



40th
Annual Report
2011 - 2012



Geared for Life

BHARAT GEARS LIMITED

Milestones

Milestones

1972

Foundation Stone laid at Mumbra Factory.

1974

Inauguration of the Hypoid Plant and Commencement of Production with 'Gleason Machines'.

1980

First 'Oerlikon Spiromatic Generator' installed. BGL becomes the First Company in INDIA to have both Cutting Systems under one Roof.

1981

Memorandum of Association signed with AFC-Holcroft, U.S.A. for technology to manufacture furnaces.

1985-2007

Technology & Financial Agreement with ZFAG Germany.

1987

Delivery for ZF S6-36 Gears & Shafts to Ashok Leyland Ltd. and ZFAG, Germany.

1987

Start of Assembly of ZF S5-24 Gear Boxes for Ashok Leyland.

1988

Start of business with DANA CORPORATION, USA

1994

BGL receives ISO 9002

1996

BGL crosses turnover of Rs. 1 Billion.

1998

Foundation Stone for Faridabad Plant Laid

2000

Start of Commercial Production in Faridabad

2000

BGL receives QS 9000 for Mumbra Plant

2001

BGL receives QS 9000 for Faridabad Plant

2004

BGL Faridabad starts supply to Toyota Kirloskar Auto Parts

2004

BGL Faridabad receives ISO 14001 certification

2005

BGL Faridabad & Mumbra receives TS 16949 certification

2008

Introduction of Dry Cut Hobbing process

2009

Introduction of Klinglenberg Close Loop CNC Gear Measuring system

2010

Introduction of Bevel Gear dry cutting process with close loop technology

2011

BGL Faridabad Receives OHSAS 18001 Certification



2012 Factory Foundation laid by BGL at Satara, Maharashtra



BHARAT GEARS LIMITED

BGL Automotive Components



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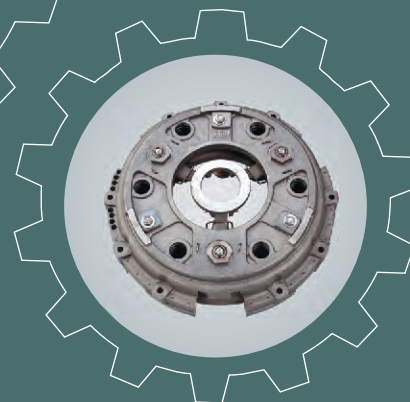
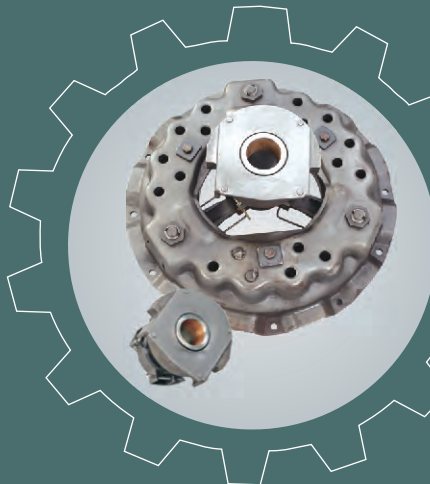


Technology

Quality

Control

Precision



DEALER NETWORK

-  Sales Office
-  Sales Office & Godowns
-  11 Dealers
-  55 Distributor Network



BHARAT GEARS LIMITED

Customers

PRODUCT RANGE

Bevel Ring Gears and Pinion
Differential Gears and Spiders
Transmission Gears and Shafts
PTO assemblies
Heat treatment Furnaces

QUALITY CERTIFICATIONS

ISO/TS 16949:2002 (Both Plants)
ISO 14001(Faridabad Plant)
OHSAS 18001 (Faridabad Plant)



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



Force Motors Ltd



Ashok Leyland Limited



Transaxle Manufacturing
of America (TMA) USA



Toyota Kirloskar Auto Parts Ltd.



Spicer India Ltd.
Dana India Ltd.



Godrej & Boyce
MFG.Co.Ltd



GE Aviation Systems LLC - USA



ZF China, India, USA



Axles India



EATON Corporation - USA



Agriking Tractors
& Equipments (P) Ltd.



Voltas Ltd.



Hyva India Pvt. Ltd.



Paharpur Cooling Towers Ltd.



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



CARRARO India, Italy, China



Escorts Ltd



John Deere Iberica, Spain



SML ISUZU Ltd.



Tractors and Farm Equipment Ltd.



VST Tillers & Tractors



Mahindra & Mahindra Ltd.



New Holland Fiat India Pvt. Ltd.



Mahindra Sona



JCB-India, UK



AVTEC Limited



MAN TRUCKS Pvt Ltd



CLAAS Tractor SAS France

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BGL Furnaces



Customers



Ashok Leyland



DRILBITS



Precision Fasteners



AAM India Manufacturing
(American Axles)



High Technology
Transmission Systems



Sona Koyo Steering
Systems



Bajaj Auto



AVTEC Limited



Sundaram Fasteners Ltd.



Bharat Earth Movers



Indian Railways



TATA Motors Ltd.



Exedy India Limited



Jagdamba Auto
Components



Timken India



Oerlikon Drive Systems



Mahindra & Mahindra



Tractor Engineers



Varroc



Preciforge and Gears



Mukand Limited



BHARAT GEARS LIMITED

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Mr. Surinder P. Kanwar
Chairman & Managing Director

Chairman's Message

Dear Shareholders,

The Year under review has been a period of contradictions. Our Government both at the National and State Level announced many new plans yet hardly any of those plans have been accomplished.

In the Year 2011- 2012, we as a nation, have faced many economic issues. I would like to share with you couple of them which have impacted the nation as a whole and industry in particular.

To begin with, my concern is with GDP growth which has been only around 6.5%. This is the lowest GDP growth in the last ten years. Among the many sectors of Industry which have been affected, I believe that the Manufacturing Sector has been affected the most.

