions in accordance with the Clause 49 of the Listing Agreements. The policy of the Company on dealing with Related Party Transactions effective from 01 October, 2014 is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

## 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.

## C. Risk Management Framework

In pursuance to the Companies Act, 2013 and Clause 49 of the Listing Agreements, 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 2014-15.

## 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 modified as per Clause 49 of the Listing Agreements and Section 177 of the Companies Act, 2013 in the Board Meeting held on 28 May, 2014. The policy provides a channel to the employees and Directors 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 and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in 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, 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. CEO/CFO certification

Certificate from Mr. Surinder P. Kanwar, Chairman and Managing Director and Mr. Milind Pujari, Chief Financial Officer in terms of Clause 49 (IX) of the Listing Agreements with the Stock Exchanges for the Financial Year ended 31 March, 2015 was placed before the Board of Directors of the Company in its meeting held on 29 May, 2015.

## H. Code of Conduct and Corporate Ethics

### • Code of Business Conduct and Ethics

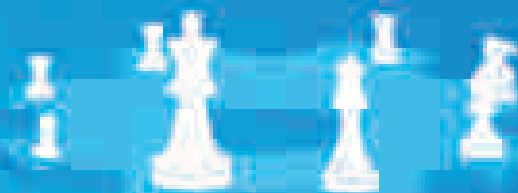
Bharat Gears Limited believes that Good Corporate Governance is the key to the Conduct of Company's Business in a transparent, reliable and vibrant manner. It is of paramount importance for any Company to create an atmosphere of faith, integrity, accountability, responsibility and financial stability 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 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).

## I. Legal Compliance Reporting

The Board of Directors reviews in detail, on a quarterly basis, the reports of compliance to all applicable laws and 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.



## J. Mandatory Requirements

The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreements entered into with Stock Exchanges. Details of compliances are given below:

**Table-12**

|       | Particulars                                                          | Clause of Listing Agreement | Compliance status |
|-------|----------------------------------------------------------------------|-----------------------------|-------------------|
| II.   | <b>Board of Directors</b>                                            | 49(II)                      | Yes               |
| (A)   | Composition of Board                                                 | 49(IIA)                     | Yes               |
| (B)   | Independent Directors                                                | 49(IIB)                     | Yes               |
| (C)   | Non-executive Directors' compensation & disclosures                  | 49(IIC)                     | Yes               |
| (D)   | Other provisions as to Board and Committees                          | 49(IID)                     | Yes               |
| (E)   | Code of Conduct                                                      | 49(IIE)                     | Yes               |
| (F)   | Whistle Blower Policy                                                | 49(IIF)                     | Yes               |
| III.  | <b>Audit Committee</b>                                               | 49(III)                     | Yes               |
| (A)   | Qualified and independent Audit Committee                            | 49(IIIA)                    | Yes               |
| (B)   | Meeting of Audit Committee                                           | 49(IIIB)                    | Yes               |
| (C)   | Powers of Audit Committee                                            | 49(IIIC)                    | Yes               |
| (D)   | Role of Audit Committee                                              | 49(IIID)                    | Yes               |
| (E)   | Review of information by Audit Committee                             | 49(IIIE)                    | Yes               |
| IV.   | <b>Nomination and Remuneration Committee</b>                         | 49(IV)                      | Yes               |
| V.    | <b>Subsidiary Companies</b>                                          | 49(V)                       | N.A.              |
| VI.   | <b>Risk Management</b>                                               | 49(VI)                      | Yes               |
| VII.  | <b>Related Party Transactions</b>                                    | 49(VII)                     | Yes               |
| VIII. | <b>Disclosures</b>                                                   | 49(VIII)                    | Yes               |
| (A)   | Related party transactions                                           | 49(VIIIA)                   | Yes               |
| (B)   | Disclosure of Accounting Treatment                                   | 49(VIIIB)                   | N.A.              |
| (C)   | Remuneration of Directors                                            | 49(VIIIC)                   | Yes               |
| (D)   | Management                                                           | 49(VIIID)                   | Yes               |
| (E)   | Shareholders                                                         | 49(VIIIE)                   | Yes               |
| (F)   | Proceeds from public issues, rights issue, preferential issues, etc. | 49(VIIIF)                   | N.A.              |
| IX.   | <b>CEO/CFO Certification</b>                                         | 49(IX)                      | Yes               |
| X.    | <b>Report on Corporate Governance</b>                                | 49(X)                       | Yes               |
| XI.   | <b>Compliance</b>                                                    | 49(XI)                      | Yes               |

## K. Non-Mandatory Requirements

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

## L. Means of Communication

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

**Table-13**

| Financial Results                          | Name(s) of Newspapers                                        | Date(s) of Publication |
|--------------------------------------------|--------------------------------------------------------------|------------------------|
| Quarter/Year ended 31 March, 2014          | The Economic Times*<br>The Economic Times (Hindi)**<br>Mint# | 29 May, 2014           |
| Quarter ended 30 June, 2014                | Economic Times*<br>Veer Arjun(Hindi)##<br>Mint#              | 02 August, 2014        |
| Quarter/Half Year ended 30 September, 2014 | Mint#<br>Veer Arjun (Hindi)##                                | 07 November, 2014      |
| Quarter ended 31 December, 2014            | Mint#<br>Veer Arjun (Hindi)##                                | 29 January, 2015       |

\*Economic Times-Mumbai & Delhi Edition

\*\*Economic Times (Hindi)-Delhi Edition

#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. The quarterly/half-yearly and annual financial results, shareholding pattern, along with full version of Corporate Governance Report, Annual Report and other requisite material information are also displayed on [www.corpfiling.co.in](http://www.corpfiling.co.in).

Also, the Quarterly Corporate Governance Report and Shareholding Pattern of the Company as mandated under Clause 49 and Clause 35 of the Listing Agreements respectively are 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.

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).

## M. 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 2013-14 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.

## 8. 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 11.30 A.M. on Friday, the 31 July, 2015 at HUDA Convention Centre, Sector-12, Faridabad-121007, (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. Date of Book Closure:

25 July, 2015 to 31 July, 2015 (both days inclusive).

### E. 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 2015-16 has been paid in advance to the aforesaid Stock Exchanges.

## F. Market Price Data:

High and Low prices during each month of Financial Year 2014-15 on National Stock Exchange of India Limited and BSE Limited are as under:

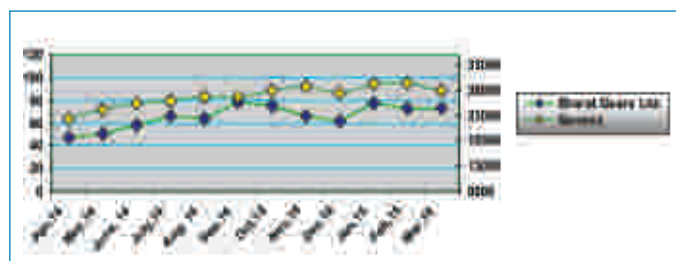
The Closing Price represents the price on the last trading day of each month of Financial Year 2014-15.

Table-14

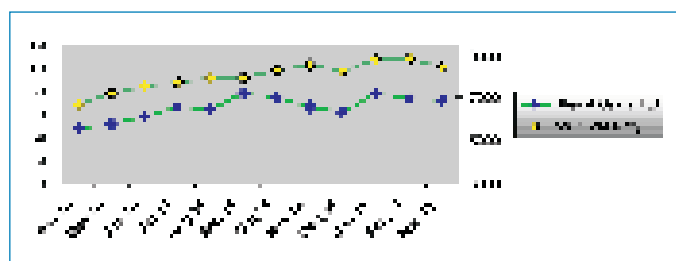
| Month     | High (₹) |        | Low (₹) |       | Closing (₹) |       |
|-----------|----------|--------|---------|-------|-------------|-------|
|           | NSE      | BSE    | NSE     | BSE   | NSE         | BSE   |
| April     | 54.00    | 51.75  | 39.25   | 38.10 | 47.65       | 47.45 |
| May       | 61.45    | 62.30  | 43.00   | 43.00 | 51.25       | 50.60 |
| June      | 59.80    | 59.70  | 48.15   | 48.25 | 58.00       | 58.40 |
| July      | 80.55    | 82.00  | 56.65   | 57.35 | 66.45       | 66.45 |
| August    | 73.75    | 73.50  | 55.45   | 55.80 | 64.85       | 64.40 |
| September | 85.90    | 85.60  | 63.25   | 64.00 | 78.00       | 78.40 |
| October   | 79.60    | 83.00  | 67.25   | 68.80 | 74.65       | 74.70 |
| November  | 80.00    | 80.00  | 66.00   | 65.00 | 66.25       | 66.25 |
| December  | 75.00    | 79.00  | 60.05   | 60.20 | 62.35       | 62.00 |
| January   | 103.45   | 103.50 | 60.20   | 60.70 | 77.65       | 77.30 |
| February  | 84.40    | 84.50  | 70.10   | 70.00 | 73.30       | 73.10 |
| March     | 83.75    | 84.50  | 66.70   | 67.00 | 72.45       | 72.65 |

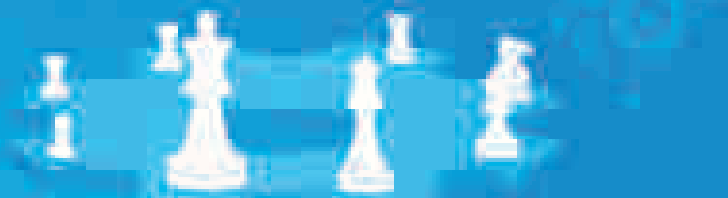
The graphical presentations of movement of closing share prices of the company on BSE and NSE during the year are as under:

### a. BHARAT GEARS’ PRICES VERSUS SENSITIVITY AT BSE



### b. BHARAT GEARS’ PRICES VERSUS S & P CNX NIFTY





#### G. 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-1, Near PVR Naraina  
New Delhi- 110028  
Tel Nos.: 011-41410592-94  
Fax No.: 011-41410591  
Email: [delhi@linkintime.co.in](mailto: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.

#### H. 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.

- Mr. Surinder P. Kanwar, Chairman and Managing Director
- Mr. Sameer Kanwar, Joint Managing Director
- Mr. P.C. Kothari, Head (Finance and Accounts)\*\*
- Mr. Prashant Khattri, Head(Legal) and Company Secretary

\*\* Ceased to be a member w.e.f. 24 April, 2015.

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 Clause 47(c) of the Listing Agreements with the Stock Exchanges, the Company has obtained the Half Yearly Certificates from a Company Secretary in Practice for due compliance of Share Transfer formalities.

#### I. Shareholding pattern of the Company as per category of shareholders as on 31 March, 2015

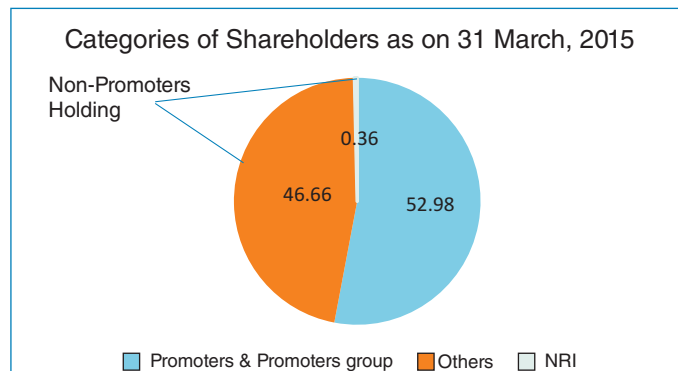


Table-15

| Category                                                                                                         | No. of Shares Held | %age of Shareholding |
|------------------------------------------------------------------------------------------------------------------|--------------------|----------------------|
| <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                                                                          | 3300               | 0.04                 |
| b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions) | 2018               | 0.03                 |
| c. Foreign Institutional Investor                                                                                | 50                 | 0.00                 |
| 4. Others                                                                                                        |                    |                      |
| a. Private Corporate Bodies                                                                                      | 549388             | 7.03                 |
| b. Indian Public                                                                                                 | 2958907            | 37.84                |
| c. Non Resident Indians/Overseas                                                                                 | 28155              | 0.36                 |
| d. Any Other                                                                                                     | 134277             | 1.72                 |
| <b>Total</b>                                                                                                     | <b>7817833</b>     | <b>100.00</b>        |

#### J. Distribution of Shareholding as on March 31, 2015:

Table-16

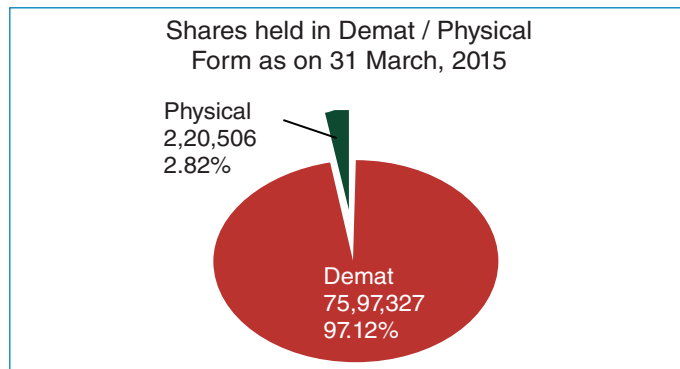
| No. of Equity shares held | Number of Shareholders | Number of Shares | %age to total shares |
|---------------------------|------------------------|------------------|----------------------|
| Up to 250                 | 9217                   | 522511           | 6.68                 |
| 251 to 500                | 835                    | 326014           | 4.17                 |
| 501 to 1000               | 379                    | 311561           | 3.99                 |
| 1001 to 2000              | 194                    | 296399           | 3.79                 |
| 2001 to 3000              | 61                     | 156146           | 2.00                 |
| 3001 to 4000              | 28                     | 98064            | 1.25                 |
| 4001 to 5000              | 23                     | 105417           | 1.35                 |
| 5001 to 10000             | 45                     | 342830           | 4.39                 |
| 10001 and above           | 59                     | 5658891          | 72.38                |
| <b>Total</b>              | <b>10841</b>           | <b>7817833</b>   | <b>100.00</b>        |

## K. 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.

## L. 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, 2015 a total of 75,97,327 equity shares of the Company of ₹ 10/- each, which form 97.18% of the paid up Equity Share Capital, stand dematerialized.

| PARTICULARS   |       |               |       |               |      |
|---------------|-------|---------------|-------|---------------|------|
| DEMAT         |       |               |       | PHYSICAL      |      |
| NSDL          |       | CDSL          |       |               |      |
| No. of shares | %     | No. of shares | %     | No. of shares | %    |
| 60,32,389     | 77.16 | 15,64,938     | 20.02 | 2,20,506      | 2.82 |

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

## M. Unclaimed Shares in Physical Mode

As per Clause 5A of the Listing Agreements, there are no unclaimed shares in the Company.

