

⊕ Technology & design
improvements

⊕ Customer & geography
expansion

⊕ Scale & efficiency
optimization



STAY THE COURSE



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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENT

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

STAY THE COURSE



“Big dreams are marathons. Passionate actions are marathons of marathons! Waiters don’t deserve it; Quitters don’t get it!”

Once you are set out to achieve something well thought, well defined and worth your while, keep going. Stay the course. Dreams do come true. We continue to work aggressively towards scaling new heights in our revenue benchmarks. As a diversified gear manufacturing Company with a sharp exports focus, we have got the right resources to realize our long-term goals. We are moving forward, well aware of the uncertainties and volatilities of the external environment, some promising and some challenging ones. Amidst global headwinds, we remain steadfast on our strategic priority of capability sharpening across product design, manufacturing and overall efficiency. While the tractor and construction equipment segment remained subdued in India in the recent past, other commercial vehicle segments recorded encouraging growth. Overseas, our sustained efforts

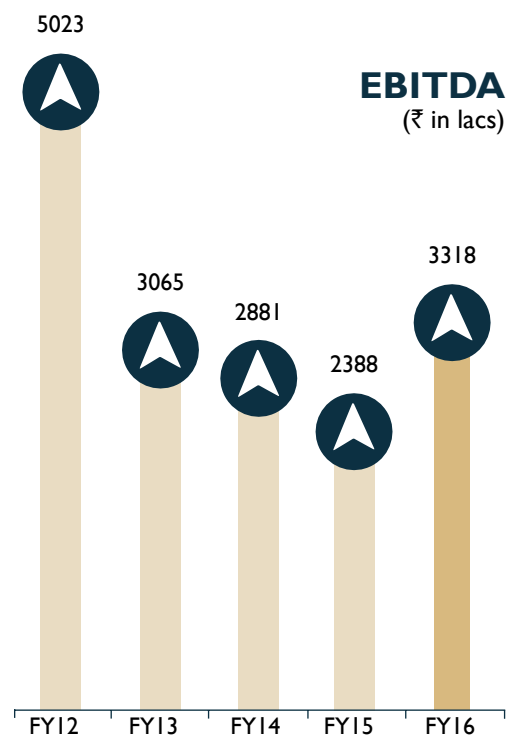
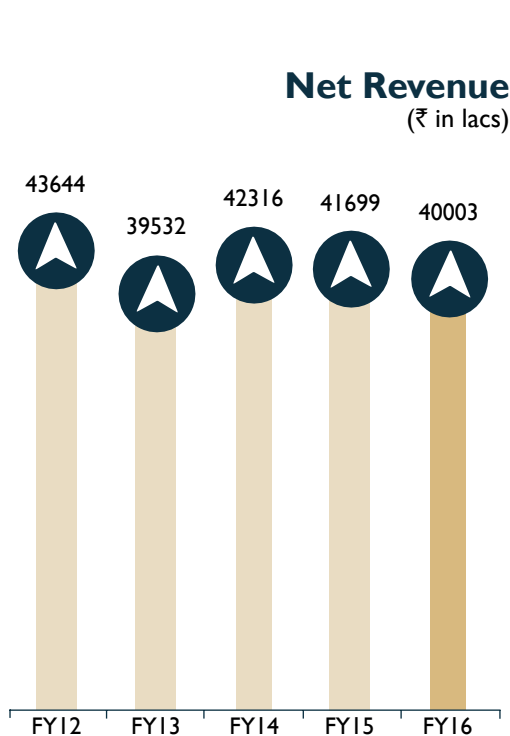
in the American markets took deeper roots while we met with initial success in our European foray. Having established ourselves as the world leaders in gears and transmission technology, we are eyeing to make our mark as a complete gear box provider.

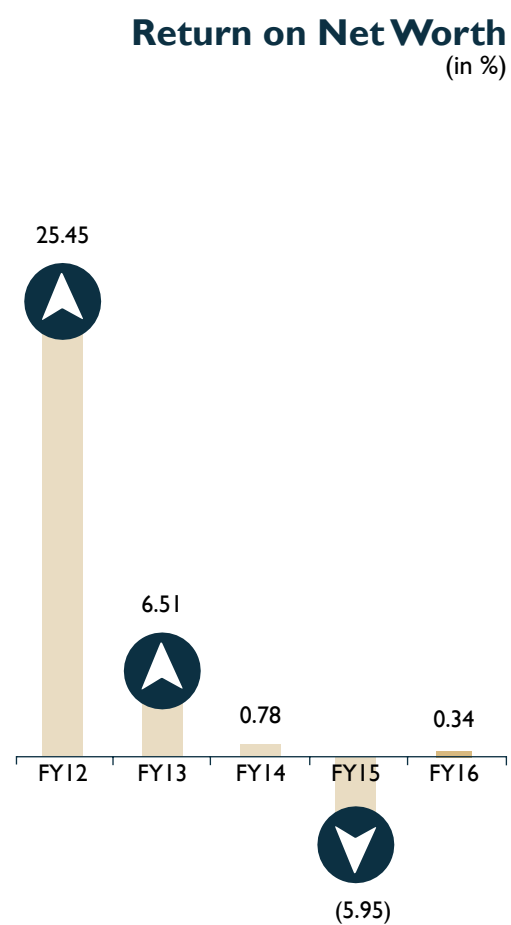
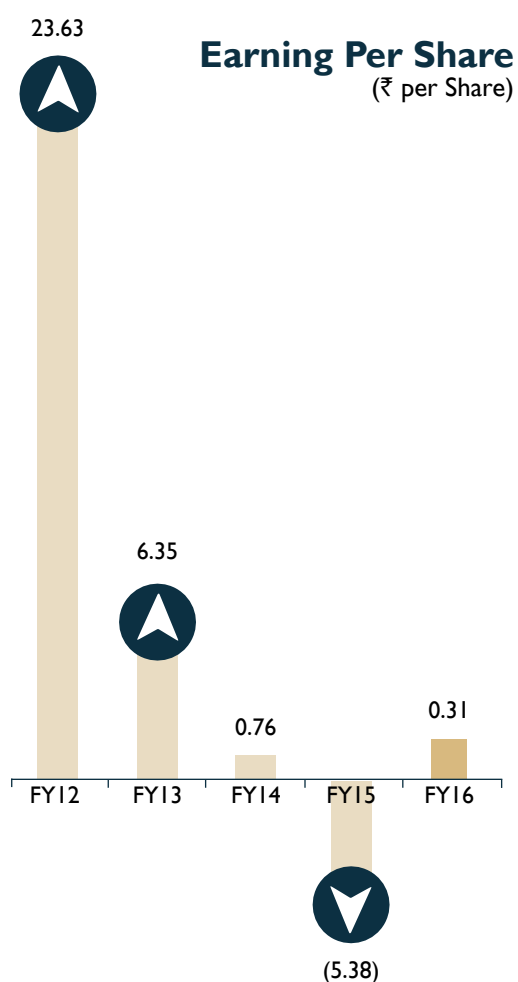
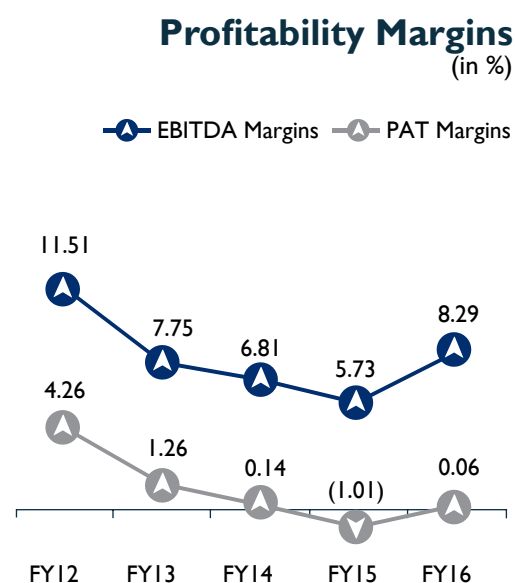
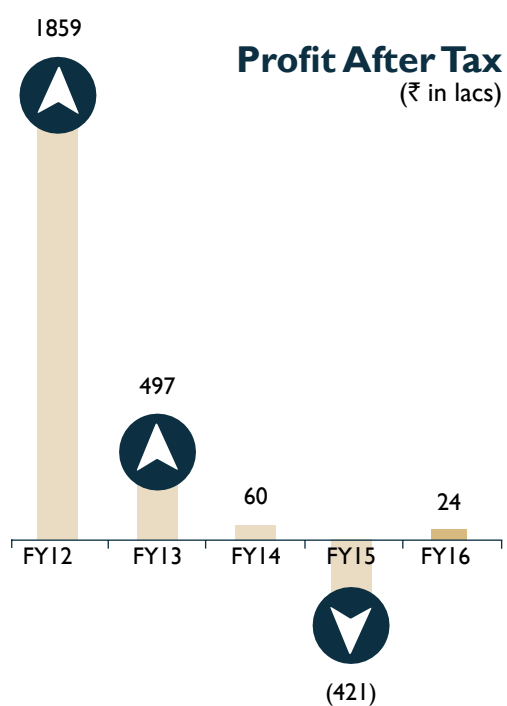
Our plant efficiencies have improved, spearheaded by our youngest and most modern unit at Lonand, Satara. The real impact of our sustained efforts is likely to become visible from latter part of FY17. Thanks to an encouraging monsoon forecast, rural focus of union budget 2016, softening interest rates and the pick-up in mining and infrastructure activities, we foresee a strong growth in our domestic business. We continue to stay the course and realize our strategic objective of sustained value enhancement for all our stakeholders.



Operation Highlights:

- ▲ Share of exports improving gradually from 20% in FY12 to 34% in FY16
- ▲ LEAN manufacturing approach optimized our overall cost
- ▲ Kaizen, TQM, Quality Circles, safety audit, machine health check up, visual management, machine risk assessment audit enhanced efficiencies at plant level
- ▲ Won ACMA award in 'Excellence in Export Category' for FY15
- ▲ Faridabad plant won Supplier Excellence Award for achieving "Partner" level status for the year 2015-2016 from one of the large overseas customer







Technological advancement and product innovation remain the key drivers of differentiation for our customers

TECHNOLOGY & DESIGN IMPROVEMENTS.

STAY THE COURSE...

Technological advancement and product innovation remain the key drivers of differentiation for our customers. In order to keep serving their dynamically evolving needs, one has to keep abreast with technological advancements to stay ahead of the curve. We, at Bharat Gears, have continuously made investments in latest technology to optimize plants capacities. We have invested in high-speed hobbers and shavers. Shaving cutting sharpener has helped achieving efficient restoration of tools and thereby uplifted the overall performance of the transmission gears. Our bevel gears section deploys sophisticated 'two cut' method of production and is equipped with complete robotic operations. Our advanced testing lab is designed to meet stringent tolerance. Our collaboration with AFC-Holcroft, USA adds innovation, quality and reliability to the Furnace division.

Our auto-components products are engineered to excellence, highest design and quality control.

Organization-wide practice of safety measures, 5S, autonomous maintenance, visual management, standard work and lost time analysis, etc. has laid a robust foundation for promoting a continuous improvement culture. We have undertaken various initiatives like Kaizen, 'Quality Month', etc. with spirited employee participation. Our value engineering prowess at nascent design stage has won accolades from our esteemed global clients.

With a firm belief that technological advancements and design improvements accrue sustained benefits, we are staying the course of continued incremental improvement on both.





We follow Culture of Safety, 5S, Kaizen, Autonomous Maintenance, Visual Management, Standard Work and Lost Time Analysis as a Continual Process at our capacities

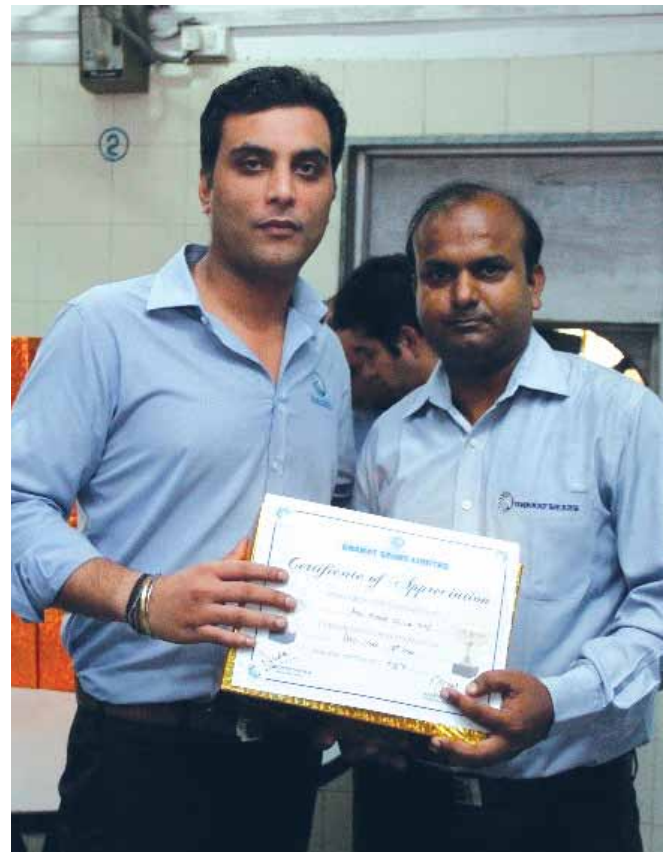


SCALE & EFFICIENCY OPTIMIZATION. STAY THE COURSE...

Having invested in right technologies, we are further sharpening our efficient leadership that can be aptly utilized for scaling operations. Following LEAN manufacturing approach has optimized our overall cost competencies.

During FY16, we have implemented various efficiency improvement initiatives. We follow Culture of safety, 5S, Kaizen, autonomous maintenance, visual management, standard work and lost time analysis as a continual process at our capacities. Our Kaizen is benchmark of the entire gear industry. TQM and QC process helps us to keep a strict check on our products quality. We have optimized our manufacturing efficiency by various improvement projects in power and fuel, oils, tooling and water across the plant to reduce manufacturing cost. We have undertaken phased replacement plans by replacing old conventional lighting with LED lamps to induce power savings at our capacities. We have initiated to power street lights at plants by solar energy.

We continue to stay the course on the path of achieving operational excellence.



CUSTOMER & GEOGRAPHY EXPANSION.

STAY THE COURSE...

Synergies between marketing, sales and support are the foundation of an efficient customer relationship management. With our persistent efforts to meet and exceed the needs of our customers, we have made rapid strides in the international market. Having accomplished our capital expenditure plans, we are now leveraging our enhanced efficiencies for rolling out new products at new geographies and creating a de-risked business model. Our diverse products have made our presence felt to nations across Europe, the US, Mexico and Asia. During FY16, we were successful in penetrating in new geographies. We have received the ACMA award in CY2015 in 'Excellence in Export Category' for FY15 materializing the Company's focused, persistent and design prudence

essential for the export market. Under the Government's Make-in-India initiative, we are looking to tap new sectors/ industries like passenger cars, defence, etc. We continue to stay the course with our ambit to become a global player with diversified clientele base spread across geographies with multi-product lines in medium to long term.

Gears Business

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

BGL 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.



Ashok Leyland Limited



AVTEC Limited



Carraro India, Italy, China



CLAAS Tractor SAS France, Hungary



EATON Corporation - USA, India, China



Force Motors Ltd.



Godrej & Boyce Mfg. Co. Ltd.



Hyva India Pvt. Ltd.



JCB-India, UK



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



KION, India



Mahindra & Mahindra Ltd.



Man Trucks India Pvt. Ltd.



New Holland Fiat India Pvt. Ltd.



Paharpur Cooling Towers Ltd.



Rico Auto Industries Ltd.



Spicer India Ltd. DANA India Ltd.



SML ISUZU Ltd.



Transaxle Manufacturing of America (TMA) USA



Tractors and Farm Equipment Ltd.



Tuff Torq



Toyota Kirloskar Auto Parts Ltd.



VST Tillers & Tractors



Escorts Ltd.



ZF China, India, USA, Germany



Schafer Driveline LLC, USA

BGL Auto Components

BGL 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.

Dealer Network- BGL - 2016

Jammu & Kashmir	-	2	Mumbai	-	Sales Office
Himachal Pradesh	-	1	Goa	-	1
Punjab	-	2	Bihar	-	2
Chandigarh	-	1	Jharkhand	-	2
Delhi	-	5	Orissa	-	2
Delhi	-	Sales Office & Godown	West Bengal	-	4
Haryana	-	3	Kolkata	-	Sales Office
Rajasthan	-	5	North Eastern States	-	3
Uttar Pradesh	-	2	Andhra Pradesh	-	3
Uttarakhand	-	1	Telangana	-	1
Gujarat	-	3	Karnataka	-	6
Madhya Pradesh	-	3	Tamilnadu	-	3
Chattisgarh	-	2	Kerala	-	4
Maharashtra	-	9			
Distributors	-	70			
Sales Office	-	3			
Godown	-	1			

BGL Furnaces

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
(American Axles)



Ashok Leyland Limited



AVTEC Limited



Bajaj Auto



Bharat Earth Movers



Drilbits International Pvt. Ltd.



Exedy India Limited



High Technology
Transmission Systems



Indian Railways



Jagadamba Auto Components



Mukand Limited



Mahindra & Mahindra Ltd.



Oerlikon Drive Systems



Preciforge and Gears



Precision Fasteners



Sanjeev Auto Parts Manufacturers



Sona Koyo Steering Systems



Sundaram Fasteners Ltd.



TATA Motors Ltd.



Tractor Engineers



Timken India



Varroc



We continue to stay the course towards our journey of creating a sustainable organization via technology & design improvements, scale & efficiency optimization and customer & geography expansion



CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure to connect with you through this 44th Annual Report of your Company. The Indian economy has once again demonstrated its inherent resilience with a healthy GDP growth of 7.6%. Weathering twin consecutive monsoon deficits, the Government has increased its focus towards rural economy in the Union Budget 2016. Impending structural reforms shall further strengthen the economy and augment the ease of doing business in India. An above average monsoon forecast backed by continued foreign investments can reinforce country's socio-economic growth.

Sharing a glimpse of our FY16 business, agricultural machinery segment constitutes 59% of the Company's revenue. A slowdown in global agricultural machinery industry including India curbed our top-line growth in FY16. However, during the year we have focused on improving our overall efficiencies at an organizational level. During the year, our gross revenue declined by 4% and stood at ₹ 433.31 crores. Our FY16 EBITDA improved notably by 33% and stood at ₹ 33.18 crores due to various cost saving initiatives. We ended FY16 with a net profit of ₹ 0.24 crores vis-a-vis loss of ₹ 4.21 crores in FY15. We continue to stay the course towards our journey of creating a sustainable organization via technology & design improvements, scale & efficiency optimization and customer & geography expansion.

We have shared our value engineering competence at an embryonic design stage which has won honour and prestige for our products amongst our global clientele. Investments towards technological advancements have begun yielding its fruits. We have developed in-house software solutions to optimize the various parameters of gears in bevel and transmission. We have developed state-of-the-art crown wheel and pinions for a variety of applications. We have a dedicated team of engineers to optimize gear profiles in bevel and transmission gears. Metallurgical parameters of all gears are regularly analyzed with a vision to improve the gear life at optimum cost. Technological collaboration with AFC-Holcroft appends innovation, quality and reliability to the Furnace division. While, the auto-components products are engineered to excellence, highest design and quality control.

Being one of the world leaders in gears and transmission technology, we are serving the finest gear and transmission technology to our clients. To have a complete transmission set-up is our long-term goal. Currently, most of the OEMs in

India are developing in-house powertrains. But in developed countries, they outsource complete gearboxes to a specialist manufacturer. Unfortunately in India, OEM's prefer to follow the in sourcing route to keep a firm check on the vehicles' overall costs. We are confident of delivering a superior product at competitive rate. We aim to be a holistic transmission supplier in India as the market matures.

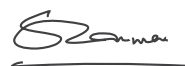
Overall cost competencies at our capacities have been optimized by implementation of LEAN manufacturing approach. Initiatives like TQM, Quality Circles, safety audit, Kaizen, machine health check up report, visual management, machine risk assessment audit has increased efficiency and enhanced savings at plant level.

We have consciously continued to maintain a long term strategy focusing exports. We have developed export-oriented quality products through our enhanced production process. Further, cordial customer relationships with prompt logistics and design stage collaboration with clients has further improved our export credentials. Make-in-India has propagated us to diversify into non-automotive segments with backward linkages along with our existing business. We have made a mark already in the agricultural vehicles segment. We are eyeing at the passenger car, defence industry and also intend to roll out hi-tech industrial gears after consolidating our existing operations. We also sense huge opportunities in aviation and aerospace industries.