Inflation was a matter of concern through out the year together with high borrowing costs. Inflation has eased a little in the last few weeks. But, there are still concerns with crude oil price, it continues to trade around \$100 Per Barrel. The weakening Rupee, in the last few months, has further increased the cost of import of petroleum and

petroleum products along with other imports of essential industrial materials.

The RBI has eased interest rate to some extent in the last quarter of 2011-12, 0.5% reduction though welcome, it does not reduce the cost of finance much. I do not expect interest rates to reduce significantly in the near future as the Government continues to run a Fiscal Deficit of over 5% and needs to continue to borrow from the Public. Consequently, Investors and Consumers Confidence is affected. The situation is further aggravated by anomalies in Public Policy and a severe slowdown in Government decision making processes.

Geographically, the situation is not very encouraging either, while the USA is going through a gradual process of recovery, Europe is in complete disarray. The sovereign bail out packages have not worked for Greece, Ireland and Spain and there are several uncertainties for the very existence of the Euro as a single monetary and economic association. Even China is witnessing a slowdown in its economic growth.



BHARAT GEARS LIMITED

Clearly, globally the macro-economic scenario is disturbing and there is a lot of uncertainty.

Notwithstanding happenings elsewhere, I am happy to inform you dear share holders that I am very optimistic about the future of our business.

As you are aware, Bharat Gears provides the power train components for requirements of commercial vehicles, Farm Tractors and Off Road construction equipment. India remains as our primary market, however, we are steadily growing our exports.

At present, agriculture commodities are priced very remuneratively, this translates into improved demand for farm equipments. The Indian Tractor Industry recorded 11% growth in Year 2011- 2012 as estimates by ICRA (a leading rating agency). They further estimate growth of Tractors at 8-9% per year for the next 5 years. During the period under review, the Commercial Vehicles sales in India grew by 19.8%, LCVs recorded 27.3% growth and M&HCVs recorded 10.8% growth.

In the USA, M&HCV recorded growth of 57.4% during this period. It is estimated that when ageing truck fleet in USA is scrapped, this segment will grow considerably more.

In the period under review, Bharat Gears performance both financially and in developing its market share has been very satisfactory.

The Financial Highlights are as follows:

- Total Income From Operations (Net of Excise) increased by 28.52% from Rs. 335.01 crores in 2010-11 to Rs. 430.55 crores in 2011-12.
- Profit after Tax (PAT) increased by 91.45% from Rs. 9.71 crores in 2010-11 to Rs. 18.59 crores in 2011-12.
- Earnings per Share (EPS) increased from Rs. 12.11 in 2010-11 to Rs. 23.63 in 2011-12.

While our positioning in terms of market segments have been good, market dynamics are continuously putting pressure on product prices. Given the intense competition that our customers are facing, it becomes imperative for us to continuously support them with better value propositions. You will appreciate that under current inflationary environment it is a difficult task to manage manufacturing costs and always meet the customer's goals.

In our business, there are two major inputs contributing to cost built up, namely, Steel and Energy. While Steel prices have remained at steady level, the energy costs continued to rise throughout 2011-2012. Crude oil prices were most of the time well above US\$ 85 a barrel and for good part of this period it was over US\$ 100 a barrel.

I believe, now in certain ways, we have evolved a business model that is well geared to seek opportunities

in these difficult times. The structured manner of approaching markets, strength of customer relationships and ability to service customers as partners holds us in good stead. While we continue to look at home markets, we are also reaching out to global opportunities. We have gradually and steadily built our exports business over the last few years. Today, around 20% of our top-line comes from exports. The equity that we have built with our marquee customers is being further strengthened to grow businesses with them and with other global clients.

Last Year, I had informed you that we had acquired land at Satara for establishing a new Plant. Today I wish to inform you that we have drawn up plans for manufacture of transmission parts at this new site. The construction work for the factory has also commenced.

As we scale up our operations and grow the business, we are conscious of the need to leverage our engineering skills to obtain the competitive advantage in the Industry.

As a first step to promote structured processes, we have implemented software for optimising design parameters of the products. In future we will also assist the OEMs in designing their power train assemblies by participating with their dedicated simultaneous engineering development teams. Going forward, product and process development will continue to be among our core activities. We are laying special emphasis on further strengthening our engineering cell for, It is our engineering prowess that has been instrumental in our being the leader in our Industry. We recognise the need to continue to focus on processes, technology, human skills and collective spirit to emerge as an internationally competitive Company.

It gives me pleasure in informing you that industrial relations at our plants were very cordial during the year and workers fully share our vision for the future.

Lastly, but not in the least I would like to express my appreciation to everyone at Bharat Gears for their contribution to the Company's performance. The members of the Executive Committee, who today operationally manage the day to day activities of the Company needs a special mention for all their efforts. The future of the Company will be determined by this Committee and the functional teams under them supported by our labour force.

I may take this opportunity to thank our partners and Customers for their cooperation. And, I extend my heartiest gratitude to you, the shareholders, for your continued support.



Surinder P. Kanwar
Chairman & Managing Director





Board Of Directors

Names in Order from left to Right Standing

Mr. Sameer Kanwar
Joint Managing Director

Mr. W. R. Schilha
Non-Executive Independent Director

Mr. S. G. Awasthi
Non-Executive Independent Director

Mr. V. K. Pargal
Non-Executive Independent Director

Mr. Rakesh Chopra
Non-Executive Independent Director



Names in Order from left to Right Sitting

Dr. Ram S. Tarneja
Non-Executive Independent Director

Mr. Surinder P. Kanwar
Chairman & Managing Director

Mr. N. J. Kamath
Non-Executive Independent Director



BHARAT GEARS LIMITED

Core Management Team



Mr. Milind Pujari
Chief Financial Officer



Mr. Sameer Kanwar
Joint Managing Director



Mr. P. C. Kothari
Head-Finance & Accounts



Mr. B. L. Pansare
Location Head (Faridabad)