## N. Corporate Benefits

### Dividend History:

### Dividend on Equity Shares

Table-17

| Financial Year | Rate (%) | Amount (₹ in Lacs) |
|----------------|----------|--------------------|
| 2014-15        | NIL      | NIL                |
| 2013-14        | 10       | 78.00              |
| 2012-13        | 18       | 141.00             |
| 2011-12        | 18       | 141.00             |
| 2010-11        | 15       | 117.00             |

## Dividend on preference shares\*

Table-18

| Financial Year | Rate (%) | Amount (₹ In Lacs) |
|----------------|----------|--------------------|
| 2011-12        | 10       | 10.00              |
| 2010-11        | 10       | 21.00              |
| 2009-10        | 10       | 21.00              |
| 2008-09        | 10       | 21.00              |

\* All the preference shares issued by the Company had been redeemed upto 31 March, 2012.

## O. 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: 4115521

## P. 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, Email: [prashant.khattry@bglindia.com](mailto:prashant.khattry@bglindia.com)

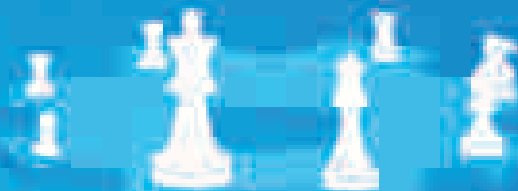
## Q. Investor Relations:

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.

## R. E-mail for investors:

The Company has designated [investor@bglindia.com](mailto:investor@bglindia.com) as email address especially for investors' grievances. Alternatively, the investors can send their complaints/requests at [bglfbd@vsnl.net.in](mailto:bglfbd@vsnl.net.in).

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



#### S. 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 Companies 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.

#### T. 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 [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

Chairman and Managing Director

Place: Mumbai

Dated: 29 May, 2015

### COMPLIANCE CERTIFICATE AS PER CLAUSE – 49(IX) OF THE LISTING AGREEMENTS

We have reviewed financial statements and the cash flow statement for the year 2014–15 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 entered into by the Company during the above said period, which is 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 2014–15;
- 3) Significant changes in accounting policies during the year 2014–15 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.

Place: Mumbai

Dated: 29 May, 2015

Milind Pujari  
Chief Financial Officer

For Bharat Gears Limited

Surinder P. Kanwar  
Chairman and Managing Director

### COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted "Code of Business Conduct and Ethics". 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.

It is hereby affirmed that during the year 2014–15, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Prashant Khattri  
Head (Legal) and Company Secretary

For Bharat Gears Limited

Surinder P. Kanwar  
Chairman and Managing Director

Place: Mumbai

Dated: 29 May, 2015

## AUDITOR'S CERTIFICATE

To

The Members of Bharat Gears Limited

We have examined compliance of conditions of Corporate Governance by Bharat Gears Limited (the Company), for the year ended on 31 March, 2015, as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliances with the conditions of Corporate Governance as stipulated in Clause 49. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor of 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)

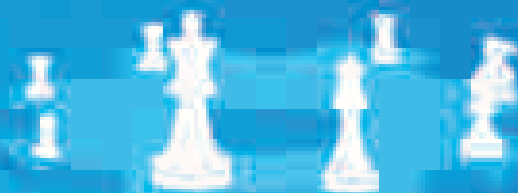
(Partner)

(Membership No. 040081)

Place: Mumbai

Dated: 29 May, 2015





# 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, 2015, the Statement of Profit and Loss, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 we have obtained 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, 2015, 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 the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of

Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

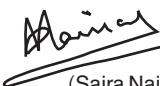
(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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 back wages pertaining to a set of temporary workmen which is not ascertainable – Refer Note 25.1 (i)(a) to the financial statements.

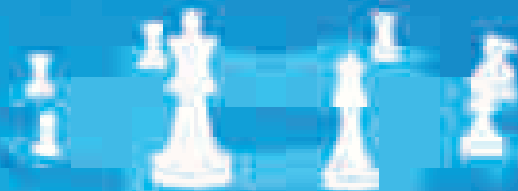
ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

  
(Saira Nainar)  
(Partner)  
(Membership No. 040081)

Place of Signature: Mumbai  
Date : 29 May, 2015



## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The Company has a programme 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 said programme, 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.
- (ii) In respect of its inventories:
- (a) As explained to us, inventories have been 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.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, are not applicable to the Company.
- (vi) 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 Companies

Act, 2013, 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.
  - (b) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess which have not been deposited as at 31 March, 2015 on account of any dispute.
  - (c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) 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 has been noticed or reported during the year.

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

(Saira Nainar)  
(Partner)

Place of Signature: Mumbai  
Date : 29 May, 2015

(Membership No. 040081)

## FINANCIAL STATEMENTS

Balance Sheet as at 31 March, 2015

| Particulars                        | Note No. | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|------------------------------------|----------|--------------------------------|--------------------------------|
| <b>A EQUITY AND LIABILITIES</b>    |          |                                |                                |
| <b>1. Shareholders' funds</b>      |          |                                |                                |
| (a) Share capital                  | 2        | 781.78                         | 781.78                         |
| (b) Reserves and surplus           | 3        | 6286.12                        | 6803.01                        |
|                                    |          | <b>7067.90</b>                 | <b>7584.79</b>                 |
| <b>2. Non-current liabilities</b>  |          |                                |                                |
| (a) Long-term borrowings           | 4        | 4887.81                        | 6146.35                        |
| (b) Deferred tax liabilities (net) | 26.7     | -                              | 206.53                         |
| (c) Other long-term liabilities    | 5        | 1233.43                        | 1068.50                        |
| (d) Long-term provisions           | 6        | 456.38                         | 471.49                         |
|                                    |          | <b>6577.62</b>                 | <b>7892.87</b>                 |
| <b>3. Current liabilities</b>      |          |                                |                                |
| (a) Short-term borrowings          | 7        | 3349.31                        | 2861.62                        |
| (b) Trade payables                 | 8        | 9575.01                        | 8710.66                        |
| (c) Other current liabilities      | 9        | 2834.13                        | 1797.54                        |
| (d) Short-term provisions          | 10       | 129.97                         | 263.19                         |
|                                    |          | <b>15888.42</b>                | <b>13633.01</b>                |
| <b>TOTAL</b>                       |          | <b>29533.94</b>                | <b>29110.67</b>                |
| <b>B ASSETS</b>                    |          |                                |                                |
| <b>1. Non-current assets</b>       |          |                                |                                |
| (a) Fixed assets                   |          |                                |                                |
| (i) Tangible assets                | 11A      | 12670.42                       | 13344.75                       |
| (ii) Intangible assets             | 11B      | 186.10                         | 139.44                         |
| (iii) Capital work-in-progress     |          | 189.60                         | 390.26                         |
|                                    |          | <b>13046.12</b>                | <b>13874.45</b>                |
| (b) Deferred tax assets (net)      | 26.7     | 55.76                          | -                              |
| (c) Long-term loans and advances   | 12       | 803.34                         | 782.24                         |
| (d) Other non-current assets       | 13       | 47.19                          | -                              |
|                                    |          | <b>13952.41</b>                | <b>14656.69</b>                |
| <b>2. Current assets</b>           |          |                                |                                |
| (a) Inventories                    | 14       | 6491.34                        | 5901.07                        |
| (b) Trade receivables              | 15       | 7164.28                        | 6851.15                        |
| (c) Cash and cash equivalents      | 16       | 553.06                         | 570.53                         |
| (d) Short-term loans and advances  | 17       | 1133.30                        | 945.56                         |
| (e) Other current assets           | 18       | 239.55                         | 185.67                         |
|                                    |          | <b>15581.53</b>                | <b>14453.98</b>                |
| <b>TOTAL</b>                       |          | <b>29533.94</b>                | <b>29110.67</b>                |

See accompanying notes forming part of the financial statements

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

Saira Nainar  
Partner

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

Sameer Kanwar  
Joint Managing Director  
(DIN : 00033622)

N.J. Kamath (DIN : 00080849)  
Ram S. Tarneja (DIN : 00009395)  
V.K. Pargal (DIN : 00076639)  
W.R. Schilha (DIN : 00374415)  
S.G. Awasthi (DIN : 00023073)  
Rakesh Chopra (DIN : 00032818)  
Hiroo Suresh Advani (DIN : 00265233)  
Directors

Place: Mumbai  
Date: 29 May, 2015

Milind Pujari  
Chief Financial Officer  
(PAN : AAAPP3554C)

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



### Statement of Profit and Loss for the year ended 31 March, 2015

| Particulars                                                       | Note No. | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|-------------------------------------------------------------------|----------|------------------------------------------------|------------------------------------------------|
| <b>1. Revenue from operations (gross)</b>                         | 19       | 44980.64                                       | 45642.50                                       |
| Less: Excise duty                                                 | 19       | 3490.92                                        | 3655.23                                        |
| <b>Revenue from operations (net)</b>                              |          | 41489.72                                       | 41987.27                                       |
| <b>2. Other income</b>                                            | 20       | 209.14                                         | 328.62                                         |
| <b>3. Total revenue (1+2)</b>                                     |          | 41698.86                                       | 42315.89                                       |
| <b>4. Expenses</b>                                                |          |                                                |                                                |
| (a) Cost of materials and components consumed                     | 21.a     | 20228.00                                       | 20767.96                                       |
| (b) Changes in inventories of finished goods and work-in-progress | 21.b     | (562.05)                                       | (564.60)                                       |
| (c) Employee benefits expense                                     | 22       | 7780.31                                        | 7014.57                                        |
| (d) Finance cost                                                  | 23       | 1634.88                                        | 1449.20                                        |
| (e) Depreciation and amortisation expense                         | 11C      | 1395.40                                        | 1372.37                                        |
| (f) Other expenses                                                | 24       | 11864.83                                       | 12216.63                                       |
| <b>Total expenses</b>                                             |          | 42341.37                                       | 42256.13                                       |
| <b>5. (Loss)/Profit before tax (3-4)</b>                          |          | (642.51)                                       | 59.76                                          |
| <b>6. Tax expense</b>                                             |          |                                                |                                                |
| (a) Current tax expense                                           |          | -                                              | 15.00                                          |
| (b) Less: MAT credit                                              |          | -                                              | 15.00                                          |
| (c) Excess provision for tax relating to prior years              |          | (6.00)                                         | (7.74)                                         |
| <b>(d) Net current tax expense</b>                                |          | (6.00)                                         | (7.74)                                         |
| (e) Deferred tax (benefit)/expense                                |          | (216.00)                                       | 8.00                                           |
| <b>Net tax (benefit)/expense</b>                                  |          | (222.00)                                       | 0.26                                           |
| <b>7. (Loss)/Profit for the year (5-6)</b>                        |          | (420.51)                                       | 59.50                                          |
| <b>8. Earnings per share (of ₹ 10/- each):</b>                    |          |                                                |                                                |
| Basic and Diluted - in ₹                                          | 26.6     | (5.38)                                         | 0.76                                           |
| See accompanying notes forming part of the financial statements   |          |                                                |                                                |

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

Saira Nainar  
Partner

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

Sameer Kanwar  
Joint Managing Director  
(DIN : 00033622)

N.J. Kamath (DIN : 00080849)  
Ram S. Tarneja (DIN : 00009395)  
V.K. Pargal (DIN : 00076639)  
W.R. Schilha (DIN : 00374415)  
S.G. Awasthi (DIN : 00023073)  
Rakesh Chopra (DIN : 00032818)  
Hiroo Suresh Advani (DIN : 00265233)  
Directors

Place: Mumbai  
Date: 29 May, 2015

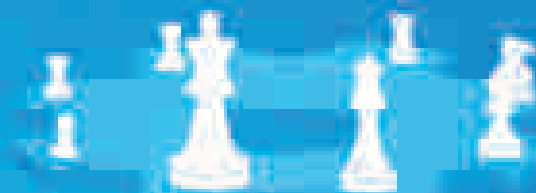
Milind Pujari  
Chief Financial Officer  
(PAN : AAAPP3554C)

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

## Cash Flow Statement for the year ended 31 March, 2015

| Particulars                                                                                               | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>A. Cash flow from operating activities:</b>                                                            |                                                |                                                |
| Net (loss)/profit before tax                                                                              | (642.51)                                       | 59.76                                          |
| Adjustments for:                                                                                          |                                                |                                                |
| Depreciation and amortisation expense                                                                     | 1395.40                                        | 1372.37                                        |
| (Profit)/Loss on sale/write off of fixed assets (net)                                                     | (0.39)                                         | 6.18                                           |
| Finance costs                                                                                             | 1438.87                                        | 1251.61                                        |
| Interest income                                                                                           | (46.74)                                        | (42.93)                                        |
| Liabilities/provisions no longer required written back                                                    | (36.58)                                        | (38.46)                                        |
| Provision for doubtful debts                                                                              | 3.99                                           | 18.63                                          |
| Debit balance of Trade payables written off                                                               | 5.83                                           | 5.36                                           |
| Unrealised exchange (gain)/loss (net)                                                                     | (34.61)                                        | 53.22                                          |
| <b>Operating profit before working capital changes</b>                                                    | <b>2083.26</b>                                 | <b>2685.74</b>                                 |
| <u>Changes in working capital</u>                                                                         |                                                |                                                |
| Adjustments for (increase)/decrease in operating assets:                                                  |                                                |                                                |
| Inventories                                                                                               | (590.27)                                       | (579.04)                                       |
| Trade receivables                                                                                         | (262.60)                                       | 66.52                                          |
| Long-term loans and advances                                                                              | (192.94)                                       | 5.15                                           |
| Short-term loans and advances                                                                             | 3.80                                           | 29.73                                          |
| Other current assets                                                                                      | (54.21)                                        | 81.35                                          |
| Adjustments for increase/(decrease) in operating liabilities:                                             |                                                |                                                |
| Trade payables                                                                                            | 877.53                                         | 802.21                                         |
| Other current liabilities                                                                                 | 50.58                                          | (307.82)                                       |
| Other long-term liabilities                                                                               | 164.93                                         | 74.27                                          |
| Short-term provisions                                                                                     | (41.75)                                        | 26.15                                          |
| Long-term provisions                                                                                      | (9.11)                                         | 32.73                                          |
| <b>Cash generated from operations</b>                                                                     | <b>2029.22</b>                                 | <b>2916.99</b>                                 |
| Net income tax paid                                                                                       | (62.58)                                        | (230.60)                                       |
| <b>Net cash flow from operating activities (A)</b>                                                        | <b>1966.64</b>                                 | <b>2686.39</b>                                 |
| <b>B. Cash flow from investing activities:</b>                                                            |                                                |                                                |
| Capital expenditure on fixed assets, including capital advances                                           | (528.31)                                       | (4091.10)                                      |
| Proceeds from sale of fixed assets                                                                        | 15.42                                          | 36.26                                          |
| Bank balances (including non-current) not considered as cash and cash equivalents (net)                   | (45.06)                                        | 199.75                                         |
| Interest received                                                                                         | 47.07                                          | 44.57                                          |
| Increase in balance in unpaid dividend account                                                            | (1.46)                                         | (2.97)                                         |
| <b>Net cash flow used in investing activities (B)</b>                                                     | <b>(512.34)</b>                                | <b>(3813.49)</b>                               |
| <b>C. Cash flow from financing activities:</b>                                                            |                                                |                                                |
| Proceeds from long-term borrowings                                                                        | 500.00                                         | 3701.39                                        |
| Repayment of long-term borrowings                                                                         | (820.00)                                       | (786.12)                                       |
| Net increase/(decrease) in Short-term borrowings                                                          | 485.35                                         | (219.00)                                       |
| Finance cost *                                                                                            | (1394.67)                                      | (1269.54)                                      |
| Dividends paid                                                                                            | (76.72)                                        | (137.75)                                       |
| Tax on dividend                                                                                           | (13.29)                                        | (23.92)                                        |
| Finance Lease Obligation                                                                                  | (151.77)                                       | (205.55)                                       |
| <b>Net cash flow (used in)/from financing activities (C)</b>                                              | <b>(1471.10)</b>                               | <b>1059.51</b>                                 |
| <b>Net decrease in cash and cash equivalents (A+B+C)</b>                                                  | <b>(16.80)</b>                                 | <b>(67.59)</b>                                 |
| Cash and cash equivalents at the beginning of the year                                                    | 53.30                                          | 120.89                                         |
| <b>Cash and cash equivalents at the end of the year</b>                                                   | <b>36.50</b>                                   | <b>53.30</b>                                   |
| *Excludes interest capitalised during the year ₹ 1.27 lacs;<br>(Year ended 31 March, 2014: ₹ 135.68 lacs) |                                                |                                                |