We maintained our journey towards overall operational excellence in FY16 and continue to stay the course to meet our long term objective of being a full-fledged Tier-I auto-component manufacturer.

I would like to take this opportunity to express my gratitude to all the stakeholders for their firm belief in Bharat Gears Limited and also extend my gratefulness to our 'human capital' for their continual passion, dedication and valuable contribution.

Regards,



Surinder P. Kanwar
Chairman & Managing Director

COMPANY OVERVIEW

Bharat Gears Limited (BGL) is an Indian gear manufacturing Company serving domestic as well as Europe, USA, Mexico and Asia markets. BGL is manufacturer of a wide range of Ring Gears and Pinions, Transmission Gears and Shafts, Differential Gears, Gear Boxes and Heat Treatment Furnaces; primarily catering to commercial vehicle, agricultural machinery and construction equipment segments.

The Company's manufacturing facilities located in India are at:

1. Mumbra near Mumbai,
2. Faridabad near New Delhi and
3. Lonand near Pune

The Company is also engaged in after-market distribution.



CSR INITIATIVES

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

The Board of Directors of the Company, in its meeting held on 28th 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 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 Financial Year 2015-16, the provisions of Section 135 of the Companies Act, 2013 were not applicable, since the Company does not fall under the conditions necessary for complying with the CSR provisions. Hence, nil amount required to be spent during the year.



Though over 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.

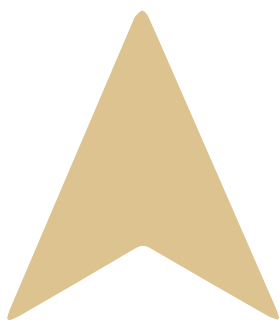
Action for Autism (AFA) is the largest non-profit non-government organization providing support and services to persons with autism and their families.

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 and has reduced the traffic congestion at the railway crossing resulting into 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.



BRIEF PROFILE OF DIRECTORS



Mr. Surinder P Kanwar is a commerce graduate from University of Delhi. He is immensely experienced & has in-depth knowledge of the core business of the Company i.e. Automotive Gears. He has wholesome exposure on all aspects of business of the Company and is engaged in supervision and conduct of business of the Company. He has been associated with Late Dr. Raunaq Singh Group since 1975. He has also worked at various managerial positions in various Raunaq Group Companies. He is on the board of Bharat Gears Limited since September 29, 1982. He is the Chairman and Managing Director of the Company since October 29, 2002.

Mr. Surinder P. Kanwar
(Chairman & Managing Director)

He is a young and energetic third generation Entrepreneur. As Executive Director-Strategic Planning of Bharat Gears Ltd, he has spearheaded the Business Operations of the Company. He holds a Bachelor's Degree in Business Economics from York University, Canada. Subsequently, he received two years training in the areas of Planning, Finance and Control at ZF Friedrichshafen AG, Germany, the world's largest maker of drivelines and chassis for automobiles. He has overall experience and exposure in Marketing, Purchase and Management. He believes that creation of a successful organization needs nurturing of people and developing a climate that recognizes performance and leadership. He is the Joint Managing Director of the Company since June 01, 2008.



Mr. Sameer Kanwar
(Joint Managing Director)

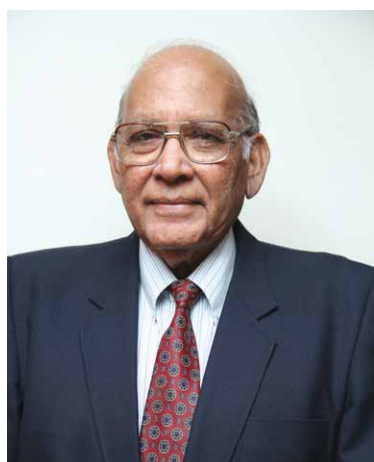
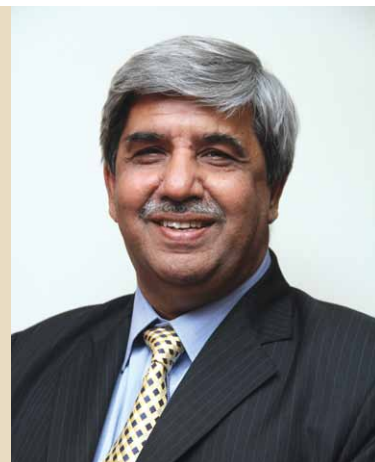


He completed his graduation in Business Administration from Tett nang, Germany and is serving as a Director on the Board of the Company for over 30 years. He was Executive Vice President, International Strategic Projects of the Commercial Vehicle division of ZF, after having managed Truck and Bus Transmission Sales, ZF Corporate Worldwide Service Network and up to June, 2013 the strategic business unit Bus Driveline Technology at ZF. He is immensely experienced and has international exposure on various facets of Auto Industry as a whole including Gear Technology. He is having expertise in the area of sales, marketing and service.

Mr. W.R. Schilha
(Director)

He is a qualified Chartered Accountant (England & Wales) and an MBA from Cranfield University, U.K. He has spearheaded various industry groups at top management levels including Escorts till September 2006. He has rich experience of around 30 years. He is director in various other reputed companies such as Minda Corporation Limited, Axles India Limited and Fairfield Atlas Limited.

Mr. Rakesh Chopra
(Director)



He is a qualified Chartered Engineer from England and is a Director of the Company since January, 2002. He is presently also managing a consultancy Company specializing in business Strategies & Structures and he holds the directorship in Pargal Consultants Private Limited.

Mr. V.K. Pargal
(Director)

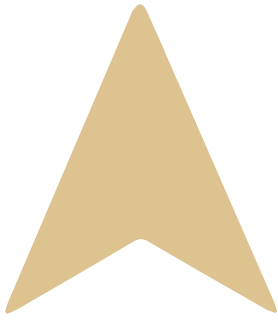
He graduated in Science from Allahabad University, and did Mechanical Engineering from Roorkee University (Now IIT). He was the MD of DCM Toyota and then became Chairman and MD of Daewoo Motors India Limited. Later on he held the position of Chairman and MD of Jaypee Hotel Limited and MD of Jaypee Greens Limited. He has also served as member and Chairman of various state, national, and international level committees.

Mr. S.G. Awasthi
(Director)



She is a Post Graduate in Arts and CAIIB from Indian Institute of Bankers. She has been associated with the Company as a Director since January 2014. She has over 43 years work experience in the field of Trade Finance, Project Finance, Corporate Banking, Technology Upgradation Programme (TUF) etc. in the organizations viz. Reserve Bank of India, Industrial development Bank of India, Export Import Bank of India etc. She has also served as Nodal officer of EXIM Bank for CDR Cell and represented EXIM Bank for TUF meetings Ministry of textiles, The Government of India. She worked as Chief General Manager with EXIM Bank till 2005 and subsequently upon retirement, she served as Adviser in EXIM Bank till March, 2009.

Ms. Hiroo Suresh Advani
(Director)



SENIOR MANAGEMENT



Mr. Milind Pujari
(Chief Financial Officer)



Mr. Naresh Verma
(Corporate Head - HR)



Mr. Jagdeep Singh
(Business Head - After Market)



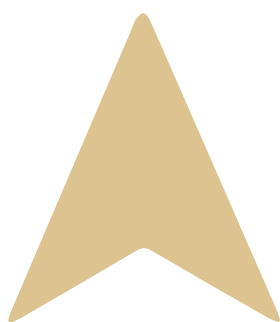
Mr. Sandeep Bathla
(Corporate Head-Operations)



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



Mr. Prashant Khattry
(Head-Legal and
Company Secretary)



CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent Directors

Mr. W.R. Schilha
Mr. Rakesh Chopra
Mr. V.K. Pargal
Mr. S.G. Awasthi
Ms. Hiroo Suresh Advani
Dr. Ram S. Tarneja - Resigned w.e.f. July 31, 2015
Mr. N. J. Kamath - Resigned w.e.f. May 29, 2015

Audit Committee

Mr. Rakesh Chopra, Chairman
Mr. V.K. Pargal
Mr. S.G. Awasthi

Stakeholders' Relationship Committee

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

Nomination & Remuneration Committee

Mr. S.G. Awasthi, Chairman
Mr. V.K. Pargal
Mr. Rakesh Chopra
Mr. Surinder P. Kanwar

Corporate Social Responsibility Committee

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

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

Bankers

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

Registrar & Transfer Agent

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

Plant Locations

Kausa Shil, Mumbra, District Thane - 400 612,
Maharashtra

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

Lonand, Taluka Khandala,
District Satara - 415 521,
Maharashtra

Registered Office

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

Corporate Office

14th Floor, Hoechst House,
Nariman Point, Mumbai - 400 021

Branch Office

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

Mukherjee House
17, Brabourne Road,
Kolkata - 700 001



MANAGEMENT DISCUSSION & ANALYSIS

Introduction

Established in the year 1971, Bharat Gears Ltd. (referred to as 'BGL' or 'the Company') is the flagship Company of the diversified Surinder P. Kanwar group. It is one of the India's largest gears manufacturing Company with globally renewed technology. BGL has a diversified clientele base and supplies to both OEMs & Aftermarket. The Company caters to Agriculture Machinery, Commercial Vehicles and Construction equipments. It has global presence with exports to some of the best OEMs across India, Europe, USA, Mexico and Asia. BGL has three manufacturing plants based out in Mumbra, Faridabad and Lonand.

Economic Overview

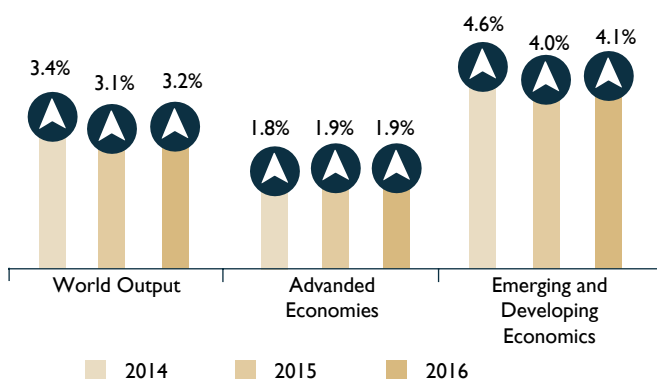
For the second consecutive year, the advanced economies showed signs of revival and the emerging economies witnessed a slowdown. Oil prices tumbled with a new low in January, 2016 and commodities prices remained subdued due to slowdown in emerging economies. As Exhibit 1 depicts, advanced economies grew by 1.9% in CY2015 compared to 1.8% in CY2014. U.S. was

the fastest-growing of the developed economies in CY2015 with 2.4% growth. The growth in advanced economies is projected to remain flat at 1.9% in CY2016. Recovery is likely to remain curbed by weak demand, unresolved crisis, unfavorable demographics and low productivity growth.

Emerging economies witnessed a slowdown where GDP growth dropped from 4.6% in CY2014 to 4.0% in CY2015. Emerging economies would be improving at a modest growth rate of 4.1% for CY2016. The global demand growth for CY2016 is expected to be pegged at 3.2% due to slowdown and rebalancing of economic activity in China, lower prices for energy and other commodities and gradual tightening in U.S. monetary policy.

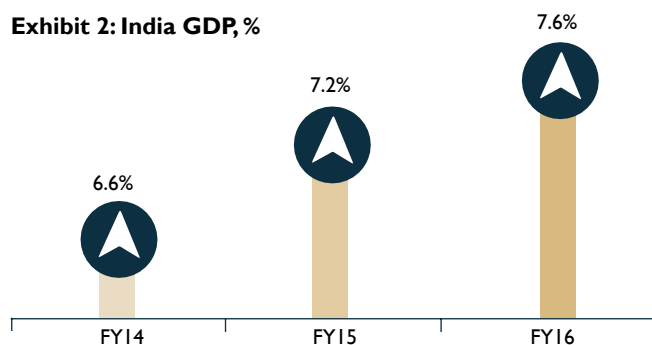
As per Central Statistics Office (CSO), the Indian economy grew at 7.6% during the period 2015-16 (FY16). The economy is being weathered by two successive monsoon failures plus damage from unseasonal rains. CSO sited urgent need to strengthen the domestic capex cycle and so as to give a thrust to investments in infrastructure sector.

Exhibit 1: World GDP Growth, %



Source: IMF estimates

Exhibit 2: India GDP, %



Source: Central Statistics Office (CSO)

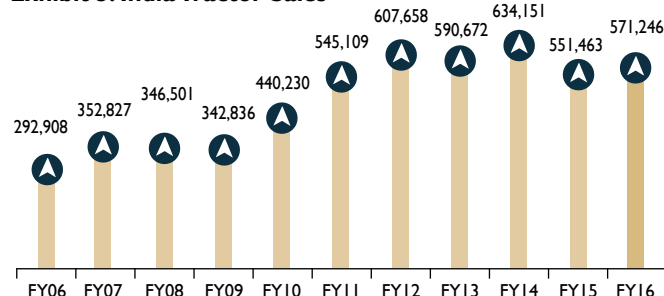
The government addressed to key issues in the Union Budget 2016-17 which would drive the economy steadily on its recovery trajectory. The Reserve Bank of India (RBI) has cut its repo rate by 75 basis points during the year retaining its target of 5% CPI by March 2017. As per Department of Industrial Policy and Promotion (DIPP), the total FDI investments India received during the period April-December 2015 rose by 40% at US \$ 29.44 billion, lauding government's effort to improve ease of doing business.

The economy would also reap benefits from implementation of the salary and pension revisions recommended by the One Rank One Pension Scheme and the Seventh Pay Commission cheered by normal monsoon forecast by India Meteorological Department (IMD) in 2016.

Industry Overview

The domestic tractor industry has always been a barometer for the state of rural economy. Although being relatively young, it has become the largest market worldwide, accounting for one-third of the global production. Despite seasonal vagaries, the industry sales have grown from 2.92 lacs units in FY06 to 5.71 lacs units in FY16 at a Compounded Annual Growth Rate (CAGR) of 6.9% over the past decade. As per Exhibit 3, FY16 tractor volumes grew by 3.6% Y-o-Y despite lower crop prices and twin-monsoon deficit of 14% over long period average.

Exhibit 3: India Tractor Sales



Source: Tractor Manufacturers' Association

However, the long term growth fundamentals of industry are strong owing to lowering of the replacement cycle, expectation of increase in Minimum Support Price (MSP) for key crops, scarcity of labour and ease of credit availability from Government. Also, pace of the Central & State Government's policy roll out and the final monsoon behavior governs the short term industry performance. ICRA continues to be positive over tractor sales and believes domestic market can achieve a CAGR of 8-9% in the long term.

For the second year in row, the Indian automobile industry witnessed growth in sales by 3.78% in FY16. The growth was visible across all the segments on account of improved macroeconomic environment (faster GDP growth, easing financing cost, fuel cost) except for three wheelers sales. As shown in Exhibit 4, Passenger vehicles, UVs and Vans sales improved by 7.87%, 6.25% and 3.58% respectively in FY16 on slew of launches, especially in compact car and UV segment. CVs sales improved by 11.51% in FY16, contributed by robust M&HCVs sales by 29.91% due to replacement demand and improving viability, mandatory implementation of Anti-Lock Braking Systems (ABS) in M&HCVs and Uniform Bus Body Code in Buses and roll-out of BS-IV emission norms. LCVs sales ended flat to 0.30% with an uptick in sales in H2 FY16.

Exhibit 4: Automobiles sales in India, FY16

Category	Domestic Sales		
	April-March		
Segment/Sub-segment	2014-15	2015-16	% Change
I Passenger Vehicles (PVs)			
Passenger Cars	1,877,706	2,025,479	7.87
Utility Vehicles (UVs)	552,135	586,664	6.25
Vans	171,395	177,535	3.58
Total Passenger Vehicles (PVs)	2,601,236	2,789,678	7.24
II Commercial Vehicles (CVs)			
M&HCVs			
Passenger Carriers	36,837	43,885	19.13
Goods Carriers	195,918	258,488	31.94
Total M&HCVs	232,755	302,373	29.91
LCVs			
Passenger Carriers	44,816	48,960	9.25
Goods Carriers	337,377	334,371	(0.89)
Total LCVs	382,193	383,331	0.30
Total Commercial Vehicles	614,948	685,704	11.51
III Three Wheelers			
Passenger Carrier	431,984	441,091	2.11
Goods Carrier	100,642	97,001	(3.62)
Total Three Wheelers	532,626	538,092	1.03
IV Two wheelers			
Scooter/Scooterette	4,500,920	5,031,678	11.79
Motor cycles/Step-Throughs	10,726,013	10,700,466	(0.24)
Mopeds	748,628	723,767	(3.32)
Total Two wheelers	15,975,561	16,455,911	3.01
Grand Total of All Categories	19,724,371	20,469,385	3.78

Source: SIAM

After facing a prolonged decline in sales since 5 years, the Indian Construction Equipment Industry witnessed a growth of 8% during FY16 due to commencement of infrastructural projects. Smart cities, coal block auction, transmission project awards, ports, air ports and infrastructure development to name a few of the governments key projects that are bound to create a huge surge in the construction equipment sales in India. Indian Construction Equipment Manufacturers Association (ICEMA) pegs that the Construction Equipment Industry is at US \$ 2.8 billion and expects it to grow to over US \$ 5 billion by 2020 on back of infrastructure growth.

With a decline in manufacturing, employee layoffs and surplus inventory on dealer lots, Rabobank foresees global agri-equipment sales to be down through 2016 with stabilization likely in CY2017.

As per Autodata Corp, U.S. automobile sales touched a new high of 1.74 crores vehicles in CY2015, surpassing 1.74 crores sales mark of CY2000. CV sales grew by 13.1% in CY2015 at 97 lacs sales. Low gasoline prices, easy credit and moderate economic growth boosted the industry.



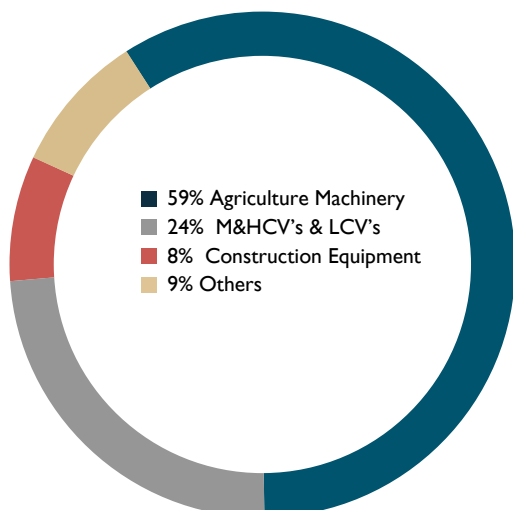
Operational Review

Gears Business

BGL manufactures a wide range of ring gears and pinions, transmission gears and shafts, differential gears, gear boxes majorly for the automotive industry. BGL follows LEAN manufacturing approach to improve continually and lower manufacturing cost with a thrust on investing in latest technology to keep pace with latest trends in gear manufacturing. The Company is climbing up the value chain at the higher end by manufacturing some sub-assemblies for gear boxes. BGL serves a diversified Original Equipment (OE) customer base that includes leading players in agriculture machinery, LCV's and UV's, M&HCV's and construction equipment manufacturers.

Exhibit 5 depicts the user segment-wise distribution of the Company's sales in FY2016. The largest segment is agriculture machinery (59%), followed by automotive including M&HCV's and LCV's (24%), construction equipment (8%), and others (9%).

Exhibit 5: BGL's client-wise sales distribution



Though the volume sales remained near flat, the fall in commodity prices has impacted realization. Hence, there is a marginal dip in the revenue during the year FY16. However, operating margins have witnessed improvements. BGL's gear business sales has decreased by 6.98% from ₹ 367.21 crores in FY15 to ₹ 341.57 crores in FY16.

The Company continues to strengthen existing clientele relationships by developing new products and continues expand its patrons by adding new clientele. BGL was successful winning a couple of new clients in new export geographies during FY16. BGL understands the importance of a wider product portfolio for building the export business. The Company follows a degree of flexibility in its production equipments and is continuously working on improving its planning systems.

BGL has consciously managed to de-risk its business concentration among its clientele. It is further diversifying its revenue base across clientele and geographies.



BGL has been lauded for its design staged collaboration with its esteemed clients and has emerged as a trusted business partner across the globe. The Company is consciously working on its goal of creating a valuable customer-centric organization.

The exports sales stood at ₹ 119.56 crores in FY16, a 10.27% dip as compared to FY15 due to slowdown in global agri-machinery sales. However, over the last 5 years, the share of exports in sale of automotive gears and components has increased gradually from 20% in FY12 to 34% in FY16. 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. BGL received the ACMA award in 'Excellence in Export Category' for FY15 materializing the Company's focused, persistent and design prudence essential for the export market. 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.