Mr. Naresh Verma
Corporate Head-HR



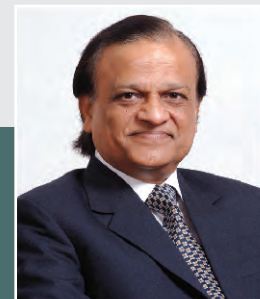
Mr. B.P. Shah
Head-Operations (Mumbra)



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



Mr. Jagdeep Singh
Business Head-After Market



Mr. Sanjeev Kumar Mital
Head-Material &
Central Purchase



Company Information

AUDIT COMMITTEE

Dr. Ram S. Tarneja
Mr. V. K. Pargal
Mr. N. J. Kamath
Mr. Rakesh Chopra

Chairman

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Mr. N. J. Kamath
Mr. Sameer Kanwar
Mr. Rakesh Chopra

Chairman

REMUNERATION COMMITTEE

Mr. N. J. Kamath
Dr. Ram S. Tarneja
Mr. V. K. Pargal

Chairman

FINANCE COMMITTEE

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

Chairman

REVIEW COMMITTEE

Mr. Surinder P. Kanwar
Mr. V.K. Pargal
Mr. Sameer Kanwar
Mr. N. V. Srinivasan

EXECUTIVE COMMITTEE

Mr. Sameer Kanwar
Mr. B. L. Pansare
Mr. B. P. Shah
Mr. Jagdeep Singh
Mr. K. K. Deshpande
Mr. Milind Pujari
Mr. Naresh Verma
Mr. P. C. Kothari
Mr. S. K. Mital

AUDITORS

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

CHIEF FINANCIAL OFFICER

Mr. Milind Pujari

GROUP HEAD (LEGAL) & COMPANY SECRETARY

Mr. Prashant Khattry

BANKERS

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

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
A-40, 2nd Floor,
Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall,
New Delhi - 110 028

REGISTERED OFFICE

20 K. M. Mathura Road, P. O. Amar Nagar,
Faridabad - 121003

CORPORATE OFFICE

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

PLANT LOCATIONS

- 1) Kausa Shil, Mumbra,
Distt. Thane - 400 612
Maharashtra
- 2) 20 K.M. Mathura Road,
P. O. Amar Nagar,
Faridabad - 121003
Haryana

BRANCH OFFICE

1009, Surya Kiran Building,
19, Kasturba Gandhi Marg,
New Delhi - 110001



BHARAT GEARS LIMITED

Notice

TO THE MEMBERS OF THE COMPANY

NOTICE is hereby given that the **40th Annual General Meeting (AGM)** of the Members of Bharat Gears Limited will be held as under:

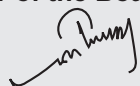
Day : Thursday
Date : 26th July, 2012
Time : 11:30 A.M.
Venue : Faridabad Industries Association,
FIA House, Bata Chowk,
Faridabad-121 001 (Haryana)

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ended March 31, 2012 together with Reports of the Directors and Auditors thereon.
2. To take note of interim dividend paid on Preference Shares for the year 2011-2012.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr. N.J. Kamath, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. V.K. Pargal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s Deloitte Haskins & Sells-Ahmedabad (ICAI Registration No. 117365W), Chartered Accountants, Statutory Auditors for the financial year 2012-13, and fix their remuneration.

By Order of the Board



Prashant Khattry
Group Head (Legal)
& Company Secretary

Place: Faridabad
Dated: June 25, 2012

NOTES:

- i. **A Member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint one or more proxies**

to attend and vote on a poll instead of himself/herself and the proxy need not be a Member of the Company. The instrument appointing proxy (ies) must, however, be received at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.

- ii. **NO GIFTS OR COUPONS SHALL BE DISTRIBUTED AT THE MEETING.**

- iii. Members/Proxies are requested to submit the enclosed Attendance Slip duly filled in and signed at the entrance of the venue for attending the Meeting. Members who hold shares in dematerialized form are requested to mention their Client ID and DP ID details and those who hold shares in physical form are requested to write Folio number in the attendance slip. **No Attendance Slip shall be issued at the Meeting.**

- iv. The Register of Members and the Share Transfer Books of the Company shall remain closed from July 20, 2012 to July 26, 2012 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.

- v. Dividend on the Equity Shares, if declared at the Meeting, will be paid to the Members whose names appear in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on July 19, 2012.

In respect of shares held in electronic form, the dividend will be paid to those 'beneficiaries' whose name appear on the statements of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose, at the end of the business hours on July 19, 2012. Dividend shall be paid on or before August 24, 2012. No income tax shall be deducted at the source from the dividend amount.

- vi. The Non Resident Indian Shareholders are requested to inform the Company immediately about:

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- a. The change in residential status on return to India for permanent settlement.
 - b. The particulars of NRO Bank Account in India, if not furnished earlier.
- vii. Members are requested to intimate their dividend mandates like bank account number, type and bank addresses in which they intend to deposit the warrants by a duly signed letter. The banks details can also be printed on the warrants to avoid any incidence of fraudulent encashment.
- The change in address, nomination etc, if any, to be effective must reach to the Registrar & Transfer Agent or the Registered Office of the Company by July 19, 2012. (Relevant Forms for nomination and updation of Shareholders information are enclosed at the end of the Annual Report).
- viii. Electronic Clearance System (ECS) is presently available at certain locations specified by Reserve Bank of India and/or State Bank of India. To avoid risk of loss and / or fraudulent encashment, members are requested to avail ECS facility where dividends are directly and promptly credited in electronic form to their respective bank accounts. (ECS Mandate Form is enclosed at the end of the Annual Report).
- ix. The documents referred to in the accompanying Notice and the Annual Report are open for inspection at the Registered Office of the Company during the office hours between 11.00 A.M. and 1.00 P.M. on all working days except Sundays up to the date of the Meeting and shall also be available at the venue.
- x. Members seeking any further clarification/ information relating to the Annual Accounts are requested to write at the Registered Office of the Company at least ONE WEEK before the date of the Meeting i.e. on or before July 19, 2012 to enable the management to keep the information ready at the Meeting.
- xi. Pursuant to Section 205C of the Companies Act, 1956, the unclaimed dividend till the financial year 1999-2000 has been transferred to the Investor Education and Protection Fund. There is no unclaimed/ unpaid dividend, which is required to be transferred to Investor Education & Protection Fund.
- xii. The shares of the Company are compulsorily traded in demat mode. Hence, the Members

who are still holding physical Share Certificates are advised that it is in their own interest to dematerialize their shareholding to avail benefit of dematerialization viz. easy liquidity, electronic transfer, savings in stamp duty and prevention of forgery.