### Cash Flow Statement for the year ended 31 March, 2015.... Contd.

| Particulars                                                                                    | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Reconciliation of cash and cash equivalents with the balance sheet</b>                      |                                                |                                                |
| Cash and cash equivalents as per Balance Sheet (Refer Note 16)                                 | 553.06                                         | 570.53                                         |
| Less: Bank balances not considered as cash and cash equivalents as defined in AS 3             |                                                |                                                |
| Cash Flow Statements:                                                                          |                                                |                                                |
| Unpaid dividend accounts                                                                       | 15.44                                          | 13.98                                          |
| Balances with banks:                                                                           |                                                |                                                |
| Balances held as margin money or security against borrowings, guarantees and other commitments | 501.12                                         | 503.25                                         |
| <b>Cash and cash equivalents at the end of the year *</b>                                      | <b>36.50</b>                                   | <b>53.30</b>                                   |
| <b>* Comprises</b>                                                                             |                                                |                                                |
| (a) Cash on hand                                                                               | 15.71                                          | 10.96                                          |
| (b) Cheques on hand                                                                            | -                                              | 7.86                                           |
| (c) Balances with banks:                                                                       |                                                |                                                |
| In current accounts                                                                            | 20.79                                          | 34.48                                          |
|                                                                                                | <b>36.50</b>                                   | <b>53.30</b>                                   |
| See accompanying notes forming part of the financial statements                                |                                                |                                                |

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

Saira Nainar  
Partner

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

Sameer Kanwar  
Joint Managing Director  
(DIN : 00033622)

N.J. Kamath (DIN : 00080849)  
Ram S. Tarneja (DIN : 00009395)  
V.K. Pargal (DIN : 00076639)  
W.R. Schilha (DIN : 00374415)  
S.G. Awasthi (DIN : 00023073)  
Rakesh Chopra (DIN : 00032818)  
Hiroo Suresh Advani (DIN : 00265233)  
Directors

Place: Mumbai  
Date: 29 May, 2015

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, 2015

### 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on an accrual basis under the historical cost convention except for the revalued fixed assets as stated in Note 11 - "Fixed assets". The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation [Refer Note 11(D)]. |
| <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>Fixed assets and depreciation/amortisation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|            | Fixed assets are stated at cost of acquisition or construction or 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 fixed assets, for the period up to the date of acquisition of fixed 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 fixed 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:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|            | (a) <b>Tangible assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|            | Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets 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 is amortised over the remaining period of lease.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|            | (b) <b>Intangible assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|            | Intangible assets (i.e computer software) are amortised over their estimated useful life on straight line method.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>1.4</b> | <b>Inventories:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|            | Inventories are valued at the lower of cost and net realisable value, except for scrap which is valued at net realisable value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|            | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|            | Material cost, other than those of automotive components which is on specific identification basis, is arrived at on weighted average basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>1.5</b> | <b>Contracts for furnace construction:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|            | When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>1.6</b> | <b>Foreign currency transactions:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|            | 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.                                                                                                                                                |



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

| Note        | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1.7</b>  | <b>Revenue recognition:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|             | <p>Sales/Processing charges are accounted on the basis of actual dispatches 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 tools are sold in terms of respective contracts/supply under the contract is completed/on the expiry of commercial useful life of tools/on expiry of five years from completion of development, whichever is earliest.</p> <p>Interest income is recognised on time proportion basis.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>1.8</b>  | <b>Employee benefits:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|             | <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>  | <b>Taxation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|             | <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> <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>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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

| Note                         | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1.13 Operating Cycle:</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                              | 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.                                                                                                                                                                                                                                        |
| <b>1.14 Leases:</b>          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                              | 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. |
|                              | 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.                                                                                                                                                                                                                                                               |

## Note 2 : Share capital

| Particulars                                                                                        | As at 31 March, 2015 |                | As at 31 March, 2014 |                |
|----------------------------------------------------------------------------------------------------|----------------------|----------------|----------------------|----------------|
|                                                                                                    | 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>  |

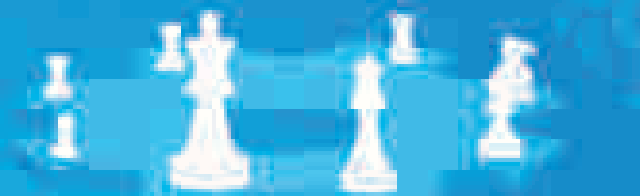
The Company has only one class of Equity shares having a face value of ₹ 10 each. Every member shall be entitled to be present, and to speak and vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital 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, 2015  |                           | As at 31 March, 2014  |                           |
|-------------------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
|                                     | Number of shares held | Percentage of shares held | Number of shares held | Percentage of shares held |
| <b>Equity shares</b>                |                       |                           |                       |                           |
| Surinder P. Kanwar                  | 2289667               | 29.29                     | 2289667               | 29.29                     |
| Ultra Consultants Private Limited   | 766038                | 9.80                      | 766038                | 9.80                      |
| Future Consultants Private Limited  | 645071                | 8.25                      | 645071                | 8.25                      |





### Note 3 : Reserves and surplus

| Particulars                                                                                                                                                 | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>(a) Capital redemption reserve</b>                                                                                                                       |                                |                                |
| Opening balance                                                                                                                                             | 588.50                         | 588.50                         |
| Closing balance                                                                                                                                             | 588.50                         | 588.50                         |
| <b>(b) Securities premium account</b>                                                                                                                       |                                |                                |
| Opening balance                                                                                                                                             | 924.60                         | 924.60                         |
| Closing balance                                                                                                                                             | 924.60                         | 924.60                         |
| <b>(c) Revaluation reserve</b>                                                                                                                              |                                |                                |
| Opening balance                                                                                                                                             | 448.03                         | 456.53                         |
| Less: Depreciation on amount added on revaluation of fixed assets [Refer Note 11(C)]                                                                        | -                              | 8.50                           |
| Closing balance                                                                                                                                             | 448.03                         | 448.03                         |
| <b>(d) General reserve</b>                                                                                                                                  |                                |                                |
| Opening balance                                                                                                                                             | 1745.80                        | 1745.80                        |
| Closing balance                                                                                                                                             | 1745.80                        | 1745.80                        |
| <b>(e) Surplus in Statement of Profit and Loss</b>                                                                                                          |                                |                                |
| Opening balance                                                                                                                                             | 3096.08                        | 3128.05                        |
| Less: Depreciation on transition to Schedule II to the Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) [Refer Note 11(D)] | 96.38                          | -                              |
| Add: (Loss)/Profit for the year                                                                                                                             | (420.51)                       | 59.50                          |
| Less: Proposed dividend                                                                                                                                     |                                |                                |
| Equity shareholders (₹ Nil; As at 31 March, 2014: ₹ 1.00 per share)                                                                                         | -                              | 78.18                          |
| Tax on dividend                                                                                                                                             | -                              | 13.29                          |
| Closing balance                                                                                                                                             | 2579.19                        | 3096.08                        |
| <b>TOTAL</b>                                                                                                                                                | <b>6286.12</b>                 | <b>6803.01</b>                 |

## Note 4 : Long-term borrowings

| Particulars                                                                                                               | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>(a) Term loans - Secured (Refer footnotes (i) to (iii))</b>                                                            |                                |                                |
| From bank                                                                                                                 | 840.00                         | 960.00                         |
| Less: Current maturities of long-term debts (Refer Note 9 (a))                                                            | 240.00                         | 120.00                         |
|                                                                                                                           | 600.00                         | 840.00                         |
| From others                                                                                                               | 5625.00                        | 5825.00                        |
| Less: Current maturities of long-term debts (Refer Note 9 (a))                                                            | 1349.62                        | 700.00                         |
|                                                                                                                           | 4275.38                        | 5125.00                        |
| <b>(b) Long-term maturities of finance lease obligations - Secured</b>                                                    | <b>181.35</b>                  | <b>333.12</b>                  |
| Less: Current maturities of finance lease obligations (Refer Note 9 (b))<br>(Refer footnote (iii) and Note 26.5 (A) (ii)) | 168.92                         | 151.77                         |
|                                                                                                                           | 12.43                          | 181.35                         |
| <b>TOTAL</b>                                                                                                              | <b>4887.81</b>                 | <b>6146.35</b>                 |

### Footnotes:

#### (i) Term loans from bank: Rupee loan from State Bank of India

Secured by first pari passu charge on Current assets with loans referred to in footnote of Note 7 and also by way of first charge on Fixed Assets of the Company located at Mumbra plant and Faridabad plant on pari passu basis with loans referred to in footnotes [(ii) (A) (a) & (b)] below. Repayable in thirty six monthly installments by 31 March, 2018 and carries an interest rate of 12.30 % p.a.

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

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

- (a) ₹1000 lacs (As at 31 March, 2014: ₹ 1400 lacs): Secured by first pari passu charge 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 footnote (i) and [(ii) (A) (b)]. Repayable in equal quarterly installments by 1 September, 2017 and carries an interest rate of 12.45% p.a.
- (b) ₹ 1125 lacs (As at 31 March, 2014: ₹ 1425 lacs): Secured by first pari passu charge 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) and [(ii) (A) (a)]. Repayable in equal quarterly installments by 1 November, 2018 and carries an average interest rate of 12.26% p.a.
- (c) ₹ 3000 lacs (As at 31 March, 2014: ₹ 3000 lacs): Secured by hypothecation of movable fixed assets and mortgage of immovable properties, located at Satara plant. Repayable in equal quarterly installments by 1 February, 2020 and carries an average interest rate of 12.27% p.a.

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

₹ 500 lacs (As at 31 March, 2014: ₹ Nil): Secured by exclusive charge on office premises situated at Nariman Point, Mumbai. Repayable in Fifty Four monthly installments commencing from 8 September, 2015 and carries an interest rate of 13.00 % p.a.

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

## Note 5 : Other long-term liabilities

| Particulars                                           | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-------------------------------------------------------|--------------------------------|--------------------------------|
| <b>(a) Others:</b>                                    |                                |                                |
| (i) Advances from customers                           | 504.78                         | 501.09                         |
| (ii) Provision for gratuity (net) (Refer Note 26.2.b) | 728.65                         | 567.41                         |
| <b>TOTAL</b>                                          | <b>1233.43</b>                 | <b>1068.50</b>                 |





#### Note 6 : Long-term provisions

| Particulars                                                                                     | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>(a) Provision for employee benefits:</b>                                                     |                                |                                |
| (i) Provision for compensated absences                                                          | 397.24                         | 404.95                         |
| (ii) Provision for other employee benefits<br>(Terminal Ex-gratia) (Refer Note 26.2.b)          | 33.32                          | 34.72                          |
| <b>(b) Provision - Others:</b>                                                                  |                                |                                |
| Provision for tax (net of advance tax ₹ 1198.44 lacs<br>(As at 31 March, 2014: ₹ 1198.44 lacs)) | 25.82                          | 31.82                          |
| <b>TOTAL</b>                                                                                    | <b>456.38</b>                  | <b>471.49</b>                  |

#### Note 7 : Short-term borrowings

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>Loans repayable on demand - Secured<br/>(Refer footnote below)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                |                                |
| From banks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 3349.31                        | 2861.62                        |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>3349.31</b>                 | <b>2861.62</b>                 |
| <b>Footnote:</b><br>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) of Note 4 and by joint mortgage created/to be created for all immoveable 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) and [(ii) (A)] of Note 4. |                                |                                |

#### Note 8 : Trade payables

| Particulars                                                             | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>Trade payables:</b>                                                  |                                |                                |
| Acceptances                                                             | 3995.57                        | 2988.63                        |
| Other than Acceptances<br>(Refer Note 25.2 and footnote of Note 26.4.b) | 5579.44                        | 5722.03                        |
| <b>TOTAL</b>                                                            | <b>9575.01</b>                 | <b>8710.66</b>                 |

## Note 9 : Other current liabilities

| Particulars                                                                                                      | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>(a) Current maturities of long-term debts (Refer Note 4):</b>                                                 |                                |                                |
| From bank                                                                                                        | 240.00                         | 120.00                         |
| From others                                                                                                      | 1349.62                        | 700.00                         |
| <b>(b) Current maturities of finance lease obligations (Refer Note 4 and Note 26.5 (A) (ii))</b>                 | 168.92                         | 151.77                         |
| <b>(c) Interest accrued but not due on borrowings</b>                                                            | 71.86                          | 23.51                          |
| <b>(d) Unpaid dividends (Refer footnote below)</b>                                                               | 15.44                          | 13.98                          |
| <b>(e) Other payables:</b>                                                                                       |                                |                                |
| (i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | 224.41                         | 364.11                         |
| (ii) Payables on purchase of fixed assets (Refer Note 25.2)                                                      | 370.27                         | 219.39                         |
| (iii) Advances from customers                                                                                    | 23.65                          | 23.68                          |
| (iv) Trade/security deposits received                                                                            | 23.29                          | 23.29                          |
| (v) Interest accrued on others                                                                                   | 3.71                           | 3.71                           |
| (vi) Provision for gratuity (net) (Refer Note 26.2.b)                                                            | 100.00                         | 100.00                         |
| (vii) In respect of mesne profit for the premises under leave and license agreement.                             | 175.00                         | -                              |
| (viii) Others                                                                                                    | 67.96                          | 54.10                          |
| <b>TOTAL</b>                                                                                                     | <b>2834.13</b>                 | <b>1797.54</b>                 |