Auto Components Distribution

Bharat Gears is a trusted brand in the replacement gear market with a steady market share. The auto-components division includes a well-diversified parts engineered to excellence, highest design and quality control. The product range includes automotive clutch and components, turbo chargers and components, driveline products, axle shafts, fly wheel assemblies and rings, propeller shaft components, U-J Cross, steering components and differential cages. The Company has a pan India distribution network with deeper strengths in the East, North and West of India.

BGL after-market distribution channel contributed ₹ 32.98 crores in FY16.

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 an internationally acclaimed 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.

BGL furnace contributed ₹ 2.15 crores in FY16.



Operations

The three facilities of BGL are located at Mumbra (near Mumbai), Faridabad (near New 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. All three plants of the Company are certified under ISO/TS 16949 (quality). In addition, the Faridabad and Lonand Plants are certified under ISO/14001 and OHSAS 18001 certification by BVC. The Lonand plant is in its third year of operations, it has secured one certificate and has applied for one more certification. During FY2016, all the three plants celebrated the Safety Week from 4th March to 11th March and 'November 2015' as QUALITY MONTH respectively with high spirit participation level from all employees.

Mumbra Plant

It is BGL's oldest plant; spearheading with the culture of safety, Kaizen and TQM initiatives resulting higher employee participation. The level of 5S event on monthly basis has improved in the plant with much better lux level (using sun-light through transparent sheets on the roof). Some of the underutilized old conventional machines, which were consuming high power, were removed from plant resulting in saving in power consumption. BGL Mumbra would replace old conventional lighting in shop and office with LED lamps in phased manner.

The culture of quality circle is being strengthened in the plant to bring major change in the quality levels and reduce the COST OF QUALITY. During FY2016, the plant experienced reduction in the internal rejection PPM and reduction in customer complaints due to implementation of various quality control measures.

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 FY16 to further improve performance in terms of customer deliveries. There has been a very sharp focus to reduce the contract manpower, overtime working & Sunday working.

The Company has initiated many improvement projects across the plant to reduce manufacturing cost in areas like power and fuel, oils, tooling and water. Implementation of open power access purchase contract during the year FY16 has facilitated BGL to curb its energy cost. BGL's overall efficiencies is likely to get a boost in coming years due to rising impetus on enhancing the quality at Mumbra plant.

Faridabad Plant

The plant is the example of industry standard benchmark of safety and Kaizen. It continues to garner high employee participation due to implementation of 5S, autonomous maintenance, visual management, standard work and lost time analysis. It has the highest number of Kaizen amongst BGL plants. Implementation of Kaizen has led to a significant savings in power costs. The quality control measures has resulted an uptrend in in-house rejection and re-work. Also, organization of 'Annual Supplier Conference' has facilitated BGL to strengthen and enhance its vendor base during FY16. These meets has improved Kaizen at supplier level resulting deeper customer-vendor relationships.

The trends of in-house rejection and rework PPM (parts per million) are looking positive. Currently, there are 10 quality circles in progress to attack the chronic quality issues. The delivery

performance of the plant also witnessed improvements in FY2016. 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.

Faridabad plant won the Supplier Excellence Award for achieving “Partner” level status for 2015-2016 from one of the large overseas customer.

Lonand Plant

Since inception, the Lonand plant has imbibed the highest level of safety in its operations and continues to be ‘accident free’. Implementation of LEAN, Kaizen and various other quality control measures is reflected in the plant’s output. The plant has an average PPM for the customer returns (OERM PPM) which is comparable with benchmark for the gear industry.

The plant attained the appreciation certificate from the ACMA on Quality Circle and SMED. It also initiated a project SPEED with Toyota for creating a model cell. The project is being mentored by Toyota to implement “Toyota Production System” in Lonand plant. The plant has also achieved the certificate of appreciation from Toyota for achieving the ISO: 14001 certificate.

Support Systems

BGL’s operations are supported by RAMCO developed ERP system well supported by Human Resource (HR) and information technology at all the plants. IT is used efficiently for product development, quote management and compliance.

The Company has built a well structured training and development programmes to strengthen its ‘human capital’. Through these training initiatives, the Company has successfully implemented key quality & cost control initiatives. The Company also provides equal opportunities of growth to all its employees and also has a well described succession planning in place. BGL’s tally of ‘human capital’ stands at 1290; as on March 31, 2016.

Financial Highlights

BGL registered a 4% drop in gross turnover at ₹ 433.31 crores in FY16 owing to tough market conditions compared to ₹ 451.90 crores in FY15. However, various cost saving initiatives led the Company to increase its profit before interest, depreciation and tax by 39% to ₹ 33.18 crores in FY16, vis-a-vis ₹ 23.87 crores in FY15.



BGL ended FY16 with a profit of ₹ 0.24 crores as compared to a loss of ₹ 4.21 crores in FY15.

Exhibit 6: Financial Highlights

	(₹ in crores)	
	FY16	FY15
Turnover (Gross)	433.31	451.90
Profit before Interest & Depreciation	33.18	23.87
Interest	16.16	16.35
Cash Profit	17.02	7.52
Depreciation	16.50	13.95
Profit before Tax	0.52	(6.43)
Tax	0.28	(2.22)
Net Profit	0.24	(4.21)

Risks and Concerns

Every business is prone to number of systemic and un-systemic risks. Being cognizant of this fact, BGL has formulated a robust risk management framework. Periodical checks on various internal processes and monitoring the same through a strong IT framework has been practiced in the Company. Further, there are review meeting at management level to discuss and analyze various near-term and long-term risk and formulate plans to mitigate the same.

Market Risks

Risk: BGL’s ability to generate revenue growth is affected by the continuing relationship with the customer base and the overall



developments in the industry. The Company still derives significant business contribution from a few groups of clients and industry segment. This concentration leads to market risks and also highlights the fact that one customer moving out could leave a large void.

Mitigation: BGL has already started to diversify its client & geography base. BGL is focusing on expanding its customer base, by venturing in new user segments and spreading operations across geographies to mitigate this market risk.

Input Cost Risks

Risk: The key raw material consumed by the Company has been very volatile and sudden change can have an adverse impact on the Company's operating margins.

Mitigation: The Company has many long-term contracts with its major OEM customer where the raw material cost is pass through.

Technology Risks

Risk: The component manufacturers have to abreast on any Component design, development and material changes implemented by auto manufacturers. There is always a risk of technological obsolescence.

Mitigation: BGL keeps upgrading its technology to meet changing customer demand.

Financial Risks

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

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

Regulatory and Safety Risks

Risk: BGL's operation is exposed to changes in laws, regulations, policies and other Governmental actions including those affecting environmental matters, employee welfare, safety and wastage emissions.

Mitigation: BGL has ensured compliance of all laws applicable to the Company and effectively monitors through efficient compliance management system.

Product Risks

Risk: Most of the BGL's products are critical components for the automotive clientele and client may claim damage for quality issue, if any.

Mitigation: 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. BGL is exploring the cost benefits of product liability insurance in the after-market where it provides for specific warranty.

Exchange Rate Risks

Risk: Steady rise in exports sales also expose BGL to the risks associated with the volatility of global foreign exchange rates.

Mitigation: The Company has prudent management who can identify risk arising from the currency fluctuations and can take appropriate corrective measures accordingly.



Outlook

Global economy is set to pick up with advanced economies showing signs of growth and major emerging economies are stabilizing. The automotive components industry and domestic tractor sales would boost from 'Make in India', rural growth focused union budget 2015-16 and positive monsoon forecast. CV sales is expected to continue its momentum due to improvement in infrastructural activities.

BGL has been strategically placed itself to sustain its growth trajectory by rapidly growing its export footprint while optimizing its capacity to serve the domestic market.

Internal Control Systems and their adequacy

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

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

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

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the gears industry 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.

BOARD'S REPORT

(SECTION 134 OF THE COMPANIES ACT, 2013)

To The Members

The Directors have pleasure in submitting 44th Annual Report together with Audited Financial Statements of your Company for the year ended on 31 March, 2016.

Financial Results	(₹/Crores)	
	Financial year ended	
	31.03.2016	31.03.2015
Revenue from operations and other income (gross)	433.31	451.90
Profit before finance cost and depreciation and amortisation expense	33.18	23.87
Finance Cost	16.16	16.35
Depreciation and Amortisation expense	16.50	13.95
Profit/(Loss) before tax	0.52	(6.43)
Less: Tax expense/(benefit)	0.28	(2.22)
Profit/(Loss) after tax	0.24	(4.21)
Surplus in Statement of Profit and Loss		
Opening balance	25.79	30.96
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: Profit/(Loss) for the year	0.24	(4.21)
Closing Balance	26.03	25.79

DIVIDEND

In view of inadequate profits for the year, your Directors have decided not to recommend any dividend on equity shares of the company for the year ended 31 March, 2016.

FINANCIAL PERFORMANCE

The slowdown of economy on the back of recessionary trends especially in domestic tractor segment led to marginal drop in turnover for the year ended 31 March, 2016 vis a vis previous year. Further, global slowdown has led to a dip in sales to overseas customer(s).

The operations of the period resulted in higher EBITDA of ₹ 33.18 crores vis a vis ₹ 23.87 crores in the previous year. This was primarily on account of higher realization of export incentives and strict control on overheads especially manpower and energy costs.

During FY 2015-16, the Company has availed Corporate loan of ₹ 25.00 crores for shoring up of Net Working Capital. The Company also repaid ₹ 17.15 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, 2016 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 contracts or arrangements of the Company with related parties during the period under review referred to in Section 188(1) of the Companies Act, 2013 were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the related party transaction policy of the Company. The said policy as approved by the Board in terms of provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") (Clause 49 of the erstwhile Listing Agreements) 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 Companies Act, 1956 and the Articles of Association of your Company, Mr. W.R. Schilha, Director of the Company 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. W.R. Schilha as Non Executive Independent Director for a period of 5 (Five) Years upto the conclusion of the 49th Annual General Meeting (AGM) of the Company in the Calendar Year 2021 at the ensuing AGM of the Company.

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

During the year under review, the members approved the appointment of Mr. Rakesh Chopra and Mr. V.K. Pargal as Independent Directors.

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

During the year under review, Mr. Surinder P. Kanwar has been re-appointed as Chairman and Managing Director of the Company for a further period of 5(Five) years with effect from 01 October, 2015.

Mr. N.J. Kamath and Dr. Ram S. Tarneja resigned from the directorship of the Company on 29 May, 2015 & 31 July, 2015 respectively. The Board expresses its sincere gratitude to Mr. N.J. Kamath and Dr. Ram S. Tarneja for their valuable contribution to the Company during their tenure.

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2015-16, 5 (Five) Board Meetings were held on the following dates:-

- 29 May, 2015;
- 31 July, 2015;
- 29 October, 2015;
- 29 January, 2016; and
- 22 March, 2016

The gap between any two meetings was not more than one hundred twenty days as mandated under the provisions of Section 173 of the Companies Act, 2013 and Regulation 17(2) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreements).

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 24 May, 2016 stating that they fulfill the criteria of Independent Director as prescribed under Section 149(6) of the Companies Act, 2013 and are not being disqualified to act as an Independent Director.

In terms of the Regulation 25(7) of the Regulations (Clause 49 of the erstwhile Listing Agreements), the Company has adopted a familiarization programme for the Independent Directors to familiarize them with working of the Company, nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities, and other relevant details. The details of familiarization programme during the Financial Year 2015-16 are available on the official website of the Company i.e. www.bharatgears.com under the link <http://bharatgears.com/documents/details-of-familiarisation-programme-for-independent-directors-FY15-16.pdf>.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Regulations (Clause 49 of the erstwhile Listing Agreements), 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 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 and fixed certain parameters covering the evaluation of the Chairman, Executive Directors and Independent Directors on the basis of which the evaluation is being carried on annual basis in terms of provisions of the Companies Act, 2013 and the Regulations.

During the year under review, the Board of Directors, at its meeting held on 22 March, 2016 has carried out the evaluation of its own performance and that of its committees and Independent Directors of the Company and the Independent Directors in their separate meeting held on even date have evaluated the performance of the Chairman and Non-Independent Directors of the Company respectively in accordance with the framework approved by the Board.

KEY MANAGERIAL PERSONNEL

The following Directors/Officials of the Company have been designated as Key Managerial Personnel (KMP) of the Company by the Board of Directors in terms of provisions of Section 203 of the Companies Act, 2013 and the Regulations (Clause 49 of the erstwhile Listing Agreements):

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

No Key Managerial Personnel (KMP) of the Company has resigned during the financial year ended 31 March, 2016.

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

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment 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 & Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure-"D"** to this Report.

RISK MANAGEMENT

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

During the Financial Year 2015-16, the provisions of Section 135 of the Companies Act, 2013 were not applicable on the Company since the Company does not fall under the conditions necessary for complying with CSR provisions. Hence, nil amount required to be spent during the year.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Rakesh Chopra, Mr. V.K. Pargal and Mr. S. G. Awasthi.

During the year under review, Mr. N.J. Kamath (the erstwhile member of Committee) and Dr. Ram S. Tarneja (the erstwhile Chairman of Committee) ceased to be a member and the chairman of the Committee respectively due to their resignation with effect from 29 May, 2015 and 31 July, 2015 respectively. Mr. S.G. Awasthi, inducted as a member of the Committee on 31 July, 2015 and Mr. Rakesh Chopra (the erstwhile member of Committee) designated as the Chairman of the Committee on 31 July, 2015, accordingly the Audit Committee had been reconstituted.

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 (ICC) 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 under the link <http://bharatgears.com/documents/policy-for-prevention-of-sexual-harassment.pdf>.

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

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

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

DEPOSITS

During the year under review, the Company did not accept any deposits. However, in terms of provisions of Section 205C of the

Companies Act, 1956, the Unclaimed Final Dividend pertaining to the Financial Year 2007-08 amount aggregating to ₹ 1,80,825.00 (Rupees One Lac Eighty Thousand Eight Hundred Twenty Five only) had been transferred to the "Investor Education and Protection Fund" established by the Central Government.

Further, the Unclaimed Final Dividend for the Financial Year 2008-09 is proposed to be transferred to the "Investor Education and Protection Fund" on 29 August, 2016 upon the 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 42nd 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 42nd AGM to the third consecutive Annual General Meeting from the 42nd 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 2017 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, 2016 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 2015-16 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, 2016 in the prescribed form MR-3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure-"E"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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. During the year, such controls were tested and no material weakness in the design or operations were observed.

COST AUDIT

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

CORPORATE GOVERNANCE

The Company is committed to maintain the quality standards of Corporate Governance. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements/Schedule V(C) of the Regulations forms part of this Report.

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

VIGIL MECHANISM

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

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

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

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

Pursuant to the notification of the regulations, your Company has entered into new Listing Agreement with the aforesaid Stock Exchanges respectively on 10 February, 2016 as mandated under the said Regulations.

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-“F”** to this Report.

EXTRACT OF ANNUAL RETURN

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

COURT/TRIBUNAL ORDERS

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

The Board of Directors 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
DIN: 00033524

Place: Mumbai
Dated: 24 May, 2016

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

I. 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.	Vibrant Finance and Investment Private Limited (VFIPL), Company within the Group	Lease Agreement between the Company and VFIPL for official premises situated at A-3, Greater Kailash-I, New Delhi with area aggregated to 963 Sq. Ft. (Nine Hundred Sixty Three Square feet)	3 (Three) years with effect from 01 April, 2015	- The monthly lease rent in respect of said premises is ₹ 53,000/- (Rupees Fifty Three Thousand Only) per month - Security Deposit of ₹ 2,50,000/- (Rupees Two Lacs Fifty Thousand Only)	NA	-
2.	Clip-Lok (Simpak) India Private Limited (CSIPL), Company within the Group	Agreement between the Company and CSIPL for purchase of reusable collapsible plywood boxes/clips etc.	1 (One) year with effect from 01 April, 2015 till 31 March, 2016	Transaction value not exceeding ₹ 50,00,000/- (Rupees Fifty Lacs only) either in one transaction singly or multiple transactions collectively	NA	-

For and on behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Dated: 24 May, 2016

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the 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 1st August, 2014.

Effective Date:

This policy shall be effective with retrospective effect from 1st April, 2014.

Constitution of the Nomination and Remuneration Committee:

The Board has changed the nomenclature of Remuneration Committee constituted on 22nd April, 2002 by renaming it as Nomination and Remuneration Committee on 7th May, 2014. The Nomination and Remuneration Committee comprises of following Directors:

Sr. No. Committee Members

1.	Mr. S.G. Awasthi, Chairman (Independent Director)
2.	Mr. Surinder P. Kanwar, Member (Chairman and Managing Director)
3.	Mr. V.K. Pargal, Member (Independent Director)
4.	Mr. Rakesh Chopra, Member (Independent Director)

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

Definitions

- "Board" means Board of Directors of the Company.
- "Directors" means Directors of the Company.
- "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

- "Company" means Bharat Gears Limited.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.

Key Managerial Personnel (KMP) means-

- Executive Chairman and/or Managing Director;
 - Whole-time Director;
 - Chief Financial Officer;
 - Company Secretary;
 - Such other officer as may be prescribed under the applicable statutory provisions/regulations.
- Senior Management** means who are members of 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, KMP and Senior Management Personnel.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- **Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- **Term/ Tenure:**

1. **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. **Independent Director:**

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

- **Evaluation:**

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

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

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

- **Removal:**

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

- **Retirement:**

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

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **General:**

1. The remuneration/compensation/commission etc. to the Chairman and Managing Director or Joint Managing Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Chairman and Managing Director or Joint Managing Director, if any shall be in accordance with the percentage/slabs/conditions laid down as per the provisions of the Companies Act, 2013 and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be effective from 1st 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 1st April or as may be decided by the Central Government, if required in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Chairman and Managing Director, Joint Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

1. Fixed pay:

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

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

2. Minimum Remuneration:

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

3. Provisions for excess remuneration:

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

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

1. Sitting Fees:

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

Board's Diversity Policy

BGL recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of 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.

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

For Bharat Gears Limited



Surinder P. Kanwar
Chairman and Managing Director

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 2015-16:

S. No.	Name of the Director	Ratio of Remuneration of each Director/ to median remuneration of employees
1.	Mr. Surinder P. Kanwar Chairman and Managing Director	64.82
2.	Mr. Sameer Kanwar Joint Managing Director	44.69

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

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

S. No.	Name of the Director/KMP	% increase in Remuneration in the Financial Year 2015-16
1.	Mr. Surinder P. Kanwar Chairman and Managing Director	-19%
2.	Mr. Sameer Kanwar Joint Managing Director	3%
3.	Mr. Milind Pujari Chief Financial Officer	0%
4.	Mr. Prashant Khattry Head (Legal) and Company Secretary	12%

3. Percentage decrease in the remuneration of the median employee is 14% in the Financial Year 2015-16.
4. There were 1290 permanent employees on the rolls of the Company as on 31 March, 2016.
5. The relationship between average increase in remuneration and Company performance:
- The turnover of the Company has shown a marginal drop of 4.1% for the year ended 31 March, 2016 as compared to year ended 31 March, 2015 and operations for the year ended 31 March, 2016 resulted in a profit of ₹ 0.24 Crores as compared to the loss of

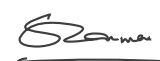
₹ 4.21 Crores in the previous year. Whereas there is a decrease in the average remuneration of the Company by 8%. The current performance is due to the slowdown of economy on the back of recessionary trends especially in domestic tractor segment led to marginal drop in turnover for the year ended 31 March, 2016 vis a vis previous year. Further, global slowdown has led to a dip in sales to overseas customer(s).

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

The total remuneration of Key Managerial Personnel decreased by 9.54% from ₹ 417.74 Lacs in 2014-15 to ₹ 377.86 Lacs in 2015-16 whereas the Company registered a drop of 4.1% in total revenues for the year ended 31 March, 2016 as compared to year ended 31 March, 2015 and operations for the year ended 31 March, 2016 resulted in a net profit of ₹ 0.24 Crores as compared to a net loss of ₹ 4.21 Crores in the previous year.

7. a) Variations in the market capitalisation of the Company: The market capitalization as on 31 March, 2016 was ₹ 492.13 Lacs and ₹ 567.97 Lacs as on 31 March, 2015 which shown a decrease of 13%.
- b) Price Earnings Ratio of the Company is 205.40 as at 31 March, 2016 whereas at 31 March, 2015 is not available as there is loss.
- c) The Company had come with an initial public offer in 1973 an amount of ₹ 1,000/- invested would be ₹ 6,295/- as on 31 March, 2016 indicating a Compounded Annual Growth Rate of 4.37%. This is excluding of any dividend accrued thereon.
8. The average percentage decrease made in the salaries of employees other than the managerial personnel in the last financial year 2015-16 was 8% whereas percentage decrease in the managerial remuneration was 10% for the same financial year.
9. There is no variable component of remuneration which is availed by the Directors during the financial year 2015-16.
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.