- xiii. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the Share Certificate(s) to Link Intime India Pvt. Ltd., Registrar & Transfer Agent for consolidation into a single folio.
- xiv. As a measure of economy, copies of the Annual Report shall not be distributed at the Meeting, therefore members are requested to bring their own copies.
- xv. Members are requested to bring the Admission Slip duly filled in and hand over the same at the entrance of the Meeting Hall.
- xvi. Members are requested to register their e-mail address and changes in their particulars like change in address from time to time with Link Intime India Pvt. Ltd., Registrar & Transfer Agent for shares held in physical form and with their respective Depository Participants for shares held in dematerialized form.
- xvii. Members may please note that Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number of all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish a copy of PAN card to the Company/ Share Transfer Agent for registration of such transfer of shares.
- xviii. Corporate members are requested to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
- xix. For security reasons, no article/baggage will be allowed at the venue of the meeting. The members/ attendees are strictly requested not to bring any article/baggage etc. at the venue of the meeting.
- xx. The Ministry of Corporate Affairs (MCA) has taken a **"Green Initiative in Corporate**



Governance" and issued two Circulars nos.17/2011 and 18/2011 dated April 21, 2011 and dated April 29, 2011 respectively. Under first Circular no. 17/2011 dated April 21, 2011, MCA has, inter alia, clarified that a Company would have complied with Section 53 of the Companies Act, if the service of documents has been made through electronic mode provided that the Company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company.

It also provides that where any member has not registered his e-mail address with the company, the service of documents etc. will be effected by other modes of service as provided under Section 53 of the Companies Act, 1956.

Vide second Circular No. 18/2011 dated April 29, 2011, MCA has clarified that the company would be in compliance of Section 219(1) of the Companies Act, 1956, in case, a copy of Balance Sheet etc., is sent by electronic mail to its Members subject to the fact that Company has obtained-

- (a) e-mail address of its members for sending the Notice with Balance Sheet, Profit & Loss Statement, Auditor's Report, Director's Report and Explanatory Statement etc. through e-mail, after giving an advance opportunity to the members to register their e-mail address and changes there in from time to time with the Company or with the concerned depository.
- (b) Company's website displays full text of these documents well in advance prior to mandatory period and issues advertisement in prominent newspapers in both vernacular & english language stating that the copies of aforesaid documents are available on the website and for inspection at the Registered Office of the Company during office hours. Website must be designed in a way so that documents can be opened easily and quickly.
- (c) In cases where any member has not registered his e-mail address for receiving the Balance sheet etc., they will be sent by other modes of services

as provided under Section 53 of the Companies Act, 1956.

- (d) In case any member insist for physical copies of above documents, the same should be sent to him physically, by post free of cost.

Further Clause 32 of the Listing Agreement entered into by the Company with the Stock Exchanges provides that the Company shall supply:

- (i) Soft copies of full annual reports containing its Balance Sheet, Profit & Loss Statement and Directors' Report to all those shareholder(s) who have registered their e-mail address(es) for the purpose;
- (ii) Hard copy of statement containing the salient features of all the documents, as prescribed in sub-clause (iv) of clause (b) of proviso to section 219 of the Companies Act, 1956 to those shareholder(s) who have not so registered;
- (iii) Hard copies of full annual reports to those shareholders, who request for the same.

As a result, members are requested to register their e-mail address(es) and changes therein from time to time, by directly sending the relevant e-mail address alongwith details of name, address, Folio No., shares held:

- i) To the Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd for shares held in physical form and;
- ii) In respect of shares held in demat mode, also provide DP ID/ Client ID with the above details and register the same with their respective Depository Participants.

Upon registration of the e-mail address(es), the Company proposes to send Notices, Annual Report and such other documents to those members via electronic mode/e-mail.

By Order of the Board



**Prashant Khattry
Group Head (Legal)
& Company Secretary**

**Place: Faridabad
Dated: June 25, 2012**



Brief Resume of the Directors to be re-appointed at the forthcoming Annual General Meeting in pursuance to Clause 49 IV(G) of the Listing Agreement

1. Mr. N.J. Kamath, Director

Mr. N.J. Kamath, aged 90 years is a Non-Executive Independent Director of the Company since 22nd August, 1985. He is retired IAS Officer and is vastly experienced. During his tenure with the Government of India, he has served in various capacities in the Ministry of Finance, Ministry of Industry, Ministry of Supplies and Ministry of Urban Development. He has rich experience in General Administration, Management Strategy, HRD, Government Industry relationship, Corporate Governance etc. He is Chairman of the Shareholders'/Investors' Grievance Committee & Remuneration Committee of Bharat Gears Limited and also he is member of the Audit Committee of Bharat Gears Limited.

Mr. N.J. Kamath is a Director and Chairman/ Member of Committees of Board of the following other Companies:

S. No.	Name of the Company/Entity in which interested	Committee Chairmanship/ Membership
1.	-	-

As on 31st March, 2012, he does not hold any share in the Company.

2. Mr. V.K. Pargal, Director

Mr. V.K. Pargal, aged 79 Years is a Non-Executive Director of the Company since 24th January, 2002. He is a qualified Chartered Engineer from England. Presently, he is also managing a consultancy Company specializing in Business Strategies and Structures and he holds the Directorship in Pargal Consultants Private Limited. Apart from being the member of Remuneration Committee of Bharat Gears Limited, he is also the member of Audit Committee of Bharat Gears Limited.