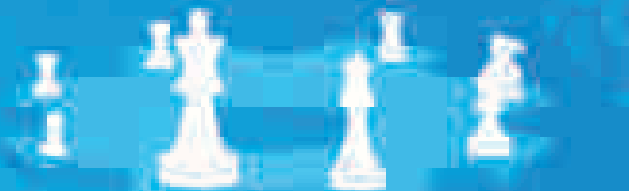
### Footnote:

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                                                                         | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>(a) Provision for employee benefits:</b>                                         |                                |                                |
| (i) Provision for compensated absences                                              | 111.12                         | 131.63                         |
| (ii) Provision for other employee benefits (Terminal Ex-Gratia) (Refer Note 26.2.b) | 9.49                           | 9.39                           |
|                                                                                     | 120.61                         | 141.02                         |
| <b>(b) Provision - Others:</b>                                                      |                                |                                |
| (i) Provision for warranty (Refer Note 26.8)                                        | 9.36                           | 30.70                          |
| (ii) Provision for proposed equity dividend                                         | -                              | 78.18                          |
| (iii) Provision for tax on proposed dividend                                        | -                              | 13.29                          |
|                                                                                     | 9.36                           | 122.17                         |
| <b>TOTAL</b>                                                                        | <b>129.97</b>                  | <b>263.19</b>                  |





## Note 11 : Fixed assets

₹ lacs

| Description                            | Gross Block            |                  |                           |                            |                              | Accumulated Depreciation/Amortisation |                                                                                                               |                                 |                            |                        | Net Block            |                      |
|----------------------------------------|------------------------|------------------|---------------------------|----------------------------|------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------|------------------------|----------------------|----------------------|
|                                        | As at 31 March, 2014   | Adjustment       | Additions during the year | Deductions during the year | As at 31 March, 2015         | As at 31 March, 2014                  | Adjustments (includes Transition adjustment recorded against Surplus balance in Statement of Profit and Loss) | For the year [Refer Note (11D)] | Deductions during the year | As at 31 March, 2015   | As at 31 March, 2015 | As at 31 March, 2014 |
| <b>(A) Tangible assets:</b>            |                        |                  |                           |                            |                              |                                       |                                                                                                               |                                 |                            |                        |                      |                      |
| (a) Land:                              |                        |                  |                           |                            |                              |                                       |                                                                                                               |                                 |                            |                        |                      |                      |
| - Freehold                             | 672.11<br>(672.11)     | -<br>(-)         | -<br>(-)                  | -<br>(-)                   | (*) 672.11<br>(672.11)       | -<br>(-)                              | -<br>(-)                                                                                                      | -<br>(-)                        | -<br>(-)                   | -<br>(-)               | 672.11               | (672.11)             |
| - Leasehold                            | 376.20<br>(376.20)     | -<br>(-)         | -<br>(-)                  | -<br>(-)                   | (*) 376.20<br>(376.20)       | 84.96<br>(79.65)                      | -<br>(-)                                                                                                      | 5.31<br>(5.31)                  | -<br>(-)                   | 90.27<br>(84.96)       | 285.93               | (291.24)             |
| (b) Building and roads                 | 3605.68<br>(1933.48)   | -<br>(-)         | 275.86<br>(1672.20)       | 1.89<br>(-)                | (**)(*) 3879.65<br>(3605.68) | 1037.12<br>(963.20)                   | 36.08<br>(-)                                                                                                  | 113.28<br>(73.92)               | 0.36<br>(-)                | 1186.12<br>(1037.12)   | 2693.53              | (2568.56)            |
| (c) Plant and equipment:               |                        |                  |                           |                            |                              |                                       |                                                                                                               |                                 |                            |                        |                      |                      |
| - Owned                                | 22922.64<br>(19167.50) | -<br>(676.34)    | 567.04<br>(3730.98)       | 79.35<br>(652.18)          | 23410.33<br>(22922.64)       | 14163.84<br>(13402.83)                | 53.82<br>(322.45)                                                                                             | 1254.43<br>(1048.42)            | 69.16<br>(609.86)          | 15402.93<br>(14163.84) | 8007.40              | (8758.80)            |
| - Taken under Finance lease            | 764.32<br>(1440.66)    | -<br>(-)(676.34) | -<br>(-)                  | -<br>(-)                   | 764.32<br>(764.32)           | 252.10<br>(505.61)                    | -<br>(-)(322.45)                                                                                              | 79.30<br>(68.94)                | -<br>(-)                   | 331.40<br>(252.10)     | 432.92               | (512.22)             |
| (d) Furniture and fixtures             | 566.09<br>(452.25)     | -<br>(-)         | 26.46<br>(113.84)         | -<br>(-)                   | 592.55<br>(566.09)           | 286.47<br>(235.11)                    | 2.30<br>(-)                                                                                                   | -43.98<br>(51.36)               | -<br>(-)                   | 244.79<br>(286.47)     | 347.76               | (279.62)             |
| (e) Vehicles                           | 2.87<br>(2.87)         | -<br>(-)         | -<br>(-)                  | -<br>(-)                   | 2.87<br>(2.87)               | 1.57<br>(1.12)                        | -<br>(-)                                                                                                      | 0.22<br>(0.45)                  | -<br>(-)                   | 1.79<br>(1.57)         | 1.08                 | (1.30)               |
| (f) Office equipment \$                | 955.52<br>(799.62)     | -<br>(-)         | 26.75<br>(156.30)         | 39.43<br>(0.40)            | 942.84<br>(955.52)           | 694.71<br>(638.14)                    | 50.47<br>(-)                                                                                                  | 4.18<br>(56.85)                 | 36.12<br>(0.28)            | 713.24<br>(694.71)     | 229.60               | (260.81)             |
| (g) Leasehold improvements             | 1.77<br>(1.77)         | -<br>(-)         | -<br>(-)                  | -<br>(-)                   | 1.77<br>(1.77)               | 1.68<br>(1.68)                        | -<br>(-)                                                                                                      | -<br>(-)                        | -<br>(-)                   | 1.68<br>(1.68)         | 0.09                 | (0.09)               |
| <b>Sub - Total - Tangible assets</b>   | <b>29867.20</b>        | <b>-</b>         | <b>896.11</b>             | <b>120.67</b>              | <b>30642.64</b>              | <b>16522.45</b>                       | <b>142.67</b>                                                                                                 | <b>1412.74</b>                  | <b>105.64</b>              | <b>17972.22</b>        | <b>12670.42</b>      |                      |
| Previous Year                          | (24846.46)             | (-)              | (5673.32)                 | (652.58)                   | (29867.20)                   | (15827.34)                            | (-)                                                                                                           | (1305.25)                       | (610.14)                   | (16522.45)             |                      | (13344.75)           |
| <b>(B) Intangible assets</b>           |                        |                  |                           |                            |                              |                                       |                                                                                                               |                                 |                            |                        |                      |                      |
| Computer software acquired             | 395.81<br>(233.95)     | -<br>(-)         | 29.32<br>(161.86)         | -<br>(-)                   | 425.13<br>(395.81)           | 256.37<br>(180.75)                    | -<br>(-)                                                                                                      | -17.34<br>(75.62)               | -<br>(-)                   | 239.03<br>(256.37)     | 186.10               | (139.44)             |
| <b>Sub - Total - Intangible assets</b> | <b>395.81</b>          | <b>-</b>         | <b>29.32</b>              | <b>-</b>                   | <b>425.13</b>                | <b>256.37</b>                         | <b>-</b>                                                                                                      | <b>-17.34</b>                   | <b>-</b>                   | <b>239.03</b>          | <b>186.10</b>        |                      |
| Previous Year                          | (233.95)               | (-)              | (161.86)                  | (-)                        | (395.81)                     | (180.75)                              | (-)                                                                                                           | (75.62)                         | (-)                        | (256.37)               |                      | (139.44)             |
| <b>Total : (A) + (B)</b>               | <b>30263.01</b>        | <b>-</b>         | <b>@ 925.43</b>           | <b>120.67</b>              | <b>31067.77</b>              | <b>16778.82</b>                       | <b>142.67</b>                                                                                                 | <b>1395.40</b>                  | <b>105.64</b>              | <b>18211.25</b>        | <b>12856.52</b>      |                      |
| Previous Year (Total)                  | (25080.41)             | (-)              | @ (5835.18)               | (652.58)                   | (30263.01)                   | (16008.09)                            | (-)                                                                                                           | (1380.87)                       | (610.14)                   | (16778.82)             |                      | (13484.19)           |
| Capital work in progress @             |                        |                  |                           |                            |                              |                                       |                                                                                                               |                                 |                            |                        | 189.60               | (390.26)             |
| <b>Grand Total</b>                     |                        |                  |                           |                            |                              |                                       |                                                                                                               |                                 |                            |                        | <b>13046.12</b>      | <b>(13874.45)</b>    |

Note: Figures in brackets are for the previous year.

@The amount of interest capitalised during the year is ₹ 1.27 lacs (Year ended 31 March, 2014: ₹ 135.68 lacs)

(\$ ) Includes Computers and Miscellaneous equipment

(\*) Includes amounts added on revaluation carried out by an approved valuer (see table below).

₹ lacs

|                     | on 31/07/1984 | (#) on 30/04/1985 | (#) on 25/11/1997 | Total         |
|---------------------|---------------|-------------------|-------------------|---------------|
| Land                | 117.48        | 60.16             | 316.04            | 493.68        |
| Buildings and roads | 147.25        | 93.20             | 51.13             | 291.58        |
| <b>Total</b>        | <b>264.73</b> | <b>153.36</b>     | <b>367.17</b>     | <b>785.26</b> |

Basis of revaluation

Current cost accounting

Not Available

Replacement cost/Current cost Accounting

(#) Relating to the erstwhile Universal Steel and Alloys Limited.

\*\* Building include 10 shares of ₹ 50/- each in Venkatesh Premises Co-operative Society Ltd. - Total ₹ 500/- (Year ended 31 March, 2014: ₹ 500/-)

## Note 11 : Fixed assets.....Contd.

| Particulars                                                                                                                     |       | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|---------------------------------------------------------------------------------------------------------------------------------|-------|------------------------------------------------|------------------------------------------------|
| (C) Depreciation and amortisation expense:                                                                                      |       |                                                |                                                |
| Tangible assets                                                                                                                 |       | 1412.74                                        | 1305.25                                        |
| Less: Transferred from revaluation reserve, being depreciation on amount added on revaluation of fixed assets (Refer Note 3(c)) |       | -                                              | 8.50                                           |
|                                                                                                                                 |       | 1412.74                                        | 1296.75                                        |
| Intangible assets                                                                                                               |       | (17.34)                                        | 75.62                                          |
|                                                                                                                                 |       |                                                |                                                |
|                                                                                                                                 | TOTAL | 1395.40                                        | 1372.37                                        |

(D) 1.

The Company has revisited and changed the method of depreciation for certain categories of fixed assets from written down value (WDV) method to straight line method (SLM) as on 1 April, 2014, because the Management believes following uniform method of depreciation for all categories of fixed assets would result in a more appropriate presentation of the financial statements. Accordingly, all assets are now being depreciated under SLM. As a result of this change, the surplus depreciation of ₹ 250.00 lacs as on 1 April, 2014 has been netted off against the depreciation and amortization expense for the year.

2.

Pursuant to the notification of Schedule II to the Act, the Company also revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing ₹ 0.05 lac or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

3.

The details of previously applied/revised depreciation method, rates and useful life are as follows:

| Asset                  | Depreciation method |         | Previous depreciation rate / useful life                             | Revised useful life   |
|------------------------|---------------------|---------|----------------------------------------------------------------------|-----------------------|
|                        | Previous            | Revised |                                                                      |                       |
| Building and roads     | SLM                 | SLM     | 1.61%~59 years<br>1.63%~58 years<br>3.28%~29 years<br>3.24%~29 Years | 30 years and 60 years |
| Plant and machinery    | SLM                 | SLM     | 4.75%/10.34%<br>(triple shift)/ ~20 years                            | 15 years              |
| Furniture and fixtures | WDV                 | SLM     | 18.10% / ~15 years                                                   | 10 years              |
| Office equipment       | WDV                 | SLM     | 13.91% / 20 years                                                    | 5 years               |
| Computers              | WDV                 | SLM     | 40.00% / ~6 years                                                    | 3 years and 6 years   |
| Vehicles               | WDV                 | SLM     | 25.89% / 10 years                                                    | 8 years               |

4.

Pursuant to the transition provisions prescribed in Schedule II to the Act, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), net of residual value, where the remaining useful life of the asset was determined to be nil as on 1 April, 2014, and has adjusted an amount of ₹ 96.38 lacs (net of deferred tax of ₹ 46.29 lacs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and surplus.

The depreciation and amortisation expense in the Statement of Profit and Loss for the year is lower by ₹ 189.33 lacs consequent to the above change in the method of depreciation.

The depreciation and amortisation expense in the Statement of Profit and Loss for the year is higher by ₹ 72.58 lacs consequent to the change in the useful life of the assets.