For and on behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Dated: 24 May, 2016

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, 2016**

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, 2016 & were in receipt of Remuneration aggregating not less than ₹ 60,00,000/- per annum.								
1.	Mr. Surinder P. Kanwar	63	B. Com.	Chairman & Managing Director	01.10.1990	41	189.17	Managing Director BST Mfg. Ltd.	29.29
2.	Mr. Sameer Kanwar	38	B. A. (Eco.)	Joint Managing Director	01.02.2002	16	130.43	Management Trainee ZF (AG) Germany	0.18
3.	Mr. Jagdeep Singh	59	B.A. (Hons.)	Business Head- After Market	09.12.1991	39	65.30	Manager (Marketing) Escorts Limited	0.00

B. Employed for the part of the year ended 31 March, 2016 & 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 Fund 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



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Dated: 24 May, 2016

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 March, 2016

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31 March, 2016

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

Dear Sirs,

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

Based on our verification and as per documents, information and explanations provided to us by the Company and on the basis of verifications of books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2016 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;
- **Not Applicable as the Company has not done any takeover;**

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- **Not Applicable as the Company has not issued any debt securities;**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;- **Not Applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review;**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;-**Not Applicable as the Company has not bought back/propose to buy back any of its securities during the financial year under review.**

VI. Other Laws Applicable to the Company as a Business Unit and also Laws applicable to various Manufacturing Units and Other Offices:

- ❖ **Taxation Laws** - Income Tax Act, 1961; Service Tax Act, 1994; the Customs Act, 1962; Central Sales Tax Act, 1956; Central Excise Act, 1944, Haryana Value Added Tax Act, 2003, Maharashtra Value Added Tax, 2002; Maharashtra State Tax on Professionals, Trades, Callings and Employments Act, 1975.
- ❖ **Environment Laws** - The Environment (Protection) Act, 1986 ; Air (Prevention and Control of Pollution) Act, 1981; Water (Prevention and Control of Pollution) Act, 1974; Water (Prevention and Control of Pollution) Cess Act, 1977.
- ❖ **Labour and Social Security Laws** - Apprentices Act, 1961; Employees State Insurance Act, 1948; Factories Act, 1948; Payment of Wages Act, 1936; Minimum Wages Act, 1948; Industrial Disputes Act, 1947; Payment of Bonus Act, 1965; Payment of Gratuity Act, 1972 ; Workmen's Compensation Act, 1923 ; Punjab Labour Welfare Fund Act, 1965; The Trade Unions Act, 1926; Contract Labour (Regulation and Abolition) Act, 1970; Bombay Labour Welfare Fund Act, 1953; Maternity Benefit Act, 1961; Employment Exchanges (Compulsory Notification of

vacancies) Act, 1956; Industrial Employment (Standing Orders) Act, 1946; Punjab Industrial Establishment (Holidays and Sick Leave) Act, 1965; Contract Labour (Regulation and Abolition) Act, 1970; The Equal Remuneration Act 1976; Employees Provident Funds And Miscellaneous Act, 1952.

- ❖ **Safety Laws** - Indian Explosive Act 1884; Petroleum Act, 1934; Public Liability Insurance Act, 1991; Hazardous Material Transportation Act, 1975; Maharashtra Fire Prevention and Life Safety Measures Act, 2006; Hazardous Waste (Management, Handling and Trans boundary Movement) Rules 2008.
- ❖ **Foreign Business Related Laws** - FTDR Act, 1992.
- ❖ **IPR Laws** - Copyright Act, 1957; Trademark Act, 1999; Patent Act, 1957.
- ❖ **IT Related Laws** - Information Technology Act, 2000.
- ❖ **Miscellaneous Laws** - Electricity Act, 2003; Sexual Harassment of Women at Workplace (Prevention, Prohibition and Regulation) Act, 2013; Private Security Agencies (Regulation) Act, 2005; Legal Metrology Act, 2009; Motor Vehicles Act, 1988.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) upto the time period applicable and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

We further report that:

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

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

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 and as informed, the Company has responded to notices for demands, claims, penalties etc levied by various statutory/regulatory authorities and initiated actions for corrective measures, wherever necessary.

We further report that during the audit period, there are no specific events/actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc. referred to above.

Specific observations/qualifications/reservation/adverse remarks in respect of Board Structures/system and processes:

We further report that during the Review Period the Company has:

Public/Right/Preferential issue of Shares/Debentures/sweat equity shares - **No**;

Redemption/ Buy-Back of securities- **No**;

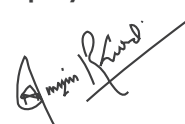
Major decisions taken by the members in pursuance to section 180(1) (c) of the Companies Act, 2013- **No**;

Merger/Amalgamation/Reconstruction, etc. - **No**;

Foreign technical collaboration - **No**

Annexure 1, 2 and 3 form part of this Secretarial Audit for the year 2015-16.

**For AGB & Associates
Company Secretaries**



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

Date: May 12, 2016

Place: Faridabad

Forming part of Secretarial Audit Report for the year ending on 31 March, 2016

Companies Act, 2013

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

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

It is further reported that:

1. The status of the company during the period under review has been "active" on MCA website.
2. The company has not been a holding or subsidiary of another company. The company is a non-government company or a non NBFC.
3. 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.

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

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

5. During the period there are Related Party Transactions but reportedly in the Ordinary Course of Business at Arm's Length Price and same were reportedly disclosed in Audit Committee meetings.
6. 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.
7. 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.
8. The Company has not made loans and investments; or given guarantees or provided securities to other business entities during the period under review.
9. During the period under review, we noted no default in the repayment of loans etc.
10. 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: May 12, 2016
Place: Faridabad

ANNEXURE 2

Forming part of Secretarial Audit Report for the year ending on 31 March, 2016

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: May 12, 2016
Place: Faridabad

ANNEXURE 3

Forming part of Secretarial Audit Report for the year ending on 31 March, 2016

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, 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:

Company has developed reliable and robust compliance mechanism with back-up plan and in future it shall space to address issues pertaining to notices issued by various government authorities.

**For AGB & Associates
Company Secretaries**



(Nitin Rawat)
Partner
CP No. 10554

Date: May 12, 2016
Place: Faridabad

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, 2016

(A) Conservation of energy:

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

- Started purchasing the power, from 01 August 2015, through “open access purchase” for 1 to 1.25 MW power requirement. Monthly scheduling (including daily scheduling) has helped in reducing the power consumption thereby reducing power bill significantly.
- Treated water from STP & ETP is being used for gardening and Flush in Toilets. **ZERO discharge** of water from Company to sewage system.
- Use of asbestos based material like hand gloves, sealing ropes etc. are banned totally.
- De-mineralized water plant is installed to make use of open well water as a substitute to municipal water to overcome the water shortage.
- We are replacing metal halide 250 W lamp with 70 W LED lamp.
- Capacitor panel installed to improve power-factor.
- We are in the process of installing solar water heater for Bin washing machine which will help to eliminate 18 KW electrical heaters.

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

- Replacement of old conventional lighting in shop and office with LED lamps in phased manner.
- Solar Heater is used in Canteen.
- Installation of Solar street lights in Faridabad Plant.
- Plant is equipped with transparent sheets to use natural day light.

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

NIL

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

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

(B) Technology Absorption:

1.	The efforts made towards technology absorption	- Focus is on technology up gradation. - CMM machine is installed in the BGL Faridabad Plant to upgrade the inspection facility. - Hoblon hobber is installed for cutting of worm gears along with new software for P – 40 machine.		
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 High Helix Angle M/c for Cutting Toyota Speedo Meter Worm Gears installed in Lonand Plant
	b) the year of import	2013-14	2014-15	2015-16
	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)	
	2015-2016	2014-2015
Foreign Exchange Earned	12851.93	13955.86
Foreign Exchange used	440.09	558.53
Net Foreign Exchange earnings	12411.84	13397.33

For and on behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Dated: 24 May, 2016

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March, 2016

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

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	L29130HR1971PLC034365
(ii)	Registration Date	23 December, 1971
(iii)	Name of the Company	Bharat Gears Limited
(iv)	Category/Sub-Category of the Company	Public Limited Company
(v)	Address of the Registered office and contact details	20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad - 121003, Haryana Ph: 0129-4288888 Fax: 0129-4288822-23 E-mail: 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 44, Community Centre, II nd Floor, Naraina Phase - I, Near PVR Naraina, New Delhi-110028 Ph: 011-41410592-94 Fax: 011-41410591 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
I.	Automotive Gears and Components	Group 293 - Manufacture of parts and accessories for motor vehicles	93.63

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
I.	-	-	-	-	-

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

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
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
Sub-total (A) (1):-	4141133	605	4141738	52.98	4141133	605	4141738	52.98	0.00
(2) Foreign									
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
Sub-total (B) (1):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	4141133	605	4141738	52.98	4141133	605	4141738	52.98	0.00
B. Public Shareholding									
I. Institutions									
a) Mutual Funds	0	3300	3300	0.04	0	650	650	0.01	(0.03)
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) FIs	0	50	50	0.00	3069	50	3119	0.04	0.04
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Others									
I. UTI	0	0	0	0.00	0	2650	2650	0.04	0.04
Sub-total (B)(1):-	6	5362	5368	0.07	3075	5362	8437	0.12	0.05
2. Non-Institutions									
a) Bodies Corp.									
I. Indian	488395	60993	549388	7.03	243345	59943	303288	3.88	(3.15)
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	1644898	153396	1798294	23.00	148431	1933787	2082218	26.63	3.63
II. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1160613	0	1160613	14.85	940623	0	940623	12.03	(2.82)
c) Others (specify)									
I. Trusts	1000	0	1000	0.01	0	0	0	0.00	(0.01)
II. Non-Resident Indians	28155	0	28155	0.36	41715	0	41715	0.53	0.17
III. Clearing Members	11426	0	11426	0.15	114726	0	114726	1.47	1.32
IV. Hindu Undivided Families	121701	150	121851	1.56	185088	0	185088	2.37	0.81
Sub-total (B)(2):-	3456188	214539	3670727	46.95	3459284	208374	3667658	46.91	(0.04)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3456194	219901	3676095	47.02	3462359	213736	3676095	47.02	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	7597327	220506	7817833	100.00	7603492	214341	7817833	100.00	0.00

(ii) Shareholding of Promoters:

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

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

S. No.	Name of Promoter	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Late Dr. Raunaq Singh	605	0.01	01/04/2015	-	No change in shareholding	605	0.01
2.	Mr. Surinder P. Kanwar	2289667	29.29	01/04/2015	-	No change in shareholding	2289667	29.29
3.	Mr. Sameer Kanwar	14253	0.18	01/04/2015	-	No change in shareholding	14253	0.18
4.	Ultra Consultants Private Limited	766038	9.80	01/04/2015	-	No change in shareholding	766038	9.80
5.	Vibrant Finance and Investment Private Limited	132804	1.70	01/04/2015	-	No change in shareholding	132804	1.70
6.	Raunaq EPC International Limited	293300	3.75	01/04/2015	-	No change in shareholding	293300	3.75
7.	Future Consultants Private Limited	645071	8.25	01/04/2015	-	No change in shareholding	645071	8.25

There is no change in the total shareholding of promoters between 01/04/2015 and 31/03/2016.

(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 share- holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Anil Kumar Goel	300000	3.84	01/04/2015				
				31/07/2015	1163(D)	Transfer	298837	3.82
				07/08/2015	8837(D)	Transfer	290000	3.71
				14/08/2015	5288(D)	Transfer	284712	3.64
				21/08/2015	14712(D)	Transfer	270000	3.45
				30/10/2015	37000(D)	Transfer	233000	2.98
				31/03/2016			233000	2.98
2.	Bharat Jamnadas Dattani	69226	0.89	01/04/2015				
				26/02/2016	7000(I)	Purchase	76226	0.98
				04/03/2016	4937(I)	Purchase	81163	1.04
				31/03/2016			81163	1.04
3.	Bharati Bharat Dattani	78259	1.00	01/04/2015				
				19/02/2016	12000(D)	Transfer	66259	0.85
				26/02/2016	5000(D)	Transfer	61259	0.78
				31/03/2016			61259	0.78
4.	Seema Goel	70000	0.90	01/04/2015				
				30/10/2015	15054(D)	Transfer	54946	0.70
				31/03/2016			54946	0.70
5.	Aditya Omprakash Damani	50000	0.64	01/04/2015				
					-	Nil Movement during the year		
				31/03/2016			50000	0.64
6.	Arcadia Share & amp Stock Brokers Pvt Ltd.	0	0.00	01/04/2015				
				10/04/2015	100000(I)	Purchase	100000	1.28
				28/08/2015	40000(D)	Transfer	60000	0.77
				06/11/2015	3000(I)	Purchase	63000	0.81
				27/11/2015	3000(D)	Transfer	60000	0.77
				22/01/2016	10000(D)	Transfer	50000	0.64
				31/03/2016			50000	0.64
7.	Vikram Omprakash Damani	50000	0.64	01/04/2015				
					-	Nil Movement during the year		
				31/03/2016			50000	0.64
8.	Nagarajan V	32100	0.41	01/04/2015				
					-	Nil Movement during the year		
				31/03/2016			32100	0.41
9.	Bharat Jamnadas	21248	0.27	01/04/2015				
				26/02/2016	7109(I)	Purchase	28357	0.36
				04/03/2016	998(I)	Purchase	29355	0.38
				31/03/2016			29355	0.38
10.	Monica Vimesh Zaveri	29250	0.37	01/04/2015				
				04/09/2015	29250(D)	Transfer	0	0.00
				01/01/2016	29250(I)	Purchase	29250	0.37
				12/02/2016	29250(D)	Transfer	0	0.00
				31/03/2016	29250(I)	Purchase	29250	0.37
				31/03/2016			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 share- holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
A.	Directors							
1.	Mr. Surinder P. Kanwar	2289667	29.29	01/04/2015				
					-	No change in shareholding		
				31/03/2016			2289667	29.29
2.	Mr. Sameer Kanwar	14253	0.18	01/04/2015				
					-	No change in shareholding		
				31/03/2016			14253	0.18
3.	Mr. W.R. Schilha	0	0.00	01/04/2015				
					-	Nil Holding/ movement during the year		
				31/03/2016			0	0.00
4.	Mr. Rakesh Chopra	0	0.00	01/04/2015				
					-	Nil Holding/ movement during the year		
				31/03/2016			0	0.00
5.	Mr. V.K. Pargal	100	0.00	01/04/2015				
					-	No change in shareholding		
				31/03/2016			100	0.00
6.	Mr. S.G. Awasthi	0	0.00	01/04/2015				
					-	Nil Holding/ movement during the year		
				31/03/2016			0	0.00
7.	Ms. Hiroo Suresh Advani	0	0.00	01/04/2015				
					-	Nil Holding/ movement during the year		
				31/03/2016			0	0.00
B.	Key Managerial Personnel (KMP's)							
1.	Mr. Milind Pujari Chief Financial Officer	0	0.00	01/04/2015				
					-	Nil Holding/ movement during the year		
				31/03/2016			0	0.00
2.	Mr. Prashant Khattry Head (Legal) & Company Secretary	0	0.00	01/04/2015				
					-	Nil Holding/ movement during the year		
				31/03/2016			0	0.00

V. INDEBTEDNESS:

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

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i a) Principal Amount – Long-term	6646.35	-	-	6646.35
i b) Principal Amount – Short-term	3349.31	-	-	3349.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	71.86	-	-	71.86
Total (i+ii+iii)	10067.52	-	-	10067.52
Change in Indebtedness during the financial year				
Addition				
o Long-term	2500.00	-	-	2500.00
o Short-term	0.00	-	-	0.00
o Interest due but not paid	-	-	-	-
o Interest accrued but not due	51.97	-	-	51.97
Reduction				
o Long-term	1883.54	-	-	1883.54
o Short-term	770.82	-	-	770.82
o Interest due but not paid	-	-	-	-
o Interest accrued but not due	71.86	-	-	71.86
Net Change	-174.25	-	-	-174.25
Indebtedness at the end of the financial year				
i a) Principal Amount – Long-term	7262.81	-	-	7262.81
i b) Principal Amount – Short-term	2578.49	-	-	2578.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	51.97	-	-	51.97
Total (i+ii+iii)	9893.27	-	-	9893.27

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

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Surinder P. Kanwar Chairman and Managing Director	Mr. Sameer Kanwar Joint Managing Director	
I.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	132.85	102.00	234.85
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	40.38	17.63	58.01
	(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	15.94	10.80	26.74
	Total (A)	189.17	130.43	319.60
	Ceiling as per the Act *	202.15*	120.00**	322.15

*Pursuant to the Central Government approval of ₹ 284.30 Lacs for the period 01 October, 2014 to 30 September, 2015 and of ₹ 120.00 Lacs for the period 01 October, 2015 to 30 September, 2016.

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

B. Remuneration to other directors:

(₹ in lacs)									
S. No.	Particulars of Remuneration	Name of Directors							Total Amount
I.	Independent Directors	Mr. V.K. Pargal	Mr. Rakesh Chopra	Mr. W.R. Schilha	Mr. S.G. Awasthi	Ms. Hiroo Suresh Advani	Dr. Ram S. Tarneja@	Mr. N.J. Kamath@@	
	• Fee for attending board/ committee meetings	1.88	1.59	0.68	1.42	0.86	0.39	0.45	7.27
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (I)	1.88	1.59	0.68	1.42	0.86	0.39	0.45	7.27
2.	Other Non-Executive Directors								
	• Fee for attending board/ committee meetings	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(I+2)	1.88	1.59	0.68	1.42	0.86	0.39	0.45	7.27
	Total Managerial Remuneration								326.87
	Overall Ceiling as per the Act	₹ 1.00 Lac sitting fees to a director per meeting of the Board or Committee							

@Resigned with effect from 31 July, 2015.

@@ Resigned with effect from 29 May, 2015.

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

(₹ in lacs)				
S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Milind Pujari Chief Financial Officer	Mr. Prashant Khattry Company Secretary	
I.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	33.66	12.76	46.42
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	7.34	0.66	8.00
	(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	1.51	2.33	3.84
	Total	42.51	15.75	58.26

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)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

For and on behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Dated: 24 May, 2016

CORPORATE GOVERNANCE REPORT

For the Year ended 31 March, 2016

[Pursuant to Clause 49 of Listing Agreements/Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The Regulations")]

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

- Lay solid foundations for management.
- Promote ethical and responsible decision-making.
- Structure the Board to add value.
- Encourage enhanced performance.
- Safeguard integrity in financial reporting.
- Respect the 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.

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 in compliance of Regulation 17(1) of the Regulations (Clause 49 of the erstwhile Listing Agreements). As on 31 March, 2016, the Board consists of 7 (Seven) members, the Chairman of the Board is an Executive Director and more than half of the strength of the Board consists of Non-Executive Independent Directors. All Non-Executive Independent Directors bring a wide range of expertise and experience to the Board. The Board believes that the current size of the Board is appropriate based on the Company's present requirements.

There is no Nominee Director in the Company.

A brief profile of the members of the Board is also available on the Company's website i.e. www.bharatgears.com.

A. Board's definition of Independent Director

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

- a. who, in the opinion of the Board of Directors, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
- (ii) who is not related to Promoters or Directors in the Company, its holding, subsidiary or associate company;
- c. who, apart from receiving Director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself/herself nor any of his/her relatives —
 - (i) holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - (A) a firm of Auditors or Company Secretaries in Practice or Cost Auditors of the Company or its holding, subsidiary or associate company;
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or
 - (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five percent 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, 2016, they fulfill the criteria of being "Independent Director" as stipulated under Regulation 16 of the Regulations (Clause 49 of the erstwhile 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 ^A	No. of Memberships/Chairmanships in Board Committees ^B	
						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	5/4	Present	-	-	-
4.	☞Mr. V.K. Pargal	Non-Executive Independent Director	5/5	Present	2	3	-
5.	Mr. S.G. Awasthi	Non-Executive Independent Director	5/4	Present	-	2	-
6.	Mr. Rakesh Chopra	Non-Executive Independent Director	5/4	Present	2	1	3
7.	Ms. Hiroo Suresh Advani	Non-Executive Independent Director	5/5	Present	-	-	-
8.	Dr. Ram S. Tameja*	Non-Executive Independent Director	*2/1	Absent	N.A.	N.A.	N.A.
9.	Mr. N.J. Kamath**	Non-Executive Independent Director	**1/1	N.A.	N.A.	N.A.	N.A.