Mr. V.K. Pargal is a Director and Chairman/ Member of Committees of Board of the following other Companies:

S. No.	Name of the Company/Entity in which interested	Committee Chairmanship/ Membership
1.	Raunaq International Limited	Member-Audit Committee

He also holds directorship in following Private Limited Companies:

S. No.	Name of the Company/Entity in which interested
1.	Pargal Consultants Private Limited

As on 31st March, 2012, he holds 100 shares in the Company.



BHARAT GEARS LIMITED

Directors' Report

To The Members

The Directors have pleasure in submitting 40th Annual Report together with Audited Accounts of your Company for the year ended on 31st March, 2012.

(₹/Crores) Financial Year Ended		
Financial Results	31.03.2012	31.03.2011
Revenue from Operations & Other Income (Gross)	473.47	359.67
Profit Before Finance Cost & Depreciation and Amortisation Expense	50.23	32.11
Finance Cost	12.69	8.56
Depreciation and Amortisation Expense	10.78	9.09
Profit Before Tax	26.76	14.46
Less: Tax Expense	8.17	4.75
Profit After Tax	18.59	9.71

(₹/Crores) Financial Year Ended		
Surplus in Statement of Profit & Loss	31.03.2012	31.03.2011
Opening Balance	14.91	8.85
Add: Profit for the Year	18.59	9.71
Less: Interim Dividend Preference	0.10	0.21
Less: Proposed Dividend Equity	1.41	1.17
Tax on Distributed Profits	0.25	0.23
Transferred to General Reserve	2.00	1.00
Transferred to Capital Redemption Reserve	1.04	1.04
Closing Balance	28.70	14.91

DIVIDEND

- (i) **Series VI, VII and VIII of 10% Cumulative Redeemable Non-Convertible Preference Shares (CRNPS):** The Board is pleased to recommend final dividend of Rs. 10/- per Share

on 10% 104250 CRNPS of Rs. 100/- each for the year ended 31st March, 2012 amounting to Rs. 0.10 crores which has already been paid as Interim Dividend since the Preference Shares in Series VI, VII and VIII as per the terms, had been redeemed on 31st March, 2012. This attracted Dividend Tax of Rs. 0.02 crores, which has also been paid.

- (ii) **Equity Shares:** The Board also recommend Dividend of Rs. 1.80/- per Equity Share on 7817833 Equity Shares of Rs. 10/- each of the Company for the year ended 31st March, 2012. This amounts to Rs. 1.41 crores and Rs. 0.23 crores towards Dividend Tax.

Total payout of the Company works out to Rs. 1.51 crores for Dividend and Rs. 0.25 crores for Dividend Tax for the Company.

FINANCIAL AND OPERATIONAL PERFORMANCE

While the Fiscal 2011-12 commenced on an optimistic note ushering in an impressive growth in exports and foreign exchange inflows; yet the economy experienced slowdown as the year progressed. However, the Company has maintained satisfactory progress in all business segments notwithstanding economic upheavals in International Markets.

Particulars	(₹/Crores)	Growth over Previous Year
Turnover	473.47	+32%
EBITDA	50.23	+56%
PBT	26.76	+85%
PAT	18.59	+91%

- Increase in turnover is mainly driven by growth in demand from OE Customers - both Domestic and Overseas in FY 2011 - 2012.
- Improvement in EBITDA margin to 10.61% in FY 2011 - 2012 against 8.93% in FY 2010 - 2011 is on account of volume growth and profit on sale of land.
- PAT was higher at Rs. 18.59 crores in FY 2011 - 2012 compared to Rs. 9.71 crores in FY 2010 - 2011.
- Current year profit includes a net positive impact of Rs. 3.00 crores, on account of Profit on Sale/ Transfer of leasehold rights in respect of part of Company's leasehold land.



During the year, the company continued to make investments for capacity expansion and technology upgradation. Besides using internal accruals, the company focused on augmenting resources through cost-effective borrowings. Accordingly, the company availed long term borrowing of Rs. 13.19 crores to part finance acquisition of Plant and Machinery. The Company also repaid Rs. 11.54 crores of existing borrowings to Financial Institutions and Banks.

The Company has undertaken suitable steps for raising long term financial resources in FY 2012-13 to match the Company's resource requirement(s) for investing in technology improvement and balancing equipments in existing plants. The Company is also setting up a new power train components manufacturing facility at Lonand, in the district of Satara, Maharashtra.

REDEMPTION OF PREFERENCE SHARES

During the year under review, the company has redeemed balance 50% of Series VI, VII & VIII 10% Cumulative Redeemable Non-Convertible Preference Shares, 1,04,250 in Nos., issued under the Corporate Debt Restructuring at par comprising out of the profits for the year and the payment of Rs. 1.04 crores has been made to the respective Preference Shareholders on redemption.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY AND BUSINESS OVERVIEW

The Indian economy has grown by 6.8% in FY 2011-12, and automotive industry in India has recorded steady growth. Especially last two quarters were encouraging as far as manufacturing & trade/transport sectors are concerned. Further, economy is projected to grow at around 6.5 - 7 % in FY 2012 - 13 under certain assumptions made relating to global economy & domestic policy responses.

High Inflation & increase in fiscal deficit are the major contributors to dampen the GDP growth for FY 2012-13. Policy formulation has become even more difficult with the volatility witnessed in the forex market, where the rupee has tended to move downwards steeply.

(a) INDUSTRY STRUCTURE AND DEVELOPMENTS IN THE INDUSTRY:

Tractor Industry in India:

We have seen growth of only 9% in Indian Tractor Industry for FY 2011-12. It was due to demand correction on account of increase in interest rates, high material costs, increase in excise duty & lower farm income. In the current

year, we expect the industry to grow by 5 - 6 %. In the previous two years, tractor industry maintained good growth. However, in 2011-2012, a correction in the growth rate has taken place. Again, optimistic forecast of normal monsoon and corrections in other economic parameters will bore well for the tractor industry.

The export markets for tractor components are promising.