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

| Particulars                                                                                                                                                                                                                                                                     | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| (a) Capital advances                                                                                                                                                                                                                                                            |                                |                                |
| Unsecured, considered good                                                                                                                                                                                                                                                      | 21.21                          | 66.79                          |
| (b) Security deposits (Refer footnote below)                                                                                                                                                                                                                                    |                                |                                |
| Unsecured, considered good                                                                                                                                                                                                                                                      | 234.07                         | 222.24                         |
| (c) Loans and advances to employees                                                                                                                                                                                                                                             |                                |                                |
| Unsecured, considered good                                                                                                                                                                                                                                                      | 118.68                         | 30.42                          |
| (d) Prepaid expenses                                                                                                                                                                                                                                                            |                                |                                |
| Unsecured, considered good                                                                                                                                                                                                                                                      | 11.55                          | 2.91                           |
| (e) Prepaid tooling expenses                                                                                                                                                                                                                                                    |                                |                                |
| Unsecured, considered good                                                                                                                                                                                                                                                      | 290.04                         | 205.83                         |
| (f) Advance income tax<br>(net of provisions ₹ 310.84 lacs (As at 31 March, 2014: ₹ 50.00 lacs))                                                                                                                                                                                |                                |                                |
| Unsecured, considered good                                                                                                                                                                                                                                                      | 127.79                         | 254.05                         |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                    | <b>803.34</b>                  | <b>782.24</b>                  |
| <b>Footnote:</b><br>Security deposits include ₹ 70.00 lacs (As at 31 March, 2014: ₹ 60.00 lacs) due from directors and ₹ 5.00 lacs (As at 31 March, 2014: ₹ 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                                                                                                                                                                         | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Balances with Bank                                                                                                                                                                  |                                |                                |
| In fixed deposit (Refer footnote below)                                                                                                                                             | 47.19                          | -                              |
| <b>TOTAL</b>                                                                                                                                                                        | <b>47.19</b>                   | <b>-</b>                       |
| <b>Footnote:</b><br>Represents deposits 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                       | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-----------------------------------|--------------------------------|--------------------------------|
| (a) Raw materials and components: |                                |                                |
| - Automotive Gears                | 505.70                         | 479.04                         |
| - Automotive Components           | 31.11                          | 39.51                          |
|                                   | 536.81                         | 518.55                         |
| (b) Work-in-progress              |                                |                                |
| - Automotive Gears                | 2205.77                        | 2049.67                        |
| (c) Finished goods:               |                                |                                |
| - Automotive Gears                | 1900.02                        | 1429.40                        |
| - Automotive Components           | 304.64                         | 369.31                         |
|                                   | 2204.66                        | 1798.71                        |
| (d) Stores and spares             | 571.36                         | 551.40                         |
| (e) Loose tools                   | 967.61                         | 981.64                         |
| (f) Scrap                         | 5.13                           | 1.10                           |
| <b>TOTAL</b>                      | <b>6491.34</b>                 | <b>5901.07</b>                 |

## Note 15 : Trade receivables

| Particulars                                                                                             | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|---------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                                |                                |
| Unsecured, considered good                                                                              | 42.84                          | -                              |
| Doubtful debts                                                                                          | 5.19                           | 18.63                          |
|                                                                                                         | 48.03                          | 18.63                          |
| Less: Provision for doubtful debts                                                                      | 5.19                           | 18.63                          |
|                                                                                                         | 42.84                          | -                              |
| Other Trade receivables                                                                                 |                                |                                |
| Unsecured, considered good                                                                              | 7121.44                        | 6851.15                        |
| <b>TOTAL</b>                                                                                            | <b>7164.28</b>                 | <b>6851.15</b>                 |

## Note 16 : Cash and cash equivalents

| Particulars                                                                                                          | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| (a) Cash on hand                                                                                                     | 15.71                          | 10.96                          |
| (b) Cheques, drafts on hand                                                                                          | -                              | 7.86                           |
| (c) Balances with banks:                                                                                             |                                |                                |
| (i) In current accounts                                                                                              | 20.79                          | 34.48                          |
| (ii) In earmarked accounts (Refer footnote below)                                                                    |                                |                                |
| - Unpaid dividend accounts                                                                                           | 15.44                          | 13.98                          |
| (iii) Balances held as margin money or security against borrowings, guarantees and other commitments                 | 501.12                         | 503.25                         |
| <b>TOTAL</b>                                                                                                         | <b>553.06</b>                  | <b>570.53</b>                  |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is | 36.50                          | 53.30                          |
| <b>Footnote:</b> Balances with banks which have restrictions on utilisation.                                         |                                |                                |





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

| Particulars                                                                                                         | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| (a) Loans and advances to related party (Refer footnote (i) below and Note 26.4.b)                                  |                                |                                |
| Unsecured, considered good                                                                                          | 0.07                           | 0.07                           |
| (b) Security deposits (Refer footnote (ii) below)                                                                   |                                |                                |
| Unsecured, considered good                                                                                          | 43.60                          | 51.62                          |
| (c) Loans and advances to employees                                                                                 |                                |                                |
| Unsecured, considered good                                                                                          | 42.66                          | 74.27                          |
| (d) Prepaid expenses                                                                                                |                                |                                |
| Unsecured, considered good                                                                                          | 99.01                          | 90.84                          |
| (e) Prepaid expenses to related party (Refer footnote below (i) and Note 26.4.b)                                    |                                |                                |
| Unsecured, considered good                                                                                          | -                              | 2.40                           |
| (f) Prepaid tooling expenses                                                                                        |                                |                                |
| Unsecured, considered good                                                                                          | 11.04                          | 20.45                          |
| (g) Advances to suppliers                                                                                           |                                |                                |
| Unsecured, considered good                                                                                          | 118.33                         | 107.34                         |
| (h) Balances with government authorities                                                                            |                                |                                |
| Unsecured, considered good                                                                                          |                                |                                |
| (i) CENVAT credit receivable                                                                                        | 257.67                         | 345.76                         |
| (ii) VAT credit receivable                                                                                          | 35.94                          | -                              |
| (iii) Service Tax credit receivable                                                                                 | 160.78                         | 110.55                         |
| (i) Advance income tax<br>(net of provisions ₹ 15.00 lacs (As at 31 March, 2014: ₹ 275.84 lacs))                    |                                |                                |
| Unsecured, considered good                                                                                          | 207.56                         | 18.72                          |
| (j) MAT credit entitlement                                                                                          |                                |                                |
| Unsecured, considered good                                                                                          | 15.00                          | 15.00                          |
| (k) Others                                                                                                          |                                |                                |
| Unsecured, considered good                                                                                          | 141.64                         | 108.54                         |
| <b>TOTAL</b>                                                                                                        | <b>1133.30</b>                 | <b>945.56</b>                  |
| <b>Footnotes:</b>                                                                                                   |                                |                                |
| (I) Dues from private limited companies, in which a director of the company is a director.                          |                                |                                |
| (ii) Security deposits include ₹ Nil; (As at 31 March, 2014: ₹ 10.00 lacs) due from a director (Refer Note 26.4.b). |                                |                                |

#### Note 18 : Other current assets

| Particulars                                                                                                          | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| (a) Accruals                                                                                                         |                                |                                |
| Interest accrued on deposits                                                                                         | 4.44                           | 4.77                           |
| (b) Others:                                                                                                          |                                |                                |
| (i) Export Incentives                                                                                                | 141.15                         | 105.14                         |
| (ii) Due from customers for contract work<br>(Refer Note 26.1)                                                       | 24.82                          | 42.34                          |
| (iii) Due from Related Party<br>- Services rendered to Xlerate Driveline India Limited (XDIL)<br>(Refer Note 26.4.b) | 30.48                          | 33.29                          |
| (iv) Other Recoveries                                                                                                | 38.66                          | 0.13                           |
| <b>TOTAL</b>                                                                                                         | <b>239.55</b>                  | <b>185.67</b>                  |

## Note 19 : Revenue from operations

| Particulars                                              |                                                                                                                                                             | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| (a) Sale of products (Refer footnote (i) below)          |                                                                                                                                                             | 44108.00                                       | 44358.53                                       |
| (b) Sale of services                                     |                                                                                                                                                             | 162.08                                         | 606.45                                         |
| (c) Other operating revenues (Refer footnote (ii) below) |                                                                                                                                                             | 710.56                                         | 677.52                                         |
| Revenue from operations (gross)                          |                                                                                                                                                             | 44980.64                                       | 45642.50                                       |
| Less:                                                    |                                                                                                                                                             |                                                |                                                |
| (d) Excise duty                                          |                                                                                                                                                             | 3490.92                                        | 3655.23                                        |
| Revenue from operations (net)                            |                                                                                                                                                             | 41489.72                                       | 41987.27                                       |
| Footnotes                                                | Particulars                                                                                                                                                 | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
| (i)                                                      | Sale of products comprises:                                                                                                                                 |                                                |                                                |
|                                                          | Manufactured goods:                                                                                                                                         |                                                |                                                |
|                                                          | - Automotive Gears (Includes processing charges ₹ 451.15 lacs (Year ended 31 March, 2014: ₹ 508.13 lacs))                                                   | 40212.25                                       | 39312.70                                       |
|                                                          | - Automotive Components                                                                                                                                     | 3273.55                                        | 3922.64                                        |
|                                                          | - Industrial Furnaces (Refer footnote (iii) below) (Excludes ₹ 51.52 lacs (Year ended 31 March, 2014: ₹ 502.47 lacs) which is included in sale of services) | 121.18                                         | 629.93                                         |
|                                                          | - Tooling Development                                                                                                                                       | 501.02                                         | 493.26                                         |
|                                                          | Total - Sale of products                                                                                                                                    | 44108.00                                       | 44358.53                                       |
| (ii)                                                     | Other operating revenues comprise:                                                                                                                          |                                                |                                                |
|                                                          | - Sale of scrap                                                                                                                                             | 442.80                                         | 453.57                                         |
|                                                          | - Export incentives                                                                                                                                         | 262.59                                         | 199.48                                         |
|                                                          | - Miscellaneous income                                                                                                                                      | 5.17                                           | 24.47                                          |
|                                                          | Total - Other operating revenues                                                                                                                            | 710.56                                         | 677.52                                         |
| (iii)                                                    | Revenue from contracts is recognized as stated in Note 1.7                                                                                                  |                                                |                                                |



## Note 20 : Other income

| Particulars                                                |                                                           | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| (a) Interest income (Refer footnote (i) below)             |                                                           | 46.74                                          | 42.93                                          |
| (b) Other non-operating income (Refer footnote (ii) below) |                                                           | 162.40                                         | 285.69                                         |
| <b>TOTAL</b>                                               |                                                           | <b>209.14</b>                                  | <b>328.62</b>                                  |
| Footnotes                                                  | Particulars                                               | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
| (i)                                                        | Interest income comprises :                               |                                                |                                                |
|                                                            | Interest from banks on:                                   |                                                |                                                |
|                                                            | -Deposits                                                 | 3.64                                           | 3.78                                           |
|                                                            | -Margin money                                             | 42.83                                          | 38.80                                          |
|                                                            | -Others                                                   | 0.27                                           | 0.35                                           |
|                                                            | <b>Total - Interest income</b>                            | <b>46.74</b>                                   | <b>42.93</b>                                   |
| (ii)                                                       | Other non-operating income comprises:                     |                                                |                                                |
|                                                            | Rent                                                      | 10.68                                          | 1.80                                           |
|                                                            | Profit on sale of fixed assets                            | 5.29                                           | 18.01                                          |
|                                                            | Net gain on foreign currency transactions and translation | 109.85                                         | 199.41                                         |
|                                                            | Liabilities/provisions no longer required written back    | 36.58                                          | 38.46                                          |
|                                                            | Insurance Claim                                           | -                                              | 28.01                                          |
|                                                            | <b>Total - Other non-operating income</b>                 | <b>162.40</b>                                  | <b>285.69</b>                                  |

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

| Particulars                                        | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|----------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Opening stock                                      | 518.55                                         | 686.49                                         |
| Add: Purchases                                     | 20246.26                                       | 20600.02                                       |
|                                                    | <b>20764.81</b>                                | <b>21286.51</b>                                |
| Less: Closing stock                                | 536.81                                         | 518.55                                         |
| <b>Cost of material and components consumed</b>    | <b>20228.00</b>                                | <b>20767.96</b>                                |
| <b>Material and components consumed comprises:</b> |                                                |                                                |
| Forgings                                           | 17811.63                                       | 17162.53                                       |
| Automotive components                              | 2348.73                                        | 2961.14                                        |
| Others                                             | 67.64                                          | 644.29                                         |
| <b>TOTAL</b>                                       | <b>20228.00</b>                                | <b>20767.96</b>                                |

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

| Particulars                                      | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|--------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Inventories at the end of the year:</b>       |                                                |                                                |
| Finished goods                                   | 2204.66                                        | 1798.71                                        |
| Work-in-progress                                 | 2205.77                                        | 2049.67                                        |
|                                                  | 4410.43                                        | 3848.38                                        |
| <b>Inventories at the beginning of the year:</b> |                                                |                                                |
| Finished goods                                   | 1798.71                                        | 1562.07                                        |
| Work-in-progress                                 | 2049.67                                        | 1721.71                                        |
|                                                  | 3848.38                                        | 3283.78                                        |
| <b>Net increase</b>                              | <b>(562.05)</b>                                | <b>(564.60)</b>                                |

## Note 22: Employee benefits expense

| Particulars                                | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|--------------------------------------------|------------------------------------------------|------------------------------------------------|
| Salaries and wages                         | 6297.85                                        | 5601.66                                        |
| Contributions to provident and other funds | 584.48                                         | 564.91                                         |
| Staff welfare expenses                     | 897.98                                         | 848.00                                         |
| <b>TOTAL</b>                               | <b>7780.31</b>                                 | <b>7014.57</b>                                 |

## Note 23 : Finance costs

| Particulars                                                         | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|---------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>(a) Interest expense on:</b>                                     |                                                |                                                |
| (i) Borrowings                                                      | 1132.32                                        | 943.81                                         |
| (ii) Others                                                         |                                                |                                                |
| - Bill discounting charges                                          | 306.55                                         | 307.80                                         |
| <b>(b) Other borrowing costs (Bank and other financing charges)</b> | <b>196.01</b>                                  | <b>197.59</b>                                  |
| <b>TOTAL</b>                                                        | <b>1634.88</b>                                 | <b>1449.20</b>                                 |



## Note 24 : Other expenses

| Particulars                                          | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Consumption of stores and spare parts                | 1215.31                                        | 1261.75                                        |
| Consumption of loose tools                           | 1076.37                                        | 1054.57                                        |
| Consumption of packing materials                     | 886.07                                         | 862.76                                         |
| Excise duty (Refer footnote (i) below)               | (22.40)                                        | 18.69                                          |
| Processing charges                                   | 1350.63                                        | 1503.09                                        |
| Power and fuel                                       | 3689.25                                        | 4029.98                                        |
| Rent including lease rentals (Refer Note 26.5 B (i)) | 483.02                                         | 486.10                                         |
| Repairs and maintenance - Buildings                  | 96.91                                          | 101.67                                         |
| Repairs and maintenance - Machinery                  | 317.22                                         | 327.37                                         |
| Repairs and maintenance - Others                     | 475.05                                         | 450.04                                         |
| Insurance                                            | 99.73                                          | 77.14                                          |
| Rates and taxes                                      | 33.42                                          | 30.88                                          |
| Travelling, conveyance and car expenses              | 539.40                                         | 612.71                                         |
| Freight, forwarding and other charges                | 541.17                                         | 448.45                                         |
| Commission to selling agents                         | 32.83                                          | 36.73                                          |
| Payments to auditors (Refer footnote (ii) below)     | 31.81                                          | 24.40                                          |
| Loss on sale/write off of fixed assets               | 4.90                                           | 24.19                                          |
| Provision for doubtful debts                         | 3.99                                           | 18.63                                          |
| Miscellaneous expenses (Refer footnote (iii) below)  | 1010.15                                        | 847.48                                         |
| <b>TOTAL</b>                                         | <b>11864.83</b>                                | <b>12216.63</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 ₹ 33.36 lacs (credit) (Year ended 31 March, 2014: ₹ 8.21 lacs (debit)) and (b) the excise duty on free supplies under sales promotion schemes, free replacement, shortages, etc. ₹ 10.96 lacs (Year ended 31 March, 2014: ₹ 10.48 lacs)

| Particulars                                                                | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|----------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| (ii) Payments to the auditors comprises (net of service tax input credit): |                                                |                                                |
| -As auditors - statutory audit                                             | 18.75                                          | 15.00                                          |
| -For Company Law matters                                                   | 0.25                                           | 0.30                                           |
| -For other services                                                        | 12.50                                          | 8.75                                           |
| -Reimbursement of expenses                                                 | 0.31                                           | 0.35                                           |
| <b>TOTAL</b>                                                               | <b>31.81</b>                                   | <b>24.40</b>                                   |

- (iii) Includes ₹ 175 lacs (Year ended 31 March, 2014: Nil) being compensation towards full and final settlement of all claims in respect of mesne profit for the premises under leave and license agreement.