^Aexcluding directorship in Private Limited Companies, alternate directorship, Companies registered under Section 8 of the Companies Act, 2013 and Foreign Companies.

^Bfor the purpose of considering the limit of the Committees on which a Director can serve, all Public Limited Companies, whether listed or not, are included and all other Companies including Private Limited Companies, Foreign Companies and the Companies under Section 8 of the Companies Act, 2013 are excluded and further, it includes Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee only in terms of Regulation 26(1) of the Regulations. None of the Directors of your Company is a Member of more than 10 (Ten) Committees or is the Chairman of more than 5 (Five) Committees across all Public Limited Companies in which they are Directors. The Membership/Chairmanship also includes Membership/Chairmanship in Bharat Gears Limited.

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

* Resigned with effect from 31 July, 2015

** Resigned with effect from 29 May, 2015

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

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

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

The terms of appointment of the Directors appointed at the Annual General Meeting of the Company held on 31 July, 2015 are available on the website of the Company i.e. www.bharatgears.com.

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

- Convening of meetings of the Board of Directors of the Company during each financial year at different manufacturing plants of the Company including a visit of the respective plant, direct interaction with the heads of production processes to provide a brief idea to the Directors of the production processes and operations of the Company.

- Circulation of an elaborated note on business operations with regard to the operations and financial position of the Company as at the end of each quarter with the Agenda of each Board Meeting.
- Updating the Directors of any amendments in laws, rules and regulations as applicable on the Company through various presentations at the Board Meeting(s) in consultation with the Statutory Auditors, Internal Auditors and the Secretarial Auditors of the Company likewise the Companies Act, SEBI Laws, Listing Regulations and such other laws and regulations as may be applicable.

The details of familiarization programme during the Financial Year 2015-16 are available on the official website of the Company i.e. www.bharatgears.com under the link i.e. <http://bharatgears.com/documents/details-of-familiarisation-programme-for-independent-directors-FY15-16.pdf>.

B. Board Meetings

During the financial year 2015-16, 5 (Five) Board Meetings were held on the following dates. The gap between any two meetings was not more than 120 (one hundred and twenty) days as mandated in Regulation 17(2) of the Regulations (Clause 49 of the erstwhile Listing Agreements):-

- 29 May, 2015;
- 31 July, 2015;
- 29 October, 2015;
- 29 January, 2016; and
- 22 March, 2016

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

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

C. Information supplied to the Board

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes the following, extent to the applicability during the year as per Regulation 17(7) read with Schedule II of the Regulations (Clause 49 of the erstwhile 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

1. Constitution and Composition

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

Table-2

S. No.	Name of Member	Designation	No. of meetings Held/Attended
1.	Mr. Rakesh Chopra	Chairman	5/4
2.	Mr. V.K. Pargal	Member	5/5
3.	Mr. S.G. Awasthi**	Member	4/3

During the year, Mr. N.J. Kamath (the erstwhile member of Committee) and Dr. Ram S. Tarneja, (the erstwhile Chairman of Committee) ceased to be a member and the chairman of the Committee respectively due to their resignation with effect from 29 May, 2015 and 31 July, 2015 respectively. Mr. S.G. Awasthi inducted as a member of the Committee on 23 July, 2015 and Mr. Rakesh Chopra (the erstwhile member of Committee) designated as the Chairman of the Committee on 31 July, 2015, accordingly the Audit Committee had been reconstituted. During the tenure of Dr. Ram S. Tarneja and Mr. N.J. Kamath in the Financial Year 2015-16, 1(One) meeting of the Audit Committee was held on 28 May, 2015 and both were present at the said meeting.

**** 4 (Four) meetings of the Committee held after appointment of Mr. S.G. Awasthi as member of the Committee.**

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

Mr. V.K. Pargal, member of the Audit Committee duly authorized by the Board of Directors of the Company to attend the Annual General Meeting of the Company in the absence of the regular Audit

Committee Chairman was present in the last Annual General Meeting due to absence of Dr. Ram S. Tarneja (the erstwhile Chairman of the Committee) and replied to the queries of the shareholders to their satisfaction.

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

II. Audit Committee Meetings

During the year, 5 (Five) meetings of the Audit Committee were held on the following dates in terms of Regulation 18 of the Regulations (Clause 49 of the erstwhile Listing Agreements):

- 28 May, 2015;
- 30 July, 2015;
- 28 October, 2015;
- 29 January, 2016; and
- 22 March, 2016

III. Powers of Audit Committee

The Audit Committee has been empowered with the adequate powers as mandated in Regulation 18 of the Regulations (Clause 49 of the erstwhile 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 in terms of Regulation 18 of the Regulations includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b. changes, if any, in accounting policies and practices and reasons for the same.
 - c. major accounting entries involving estimates based on the exercise of judgment by management.
 - d. significant adjustments made in the financial statements arising out of audit findings.

- e. compliance with listing and other legal requirements relating to financial statements.
- f. disclosure of any related party transactions.
- g. modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

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

B. **Nomination and Remuneration Committee**

I. Constitution and Composition

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the Regulations (Clause 49 of the erstwhile Listing Agreements), the Nomination and Remuneration Committee constitutes of following 4 (four) Directors as members. **Table-3** gives the composition of the Nomination and Remuneration Committee and the attendance record of the members of the committee.

Table-3

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

During the year, Mr. N.J. Kamath (the erstwhile member of Committee) and Dr. Ram S. Tarneja, (the erstwhile Chairman of Committee) ceased to be a member and the Chairman of the Committee respectively due to their resignation with effect from 29 May, 2015 and 31 July, 2015 respectively. Mr. S.G. Awasthi inducted as the Chairman of the Committee on 31 July, 2015 and Mr. Rakesh Chopra inducted as a member of the Committee on 31 July, 2015, accordingly the Nomination and Remuneration Committee had been reconstituted. During the tenure of Dr. Ram S. Tarneja and Mr. N.J. Kamath in the Financial Year 2015-16, 1(One) meeting of the Nomination and Remuneration Committee was held on 28 May, 2015 and both were present at the said meeting.

**** 2 (Two) meetings of the Committee held after appointment of Mr. S.G. Awasthi as chairman and Mr. Rakesh Chopra as member of the Committee.**

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

II. Nomination and Remuneration Committee Meetings

During the Financial Year 2015-16, 3 (Three) 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.	28 May, 2015	Consideration and approval of the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for a further period of 5(five) years with effect from 01 October, 2015 along with the proposed remuneration
2.	30 July, 2015	Consideration and recommendation for Annual Increments of Key Managerial Personnel (KMP) and Senior Management Personnel of the Company to the Board of Directors
3.	22 March, 2016	Noting of the performance evaluation of Independent Directors carried on by the Board of Directors and performance evaluation by the Independent Directors in their separate meeting

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

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

III. Role of Nomination and Remuneration Committee

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

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

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

IV. Nomination and Remuneration Policy

Pursuant to the provisions of the Companies Act, 2013 read with Regulation 19 of the Regulations (Clause 49 of the erstwhile Listing Agreements), the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management as approved by the Board is available on the website of the Company i.e. www.bharatgears.com.

The objectives and purpose of the said policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.

- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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

V. Policy on Board Diversity

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

VII. Remuneration of Directors for 2015-16

Table-5

(₹ In lacs)

NON-EXECUTIVE INDEPENDENT DIRECTORS					
Name of Members	Sitting Fees#		Salaries and Perquisites	Total	
	Board Meetings	Committee Meetings			
Mr.V. K. Pargal	0.86	1.02	Nil		1.88
Mr.W.R. Schilha	0.68	-	Nil		0.68
Mr. S.G. Awasthi	0.68	0.74	Nil		1.42
Mr. Rakesh Chopra	0.68	0.91	Nil		1.59
Ms. Hiroo Suresh Advani	0.86	-	Nil		0.86
Dr. Ram S. Tarneja@	0.17	0.22	Nil		0.39
Mr. N.J. Kamath@@	0.17	0.28	Nil		0.45
				Sub-Total (A)	7.27
EXECUTIVE DIRECTORS					
Mr. Surinder P. Kanwar	Nil	Nil	• Salary	132.85	
			• Contribution to provident and other funds (*)	15.94	
			• Monetary value of perquisites (**)	40.38	189.17
Mr. Sameer Kanwar	Nil	Nil	• Salary and allowances	102.00	
			• Contribution to provident and other funds (*)	10.80	
			• Monetary value of perquisites (**)	17.63	130.43
				Sub-Total (B)	319.60
				Grand Total	326.87

Inclusive of Service Tax @ 12.36%, 14.00%, 14.50% as applicable during the year.

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

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

@Resigned with effect from 31 July, 2015.

@@Resigned with effect from 29 May, 2015.

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

The Company has paid remuneration to the Non-Executive Independent Directors by way of sitting fees at the rate of ₹ 15,000/- (Rupees Fifteen Thousand Only) for attending each meeting of the Board and Audit Committee and ₹ 5,000/- (Rupees Five Thousand Only) for other Committees of the Board of Directors of the Company.

C. Stakeholders' Relationship Committee

In terms of the provisions of the Companies Act, 2013 and Regulation 20 of the Regulations (Clause 49 of the erstwhile Listing Agreements), the "Stakeholders' Relationship Committee" constitutes of following 3 (Three) Directors as members.

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

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

Table-6

S. No.	Name of Member	Designation	No. of Meetings Held/Attended
1.	Mr. Rakesh Chopra	Chairman	1/1
2.	Mr. Sameer Kanwar	Member	1/1
3.	Mr. S.G. Awasthi *	Member	0/0

During the year, Mr. N.J. Kamath (the erstwhile Chairman of Committee) ceased to be Chairman of the Committee due to his resignation with effect from 29 May, 2015. Mr. S.G. Awasthi inducted as member of the Committee and Mr. Rakesh Chopra (the erstwhile member of the Committee) designated as Chairman of the Committee on 31 July, 2015, accordingly the Stakeholders' Relationship Committee had been reconstituted. During the tenure of Mr. N.J. Kamath in the Financial Year 2015-16, 1(One) meeting of the Stakeholders' Relationship Committee was held on 28 May, 2015 and he was present at the said meeting.

* No meeting of the Committee held after appointment of Mr. S.G. Awasthi as member of the Committee.

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

Mr. Rakesh Chopra, member of the Stakeholders' Committee earlier duly authorized by the Board of Directors of the Company to represent the Stakeholders' Relationship Committee was present in last Annual General Meeting and replied to the queries of the shareholders to their satisfaction.

I. Stakeholder's Relationship Committee Meetings

During the Financial Year 2015-16, the Committee met 1 (One) time on 28 May, 2015 and the Committee took note of status of requests received from the Shareholders for Dematerialisation, Rematerialisation, non-receipt of annual report, non-receipt of declared dividend, Transfers and Transmission of Shares as on 31 March, 2015.

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

II. Sub-Committee

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

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

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

III. Status of Investor Complaints/Requests

No. of Complaints received during financial year 2015-16	NIL
No. of Complaints resolved to the satisfaction of stakeholders during financial year 2015-16	Not Applicable

No. of pending requests for share transfers, transmissions, dematerialisations and rematerialisations as on 31 March, 2016

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

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

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

Table-7

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

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

II. CSR Committee Meetings

During the Financial Year 2015-16, no meeting of CSR Committee was held since the provisions of Section 135 of the Companies Act, 2013 were not applicable on the Company during the year because the Company does not fall under the conditions necessary for complying with CSR provisions. Hence, nil amount required to be spent during the year.

E. Finance Committee

The "Finance Committee" of the Board of Directors of the Company is in existence which has been empowered to take care of the financing and other day to day requirements of the Company. The said Committee is authorised to borrow monies, make loans, issue shares, etc. and matters related or incidental thereto.

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

Table-8

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

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

During the Financial Year 2015-16, 2 (Two) meetings of Finance Committee were held on 21 May, 2015 and 11 December, 2015 respectively to discharge the functions delegated to the Committee.

4. COMPLIANCE OFFICER

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

5. DIRECTORS

During the financial year 2015-16, the members of the Company at their Annual General Meeting held on 31 July, 2015 approved the appointment of Mr. Rakesh Chopra and Mr. V.K. Pargal 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 48th Annual General Meeting (AGM) of the Company in the calendar year 2020.

Re-Appointment of existing Non-Executive Rotational Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. W.R. Schilha retire by

6. GENERAL BODY MEETINGS

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

Annual General Meetings

Table-10

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2014-15	Huda Convention Centre Sector-12 Faridabad-121007 (Haryana)	31 July, 2015 11:30 A.M.	Yes 1. Alteration of Articles of Association (AOA) of the Company. 2. Re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for further period of 5 (Five) years with effect from 01 October, 2015 on the terms and conditions including remuneration payable to him for a period of 3 (Three) years with effect from 01 October, 2015.
2013-14	Huda Convention Centre Sector-12 Faridabad-121007 (Haryana)	01 August, 2014 11:30 A.M.	Yes 1. Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director of the Company, for a further period of 2 (Two) years with effect from 01 June, 2014 of his present tenure. 2. Consideration and approval of increase in borrowing powers of the Company.
2012-13	Huda Convention Centre Sector-12 Faridabad-121007 (Haryana)	31 July, 2013 11:30 A.M.	Yes Appointment of Mr. Sameer Kanwar as Joint Managing Director for a further period of 5 (Five) years with effect from 01 June, 2013.

Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31 March, 2016.

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. W.R. Schilha as Non Executive Independent Director at the ensuing Annual General Meeting (AGM) of the Company for a period of 5 (Five) Years upto the conclusion of the 49th Annual General Meeting (AGM) of the Company in the Calendar year 2021.

As required under Regulation 36 of the Regulations, the information or details pertaining to the Director seeking appointment/re-appointment in the ensuing Annual General Meeting, are furnished below.

The **Table-9** gives the information pertaining to the Non-Executive Independent Director who is to be appointed in terms of the provisions of the Section 149 of the Companies Act, 2013 in the forthcoming Annual General Meeting:

Table-9

S. No.	Particulars of Director
1.	Mr. W.R. Schilha Brief Resume: Mr. W.R. Schilha, aged 65 Years is a Graduate of Business Administration. He is a Non-Executive Independent Director on the Board of the Company since 26 February, 1986 as a representative of ZF Friedrichshafen AG, Germany, the erstwhile foreign collaborator. However, after withdrawal of his nomination from the Board, Mr. W.R. Schilha was appointed as a regular director of the Company on 16 May, 2007 in his personal capacity. He is immensely experienced and has international exposure on various facets of auto industry as a whole including gear technology. He is having expertise in the area of sales, marketing and service. As on 31 March, 2016, he does not hold any share in the Company and also he does not hold directorship and membership of Committees of Board in any other Company.

Postal Ballot

There are no special resolutions passed during 2015-16 through postal ballot and no special resolution is proposed to be conducted through postal ballot.

7. MEANS OF COMMUNICATION

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

Table-11

Financial Results	Name(s) Of Newspapers	Date(s) of Publication
Quarter/Year ended 31 March, 2015	Mint# Veer Arjun (Hindi)##	30 May, 2015
Quarter ended 30 June, 2015	Mint# Veer Arjun(Hindi)##	01 August, 2015
Quarter/Half Year ended 30 September, 2015	Mint# Veer Arjun (Hindi)##	30 October, 2015
Quarter/Nine Months ended 31 December, 2015	Mint# Veer Arjun (Hindi)##	30 January, 2016

#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 for the information of all the shareholders.

Also, the Quarterly Corporate Governance Report and Shareholding Pattern of the Company as mandated under Regulation 27 (Clause 49 of the erstwhile Listing Agreements) and Regulation 31 of the Regulations (Clause 35 of the erstwhile Listing Agreements) respectively are filed with the National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre.

Further, any interviews given by Company Executives/Management during the year are also displayed on the Company’s official website i.e. www.bharatgears.com.

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 2014-15 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 Thursday, the 04 August, 2016 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. 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 2016-17 has been paid in advance to the aforesaid Stock Exchanges.

E. Market Price Data:

High and Low prices during each month of Financial Year 2015-16 on National Stock Exchange of India Limited and BSE Limited are as under:

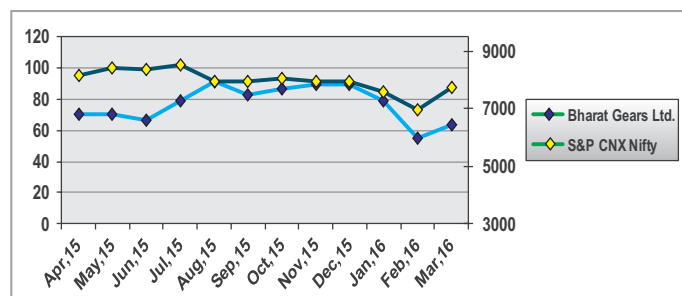
The Closing Price represents the price on the last trading day of each month of Financial Year 2015-16.

Table-12

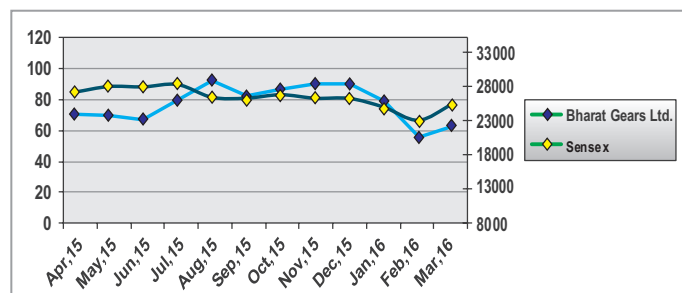
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	86.00	85.90	68.00	67.20	70.20	70.40
May	77.25	77.00	67.05	67.90	70.15	69.90
June	79.80	76.00	63.00	62.90	66.70	67.25
July	89.80	90.15	65.05	66.10	79.25	79.50
August	110.90	111.00	80.25	80.45	91.85	92.00
September	92.50	92.00	75.30	75.00	82.70	82.40
October	103.50	105.00	78.75	81.60	86.50	86.20
November	93.90	93.10	78.65	76.15	89.25	89.40
December	97.30	96.50	82.00	82.70	89.25	92.95
January	97.00	96.75	73.00	73.05	78.55	78.70
February	79.50	76.00	52.65	54.50	55.20	56.50
March	70.00	74.00	53.00	56.05	63.75	62.95

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

a. BHARAT GEARS’ PRICES VERSUS S & P CNX NIFTY



b. BHARAT GEARS’ PRICES VERSUS SENSITIVITY AT BSE



F. Registrar and Transfer Agent:

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

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

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

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

In terms of Regulation 7 of the Regulations, the Company has filed a compliance certificate with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre duly signed by Mr. Prashant Khattry, Compliance Officer of the Company and the authorized representative of Registrar & Transfer Agent of the Company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by the Registrar & Transfer Agent of the Company.

G. Share Transfer System:

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

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

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

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

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

As per the requirements of Regulation 40(9) of the Regulations and Clause 47(c) of the erstwhile Listing Agreements, the Company has obtained the Half Yearly Compliance Certificates from a Company Secretary in Practice for due compliance of Share Transfer formalities.