Commercial Vehicles:

Thanks to the increase in Infrastructure spend, rapid urbanization and entry of major multinational players in the Country. The Indian Commercial Vehicle sale is expected to do well.

Overall commercial vehicle sales in India grew 15% in FY 2011-12.

The LCV Market performed very satisfactorily, the Medium and Heavy Trucks, unfortunately did not perform well due to slowdown in the Industrial and Mining activities coupled with High Finance Costs.

We expect the commercial market to grow at the rate of 8 - 10 % with major volume contribution by LCV segment.

Off-Highway Vehicles & Construction Equipment:

The construction equipment market will continue to be driven by the development of infrastructure and economic growth of the country. The Government is increasing focus on infrastructure development and is also taking policy measures to improve investor confidence and attract foreign investment. Further it is encouraging Public Private Partnership (PPP) for infrastructure development.

This sector is expected to maintain satisfactory growth.

(b) SWOT ANALYSIS:

Opportunities & Threats:

Indian Automobile component industry has generally performed well and has been now accepted by international vehicle manufacturers also as a dependable source of supply of components both in price and quality.

Our company is exploring opportunities in different geographies both with OEM and after sales markets.

Our threats emanates from increased cut throat competition from MNCs, in South East Asia and China, their aggressive pricing strategies are a stiff competition for Indian component industry.

Raw material price volatility has been a concern for all manufacturing companies in India. Increase in crude oil price globally, is another concern for Indian auto industry.



Strengths & Weaknesses:

Our strength is in our capability to manufacture gears in all three systems of gear manufacturing. We are today the largest gear manufacturers in India. We continue to remain preferred supplier to major OEM.

Our risks are spread in homogeneous manner to various segments & markets as we have a strong customer base in various countries.

With no control on petroleum prices, which is one of the major Inputs in our manufacturing process, we remain vulnerable to international competitive prices and disadvantaged on account of high interest costs.

(c) OUTLOOK:

While demand from CV, LCV and utility vehicle segment continues to be strong, the domestic farm equipment sector is expected to grow at moderate rate; however demand from global agriculture market is strong. The export of components, presently at 18% of our turnover is expected to grow higher. Our new facility and upgradation of the present manufacturing capacity, will enable us to improve our export potential.

We estimate that a good monsoon and well intended Government policy to encourage infrastructure and rural development will enable us to grow well.

(d) RISKS & CONCERNS:

The Company is exposed to the following risks. However, adequate steps have been taken to minimize the effect of these risks.

- a. Foreign currency risks
- b. Raw material prices
- c. Availability and cost of capital for capital expenditure

(e) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company maintains adequate internal control systems, which ensures proper recording of all transactions of its operations.

Independent firms of chartered accountants carry out internal audit of the company. The audit is carried out at periodic intervals to ensure that the company's internal control systems are adequate and complied with.

Both plants of the company continue to be certified under **ISO/TS16949**.

Faridabad plant is also certified under **ISO/14001** and **EHS - OHSAS 18001** certification by **BVC**.

(f) DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Industrial relations at both plants continued to be cordial.

24 Employees under the voluntary retirement scheme separated during the year.

Employees' headcount at the end of the year was 1322.

A statement required under section 217(2A) of the Companies Act, 1956 is annexed.

FIXED DEPOSITS

During the year under review, the company did not accept any fixed deposits. In terms of section 205C of the Companies Act, 1956, the deposit and interest thereon, which remains unclaimed for a period of seven years from the date when it became due is required to be deposited with the Investor Education and Protection Fund established under the Companies Act, 1956. During the year, there was no amount required to be transferred to Investor Education and Protection Fund.

CORPORATE GOVERNANCE

The company is committed to maintain the highest standards of corporate governance. The report on corporate governance as stipulated under clause 49 of the Listing Agreement forms part of this report.

The requisite certificate of compliance from Statutory Auditors, Deloitte Haskins & Sells, confirming compliance with the conditions of corporate governance, is attached to this report.

DIRECTORS

In accordance with section 256 of the Companies Act, 1956 and the Articles of Association of your company, Mr. N.J. Kamath and Mr. V.K. Pargal, directors retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

The brief resume of the directors proposed to be re-appointed is given in the corporate governance report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have 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 31st March, 2012 and of the profits of the company for the period ended on that date;

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

DISCLOSURES UNDER SECTION 217 OF THE COMPANIES ACT, 1956

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.

PARTICULARS OF EMPLOYEES

Information regarding employees in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is given in Annexure 'A' to the Directors' Report.

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

The information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'B' to the Directors' Report.

AUDITORS

The Statutory Auditors, M/s Deloitte Haskins & Sells-Ahmedabad (ICAI Registration No. 117365W) Chartered Accountants (DHS), hold office until the conclusion of the forthcoming Annual General Meeting. The Board recommends for their re-appointment as Statutory Auditors of the company for the year 2012-2013. Certificate from the auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

The observations of the auditors in their report are self-explanatory and/or explained suitably in the notes forming part of the financial statements.

COST AUDIT

M/s M.K. Kulshrestha & Associates, Cost Accountants, conducted the audit of the cost records of both the plants of the company for the year ended 31st March, 2011. Further, the company has proposed their appointment subject to the Central Government approval, as Cost Auditors for auditing the cost records of both the plants of the company for the year ended 31st March, 2012.

RECONCILIATION OF SHARE CAPITAL AUDIT

As per the directive of the Securities and Exchange Board of India (SEBI), M/s AGB & Associates, Company Secretaries, Faridabad undertakes a reconciliation of Share Capital Audit 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 Bombay Stock Exchange, 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 Bombay Stock Exchange, Mumbai and National Stock Exchange of India Limited, Mumbai.