## Note 25 : Additional information to the financial statements

| Note        | Particulars                                                                                                                                                                                                                                                                                                                                                                                           | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>25.1</b> | <b>Contingent liabilities and commitments (to the extent not provided for)</b>                                                                                                                                                                                                                                                                                                                        |                                |                                |
| (i)         | Contingent liabilities:                                                                                                                                                                                                                                                                                                                                                                               |                                |                                |
|             | (a) Claims against the Company not acknowledged as debt:                                                                                                                                                                                                                                                                                                                                              |                                |                                |
|             | 1. In respect of Employees:                                                                                                                                                                                                                                                                                                                                                                           |                                |                                |
|             | (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 back wages filed by a set of temporary workmen before the Hon'ble Industrial Tribunal, Thane                                                                                                                                                                                                                                                   | Not ascertainable              | Not ascertainable              |
|             | 2. Others:                                                                                                                                                                                                                                                                                                                                                                                            |                                |                                |
|             | (i) In respect of penal interest for late renewal of Employee Deposit Linked Insurance Policy for financial year 2008-09                                                                                                                                                                                                                                                                              | -                              | 4.43                           |
|             | (ii) The Company has filed an appeal in the EPF 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                           |
|             | (iii) In respect of mesne profit for the premises under leave and license agreement (Refer footnote (iii) of Note 24)                                                                                                                                                                                                                                                                                 | -                              | 402.61                         |
|             | 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) Other money for which the Company is contingently liable<br>In respect of Sales Invoice Finance facility                                                                                                                                                                                                                                                                                          | 1201.94                        | 1275.13                        |
| (ii)        | Commitments:                                                                                                                                                                                                                                                                                                                                                                                          |                                |                                |
|             | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):                                                                                                                                                                                                                                                                             |                                |                                |
|             | Tangible assets                                                                                                                                                                                                                                                                                                                                                                                       | 201.40                         | 705.27                         |
| <b>25.2</b> | <b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>                                                                                                                                                                                                                                                                                         |                                |                                |
|             | Particulars                                                                                                                                                                                                                                                                                                                                                                                           | As at 31 March, 2015<br>₹ lacs | As at 31 March, 2014<br>₹ lacs |
|             | (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year                                                                                                                                                                                                                                                                                                            | 143.64                         | 677.80                         |
|             | (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                                                                                                                                                                                                                                                                                                                                           | 546.15                         | 3892.48                        |
|             | (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                                                                                                                                                                                                                                          |                                                     |                                                     |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| 25.3 | <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: |                                                     |                                                     |
|      | Particulars                                                                                                                                                                                                                                          | Amount in Foreign currency                          | Equivalent amount in Indian currency ₹ lacs         |
|      | Payables                                                                                                                                                                                                                                             | USD 994,422.09<br>(USD 1,315,785.89)                | 622.30<br>(790.13)                                  |
|      |                                                                                                                                                                                                                                                      | EUR 2,579.50<br>(EUR 19,000.00)                     | 1.73<br>(15.65)                                     |
|      | Receivables                                                                                                                                                                                                                                          | USD 4,751,602.81<br>(USD 3,409,997.12)              | 2973.08<br>(2047.54)                                |
|      |                                                                                                                                                                                                                                                      | EUR 343,521.58<br>(EUR 561,716.98)                  | 230.64<br>(462.74)                                  |
|      |                                                                                                                                                                                                                                                      | SGD 40.90<br>(-)                                    | 0.02<br>(-)                                         |
|      |                                                                                                                                                                                                                                                      | JPY 414,583.00<br>(JPY 414,583.00)                  | 2.16<br>(2.43)                                      |
|      | Footnote:<br>Figures in brackets are for the previous year.                                                                                                                                                                                          |                                                     |                                                     |
| 25.4 | <b>Value of imports calculated on CIF basis:</b>                                                                                                                                                                                                     | <b>For the year ended 31 March, 2015<br/>₹ lacs</b> | <b>For the year ended 31 March, 2014<br/>₹ lacs</b> |
|      | Raw materials and components                                                                                                                                                                                                                         | 118.35                                              | 161.42                                              |
|      | Stores and spare parts                                                                                                                                                                                                                               | 48.45                                               | 23.84                                               |
|      | Loose tools                                                                                                                                                                                                                                          | 207.48                                              | 158.30                                              |
|      | Capital goods                                                                                                                                                                                                                                        | 10.89                                               | 1260.24                                             |
|      |                                                                                                                                                                                                                                                      | 385.17                                              | 1603.80                                             |
| 25.5 | <b>Expenditure in foreign currency:</b>                                                                                                                                                                                                              | <b>For the year ended 31 March, 2015<br/>₹ lacs</b> | <b>For the year ended 31 March, 2014<br/>₹ lacs</b> |
|      | Royalty (includes ₹ Nil (Year ended 31 March, 2014: ₹ 5.34 lacs) added to Fixed assets)                                                                                                                                                              | 5.84                                                | 57.69                                               |
|      | Professional Fees                                                                                                                                                                                                                                    | 4.52                                                | 4.24                                                |
|      | Interest on foreign currency loans                                                                                                                                                                                                                   | 16.59                                               | 0.13                                                |
|      | Others (Travel, commission, warehousing charges, rejection claims, etc.)                                                                                                                                                                             | 146.41                                              | 98.05                                               |

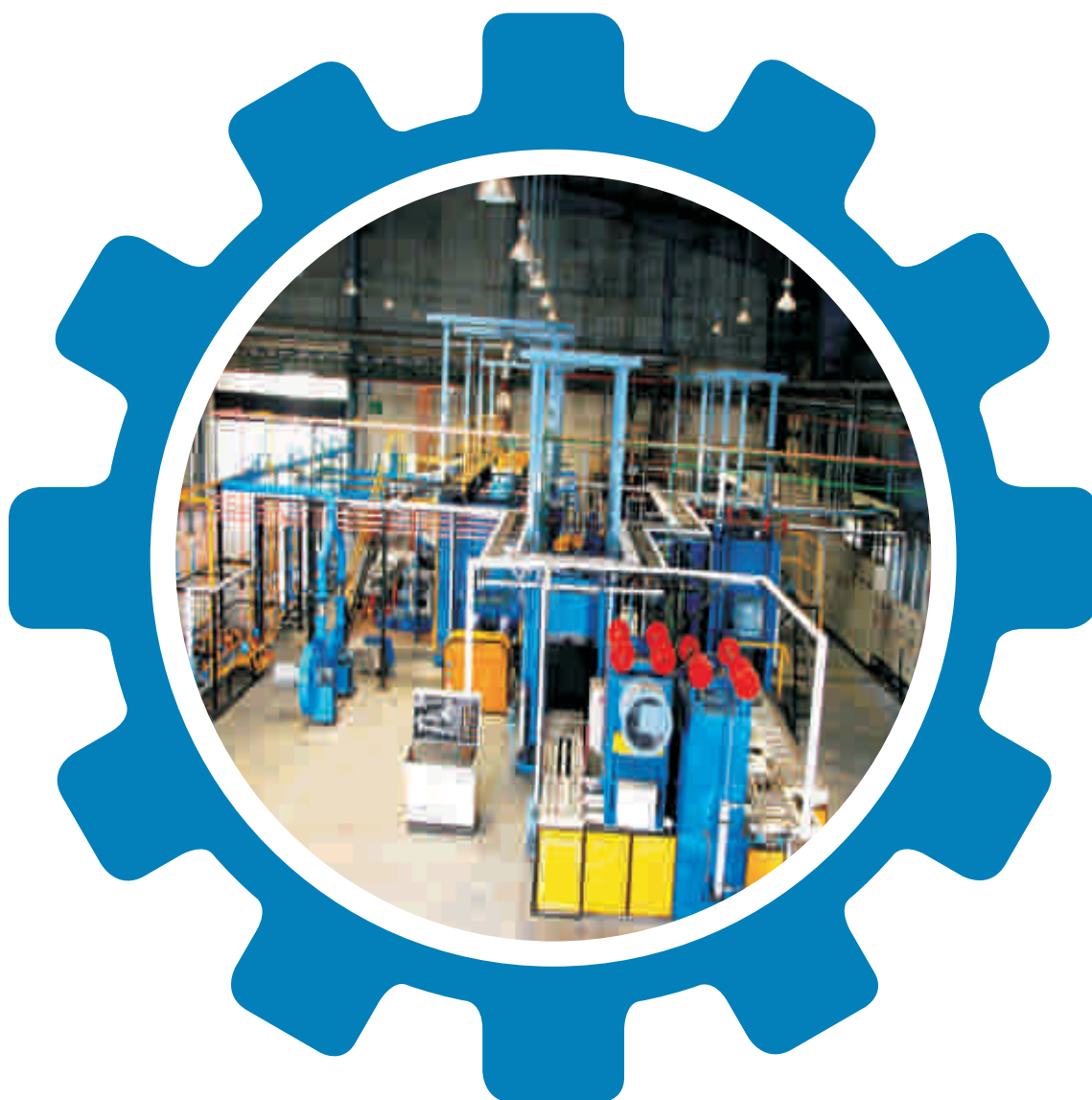
**Note 25 : Additional information to the financial statements.....Contd.**

| Note | Particulars                                                                                                                                                                                                                                                                                                                                                                                                   | For the year ended 31 March, 2015              |                                                |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
|      |                                                                                                                                                                                                                                                                                                                                                                                                               | ₹ lacs                                         | %                                              |
| 25.6 | Details of consumption of imported and indigenous items:                                                                                                                                                                                                                                                                                                                                                      |                                                |                                                |
|      | <u>Imported:</u>                                                                                                                                                                                                                                                                                                                                                                                              |                                                |                                                |
|      | Raw materials and components                                                                                                                                                                                                                                                                                                                                                                                  | 128.73<br>(171.91)                             | 0.64<br>(0.83)                                 |
|      | Stores and spare parts                                                                                                                                                                                                                                                                                                                                                                                        | 40.10<br>(27.97)                               | 3.30<br>(2.22)                                 |
|      | Loose tools                                                                                                                                                                                                                                                                                                                                                                                                   | 211.12<br>(205.42)                             | 19.61<br>(19.48)                               |
|      |                                                                                                                                                                                                                                                                                                                                                                                                               | 379.95<br>(405.30)                             |                                                |
|      | <u>Indigenous:</u>                                                                                                                                                                                                                                                                                                                                                                                            |                                                |                                                |
|      | Raw materials and components                                                                                                                                                                                                                                                                                                                                                                                  | 20099.27<br>(20596.05)                         | 99.36<br>(99.17)                               |
|      | Stores and spare parts                                                                                                                                                                                                                                                                                                                                                                                        | 1175.21<br>(1233.78)                           | 96.70<br>(97.78)                               |
|      | Loose tools                                                                                                                                                                                                                                                                                                                                                                                                   | 865.25<br>(849.15)                             | 80.39<br>(80.52)                               |
|      |                                                                                                                                                                                                                                                                                                                                                                                                               | 22139.73<br>(22678.98)                         |                                                |
|      | <b>Note:</b> Figures in brackets are for the previous year.                                                                                                                                                                                                                                                                                                                                                   |                                                |                                                |
| 25.7 | Earnings in foreign exchange:                                                                                                                                                                                                                                                                                                                                                                                 | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|      | Export of goods calculated on FOB basis                                                                                                                                                                                                                                                                                                                                                                       | 13407.60                                       | 11432.12                                       |
|      | Tooling Development Income                                                                                                                                                                                                                                                                                                                                                                                    | 371.08                                         | 139.69                                         |
|      | Exchange Gain (net)                                                                                                                                                                                                                                                                                                                                                                                           | 109.85                                         | 199.41                                         |
|      | Other income (Freight, Insurance, Commission, etc.)                                                                                                                                                                                                                                                                                                                                                           | 111.69                                         | 89.26                                          |
|      |                                                                                                                                                                                                                                                                                                                                                                                                               | 14000.22                                       | 11860.48                                       |
| 25.8 | The Ministry of Corporate Affairs has notified Section 135 of the Act, on Corporate Social Responsibility with effect from 1 April, 2014. As per the provisions of the said Section, the amount of ₹ 21.76 lacs was required to be spent on CSR activities by the Company during the year, however, considering the performance for the year, the Company has not spent the required funds on CSR activities. |                                                |                                                |



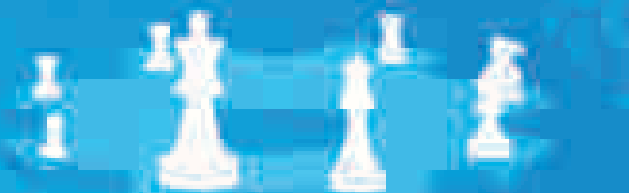
## Note 26 : Disclosures under Accounting Standards

| Note | Particulars                                                                                                                       | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| 26.1 | Details of contract revenue and costs                                                                                             |                                                |                                                |
|      | Contract revenue recognised during the year<br>(Excludes Sale of spares ₹ 146.19 lacs (Year ended 31 March, 2014: ₹ 101.72 lacs)) | 26.51                                          | 1030.68                                        |
|      | 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                                               | 17.54                                          | 238.49                                         |
|      | Advances received for contracts in progress                                                                                       | 18.50                                          | -                                              |
|      | Retention money for contracts in progress                                                                                         | -                                              | -                                              |
|      | Gross amount due from customers for contract work (Refer Note 18)                                                                 | 24.82                                          | 42.34                                          |
|      | Gross amount due to customers for contract work                                                                                   | -                                              | -                                              |