H. Shareholding pattern of the Company as per category of shareholders as on 31 March, 2016:

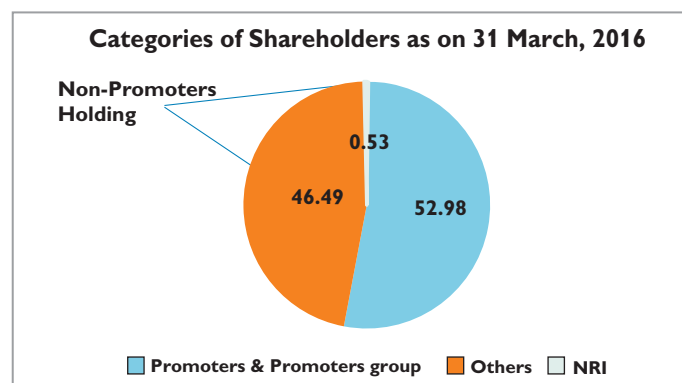


Table-13

Category		No. of Shares Held	% age of Share Holding
A. Promoters' holding			
1. Promoters			
-Indian Promoters		2304525	29.48
-Foreign Promoters		-	-
2. Persons acting in Concert		1837213	23.50
B. Non-Promoters' Holding			
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	0.02
c. Foreign Institutional Investor		3119	0.04
4. Others			
a. Private Corporate Bodies		303288	3.88
b. Indian Public		3022841	38.67
c. Non Resident Indians/Overseas		41715	0.53
d. Any Other		299814	3.84
Total		7817833	100.00

I. Distribution of Shareholding as on 31 March, 2016:

Table-14

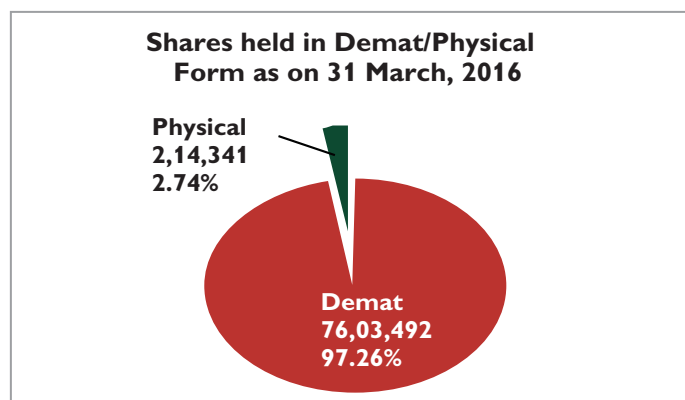
No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 500	10911	926182	11.85
501 to 1000	456	366484	4.68
1001 to 2000	213	328747	4.21
2001 to 3000	75	192495	2.46
3001 to 4000	34	118847	1.52
4001 to 5000	27	128896	1.65
5001 to 10000	50	364783	4.67
10001 and above	49	5391399	68.96
Total	11815	7817833	100.00

J. Share Dematerialisation System:

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

K. Dematerialization of Shares and Liquidity:

The Company's Equity Shares are compulsorily traded in the Stock Exchanges in the dematerialized mode and are available for trading under both the Depository Systems in India i.e. National Securities Depository Limited and Central Depository Services (India) Limited.



As on 31 March, 2016 a total of 76,03,492 equity shares of the Company of ₹ 10/- each, which form 97.26% of the paid up Equity Share Capital, stand dematerialized.

Table-15

PARTICULARS					
DEMAT				PHYSICAL	
NSDL		CDSL			
No. of shares	%	No. of shares	%	No. of shares	%
59,96,823	76.71	16,06,669	20.55	2,14,341	2.74

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

L. Unclaimed Shares in Physical Mode:

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

M. Corporate Benefits

Dividend History:

Dividend on Equity Shares

Table-16

Financial Year	Rate (%)	Amount (₹ in Lacs)
2015-16	NIL	NIL
2014-15	NIL	NIL
2013-14	10	78.00
2012-13	18	141.00
2011-12	18	141.00

Dividend on preference shares*

Table-17

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.

N. Plant locations:

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

- 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, Pin-121 003
- Kausa Shil, Mumbra, Dist. Thane, Maharashtra, Pin-400 612
- Lonand, Taluka Khandala, District Satara, Maharashtra, Pin: 415521

O. Addresses for Correspondence:

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

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

For Investor Assistance:-

Mr. Prashant Khattri, 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.khattri@bglindia.com

9. OTHER DISCLOSURES

A. Related Party Transactions:

During the year 2015-16, there were no material individual transactions with related parties, which are not in normal course of business or are not on an Arm's Length basis in terms of Regulation 23 of the Regulations (Clause 49 of the erstwhile Listing Agreements). The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and approval. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board and the interested Directors neither participated in the discussion nor did they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes forming part of financial statements.

Further, the Company has formulated a policy on materiality of Related Party Transactions in accordance with the Regulation 23 of the Regulations (Clause 49 of the erstwhile Listing Agreements) and the same is available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com/corporate-governance.htm) under the link <http://www.bharatgears.com/corporate-governance.htm>.

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

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

C. Risk Management Framework:

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

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

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

D. Management:

Management Discussion and Analysis forms part of the Annual Report to the Shareholders for the Financial Year 2015-16.

E. Compliance by the Company:

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

F. Whistle Blower Policy/Vigil Mechanism:

The Whistle Blower policy/Vigil Mechanism of the Company has been formulated as per Regulation 22 of the Regulations (Clause 49 of the erstwhile Listing Agreements) and Section 177 of the Companies Act, 2013. The policy provides a channel to the employees, Directors and any other person who avails such mechanism to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism of policy provides for adequate safeguards against victimization of employees, Directors and any other person who avails such mechanism and also provide for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The said policy has been communicated to all the personnel of the Company and is available on the website of the Company i.e. www.bharatgears.com.

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

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

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

H. Policy on criteria for Determining Materiality of Events :

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

I. CEO/CFO certification:

Certificate from Mr. Surinder P. Kanwar, Chairman and Managing Director and Mr. Milind Pujari, Chief Financial Officer in terms of Regulation 17(8) of the Regulations for the Financial Year ended 31 March, 2016 was placed before the Board of Directors of the Company in its meeting held on 24 May, 2016.

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

Bharat Gears Limited believes that Good Corporate Governance is the key to the Conduct of Company's Business in a transparent, reliable and vibrant manner. It is of paramount importance for any Company to create an atmosphere of faith, integrity, accountability, responsibility and financial stability by adhering to commitment, ethical business conduct, a high degree of transparency thereby unlocking the individual intellectual capabilities and enabling its Board of Directors to conduct its duties under a moral authority, which ultimately leads to enhance legitimate needs and value of the stakeholders. A copy of this code formulated in terms of Regulation 17 of the Regulations (Clause 49 of the erstwhile Listing Agreements) has been posted at Company's official website i.e. 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-compliance. 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.

K. Legal Compliance Reporting:

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

L. Mandatory Requirements:

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

Table-18

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

M. Non-Mandatory Requirements:

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

N. Investor Relations:

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

O. Email for investors:

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

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.

P. Nomination facility:

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

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

Q. Updation of Shareholders information:

The Shareholders of the Company are requested to intimate their latest Residential Address along with the details of their Shareholding in "Updation of Shareholder's Information Form" (which can be obtained from the Registered Office of the Company or downloaded from the Company's Website 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

DIN: 00033524

Place: Mumbai

Dated: 24 May, 2016

COMPLIANCE CERTIFICATE AS PER CLAUSE 49(IX) OF LISTING AGREEMENTS/REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We have reviewed financial statements and the cash flow statement for the year 2015-16 and that to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- 3) No transaction have been entered into by the Company during the above said period, which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2015-16;
- 3) Significant changes in accounting policies during the year 2015-16 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: 24 May, 2016



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

In terms of the Regulations, it is hereby affirmed that during the year 2015-16, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Place: Mumbai

Dated: 24 May, 2016



Prashant Khattry

Head (Legal) and Company Secretary

For Bharat Gears Limited



Surinder P. Kanwar

Chairman and Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF BHARAT GEARS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **Bharat Gears Limited** ("the Company"), for the year ended on 31 March, 2016, as stipulated in:
 - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchanges for the period from 1 April, 2015 to 30 November, 2015.
 - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchanges for the period from 1 April, 2015 to 1 September, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from 2 September, 2015 to 31 March, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from 1 December, 2015 to 31 March, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31 March, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS AND SELLS**

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



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

(Membership No. 040081)

Place: Mumbai
Date: 24 May, 2016

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, 2016, 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 prescribed under Section 133 of the Act, as applicable.

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 and the Order under Section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence 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, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements other than the impact for claim of permanency of services and/or back wages pertaining

to set of temporary/permanent workmen which is not ascertainable – Refer Note 25.1(i)(a) to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government in

terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the CARO 2016 Order.

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



(Saira Nainar)
(Partner)

(Membership No. 040081)

Place: Mumbai
Date: 24 May, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)
Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Bharat Gears Limited ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**

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



(Saira Nainar)
(Partner)

(Membership No. 040081)

Place: Mumbai
Date: 24 May, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans taken by the Company are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable property of land that has been taken on lease and building constructed thereon, and disclosed as fixed asset in the financial statements, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement. However, in case of freehold land at one of the locations, the Company observed that the area and name mentioned in the records of the Government do not match with the Indenture of Conveyance, for which the Company has initiated necessary action for correction.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than stock lying with third parties where certificates confirming physical inventory have been received. No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. 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 been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax as on 31 March, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not borrowed from Government. Also the Company has not issued debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into

any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 117365W)



(Saira Nainar)

(Partner)

(Membership No. 040081)

Place: Mumbai
Date: 24 May, 2016

BALANCE SHEET

as at 31 March, 2016

Particulars	Note No.	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
A. EQUITY AND LIABILITIES			
I. Shareholders' funds			
(a) Share capital	2	781.78	781.78
(b) Reserves and surplus	3	6310.08	6286.12
		7091.86	7067.90
2. Non-current liabilities			
(a) Long-term borrowings	4	5143.45	4887.81
(b) Other long-term liabilities	5	1059.69	1233.43
(c) Long-term provisions	6	447.97	456.38
		6651.11	6577.62
3. Current liabilities			
(a) Short-term borrowings	7	2578.49	3349.31
(b) Trade payables	8		
- total outstanding dues of micro enterprises and small enterprises (Refer Note 25.2) and		96.64	237.59
- total outstanding dues of creditors other than micro enterprises and small enterprises		7455.33	9337.42
(c) Other current liabilities	9	2835.06	2834.13
(d) Short-term provisions	10	111.70	129.97
		13077.22	15888.42
TOTAL		26820.19	29533.94
B. ASSETS			
I. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11A	11353.77	12670.42
(ii) Intangible assets	11B	141.34	186.10
(iii) Capital work-in-progress		347.94	189.60
		11843.05	13046.12
(b) Deferred tax assets (net)	26.7	40.76	55.76
(c) Long-term loans and advances	12	768.82	803.34
(d) Other non-current assets	13	51.17	47.19
		12703.80	13952.41
2. Current assets			
(a) Inventories	14	5734.42	6491.34
(b) Trade receivables	15	6290.35	7164.28
(c) Cash and cash equivalents	16	582.47	553.06
(d) Short-term loans and advances	17	907.86	1133.30
(e) Other current assets	18	601.29	239.55
		14116.39	15581.53
TOTAL		26820.19	29533.94

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Saira Nainar
Partner

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

Sameer Kanwar
Joint Managing Director
(DIN : 00033622)

V.K. Pargal (DIN : 00076639)
W.R. Schilha (DIN : 00374415)
S.G. Awasthi (DIN : 00023073)
Rakesh Chopra (DIN : 00032818)
Hiroo Suresh Advani (DIN : 00265233)
Directors

Place: Mumbai
Date: 24 May, 2016

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, 2016

Particulars	Note No.	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
1. Revenue from operations (gross)	19	43077.21	44980.64
Less: Excise duty	19	3328.54	3490.92
Revenue from operations (net)		39748.67	41489.72
2. Other income	20	253.85	209.14
3. Total revenue (1+2)		40002.52	41698.86
4. Expenses			
(a) Cost of materials and components consumed	21.a	17918.43	20228.00
(b) Changes in inventories of finished goods and work-in-progress	21.b	715.71	(562.05)
(c) Employee benefits expense	22	7458.13	7780.31
(d) Finance cost	23	1615.77	1634.88
(e) Depreciation and amortisation expense	11C	1649.61	1395.40
(f) Other expenses	24	10592.42	11864.83
Total expenses		39950.07	42341.37
5. Profit/(Loss) before tax (3-4)		52.45	(642.51)
6. Tax expense			
(a) Current tax expense		11.00	-
(b) Less: MAT credit		11.00	-
(c) Short/(Excess) provision for tax relating to prior years		13.49	(6.00)
(d) Net current tax expense		13.49	(6.00)
(e) Deferred tax expense/(benefit)		15.00	(216.00)
Net tax expense/(benefit)		28.49	(222.00)
7. Profit/(Loss) for the year (5-6)		23.96	(420.51)
8. Earnings per share (of ₹ 10/- each): Basic and Diluted - in ₹	26.6	0.31	(5.38)
See accompanying notes forming part of the financial statements			

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

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Milind Pujari
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(PAN : AAAPP3554C)

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

CASH FLOW STATEMENT

for the year ended 31 March, 2016

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
A. Cash flow from operating activities:		
Net profit/(loss) before tax	52.45	(642.51)
Adjustments for:		
Depreciation and amortisation expense	1649.61	1395.40
Loss/(Profit) on sale/write off of fixed assets (net)	0.51	(0.39)
Finance costs	1384.19	1438.87
Interest income	(68.74)	(46.74)
Liabilities/provisions no longer required written back	(9.16)	(36.58)
Provision for doubtful debts	2.28	3.99
Bad debts written off	13.25	-
Debit balance of Trade payables written off	7.54	5.83
Unrealised exchange loss/(gain) (net)	21.77	(34.61)
Operating profit before working capital changes	3053.70	2083.26
<u>Changes in working capital</u>		
Adjustments for (increase)/decrease in operating assets:		
Inventories	756.92	(590.27)
Trade receivables	847.59	(262.60)
Long-term loans and advances	229.02	(192.94)
Short-term loans and advances	103.87	3.80
Other current assets	(358.14)	(54.21)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	(2018.84)	877.53
Other current liabilities	(43.92)	50.58
Other long-term liabilities	(173.74)	164.93
Short-term provisions	(18.27)	(41.75)
Long-term provisions	(4.49)	(9.11)
Cash generated from operations	2373.70	2029.22
Net income tax paid	(48.84)	(62.58)
Net cash flow from operating activities (A)	2324.86	1966.64
B. Cash flow from investing activities:		
Capital expenditure on fixed assets, including capital advances	(765.54)	(528.31)
Proceeds from sale of fixed assets	13.06	15.42
Bank balances (including non-current) not considered as cash and cash equivalents (net)	(2.98)	(45.06)
Interest received	43.34	47.07
Decrease/(Increase) in balance in unpaid dividend account	1.17	(1.46)
Net cash flow used in investing activities (B)	(710.95)	(512.34)
C. Cash flow from financing activities:		
Proceeds from long-term borrowings	2500.00	500.00
Repayment of long-term borrowings	(1714.62)	(820.00)
Net increase/(decrease) in Short-term borrowings	(781.50)	485.35
Finance cost [#]	(1416.12)	(1394.67)
Dividends paid	(1.17)	(76.72)
Tax on dividend	-	(13.29)
Finance Lease Obligation	(168.92)	(151.77)
Net cash flow used in financing activities (C)	(1582.33)	(1471.10)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	31.58	(16.80)
Cash and cash equivalents at the beginning of the year	36.50	53.30
Cash and cash equivalents at the end of the year	68.08	36.50
# Excludes interest capitalised during the year ₹ Nil; (Year ended 31 March, 2015: ₹ 1.27 lacs)		

Cash Flow Statement for the year ended 31 March, 2016 Contd.

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	582.47	553.06
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements:		
Unpaid dividend accounts	14.27	15.44
Balances with banks:		
Balances held as margin money or security against borrowings, guarantees and other commitments	500.12	501.12
Cash and cash equivalents at the end of the year *	68.08	36.50
* Comprises		
(a) Cash on hand	14.60	15.71
(b) Balances with banks:		
In current accounts	53.48	20.79
	68.08	36.50
See accompanying notes forming part of the financial statements		

In terms of our report attached.

For **Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of the Board of Directors

Saira Nainar
PartnerSurinder P. Kanwar
Chairman and Managing Director
(DIN : 00033524)Sameer Kanwar
Joint Managing Director
(DIN : 00033622)V.K. Pargal (DIN : 00076639)
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Rakesh Chopra (DIN : 00032818)
Hiroo Suresh Advani (DIN : 00265233)
DirectorsPlace: Mumbai
Date: 24 May, 2016Milind 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, 2016

Note I : Significant accounting policies

Note	Particulars
I.1	Basis of accounting and preparation of financial statements:
	The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") and the relevant provisions of the Act. The financial statements have been prepared on an accrual basis under the historical cost convention except for the revalued fixed assets as stated in Note 11 - "Fixed assets".
I.2	Use of estimates:
	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.
I.3	Fixed assets and depreciation/amortisation:
	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) Tangible assets
	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) Intangible assets
	Intangible assets (i.e computer software) are amortised over their estimated useful life on straight line method.
I.4	Inventories:
	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 is arrived at on weighted average basis.
I.5	Contracts for furnace construction:
	When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.
I.6	Foreign currency transactions:
	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 I : Significant accounting policies.... Contd.

Note	Particulars
I.7	Revenue recognition:
	Sale of products and services including export benefits thereon are recognised when the products are shipped or services rendered, i.e. when significant risks and rewards of ownership are passed on to the customers. Sales are net of sales tax/value added tax and trade discounts. 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. Net income, if any, from development of tools is recognised as income as and when the development of tool is complete or on expiry of five years from completion of development, whichever is earlier. Interest income is recognised on time proportion basis.
I.8	Employee benefits:
	(a) Defined contribution plan: The Company's contributions to the recognised provident fund and superannuation fund are charged to the Statement of Profit and Loss. (b) Defined benefit plan/Long term compensated absences: 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.
I.9	Taxation:
	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. 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. 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. 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. Deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.
I.10	Contingencies/Provisions:
	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.
I.11	Cash and cash equivalents (for purposes of Cash Flow Statement):
	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.
I.12	Cash Flow Statement:
	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.

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

Note	Particulars
I.13	Operating Cycle:
	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.
I.14	Leases:
	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, 2016		As at 31 March, 2015	
	Number of shares	₹ Lacs	Number of shares	₹ Lacs
(a) Authorised				
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
	11500000	2500.00	11500000	2500.00
(b) Issued, Subscribed and paid up				
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
Total	7817833	781.78	7817833	781.78

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, 2016		As at 31 March, 2015	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Equity shares				
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, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Capital redemption reserve		
Opening balance	588.50	588.50
Closing balance	588.50	588.50
(b) Securities premium account		
Opening balance	924.60	924.60
Closing balance	924.60	924.60
(c) Revaluation reserve		
Opening balance	448.03	448.03
Closing balance	448.03	448.03
(d) General reserve		
Opening balance	1745.80	1745.80
Closing balance	1745.80	1745.80
(e) Surplus in Statement of Profit and Loss		
Opening balance	2579.19	3096.08
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: Profit/(Loss) for the year	23.96	(420.51)
Closing balance	2603.15	2579.19
Total	6310.08	6286.12

Note 4 : Long-term borrowings

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Term loans - Secured (Refer footnotes (i) and (ii))		
From banks	1475.00	840.00
Less: Current maturities of long-term debts (Refer Note 9 (a))	490.00	240.00
	985.00	600.00
From others	5775.38	5625.00
Less: Current maturities of long-term debts (Refer Note 9 (a))	1616.93	1349.62
	4158.45	4275.38
(b) Long-term maturities of finance lease obligations - Secured	12.43	181.35
Less: Current maturities of finance lease obligations (Refer Note 9 (b)) (Refer footnote (iii) and Note 26.5 (A) (ii))	12.43	168.92
	-	12.43
Total	5143.45	4887.81

Footnotes:

(i) Term loans from banks:

(A) Rupee loan from State Bank of India:

₹ 600 lacs (As at 31 March, 2015: ₹ 840 lacs): Secured by first pari passu charge on Current assets with loans referred to in footnote of Note 7 and footnote [(i) (B)] and also by way of first charge created on Fixed Assets of the Company located at Mumbra plant and Faridabad plant on pari passu basis with loans referred to in footnotes [(i) (B) and (ii) (A) and (ii) (C)]. Further secured by way of first charge created on Fixed Assets of the company located at Satara plant on pari passu basis with loans referred to in footnotes [(i) (B), (ii) (A) (c) and (ii)(C)]. Repayable in twenty four monthly installments by 31 March, 2018 and carries an interest rate of 11.60 % p.a.

(B) Rupee loan from IDBI Bank Limited:

₹ 875 lacs (As at 31 March, 2015: ₹ Nil): Secured by first pari passu charge on entire Current assets with loans referred to in footnote of Note 7 and footnote [(i) (A)] and also by way of first charge created on Fixed Assets of the Company located at Mumbra plant and Faridabad plant on pari passu basis with loans referred to in footnotes [(i) (A) and (ii) (A) and (ii) (C)]. Further secured by way of first pari passu charge created on Fixed Assets of the company located at Satara plant with loans referred to in footnotes [(i) (A), (ii) (A) (c) and (ii)(C)]. Repayable in equal quarterly installments by 1 August, 2019 and carries an interest rate of 12.75 % p.a.

(ii) Term loans from others:

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

(a) ₹ 600 lacs (As at 31 March, 2015: ₹ 1000 lacs): Secured by first pari passu charge created by way of hypothecation over the movable fixed assets and mortgage of immovable properties located at Mumbra plant and Faridabad plant, both present and future, with loans referred to in footnotes (i) and [(ii) (A) (b) & (c) and (ii) (C)]. Repayable in equal quarterly installments by 1 September, 2017 and carries an interest rate of 11.90% p.a.