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



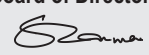
Place: Mumbai
Dated: 30th May, 2012

Surinder P. Kanwar
Chairman and Managing Director



Annexure - 'A'

BHARAT GEARS LIMITED
Information Pursuant to Section 217 [2A] of the Companies Act, 1956, read with Companies
(Particulars of Employees) Rules, 1975 as amended up to Date and Forming Part of the Directors'
Report for the year ended 31st March, 2012

Sl. No.	Name	Age in Years	Qualification	Designation	Date of Commencement of Employment	Years of Experience	Remuneration (₹ in Lacs)	Particulars of Last Employment
A. Employed throughout the year ended 31st March, 2012 & were in receipt of Remuneration aggregating not less than Rs. 60,00,000/- per annum.								
1.	Surinder P. Kanwar	59	B. Com	Chairman & Managing Director	01.10.1990	37	195.23	Managing Director BST Mfg. Ltd.
2.	Sameer Kanwar	35	B.A. (Eco.)	Joint Managing Director	01.02.2002	12	90.41	Management Trainee ZF (AG) Germany
B. Employed for the part of the year ended 31st March, 2012 & were in receipt of remuneration aggregating not less than Rs. 5,00,000/- per month NIL								
NOTES :								
01. Remuneration includes Salary, Allowances, Ex-gratia, Co's Contribution to Provident & Superannuation Funds and value of other perquisites on the basis of Income Tax Act, 1961.								
02. Except Mr. Sameer Kanwar, Joint Managing Director, who is a relative of Mr. Surinder P. Kanwar, Chairman & Managing Director of the Company, none of the employee is related to any of the director of the company.								
03. All the appointments except that of Mr. Surinder P. Kanwar & Mr. Sameer Kanwar are Non-Contractual.								
For and on behalf of the Board of Directors								
 Surinder P. Kanwar Chairman & Managing Director								
Place : Mumbai								
Date : 30 th May, 2012								

Annexure - 'B'

Report on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo and forming part of Directors' Report for the year ended 31st March, 2012.

A. Conservation of Energy**a) Energy conservation measures taken :**

- Conversion of DG sets to PNG Fuel Generator sets has been completed in Faridabad Plant thereby reducing fuel costs and pollution.
- Old coated metal sheets from the shop floor roof were replaced with the transparent sheets whereby reducing power requirement in day time.
- Some machines are retrofitted with CNC Systems with which old high consumption motors got replaced.
- Four Nos. of GPC'S and two Nos. of CGC'S furnaces were changed with PNG which is more Eco Friendly and efficient fuel.
- HPMV & HPSV type Street Lights, Shop Bay Lamps and Shop Emergency Lights were replaced with energy efficient CFL Type Lamps.
- The Filament type machine lamps were replaced by 9 Watts CFL lamps.
- Roof ventilators driven on natural wind energy were installed to improve shop ventilation & reduce the electrical energy requirement.
- Replaced high alumina bricks on one batch type furnace by ceramic fiber lining to cut down the fuel (LPG) consumption.
- Auto control light panels are installed for shop floor lighting in CNC Shop at Mumbra plant to reduce the energy consumption.

b) Additional investments & proposal, if any being implemented for consumption of energy :

- Balance centrifugal pumps to be replaced by submersible pumps.
- Another 50 Nos. roof ventilators to improve the ventilation by natural wind energy.
- Tube lights on the shop floors to be replaced with dome type CFL lamps.

c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

- Most of the suggestions given in energy audit of Mumbra plant by ABS Industrial Verification (India) Pvt. Ltd. are implemented.
- MSEDCL, the power supply company gives incentive of the energy charge to consumers who maintain Unity Power Factor, BGL Mumbra is continuing to avail this discount.



- d) Total energy consumption and energy consumption per unit of production as per Form A of the annexure in respect of industries in the schedule thereto :

----- Not Applicable -----

B. Technology Absorption

- e) Efforts made in technology absorption are as per Form B of the Annexure:

(Form - B)

Form for disclosure of particulars with respect to absorption

Research and Development (R & D)

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. However, the company extends the design software facility for developing the new products to their customers.

Hence, Clauses 1 to 4 relating to research and development are not applicable.

Technology Absorption, Adaptation and Innovation.

1.	Efforts in brief, made towards technology absorption, adaptation & innovation.	The Company has successfully developed the samples of hypoid bevel gear through near net shaped tooth forged gear route and currently samples are under validation/testing. The Company is currently in process of installing & commissioning of new Universal Batch Quenching (UBQ) carburizing line for heat treatment at leading automotive manufacturing plant using "Batch Master" furnace monitoring & control system with advance features like carbon diffusion calculation software etc. Company is actively working on automation of design activities of process planning & tool/Jig/fixture design etc. by developing tailor made software for transmission products. Focus is on technology upgradation. The Company will be adding new productive machines being Klingelnberg CNC - C50 bevel gear cutting machine and Gleason Hurth - SRS-400 shaving cutter sharpening machine in the financial Year F-13, which will help in getting high accuracy gears and also will reduce development lead time.
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	1) Opportunity of additional business of designing/erection & commissioning of furnaces 2) Reduction in lead time of new product development.
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: a) Technology imported b) Year of import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons therefore & future plans of action.	NotApplicable NotApplicable NotApplicable NotApplicable

C. Foreign Exchange Earnings and Outgo:

f)	Activities relating to exports; initiatives taken to increase export; development of new export markets for products and services; and export plans.	We have identified fresh opportunity in export market which can lead to substantial growth.	
g)	Total foreign exchange used and earned: The particulars with respect to foreign earnings & outgo are as follows:	(₹ In Lacs)	
		2011-2012	2010-2011
	Foreign exchange earned	8059.69	4882.97
	Foreign exchange used	1753.60	1519.03
	Net foreign exchange earnings	6306.09	3363.94

For and on behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director

Place: Mumbai
Dated: 30th May, 2012



BHARAT GEARS LIMITED

Corporate Social Responsibility

Bharat Gears Limited (BGL) is a pioneer in gear technology and India's largest gear manufacturer. Over the years of growth and existence, it has contributed to the lives of its associates, stakeholders in many different ways. We have also contributed to society especially the needy persons in our special ways and through various NGOs.

Read ahead to follow how BGL has been making a difference to the lives of thousands of people through its social welfare endeavours.

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.