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

| Note                                                                                                   | Particulars                                                                                                                                                                                                                                                                                                                                                                                                           |                                                |                                                |                           |                                  |
|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------|----------------------------------|
| 26.2                                                                                                   | Employee benefit plans                                                                                                                                                                                                                                                                                                                                                                                                |                                                |                                                |                           |                                  |
| 26.2.a                                                                                                 | <u>Defined Contribution Plans</u>                                                                                                                                                                                                                                                                                                                                                                                     |                                                |                                                |                           |                                  |
|                                                                                                        | During the year ended 31 March the Company has recognized the following amounts in the Statement of Profit and Loss:                                                                                                                                                                                                                                                                                                  |                                                |                                                |                           |                                  |
|                                                                                                        | Particulars                                                                                                                                                                                                                                                                                                                                                                                                           | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |                           |                                  |
|                                                                                                        | - Employers' contribution to Provident Fund and Family Pension Fund                                                                                                                                                                                                                                                                                                                                                   | 274.78                                         | 244.11                                         |                           |                                  |
|                                                                                                        | - Employers' contribution to Superannuation Fund                                                                                                                                                                                                                                                                                                                                                                      | 90.23                                          | 129.92                                         |                           |                                  |
|                                                                                                        | The above amounts are included in Contributions to provident and other funds under Note 22 Employee benefits expense.                                                                                                                                                                                                                                                                                                 |                                                |                                                |                           |                                  |
| 26.2.b                                                                                                 | <u>Defined Benefit Plans</u>                                                                                                                                                                                                                                                                                                                                                                                          |                                                |                                                |                           |                                  |
|                                                                                                        | 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:                                                                                                                                                                                                                                                                                  |                                                |                                                |                           |                                  |
|                                                                                                        | ₹ lacs                                                                                                                                                                                                                                                                                                                                                                                                                |                                                |                                                |                           |                                  |
|                                                                                                        | Particulars                                                                                                                                                                                                                                                                                                                                                                                                           | Year ended 31 March, 2015                      |                                                | Year ended 31 March, 2014 |                                  |
|                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                       | Gratuity                                       | Terminal Ex-gratia<br>(Unfunded)               | Gratuity                  | Terminal Ex-gratia<br>(Unfunded) |
|                                                                                                        | Components of employer expense                                                                                                                                                                                                                                                                                                                                                                                        |                                                |                                                |                           |                                  |
|                                                                                                        | Current service cost                                                                                                                                                                                                                                                                                                                                                                                                  | 62.55                                          | 1.69                                           | 58.59                     | 1.80                             |
|                                                                                                        | Interest cost                                                                                                                                                                                                                                                                                                                                                                                                         | 115.63                                         | 3.70                                           | 92.47                     | 3.47                             |
|                                                                                                        | Expected return on plan assets                                                                                                                                                                                                                                                                                                                                                                                        | (48.39)                                        | -                                              | (45.86)                   | -                                |
|                                                                                                        | Actuarial losses/(gains)                                                                                                                                                                                                                                                                                                                                                                                              | 78.63                                          | 3.71                                           | 69.09                     | (2.77)                           |
|                                                                                                        | Total expense recognised in the Statement of Profit and Loss                                                                                                                                                                                                                                                                                                                                                          | * 208.42                                       | **9.10                                         | * 174.29                  | **2.50                           |
|                                                                                                        | Actual contribution and benefit payments for year                                                                                                                                                                                                                                                                                                                                                                     |                                                |                                                |                           |                                  |
|                                                                                                        | Actual benefit payments                                                                                                                                                                                                                                                                                                                                                                                               | (192.07)                                       | (10.40)                                        | (81.99)                   | (4.15)                           |
| Actual contributions                                                                                   | 47.18                                                                                                                                                                                                                                                                                                                                                                                                                 | 10.40                                          | 49.97                                          | 4.15                      |                                  |
| Net liability recognised in the Balance Sheet                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                |                                                |                           |                                  |
| Present value of defined benefit obligation                                                            | 1400.29                                                                                                                                                                                                                                                                                                                                                                                                               | 42.81                                          | 1334.72                                        | 44.11                     |                                  |
| Fair value of plan assets                                                                              | 571.64                                                                                                                                                                                                                                                                                                                                                                                                                | -                                              | 667.31                                         | -                         |                                  |
| Funded status (Deficit)                                                                                | (828.65)                                                                                                                                                                                                                                                                                                                                                                                                              | (42.81)                                        | (667.41)                                       | (44.11)                   |                                  |
| Net liability recognised in the Balance Sheet accounted as below:                                      | (828.65)                                                                                                                                                                                                                                                                                                                                                                                                              | (42.81)                                        | (667.41)                                       | (44.11)                   |                                  |
| - Other long-term liabilities (Refer Note 5(a)(ii))                                                    | (728.65)                                                                                                                                                                                                                                                                                                                                                                                                              | -                                              | (567.41)                                       | -                         |                                  |
| - Other current liabilities (Refer Note 9(e)(vi))                                                      | (100.00)                                                                                                                                                                                                                                                                                                                                                                                                              | -                                              | (100.00)                                       | -                         |                                  |
| - Long-term provisions (Refer Note 6(a)(ii))                                                           | -                                                                                                                                                                                                                                                                                                                                                                                                                     | (33.32)                                        | -                                              | (34.72)                   |                                  |
| - Short-term provisions (Refer Note 10(a)(ii))                                                         | -                                                                                                                                                                                                                                                                                                                                                                                                                     | (9.49)                                         | -                                              | (9.39)                    |                                  |
| (* 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, 2015 |                               | Year ended 31 March, 2014 |                               |          |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|----------|
|      |                                                                                                                                                                                                                                                                                                                                | 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                                                                                                                                                                                                                                                                                  | 1334.72                   | 44.11                         | 1186.40                   | 45.76                         |          |
|      | Current service cost                                                                                                                                                                                                                                                                                                           | 62.55                     | 1.69                          | 58.59                     | 1.80                          |          |
|      | Interest cost                                                                                                                                                                                                                                                                                                                  | 115.63                    | 3.70                          | 92.47                     | 3.47                          |          |
|      | Actuarial losses/(gains)                                                                                                                                                                                                                                                                                                       | 79.46                     | 3.71                          | 79.25                     | (2.77)                        |          |
|      | Benefits paid                                                                                                                                                                                                                                                                                                                  | (192.07)                  | (10.40)                       | (81.99)                   | (4.15)                        |          |
|      | Present value of DBO at the end of the year                                                                                                                                                                                                                                                                                    | 1400.29                   | 42.81                         | 1334.72                   | 44.11                         |          |
|      | <b>Change in fair value of assets during the year</b>                                                                                                                                                                                                                                                                          |                           |                               |                           |                               |          |
|      | Plan assets at beginning of the year                                                                                                                                                                                                                                                                                           | 667.31                    | -                             | 643.31                    | -                             |          |
|      | Expected return on plan assets                                                                                                                                                                                                                                                                                                 | 48.39                     | -                             | 45.86                     | -                             |          |
|      | Actual company contributions                                                                                                                                                                                                                                                                                                   | 47.18                     | -                             | 49.97                     | -                             |          |
|      | Actuarial gain                                                                                                                                                                                                                                                                                                                 | 0.83                      | -                             | 10.16                     | -                             |          |
|      | Benefits paid                                                                                                                                                                                                                                                                                                                  | (192.07)                  | -                             | (81.99)                   | -                             |          |
|      | Plan assets at the end of the year                                                                                                                                                                                                                                                                                             | 571.64                    | -                             | 667.31                    | -                             |          |
|      | 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 ₹ 49.22 lacs (Year ended 31 March, 2014: ₹ 56.02 lacs). |                           |                               |                           |                               |          |
|      | <b>Composition of the plan assets</b>                                                                                                                                                                                                                                                                                          |                           |                               |                           |                               |          |
|      | Insurer Managed funds                                                                                                                                                                                                                                                                                                          | 100%                      | -                             | 100%                      | -                             |          |
|      | The details of investment made by the Insurer is not readily available with the company                                                                                                                                                                                                                                        |                           |                               |                           |                               |          |
|      | <b>Actuarial assumptions:</b>                                                                                                                                                                                                                                                                                                  |                           |                               |                           |                               |          |
|      | Discount rate                                                                                                                                                                                                                                                                                                                  | 7.95%                     | 7.95%                         | 9.00%                     | 9.00%                         |          |
|      | Expected return on plan assets                                                                                                                                                                                                                                                                                                 | 8.00%                     | -                             | 8.00%                     | -                             |          |
|      | Salary escalation                                                                                                                                                                                                                                                                                                              | 6.00%                     | 6.00%                         | 6.00%                     | 6.00%                         |          |
|      | Estimate of amount of contribution in the immediate next year                                                                                                                                                                                                                                                                  | ₹ 100 lacs                |                               | ₹ 100 lacs                |                               |          |
|      | <b>Particulars</b>                                                                                                                                                                                                                                                                                                             |                           |                               |                           |                               |          |
|      | 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.                                                                                                                                                                             |                           |                               |                           |                               |          |
|      | <b>Experience adjustments</b> ₹ lacs                                                                                                                                                                                                                                                                                           |                           |                               |                           |                               |          |
|      |                                                                                                                                                                                                                                                                                                                                | 2014-15                   | 2013-14                       | 2012-13                   | 2011-12                       | 2010-11  |
|      | <b>Gratuity (Funded)</b>                                                                                                                                                                                                                                                                                                       |                           |                               |                           |                               |          |
|      | Present value of DBO                                                                                                                                                                                                                                                                                                           | 1400.29                   | 1334.72                       | 1186.40                   | 1083.34                       | 1053.24  |
|      | Fair value of plan assets                                                                                                                                                                                                                                                                                                      | 571.64                    | 667.31                        | 643.31                    | 631.91                        | 638.14   |
|      | Funded status (Deficit)                                                                                                                                                                                                                                                                                                        | (828.65)                  | (667.41)                      | (543.09)                  | (451.43)                      | (415.10) |
|      | Experience (loss)/gain adjustments on plan liabilities                                                                                                                                                                                                                                                                         | (17.26)                   | 174.80                        | 11.86                     | 12.42                         | 14.45    |
|      | Experience gain/(loss) adjustments on plan assets                                                                                                                                                                                                                                                                              | 0.83                      | 10.16                         | 9.97                      | 8.84                          | 7.19     |
|      | <b>Terminal Ex-gratia (Unfunded)</b>                                                                                                                                                                                                                                                                                           |                           |                               |                           |                               |          |
|      | Present value of DBO                                                                                                                                                                                                                                                                                                           | 42.81                     | 44.11                         | 45.76                     | 43.49                         | 43.39    |
|      | Fair value of plan assets                                                                                                                                                                                                                                                                                                      | -                         | -                             | -                         | -                             | -        |
|      | Funded status (Deficit)                                                                                                                                                                                                                                                                                                        | (42.81)                   | (44.11)                       | (45.76)                   | (43.49)                       | (43.39)  |
|      | Experience gain/(loss) adjustments on plan liabilities                                                                                                                                                                                                                                                                         | 1.47                      | (0.34)                        | (0.72)                    | (2.70)                        | (0.27)   |
|      | Experience gain/(loss) adjustments on plan assets                                                                                                                                                                                                                                                                              | -                         | -                             | -                         | -                             | -        |

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

| Note   | Particulars                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                               |                                                                      |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 26.3   | Segment information                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                               |                                                                      |
|        | 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”. |                                                                                                                                                                                                                                                               |                                                                      |
| 26.4   | Related party transactions                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                               |                                                                      |
| 26.4.a | Details of related parties with whom the Company had transactions during the year.                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                               |                                                                      |
|        | Description of relationship                                                                                                                                                                                                                                                                                                                                                   | Name of related parties                                                                                                                                                                                                                                       |                                                                      |
|        | Key Management Personnel (KMP)                                                                                                                                                                                                                                                                                                                                                | (i) Mr. Surinder P. Kanwar (SPK) - Chairman and Managing Director (who also has ability to exercise 'significant influence' over the Company)<br>(ii) Mr. Sameer Kanwar (SK) – Joint Managing Director (Son of Chairman and Managing Director of the Company) |                                                                      |
|        | Enterprises over which KMP is able to exercise significant influence                                                                                                                                                                                                                                                                                                          | (i) Cliplok Simplok (India) Pvt. Ltd. (CSIPL)<br>(ii) Raunaq International Ltd. (RIL)<br>(iii) Vibrant Finance & Investment Pvt. Ltd. (VFIPL)<br>(iv) Xlerate Driveline India Limited (XDIL)                                                                  |                                                                      |
|        | Note: Related parties have been identified by the Management.                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                               |                                                                      |
| 26.4.b | Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                               |                                                                      |
|        |                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                               | ₹ lacs                                                               |
|        |                                                                                                                                                                                                                                                                                                                                                                               | KMP                                                                                                                                                                                                                                                           | Enterprises over which KMP is able to exercise significant influence |
|        | Rent and other expenses (VFIPL)                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                               | 13.48<br>(11.46)                                                     |
|        | Rent paid for premises taken on lease (SPK)                                                                                                                                                                                                                                                                                                                                   | 72.00<br>(72.00)                                                                                                                                                                                                                                              |                                                                      |
|        | Rent paid for premises taken on lease (SK)                                                                                                                                                                                                                                                                                                                                    | 39.16<br>(36.19)                                                                                                                                                                                                                                              |                                                                      |
|        | Reimbursement of maintenance charges paid for premises taken on rent (SPK)                                                                                                                                                                                                                                                                                                    | 2.95<br>(3.13)                                                                                                                                                                                                                                                |                                                                      |
|        | Reimbursement of maintenance charges paid for premises taken on rent (SK)                                                                                                                                                                                                                                                                                                     | 1.32<br>(1.24)                                                                                                                                                                                                                                                |                                                                      |
|        | Rent income (RIL)                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                               | 10.20<br>(1.74)                                                      |
|        | Rent income (CSIPL)                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                               | 0.48<br>(0.06)                                                       |
|        | Marketing service income (XDIL)                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                               | 105.84<br>(85.07)                                                    |
|        | Interest free security deposit paid for premises taken on lease (SPK)                                                                                                                                                                                                                                                                                                         | -<br>(60.00)                                                                                                                                                                                                                                                  |                                                                      |
|        | Remuneration (SPK)                                                                                                                                                                                                                                                                                                                                                            | 234.95<br>(238.37)                                                                                                                                                                                                                                            |                                                                      |
|        | Remuneration (SK)                                                                                                                                                                                                                                                                                                                                                             | 126.13<br>(113.55)                                                                                                                                                                                                                                            |                                                                      |
|        | <u>Balances outstanding at the end of the year:</u>                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                               |                                                                      |
|        | <u>Receivables:</u>                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                               |                                                                      |
|        | Long-term loans and advances (Refer Note 12)                                                                                                                                                                                                                                                                                                                                  | 70.00<br>(60.00)                                                                                                                                                                                                                                              | 5.00<br>(5.00)                                                       |
|        | Short-term loans and advances (Refer Note 17)                                                                                                                                                                                                                                                                                                                                 | -<br>(10.00)                                                                                                                                                                                                                                                  | 0.07<br>(2.47)                                                       |
|        | Other current assets (Refer Note 18)                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                               | 30.48<br>(33.29)                                                     |