(b) ₹ 825 lacs (As at 31 March, 2015: ₹ 1125 lacs): Secured by first pari passu charge created by way of hypothecation over the movable fixed assets and mortgage of immovable properties located at Mumbra plant and Faridabad plant, both present and future, with loans referred to in footnotes (i) and [(ii) (A) (a) & (c) and (ii) (C)]. Repayable in equal quarterly installments by 1 November, 2018 and carries an average interest rate of 11.71% p.a.

(c) ₹ 2400 lacs (As at 31 March, 2015: ₹ 3000 lacs): Secured by first pari passu charge created by way of hypothecation over the movable fixed assets and mortgage of immovable properties located at Satara plant, both present and future, with loans referred to in footnotes (i) and [(ii) (C)]. Further secured by way of first charge created on Fixed Assets of the company located at Mumbra and Faridabad plant on pari passu basis with loans referred to in footnotes (i) and [(ii) (A) (a) & (b) and (ii) (C)] Repayable in equal quarterly installments by 1 February, 2020 and carries an average interest rate of 11.72% p.a.

(B) Rupee loan from Hero FinCorp Limited:

₹ 450.38 lacs (As at 31 March, 2015: ₹ 500 lacs): Secured by exclusive charge on office premises situated at Nariman Point, Mumbai. Repayable in forty seven monthly installments by 8 February, 2020 and carries an interest rate of 12.70 % p.a.

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

₹ 1500 lacs (As at 31 March, 2015: ₹ Nil): Secured by first pari passu charge created on Fixed Assets of the Company located at Mumbra plant and Faridabad plant on pari passu basis with loans referred to in footnotes [(i) and (ii) (A)]. Further secured by way of first charge created on Fixed Assets of the company located at Satara plant on pari passu basis with loans referred to in footnotes [(i), (ii) (A) (c)]. Repayable in 54 equal monthly installments commencing from 25 August, 2016 and carries an interest rate of 12.75 % p.a.

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

Note 5 : Other long-term liabilities

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Others:		
(i) Advances from customers	145.90	504.78
(ii) Provision for gratuity (net) (Refer Note 26.2.b)	913.79	728.65
Total	1059.69	1233.43

Note 6 : Long-term provisions

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Provision for employee benefits:		
(i) Provision for compensated absences	392.18	397.24
(ii) Provision for other employee benefits (Terminal Ex-gratia) (Refer Note 26.2.b)	33.89	33.32
(b) Provision - Others:		
Provision for tax (net of advance tax ₹ 1198.21 lacs (As at 31 March, 2015: ₹ 1198.44 lacs))	21.90	25.82
Total	447.97	456.38

Note 7 : Short-term borrowings

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
Loans repayable on demand - Secured (Refer footnote below)		
From banks	2578.49	3349.31
Total	2578.49	3349.31

Footnote:

Loans repayable on demand from banks are secured by hypothecation of stocks of raw materials, stock in process, semi finished and finished goods, loose tools, general stores and book debts and all other moveables both present and future ranking pari passu with loans referred to in footnote (i) of Note 4 and by joint mortgage 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) & (C)] of Note 4.

Note 8 : Trade payables

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
Total outstanding dues of micro enterprises and small enterprises	96.64	237.59
Total outstanding dues of Trade Payables other than micro enterprises and small enterprises		
Acceptances	3312.44	3995.57
Other than Acceptances (Refer Note 25.2 and footnote of Note 26.4.b)	4142.89	5341.85
	7455.33	9337.42
Total	7551.97	9575.01

Note 9 : Other current liabilities

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Current maturities of long-term debts (Refer Note 4):		
From banks	490.00	240.00
From others	1616.93	1349.62
(b) Current maturities of finance lease obligations (Refer Note 4 and Note 26.5 (A) (ii))	12.43	168.92
(c) Interest accrued but not due on borrowings	51.97	71.86
(d) Unpaid dividends (Refer footnote below)	14.27	15.44
(e) Other payables:		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	236.03	224.41
(ii) Payables on purchase of fixed assets (Refer Note 25.2)	75.36	370.27
(iii) Advances from customers	136.79	23.65
(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	74.28	67.96
Total	2835.06	2834.13

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, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Provision for employee benefits:		
(i) Provision for compensated absences	99.84	111.12
(ii) Provision for other employee benefits (Terminal Ex-Gratia) (Refer Note 26.2.b)	8.83	9.49
	108.67	120.61
(b) Provision - Others:		
Provision for warranty (Refer Note 26.8)	3.03	9.36
	3.03	9.36
Total	111.70	129.97

Note 11 : Fixed assets

₹ lacs

Description	Gross Block				Accumulated Depreciation/Amortisation					Net Block		
	As at 31 March, 2015	Adjustment	Additions during the year	Deductions during the year	As at 31 March, 2016	As at 31 March, 2015	Adjustments (includes Transition adjustment recorded against Surplus balance in Statement of Profit and Loss)	For the year [Refer Note 11(D)]	Deductions during the year	As at 31 March, 2016	As at 31 March, 2016	As at 31 March, 2015
(A) Tangible assets:												
(a) Land:												
- Freehold	672.11	-	-	-	(*) 672.11	-	-	-	-	-	672.11	
	(672.11)	(-)	(-)	(-)	(672.11)	(-)	(-)	(-)	(-)	(-)		(672.11)
- Leasehold	376.20	-	-	-	(*) 376.20	90.27	-	5.31	-	95.58	280.62	
	(376.20)	(-)	(-)	(-)	(376.20)	(84.96)	(-)	(5.31)	(-)	(90.27)		(285.93)
(b) Building and roads	3879.65	-	6.11	-	(**)(*) 3885.76	1186.12	-	119.40	-	1305.52	2580.24	
	(3605.68)	(-)	(275.86)	(1.89)	(3879.65)	(1037.12)	(36.08)	(113.28)	(0.36)	(1186.12)		(2693.53)
(c) Plant and equipment:												
- Owned	23410.33	407.61	223.60	265.72	23775.82	15402.93	189.33	1313.46	252.43	16653.29	7122.53	
	(22922.64)	(-)	(567.04)	(79.35)	(23410.33)	(14163.84)	(53.82)	(1254.43)	(69.16)	(15402.93)		(8007.40)
- Taken under Finance lease \$	764.32	(407.61)	-	-	356.71	331.40	(189.33)	38.46	-	180.53	176.18	
	(764.32)	(-)	(-)	(-)	(764.32)	(252.10)	(-)	(79.30)	(-)	(331.40)		(432.92)
(d) Furniture and fixtures	592.55	-	46.94	-	639.49	244.79	-	51.73	-	296.52	342.97	
	(566.09)	(-)	(26.46)	(-)	(592.55)	(286.47)	(2.30)	(-)(43.98)	(-)	(244.79)		(347.76)
(e) Vehicles	2.87	-	-	-	2.87	1.79	-	0.22	-	2.01	0.86	
	(2.87)	(-)	(-)	(-)	(2.87)	(1.57)	(-)	(0.22)	(-)	(1.79)		(1.08)
(f) Office equipment \$	942.84	-	27.98	2.65	968.17	713.24	2.86	76.27	2.37	790.00	178.17	
	(955.52)	(-)	(26.75)	(39.43)	(942.84)	(694.71)	(50.47)	(4.18)	(36.12)	(713.24)		(229.60)
(g) Leasehold improvements	1.77	-	-	-	1.77	1.68	-	-	-	1.68	0.09	
	(1.77)	(-)	(-)	(-)	(1.77)	(1.68)	(-)	(-)	(-)	(1.68)		(0.09)
Sub - Total - Tangible assets	30642.64	-	304.63	268.37	30678.90	17972.22	2.86	1604.85	254.80	19325.13	11353.77	
Previous Year	(29867.20)	(-)	(896.11)	(120.67)	(30642.64)	(16522.45)	(142.67)	(1412.74)	(105.64)	(17972.22)		(12670.42)
Description	Gross Block				As at 31 March, 2016	Amortisation				Net Block		
	As at 31 March, 2015	Adjustment	Additions during the year	Deductions during the year		As at 31 March, 2015	Adjustments (includes Transition adjustment recorded against Surplus balance in Statement of Profit and Loss)	For the year [Refer Note 11(D)]	Deductions during the year	As at 31 March, 2016	As at 31 March, 2016	As at 31 March, 2015
(B) Intangible assets:												
Computer software acquired	425.13	-	-	-	425.13	239.03	-	44.76	-	283.79	141.34	
	(395.81)	(-)	(29.32)	(-)	(425.13)	(256.37)	(-)	(-)(17.34)	(-)	(239.03)		(186.10)
Sub - Total - Intangible assets	425.13	-	-	-	425.13	239.03	-	44.76	-	283.79	141.34	
Previous Year	(395.81)	(-)	(29.32)	(-)	(425.13)	(256.37)	(-)	(-)(17.34)	(-)	(239.03)		(186.10)
Total : (A) + (B)	31067.77	-	@304.63	268.37	31104.03	18211.25	2.86	1649.61	254.80	19608.92	11495.11	
Previous Year (Total)	(30263.01)	(-)	@(925.43)	(120.67)	(31067.77)	(16778.82)	(142.67)	(1395.40)	(105.64)	(18211.25)		(12856.52)
Capital work in progress @											347.94	(189.60)
Grand Total											11843.05	(13046.12)

Note: Figures in brackets are for the previous year.

@The amount of interest capitalised during the year is ₹ Nil; (Year ended 31 March, 2015 : ₹ 1.27 lacs).

(\$\$) Includes Computers and Miscellaneous equipment.

(\$\$) Includes items of Plant and equipment Gross Block of ₹ 271.55 lacs (as at 31 March, 2015 : ₹ Nil) and Net Block of ₹ 132.26 lacs (as at 31 March, 2015 : ₹ Nil) in respect of which lease periods have expired, the transfer in the name of Company is under process.

(*) 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
Total	264.73	153.36	367.17	785.26
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/- (as at 31 March, 2015: ₹ 500/-).

Note 11 : Fixed assets Contd.

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
(C) Depreciation and amortisation expense:		
Tangible assets	1604.85	1412.74
Intangible assets	44.76	(17.34)
Total	1649.61	1395.40

(D) Following is with respect to financial year ended 31 March, 2015:

- The Company had 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 depreciated under SLM. As a result of this change, the surplus depreciation of ₹ 250.00 lacs on 1 April, 2014 had been netted off against the depreciation and amortization expense for the previous year.
- Pursuant to the notification of Schedule II to the Act, the Company had 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 depreciated based on the useful life considered by the Company for the respective category of assets.
- 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 1.63%~58 years 3.28%~29 years 3.24%~29 Years	30 years and 60 years
Plant and machinery	SLM	SLM	4.75%/10.34% (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

- Pursuant to the transition provisions prescribed in Schedule II to the Act, the Company had 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 had an adjusted 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 previous year was 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 previous year was 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, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Capital advances		
Unsecured, considered good	28.87	21.21
(b) Security deposits (Refer footnote below)		
Unsecured, considered good	169.67	234.07
(c) Loans and advances to employees		
Unsecured, considered good	126.23	118.68
(d) Prepaid expenses		
Unsecured, considered good	10.50	11.34
(e) Prepaid tooling expenses		
Unsecured, considered good	118.69	290.04
(f) Interest accrued and receivable		
Unsecured, considered good	0.23	0.21
(g) Advance income tax (net of provisions ₹ 343.65 lacs (As at 31 March, 2015: ₹ 310.84 lacs))		
Unsecured, considered good	314.63	127.79
Total	768.82	803.34

Footnote:

Security deposits include ₹ 70.00 lacs (As at 31 March, 2015: ₹ 70.00 lacs) due from directors and ₹ 5.00 lacs (As at 31 March, 2015: ₹ 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, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
Balances with Bank		
In fixed deposit (Refer footnote below)	51.17	47.19
Total	51.17	47.19

Footnote:

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, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Raw materials and components:		
- Automotive Gears	489.89	505.70
- Automotive Components	35.53	31.11
	525.42	536.81
(b) Work-in-progress		
- Automotive Gears	2184.55	2205.77
(c) Finished goods:		
- Automotive Gears	1280.71	1900.02
- Automotive Components	229.46	304.64
	1510.17	2204.66
(d) Stores and spares	518.63	571.36
(e) Loose tools	988.16	967.61
(f) Scrap	7.49	5.13
Total	5734.42	6491.34

Note 15 : Trade receivables

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	29.26	42.84
Doubtful debts	7.47	5.19
	36.73	48.03
Less: Provision for doubtful debts	7.47	5.19
	29.26	42.84
Other Trade receivables		
Unsecured, considered good	6261.09	7121.44
Total	6290.35	7164.28

Note 16 : Cash and cash equivalents

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Cash on hand	14.60	15.71
(b) Balances with banks:		
(i) In current accounts	53.48	20.79
(ii) In earmarked accounts (Refer footnote below)		
- Unpaid dividend accounts	14.27	15.44
(iii) Balances held as margin money or security against borrowings, guarantees and other commitments	500.12	501.12
Total	582.47	553.06
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	68.08	36.50

Footnote:

Balances with banks which have restrictions on utilisation.

Note 17 : Short-term loans and advances

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Loans and advances to related party (Refer footnote and Note 26.4.b)		
Unsecured, considered good	-	0.07
(b) Security deposits		
Unsecured, considered good	75.20	43.60
(c) Loans and advances to employees		
Unsecured, considered good	42.07	42.66
(d) Prepaid expenses		
Unsecured, considered good	110.59	99.01
(e) Prepaid tooling expenses		
Unsecured, considered good	6.60	11.04
(f) Advances to suppliers		
Unsecured, considered good	128.59	118.33
(g) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	193.78	258.54
(ii) VAT credit receivable	36.34	35.94
(iii) Service Tax credit receivable	145.17	160.78
(h) Advance income tax (net of provisions ₹ Nil (As at 31 March, 2015: ₹ 15.00 lacs))		
Unsecured, considered good	62.95	207.56
(i) MAT credit entitlement		
Unsecured, considered good	26.00	15.00
(j) Others		
Unsecured, considered good	80.57	140.77
Total	907.86	1133.30

Footnote:

Dues from private limited companies, in which a director of the company is a director:

Note 18 : Other current assets

Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
(a) Accruals		
Interest accrued on deposits	8.04	4.44
(b) Others:		
(i) Export Incentives	540.83	141.15
(ii) Due from customers for contract work (Refer Note 26.1)	-	24.82
(iii) Due from Related Party - Services rendered to Xlerate Driveline India Limited (XDIL) (Refer Note 26.4.b)	32.18	30.48
(iv) Other Recoveries	20.24	38.66
Total	601.29	239.55

Note 19 : Revenue from operations

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
(a) Sale of products (Refer footnote (i) below)	41796.18	44108.00
(b) Sale of services	218.25	162.08
(c) Other operating revenues (Refer footnote (ii) below)	1062.78	710.56
Revenue from operations (gross)	43077.21	44980.64
Less:		
(d) Excise duty	3328.54	3490.92
Revenue from operations (net)	39748.67	41489.72

Footnotes	Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
(i)	Sale of products comprises:		
	Manufactured goods:		
	- Automotive Gears (Includes processing charges ₹ 359.19 lacs (Year ended 31 March, 2015: ₹ 451.15 lacs))	37486.03	40212.25
	- Automotive Components	3298.17	3273.55
	- Industrial Furnaces (Refer footnote (iii) below) (Excludes ₹ 96.31 lacs (Year ended 31 March, 2015: ₹ 51.52 lacs) which is included in sale of services)	118.28	121.18
	- Tooling Development	893.70	501.02
	Total - Sale of products	41796.18	44108.00
(ii)	Other operating revenues comprise:		
	- Sale of scrap	315.09	442.80
	- Export incentives	716.99	262.59
	- Miscellaneous income	30.70	5.17
	Total - Other operating revenues	1062.78	710.56
(iii)	Revenue from contracts is recognized as stated in Note 1.7		

Note 20 : Other income

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
(a) Interest income (Refer footnote (i) below)	68.74	46.74
(b) Net gain on foreign currency transactions and translation	160.86	109.85
(c) Other non-operating income (Refer footnote (ii) below)	24.25	52.55
Total	253.85	209.14

Footnotes	Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
(i)	Interest income comprises :		
	Interest from banks on:		
	- Deposits	4.55	2.43
	- Margin money	41.28	42.83
	Others	1.11	1.48
	Interest on refund of Income Tax	21.80	-
	Total - Interest income	68.74	46.74
(ii)	Other non-operating income comprises:		
	Rent	10.68	10.68
	Profit on sale of fixed assets	4.41	5.29
	Liabilities/provisions no longer required written back	9.16	36.58
	Total - Other non-operating income	24.25	52.55

Note 21.a : Cost of material and components consumed

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
Opening stock	536.81	518.55
Add: Purchases	17907.04	20246.26
	18443.85	20764.81
Less: Closing stock	525.42	536.81
Cost of material and components consumed	17918.43	20228.00
Material and components consumed comprises:		
Forgings	15519.81	17811.63
Automotive components	2312.63	2348.73
Others	85.99	67.64
Total	17918.43	20228.00

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

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
Inventories at the end of the year:		
Finished goods	1510.17	2204.66
Work-in-progress	2184.55	2205.77
	3694.72	4410.43
Inventories at the beginning of the year:		
Finished goods	2204.66	1798.71
Work-in-progress	2205.77	2049.67
	4410.43	3848.38
Net decrease/(increase)	715.71	(562.05)

Note 22 : Employee benefits expense

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
Salaries and wages	5945.33	6297.85
Contributions to provident and other funds	633.57	584.48
Staff welfare expenses	879.23	897.98
Total	7458.13	7780.31

Note 23 : Finance costs

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
(a) Interest expense on:		
(i) Borrowings	1127.57	1132.32
(ii) Others		
- Bill discounting charges	256.62	306.55
(b) Other borrowing costs (Bank and other financing charges)	231.58	196.01
Total	1615.77	1634.88

Note 24 : Other expenses

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
Consumption of stores and spare parts	1108.95	1215.31
Consumption of loose tools	1188.70	1076.37
Consumption of packing materials	797.20	886.07
Excise duty (Refer footnote (i) below)	21.17	(22.40)
Processing charges	1257.74	1350.63
Power and fuel	2885.07	3689.25
Rent including lease rentals (Refer Note 26.5 B (i))	449.54	483.02
Repairs and maintenance - Buildings	61.69	96.91
Repairs and maintenance - Machinery	320.47	317.22
Repairs and maintenance - Others	490.64	475.05
Insurance	96.00	99.73
Rates and taxes	33.30	33.42
Travelling, conveyance and car expenses	479.35	539.40
Freight, forwarding and other charges	404.24	541.17
Commission to selling agents	13.15	32.83
Payments to auditors (Refer footnote (ii) below)	35.95	31.81
Bad debts written off	13.25	-
Loss on sale/write off of fixed assets	4.92	4.90
Provision for doubtful debts	2.28	3.99
Miscellaneous expenses (Refer footnote (iii) below)	928.81	1010.15
Total	10592.42	11864.83

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 ₹ 6.76 lacs (debit) (Year ended 31 March, 2015: ₹ 33.36 lacs (credit)) and (b) the excise duty on free supplies under sales promotion schemes, free replacement, shortages, etc. ₹ 14.41 lacs (Year ended 31 March, 2015: ₹ 10.96 lacs)

Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
(ii) Payments to the auditors comprises (net of service tax input credit):		
-As auditors - statutory audit	22.75	18.75
-For Company Law matters	0.15	0.25
-For other services	12.65	12.50
-Reimbursement of expenses	0.40	0.31
Total	35.95	31.81

- (iii) Includes ₹ Nil (Year ended 31 March, 2015: ₹ 175 lacs) 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, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
25.1	Contingent liabilities and commitments (to the extent not provided for)		
(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/or back wages (less subsistence allowance paid if any) filed by set of temporary/permanent workmen before the Hon'ble Industrial Tribunal, Thane/labour court	Not ascertainable	Not ascertainable
	2. Others:		
	(i) The Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner; on issue of Provident fund dues on Subsistence Allowance	1.27	1.27
	(ii) The Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner; on issue of Provident fund dues on difference of wages of certain employees 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.	0.87	-
	(b) Other money for which the Company is contingently liable		
	In respect of Sales Invoice Finance facility	1693.18	1201.94
(ii)	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):		
	Tangible assets	122.89	201.40
25.2	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
	Particulars	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	46.20	143.64
	(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	444.37	546.15
	(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	Details on derivatives instruments and unhedged foreign currency exposures:		
	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:		
		Amount in Foreign currency	Equivalent amount in Indian currency ₹ lacs
	Payables	USD 1,462,910.88 (USD 994,422.09)	971.01 (622.30)
		- (EUR 2,579.50)	- (1.73)
	Receivables	USD 2,951,272.19 (USD 4,751,602.81)	1958.61 (2973.08)
		EUR 677,830.20 (EUR 343,521.58)	508.98 (230.64)
		SGD 40.90 (SGD 40.90)	0.02 (0.02)
		JPY 951,283.00 (JPY 414,583.00)	5.43 (2.16)
	Footnote:		
	Figures in brackets are for the previous year:		
25.4	Value of imports calculated on CIF basis:	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
	Raw materials and components	92.49	118.35
	Stores and spare parts	21.39	48.45
	Loose tools	98.86	207.48
	Capital goods	88.63	10.89
		301.37	385.17
25.5	Expenditure in foreign currency:	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
	Royalty	11.76	5.84
	Professional Fees	2.69	4.52
	Interest on foreign currency loans	18.41	16.59
	Others (Travel, commission, warehousing charges, rejection claims, etc.) (excludes ₹ 2.53 lacs (Year ended 31 March, 2015: ₹ Nil) added to Capital work-in-progress)	105.86	146.41

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

Note	Particulars	For the year ended 31 March, 2016	
		₹ lacs	%
25.6	Details of consumption of imported and indigenous items:		
	Imported:		
	Raw materials and components	101.63 (129.47)	0.57 (0.64)
	Stores and spare parts	57.62 (40.10)	5.20 (3.30)
	Loose tools	78.51 (227.33)	6.60 (21.12)
		237.76 (396.90)	
	Indigenous:		
	Raw materials and components	17816.80 (20098.53)	99.43 (99.36)
	Stores and spare parts	1051.33 (1175.21)	94.80 (96.70)
	Loose tools	1110.19 (849.04)	93.40 (78.88)
		19978.32 (22122.78)	
Note: Figures in brackets are for the previous year.			
25.7	Earnings in foreign exchange:	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
	Export of goods calculated on FOB basis	11955.58	13324.16
	Tooling Development Income	664.10	371.08
	Exchange Gain (net) (excludes ₹ 1.19 lacs (Year ended 31 March, 2015: ₹ Nil) added to Capital work-in-progress)	160.86	109.85
	Other income (Freight, Insurance, Commission, etc.)	71.39	150.77
		12851.93	13955.86
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 ₹ Nil (Year ended 31 March, 2015: ₹ 21.76 lacs) was required to be spent on CSR activities by the Company during the year. The Company has not spent any amount in this regard.		

Note 26 : Disclosures under Accounting Standards

Note	Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
26.1	Details of contract revenue and costs		
	Contract revenue recognised during the year (Excludes Sale of spares ₹ 69.21 lacs (Year ended 31 March, 2015: ₹ 146.19 lacs))	145.38	26.51
	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	59.84	17.54
	Advances received for contracts in progress	11.16	18.50
	Retention money for contracts in progress	-	-
	Gross amount due from customers for contract work (Refer Note 18)	-	24.82
	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	Defined Contribution Plans																																																																																																			
	During the year ended 31 March the Company has recognized the following amounts in the Statement of Profit and Loss:																																																																																																			
	<table><tr><th>Particulars</th><th>For the year ended 31 March, 2016 ₹ lacs</th><th>For the year ended 31 March, 2015 ₹ lacs</th></tr><tr><td>- Employers' contribution to Provident Fund and Family Pension Fund</td><td>274.89</td><td>274.78</td></tr><tr><td>- Employers' contribution to Superannuation Fund</td><td>101.73</td><td>90.23</td></tr></table>	Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs	- Employers' contribution to Provident Fund and Family Pension Fund	274.89	274.78	- Employers' contribution to Superannuation Fund	101.73	90.23																																																																																										
Particulars	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs																																																																																																		
- Employers' contribution to Provident Fund and Family Pension Fund	274.89	274.78																																																																																																		
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	The above amounts are included in Contributions to provident and other funds under Note 22 Employee benefits expense.																																																																																																			
26.2.b	Defined Benefit Plans																																																																																																			
	A general description of the Employees Benefit Plans:																																																																																																			
	(i) <u>Gratuity (Funded)</u>																																																																																																			
	The Company has an obligation towards gratuity, a funded defined benefits retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment, of an amount calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.																																																																																																			
	(ii) <u>Terminal Ex-gratia (Unfunded)</u>																																																																																																			
	The Company has an obligation towards Terminal Ex-gratia, an unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment which varies depending upon the number of completed years of service to vested employees on completion of employment. Vesting occurs upon the completion of 15 years of service.																																																																																																			
	The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:																																																																																																			
	<table><tr><th rowspan="2">Particulars</th><th colspan="2">Year ended 31 March, 2016</th><th colspan="2">Year ended 31 March, 2015</th></tr><tr><th>Gratuity</th><th>Terminal Ex-gratia (Unfunded)</th><th>Gratuity</th><th>Terminal Ex-gratia (Unfunded)</th></tr><tr><td>Components of employer expense</td><td></td><td></td><td></td><td></td></tr><tr><td>Current service cost</td><td>74.17</td><td>1.68</td><td>62.55</td><td>1.69</td></tr><tr><td>Interest cost</td><td>108.30</td><td>3.16</td><td>115.63</td><td>3.70</td></tr><tr><td>Expected return on plan assets</td><td>(40.76)</td><td>-</td><td>(48.39)</td><td>-</td></tr><tr><td>Actuarial losses</td><td>108.13</td><td>1.12</td><td>78.63</td><td>3.71</td></tr><tr><td>Total expense recognised in the Statement of Profit and Loss</td><td>* 249.84</td><td>**5.96</td><td>* 208.42</td><td>**9.10</td></tr><tr><td>Actual contribution and benefit payments for year</td><td></td><td></td><td></td><td></td></tr><tr><td>Actual benefit payments</td><td>(196.77)</td><td>(6.05)</td><td>(192.07)</td><td>(10.40)</td></tr><tr><td>Actual contributions</td><td>64.70</td><td>6.05</td><td>47.18</td><td>10.40</td></tr><tr><td>Net liability recognised in the Balance Sheet</td><td></td><td></td><td></td><td></td></tr><tr><td>Present value of defined benefit obligation</td><td>1488.42</td><td>42.72</td><td>1400.29</td><td>42.81</td></tr><tr><td>Fair value of plan assets</td><td>474.63</td><td>-</td><td>571.64</td><td>-</td></tr><tr><td>Funded status (Deficit)</td><td>(1,013.79)</td><td>(42.72)</td><td>(828.65)</td><td>(42.81)</td></tr><tr><td>Net liability recognised in the Balance Sheet accounted as below:</td><td>(1,013.79)</td><td>(42.72)</td><td>(828.65)</td><td>(42.81)</td></tr><tr><td>- Other long-term liabilities (Refer Note 5(a)(ii))</td><td>(913.79)</td><td>-</td><td>(728.65)</td><td>-</td></tr><tr><td>- Other current liabilities (Refer Note 9(e)(vi))</td><td>(100.00)</td><td>-</td><td>(100.00)</td><td>-</td></tr><tr><td>- Long-term provisions (Refer Note 6(a)(ii))</td><td>-</td><td>(33.89)</td><td>-</td><td>(33.32)</td></tr><tr><td>- Short-term provisions (Refer Note 10(a)(ii))</td><td>-</td><td>(8.83)</td><td>-</td><td>(9.49)</td></tr></table>	Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015		Gratuity	Terminal Ex-gratia (Unfunded)	Gratuity	Terminal Ex-gratia (Unfunded)	Components of employer expense					Current service cost	74.17	1.68	62.55	1.69	Interest cost	108.30	3.16	115.63	3.70	Expected return on plan assets	(40.76)	-	(48.39)	-	Actuarial losses	108.13	1.12	78.63	3.71	Total expense recognised in the Statement of Profit and Loss	* 249.84	**5.96	* 208.42	**9.10	Actual contribution and benefit payments for year					Actual benefit payments	(196.77)	(6.05)	(192.07)	(10.40)	Actual contributions	64.70	6.05	47.18	10.40	Net liability recognised in the Balance Sheet					Present value of defined benefit obligation	1488.42	42.72	1400.29	42.81	Fair value of plan assets	474.63	-	571.64	-	Funded status (Deficit)	(1,013.79)	(42.72)	(828.65)	(42.81)	Net liability recognised in the Balance Sheet accounted as below:	(1,013.79)	(42.72)	(828.65)	(42.81)	- Other long-term liabilities (Refer Note 5(a)(ii))	(913.79)	-	(728.65)	-	- Other current liabilities (Refer Note 9(e)(vi))	(100.00)	-	(100.00)	-	- Long-term provisions (Refer Note 6(a)(ii))	-	(33.89)	-	(33.32)	- Short-term provisions (Refer Note 10(a)(ii))	-	(8.83)	-	(9.49)
Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015																																																																																																	
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	(* 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, 2016		Year ended 31 March, 2015	
		Gratuity	Terminal Ex-gratia (Unfunded)	Gratuity	Terminal Ex-gratia (Unfunded)
	Change in defined benefit obligations (DBO) during the year				
	Present value of DBO at beginning of the year	1400.29	42.81	1334.72	44.11
	Current service cost	74.17	1.68	62.55	1.69
	Interest cost	108.30	3.16	115.63	3.70
	Actuarial losses	102.43	1.12	79.46	3.71
	Benefits paid	(196.77)	(6.05)	(192.07)	(10.40)
	Present value of DBO at the end of the year	1488.42	42.72	1400.29	42.81
	Change in fair value of assets during the year				
	Plan assets at beginning of the year	571.64	-	667.31	-
	Expected return on plan assets	40.76	-	48.39	-
	Actual company contributions	64.70	-	47.18	-
	Actuarial (loss)/gain	(5.70)	-	0.83	-
	Benefits paid	(196.77)	-	(192.07)	-
	Plan assets at the end of the year	474.63	-	571.64	-
	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 ₹ 35.07 lacs (Year ended 31 March, 2015: ₹ 49.22 lacs).				
	Composition of the plan assets				
	Insurer Managed funds	100%	-	100%	-
	The details of investment made by the Insurer is not readily available with the company				
	Actuarial assumptions:				
	Discount rate	7.55%	7.55%	7.95%	7.95%
	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	

Particulars

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

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

Experience adjustments	₹ lacs				
	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity (Funded)					
Present value of DBO	1488.42	1400.29	1334.72	1186.40	1083.34
Fair value of plan assets	474.63	571.64	667.31	643.31	631.91
Funded status (Deficit)	(1013.79)	(828.65)	(667.41)	(543.09)	(451.43)
Experience gain/(loss) adjustments on plan liabilities	60.93	(17.26)	174.80	11.86	12.42
Experience (loss)/gain adjustments on plan assets	(5.70)	0.83	10.16	9.97	8.84
Terminal Ex-gratia (Unfunded)					
Present value of DBO	42.72	42.81	44.11	45.76	43.49
Fair value of plan assets	-	-	-	-	-
Funded status (Deficit)	(42.72)	(42.81)	(44.11)	(45.76)	(43.49)
Experience gain/(loss) adjustments on plan liabilities	0.25	1.47	(0.34)	(0.72)	(2.70)
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. <table><thead><tr><th>Description of relationship</th><th>Names of related parties</th></tr></thead><tbody><tr><td>Key Management Personnel (KMP)</td><td>(i) Mr. Surinder P. Kanwar (SPK) - Chairman and Managing Director (who also has ability to exercise 'significant influence' over the Company)</td></tr><tr><td></td><td>(ii) Mr. Sameer Kanwar (SK) – Joint Managing Director (Son of Chairman and Managing Director of the Company)</td></tr><tr><td>Enterprises over which KMP is able to exercise significant influence</td><td>(i) Cliplok Simpak (India) Pvt. Ltd. (CSIPL)</td></tr><tr><td></td><td>(ii) Raunaq EPC International Ltd. (REIL)</td></tr><tr><td></td><td>(iii) Vibrant Finance & Investments Pvt. Ltd. (VFIPL)</td></tr><tr><td></td><td>(iv) Xlerate Driveline India Limited (XDIL)</td></tr></tbody></table> Note: Related parties have been identified by the Management.	Description of relationship	Names 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)		(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 Simpak (India) Pvt. Ltd. (CSIPL)		(ii) Raunaq EPC International Ltd. (REIL)		(iii) Vibrant Finance & Investments Pvt. Ltd. (VFIPL)		(iv) Xlerate Driveline India Limited (XDIL)																																																																															
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26.4.b	Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016: <table><thead><tr><th></th><th>KMP</th><th>Enterprises over which KMP is able to exercise significant influence</th></tr></thead><tbody><tr><td>Purchase of packing material (CSIPL)</td><td></td><td>6.98</td></tr><tr><td></td><td></td><td>(-)</td></tr><tr><td>Rent and other expenses (VFIPL)</td><td></td><td>16.61</td></tr><tr><td></td><td></td><td>(12.89)</td></tr><tr><td>Rent paid for premises taken on lease (SPK)</td><td>72.00</td><td></td></tr><tr><td></td><td>(72.00)</td><td></td></tr><tr><td>Rent paid for premises taken on lease (SK)</td><td>34.91</td><td></td></tr><tr><td></td><td>(34.85)</td><td></td></tr><tr><td>Reimbursement of maintenance charges paid for premises taken on rent (SPK)</td><td>3.73</td><td></td></tr><tr><td></td><td>(2.95)</td><td></td></tr><tr><td>Reimbursement of maintenance charges paid for premises taken on rent (SK)</td><td>1.41</td><td></td></tr><tr><td></td><td>(1.32)</td><td></td></tr><tr><td>Rent income (REIL)</td><td></td><td>10.20</td></tr><tr><td></td><td></td><td>(10.20)</td></tr><tr><td>Rent income (CSIPL)</td><td></td><td>0.48</td></tr><tr><td></td><td></td><td>(0.48)</td></tr><tr><td>Marketing service income (XDIL)</td><td></td><td>121.53</td></tr><tr><td></td><td></td><td>(105.84)</td></tr><tr><td>Remuneration (SPK)</td><td>189.17</td><td></td></tr><tr><td></td><td>(234.95)</td><td></td></tr><tr><td>Remuneration (SK)</td><td>130.43</td><td></td></tr><tr><td></td><td>(126.13)</td><td></td></tr><tr><td>Balances outstanding at the end of the year:</td><td></td><td></td></tr><tr><td>Receivables:</td><td></td><td></td></tr><tr><td>Long-term loans and advances (Refer Note 12)</td><td>70.00</td><td>5.00</td></tr><tr><td></td><td>(70.00)</td><td>(5.00)</td></tr><tr><td>Short-term loans and advances (Refer Note 17)</td><td></td><td>-</td></tr><tr><td></td><td></td><td>(0.07)</td></tr><tr><td>Other current assets (Refer Note 18)</td><td></td><td>32.18</td></tr><tr><td></td><td></td><td>(30.48)</td></tr></tbody></table>		KMP	Enterprises over which KMP is able to exercise significant influence	Purchase of packing material (CSIPL)		6.98			(-)	Rent and other expenses (VFIPL)		16.61			(12.89)	Rent paid for premises taken on lease (SPK)	72.00			(72.00)		Rent paid for premises taken on lease (SK)	34.91			(34.85)		Reimbursement of maintenance charges paid for premises taken on rent (SPK)	3.73			(2.95)		Reimbursement of maintenance charges paid for premises taken on rent (SK)	1.41			(1.32)		Rent income (REIL)		10.20			(10.20)	Rent income (CSIPL)		0.48			(0.48)	Marketing service income (XDIL)		121.53			(105.84)	Remuneration (SPK)	189.17			(234.95)		Remuneration (SK)	130.43			(126.13)		Balances outstanding at the end of the year:			Receivables:			Long-term loans and advances (Refer Note 12)	70.00	5.00		(70.00)	(5.00)	Short-term loans and advances (Refer Note 17)		-			(0.07)	Other current assets (Refer Note 18)		32.18			(30.48)
	KMP	Enterprises over which KMP is able to exercise significant influence																																																																																												
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		(30.48)																																																																																												

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

₹ lacs

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

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

26.5 Details of Leasing arrangements

(A) Finance Lease:

- (i) For net carrying amount as at 31 March, 2016 for assets acquired under finance lease. (Refer Note 11A Fixed assets)
- (ii) The maturity profile of finance lease obligations is as follows:

	Total minimum lease payments outstanding as at 31 March, 2016	Interest not due	Present value of minimum lease payments
Not later than one year	13.13	0.70	12.43
	(181.39)	(12.47)	168.92
Later than one year but not later than five years	-	-	-
	(13.13)	(0.70)	(12.43)
Total	13.13	0.70	12.43
	(194.52)	(13.17)	(181.35)

Note: Figures in brackets are for the previous year.

(iii) General description of these agreements:

-Some of these agreements contains renewal clause.

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

(B) Operating Lease:

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

	For the year ended 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
Residential flats/offices/godowns	220.44	213.13
Vehicle/Plant and machinery/Air conditioner	225.37	266.17

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

	As on 31 March, 2016 ₹ lacs	As on 31 March, 2015 ₹ lacs
not later than one year	164.53	164.82
later than one year and not later than five years	299.49	464.02
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 31 March, 2016 ₹ lacs	For the year ended 31 March, 2015 ₹ lacs
26.6	Earnings per share		
	<u>Basic and diluted:</u>		
	Net profit/(loss) for the year attributable to the equity shareholders	23.96	(420.51)
	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 ₹)	0.31	(5.38)
26.7	Components of deferred tax balances:	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
	<u>Tax effect of items constituting deferred tax liability:</u>		
	On difference between book balance and tax balance of fixed assets	605.30	669.01
	Others	150.14	131.43
	Tax effect of items constituting deferred tax liability	755.44	800.44
	<u>Tax effect of items constituting deferred tax assets:</u>		
	Provision for compensated absences, gratuity and other employee benefits	511.99	461.29
	Other disallowances under Section 43B of the Income Tax Act, 1961	61.65	35.85
	Unabsorbed depreciation	150.71	284.20
	Others	71.85	74.86
	Tax effect of items constituting deferred tax assets	796.20	856.20
	Deferred tax asset (net)	(40.76)	(55.76)
26.8	Details of provisions		
	Disclosures in pursuance of the Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets:		
	Provision for warranties	As at 31 March, 2016 ₹ lacs	As at 31 March, 2015 ₹ lacs
	Carrying amount at the beginning of the year	9.36	30.70
	Additional provision made during the year	1.39	0.12
	Amount used during the year	0.88	14.73
	Unused amount reversed during the year	6.84	6.73
	Carrying amount at the end of the year (Refer Note 10(b))	3.03	9.36
	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.		

For and on behalf of the Board of Directors

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

Sameer Kanwar
Joint Managing Director
(DIN : 00033622)

V.K. Pargal (DIN : 00076639)
W.R. Schilha (DIN : 00374415)
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: 24 May, 2016

Form No. SH-13

Nomination Form

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

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

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

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

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

(2) PARTICULARS OF NOMINEE/S

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

(3) IN CASE NOMINEE IS A MINOR

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

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

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

Name:

Address:

Name of the Security Holder(s)

Signature

Witness with name and address

Signature

Form No. SH-I4

Cancellation or Variation of Nomination

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

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

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

Or

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

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

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

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

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

(b) IN CASE NEW NOMINEE IS A MINOR

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

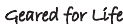
(3) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY

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

Signature

Name of the Security Holder(s)

Witness with name and address



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]

Jt. Holder 2

Address

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 (In case of Joint Holding, all the Joint Holders to sign)

[illegible]Pin Code

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E-mail Id

Cert. Nos.						
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	FROM	TO	DATE	REMARKS
Dist. Nos.				

FROM

FROM

Dist. Nos.					
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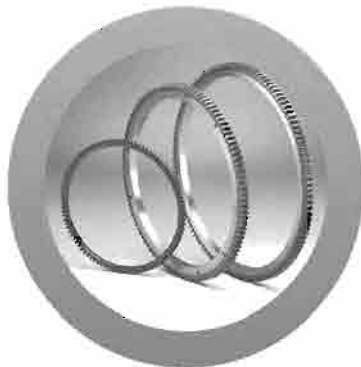
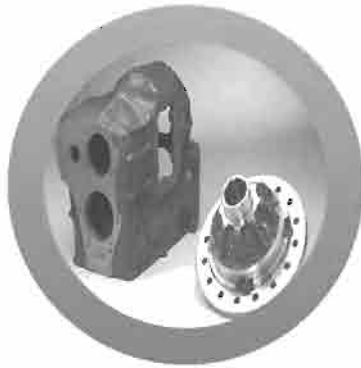
TO

TO

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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.





BHARAT GEARS LIMITED

Geared for Life

Registered Office

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

CIN: L29130HR1971PLC034365