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

| Note   | Particulars                                                                                                                                                                                                                                                                                                                            | KMP                                                           | Enterprises over which KMP is able to exercise significant influence |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------|
|        | <b>Payables:</b><br>Trade payables (Refer footnote and Refer Note 8)<br><br>Note: Figures in brackets are for the previous year.                                                                                                                                                                                                       | -<br>(20.85)                                                  | -<br>(-)                                                             |
|        | <b>Footnote:</b><br>Represent 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   | <b>Details of Leasing arrangements</b>                                                                                                                                                                                                                                                                                                 |                                                               |                                                                      |
|        | (A) Finance Lease:<br>(i) For net carrying amount as at 31 March, 2015 for assets acquired under finance lease. (Refer Note 11A Fixed assets)<br>(ii) The maturity profile of finance lease obligations is as follows:                                                                                                                 |                                                               |                                                                      |
|        |                                                                                                                                                                                                                                                                                                                                        | ₹ lacs                                                        |                                                                      |
|        |                                                                                                                                                                                                                                                                                                                                        | Total minimum lease payments outstanding as at 31 March, 2015 | Interest not due                                                     |
|        |                                                                                                                                                                                                                                                                                                                                        |                                                               | Present value of minimum lease payments                              |
|        | Not later than one year                                                                                                                                                                                                                                                                                                                | 181.39<br>(182.22)                                            | 12.47<br>(30.45)                                                     |
|        | Later than one year but not later than five years                                                                                                                                                                                                                                                                                      | 13.13<br>(194.52)                                             | 0.70<br>(13.17)                                                      |
|        | <b>Total</b>                                                                                                                                                                                                                                                                                                                           | <b>194.52</b><br><b>(376.74)</b>                              | <b>13.17</b><br><b>(43.62)</b>                                       |
|        | <b>Note:</b> Figures in brackets are for the previous year.<br>(iii) General description of these agreements:<br>-Some of these agreements contains renewal clause.<br>-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, 2015<br>₹ lacs                   | For the year ended 31 March, 2014<br>₹ lacs                          |
|        | Residential flats/offices/godowns                                                                                                                                                                                                                                                                                                      | 213.13                                                        | 199.27                                                               |
|        | Vehicle/Plant and machinery/Air conditioner                                                                                                                                                                                                                                                                                            | 266.17                                                        | 283.09                                                               |
|        | (ii) Future minimum lease payments under the agreement, which is non-cancellable is as follows:                                                                                                                                                                                                                                        |                                                               |                                                                      |
|        |                                                                                                                                                                                                                                                                                                                                        | As on 31 March, 2015<br>₹ lacs                                | As on 31 March, 2014<br>₹ lacs                                       |
|        | not later than one year                                                                                                                                                                                                                                                                                                                | 107.45                                                        | -                                                                    |
|        | later than one year and not later than five years                                                                                                                                                                                                                                                                                      | 234.28                                                        | -                                                                    |
|        | 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 provides for escalation in rent during the tenure of the agreement.                                                                                                                              |                                                               |                                                                      |

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

| Note | Particulars                                                                                                                                                                              | For the year ended<br>31 March, 2015<br>₹ lacs | For the year ended<br>31 March, 2014<br>₹ lacs |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| 26.6 | Earnings per share                                                                                                                                                                       |                                                |                                                |
|      | Basic and diluted:                                                                                                                                                                       |                                                |                                                |
|      | Net (loss)/profit for the year attributable to the equity shareholders                                                                                                                   | (420.51)                                       | 59.50                                          |
|      | 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 ₹)                                                                                                                                            | (5.38)                                         | 0.76                                           |
| 26.7 | Components of deferred tax balances:                                                                                                                                                     | As at<br>31 March, 2015<br>₹ lacs              | As at<br>31 March, 2014<br>₹ lacs              |
|      | Tax effect of items constituting deferred tax liability:                                                                                                                                 |                                                |                                                |
|      | On difference between book balance and tax balance of fixed assets                                                                                                                       | 669.01                                         | 633.08                                         |
|      | Others                                                                                                                                                                                   | 131.43                                         | 140.69                                         |
|      | Tax effect of items constituting deferred tax liability                                                                                                                                  | 800.44                                         | 773.77                                         |
|      | Tax effect of items constituting deferred tax assets:                                                                                                                                    |                                                |                                                |
|      | Provision for compensated absences, gratuity and other employee benefits                                                                                                                 | 461.29                                         | 405.08                                         |
|      | Other disallowances under Section 43B of the Income Tax Act, 1961                                                                                                                        | 35.85                                          | 45.78                                          |
|      | Unabsorbed depreciation                                                                                                                                                                  | 284.20                                         | 70.31                                          |
|      | Others                                                                                                                                                                                   | 74.86                                          | 46.07                                          |
|      | Tax effect of items constituting deferred tax assets                                                                                                                                     | 856.20                                         | 567.24                                         |
|      | Deferred tax (asset)/liability (net)                                                                                                                                                     | (55.76)                                        | 206.53                                         |
| 26.8 | Details of provisions                                                                                                                                                                    |                                                |                                                |
|      | Disclosures in pursuance of the Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets":                                                                       |                                                |                                                |
|      | Provision for warranties                                                                                                                                                                 | 2014-15<br>₹ lacs                              | 2013-14<br>₹ lacs                              |
|      | Carrying amount at the beginning of the year                                                                                                                                             | 30.70                                          | 28.59                                          |
|      | Additional provision made during the year                                                                                                                                                | 0.12                                           | 10.32                                          |
|      | Amount used during the year                                                                                                                                                              | 14.73                                          | -                                              |
|      | Unused amount reversed during the year                                                                                                                                                   | 6.73                                           | 8.21                                           |
|      | Carrying amount at the end of the year (Refer Note 10(b)(i))                                                                                                                             | 9.36                                           | 30.70                                          |
|      | 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. |                                                |                                                |
| 27   | Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.                                             |                                                |                                                |

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

Sameer Kanwar  
Joint Managing Director  
(DIN : 00033622)

N.J. Kamath (DIN : 00080849)  
Ram S. Tarneja (DIN : 00009395)  
V.K. Pargal (DIN : 00076639)  
W.R. Schilha (DIN : 00374415)  
S.G. Awasthi (DIN : 00023073)  
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: 29 May, 2015





## 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



Gearred for Life

## 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:

- Name:
- Date of Birth:
- Father's/Mother's/Spouse's name:
- Nationality:
- Address:
- E-mail id:
- Relationship with the Security holder:

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

- Date of birth:
- Date of attaining majority:
- Name of guardian:
- Address of guardian:

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

- Name:
- Date of Birth:
- Father's/Mother's/Spouse's name:
- Occupation:
- Nationality:
- Address:
- E-mail id:
- Relationship with the security holder:
- Relationship with the minor nominee:

Signature

Name of the Security Holder(s)

Witness with name and address



**BHARAT GEARS LIMITED**



## PROFORMA FOR UPDATION OF SHAREHOLDER'S INFORMATION

Folio No. 

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|--|--|--|--|--|--|

 No. of Equity Shares 

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|--|--|--|--|--|--|

 Specimen Signature  
(As per application/transfer deed)

Name(s):

[illegible][illegible][illegible][illegible][illegible]

|          |  |  |  |  |  |
|----------|--|--|--|--|--|
| Pin Code |  |  |  |  |  |
|----------|--|--|--|--|--|

E-mail Id \_\_\_\_\_

|            |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|
| Cert. Nos. |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|

FROM

Dist. Nos.

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|

TO

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|

FROM

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|

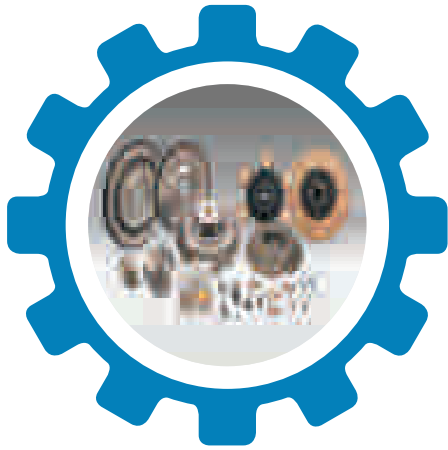
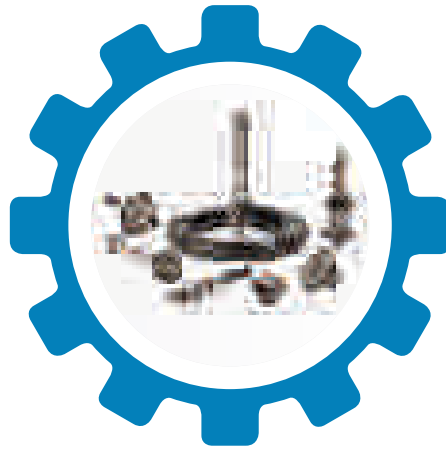
TO

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|

NOTES: 1. IN CASE THE SPACE IS NOT SUFFICIENT PLEASE ATTACH A SEPARATE SHEET.  
2. THE ABOVE PROFORMA MAY BE FILLED AND RETURNED EVEN IF THERE IS NO CHANGE IN THE PARTICULARS.

# 43<sup>rd</sup> ANNUAL REPORT

2014-2015



**BHARAT GEARS LIMITED**



# BHARAT GEARS LIMITED

Regd. Office & Works: 20 K.M. Mathura Road,  
P.O. Amar Nagar, Faridabad-121003  
Website: www.bharatgears.com, E-mail: info@bglindia.com  
CIN:L29130HR1971PLC034365

*Geared for life*

## Form No. MGT-11 PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No./Client ID :

DP ID :

I/We, being the member (s) of \_\_\_\_\_ shares of the above name Company, hereby appoint

1. Name:.....  
Address:.....  
E-mail ID: .....  
Signature:....., or failing him
2. Name:.....  
Address:.....  
E-mail ID: .....  
Signature:....., or failing him
3. Name:.....  
Address:.....  
E-mail ID: .....  
Signature:.....

as my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 43<sup>rd</sup> Annual General Meeting of the Company, to be held on the 31<sup>st</sup> day of July, 2015 at 11.30 A.M. at HUDA Convention Centre, Sector-12, Faridabad-121007 (Haryana) and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2015 together with Reports of the Directors and Auditors thereon (Ordinary Resolution).
2. To ratify the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-16 (Ordinary Resolution).
3. To consider appointment of Mr. Rakesh Chopra as an Independent Director of the Company (Ordinary Resolution).
4. To consider appointment of Mr. V.K. Pargal as an Independent Director of the Company (Ordinary Resolution).
5. To consider and approve the alteration of Articles of Association (AOA) of the Company (Special Resolution).
6. To consider and approve the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for a further period of 5(Five) years along with the proposed remuneration (Special Resolution).

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

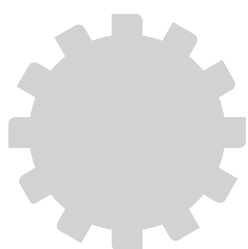
Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

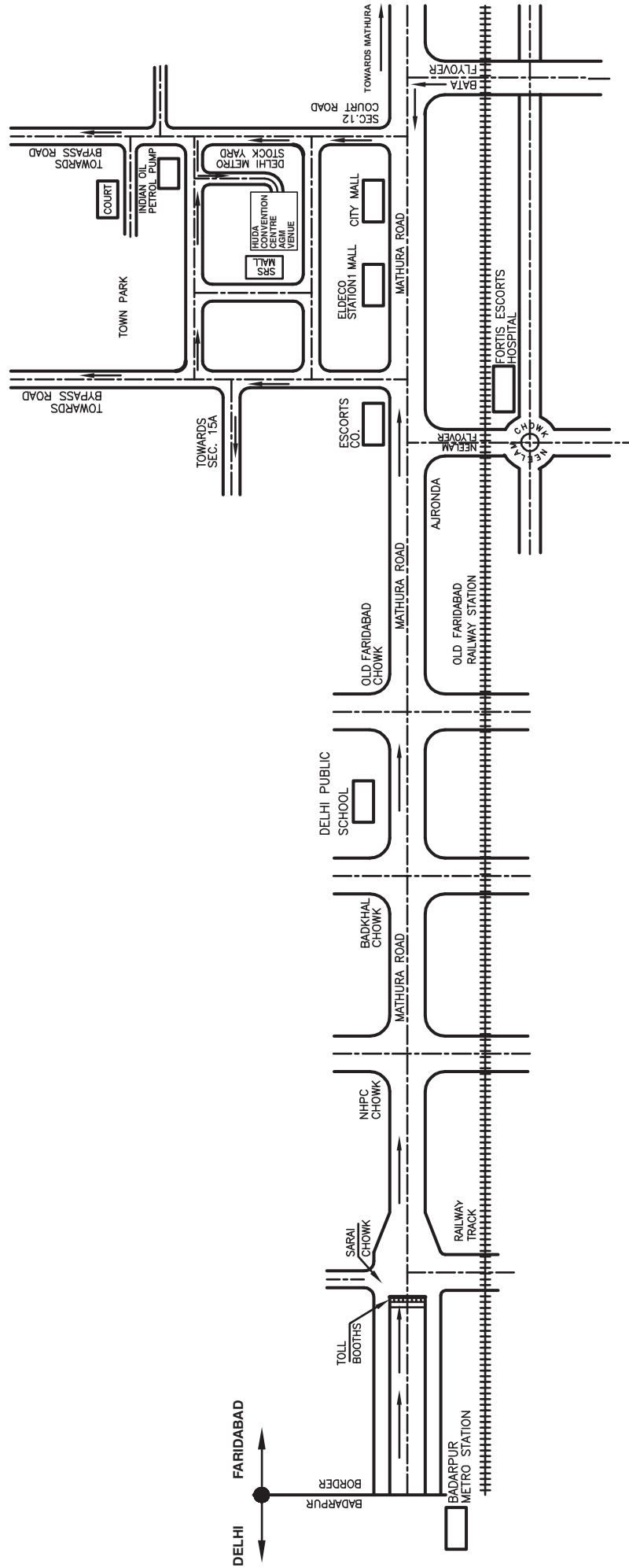
Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. (i.e. on or before 11:30 A.M. on Wednesday, July 29, 2015).

*Geared for Life*



THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

# Guide Map to venue of AGM from Delhi-Faridabad Border





# BHARAT GEARS LIMITED

*Geared for Life*

## OFFICES

### REGISTERED OFFICE

20 A.M. Mathura Road,  
B/O, Arun Nagar,  
Faridkot - 151 001

### CORPORATE OFFICE

Left Floor, Oberoi House,  
Rajmahal Road,  
Mumbai - 400 021

### BRANCH OFFICE

1000, Siliya Khera Building,  
15, Kachurba Gandhi Marg,  
New Delhi - 110 001

## PLANTS

Kanina D/O, Mamber,  
District Thane - 400 012  
(Maharashtra)

20 A.M. Mathura Road,  
B/O Arun Nagar,  
Faridkot - 151 001

Laxmi, Talasa Khera,  
District Jaipur - 315 001  
(Rajasthan)

1000, Siliya Khera Building