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

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

Further the Company has contributed towards upgrading the infrastructure in the local surroundings and thus making life easy for the general public in the neighbourhood. Moreover, it has developed and **maintaining a park at the road crossing** thereof contributing in making the environment green and clean.

The brief details are hereunder mentioned:

Upgrading the Infrastructure in the Local Surroundings

The Company has built a road alongside with the Railway Crossing which through a tunnel get to the otherside of the Railway track. Earlier general public used to wait for long at the Railway Crossing or used to take a long alternate route to come to the other side of the railway track. Also some of the persons have died of accidents while crossing the railway crossing when the gates are closed. The Company understands its social responsibility towards the society at large and thus laid down the road surface alongside with the Railway track. Now this road is being used by general public in large which reduces jam at the Railway Crossing and no casualty of any kind has been reported.

The Company had in the past taken an initiative for **repairing and carpeting the Anangpur Road to Delhi-Mathura Road for the betterment of the local community both Residential and Commercial**. In order to achieve that, the Company had approached the Haryana PWD Departments and had given several representations to them. Currently the road is being used by several thousand commuters on daily basis and now considered as a vital road link between Sarai Khwaja and Suraj Kund, Faridabad.

Green Initiative by BGL

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

Scholarship to Needy Students for Education

Surinder P. Kanwar Foundation set up by the company helps the poor and needy children by providing scholarships to them for undergoing the basic education. We believe that educating people is a best way to help the society in specific, and the country as a whole.





Corporate Governance Report

For the Year ended March 31, 2012
(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance at Bharat Gears Limited takes care of overall well-being and welfare 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 and international 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



BHARAT GEARS LIMITED

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. As on March 31, 2012, the Board consists of 8 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.

A. Board's definition of Independent Director

Independent Director shall mean Non-Executive Director of the Company who:

- i. apart from receiving the Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its Subsidiaries and Associates which may affect Independence of the Director;
- ii. is not related to Promoters, Chairman, Director, Managing Director, Whole Time Director, Secretary, CEO or CFO and to any person in the management at one level below the Board;
- iii. has not been an Executive of the company in the immediately preceding three financial years;
- iv. is not a Partner or an Executive or was not Partner or an Executive during the preceding three years, of any of the following:
 - a. the Statutory Audit Firm or the Internal Audit Firm that is associated with the Company, and
 - b. the Legal Firm(s) and Consulting Firm(s) that have a material association with the entity.
- v. is not a material supplier, service provider or customer of the Company which may affect independence of the Directors. This includes lessor-lessee type relationships also; and
- vi. is not a substantial shareholder of the Company, i.e. owning two percent or more of the block of voting shares.
- vii. is not less than 21 years of age.

The Board of Directors of the Company 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 percent (1 per cent) or more of total turnover of the Company, as per latest audited annual financial statement.

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

Sl. No.	Name of Director(s)	Category	No. of Board Meetings attended ^A	Attendance at last AGM	No. of outside Directorships held ^B	No. of Memberships / Chairmanships in Board Committees ^C	
						Member	Chairman
1.	Mr. Surinder P. Kanwar	Executive Director (Chairman & Managing Director)	4	Present	2	1	–
2.	Mr. Sameer Kanwar	Executive Director (Joint Managing Director)	4	Present	–	1	–
3.	Mr. W.R. Schilha	Independent Director	4	Present	–	–	–
4.	Dr. Ram S. Tameja	Independent Director	3	Present	10	5	2
5.	Mr. N.J. Kamath	Independent Director	4	Present	–	1	1
6.	Mr. V.K. Pargal	Independent Director	3	Present	1	2	–
7.	Mr. S. G. Awasthi	Independent Director	3	Absent	–	–	–
8.	Mr. Rakesh Chopra	Independent Director	3	Present	2	3	1

A Attendance at the Board Meetings relevant to the period, when Director of the Company.

B Excluding Directorship in Private Companies, alternate Directorship, Companies registered under Section 25 of the Companies Act, 1956 and Foreign Companies.

C For the purpose of considering the limit of the Committees on which a Director can serve, all Public Limited Companies, whether listed or not, are included and all other Companies including Private Companies, Foreign Companies and the Companies under Section 25 of the Companies Act, 1956 are excluded. Further, it includes Membership/Chairmanship of Audit Committee and Shareholder's/Investors Grievance' Committee only. None of the Directors of your Company is a Member of more than ten (10) Committees or is the Chairman of more than five (5) Committees across all Public Limited Companies in which they are Directors. The Membership /Chairmanship also includes Membership / Chairmanship in Bharat Gears Limited.

D Mr. Surinder P. Kanwar is father of Mr. Sameer Kanwar. Mr. Sameer Kanwar has been appointed as Joint Managing Director w.e.f. June 1, 2008.

E Mr. V. K. Pargal is also a Director on the Board of Pargal Consultants Pvt. Ltd (PCPL), which is providing consultancy

service to the Company in its professional capacity. Professional fees paid to PCPL for the year 2011-2012 is Rs. 1,08,000/-. The Board is of the opinion that such payments in the context of overall expenditure by the Company, is not significant and does not affect his independence. Mr. V.K. Pargal is holding 100 shares of the Company.

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

B. Board Meetings

During the financial year 2011-12, Four (4) Board Meetings were held on the following dates. The gap between any two meetings was not more than four (4) months as mandated in Clause 49 of the Listing Agreement: -

- 27th May, 2011;
- 26th July, 2011;
- 04th November, 2011 and
- 07th February, 2012

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:

- Annual Operating Plans and Budgets.
- 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 compliance reports of all laws applicable to the Company, prepared by the Company.

3. BOARD COMMITTEES

A. Audit Committee

I. Constitution and Composition

The "Audit Committee" comprises of the following four (4) Non-Executive and Independent Directors, who have financial/accounting acumen to specifically look into internal controls and audit procedures. All the members are financially literate and have accounting and financial management expertise. The **Table-2** gives the composition of the Audit Committee and the attendance record of members of the Committee:

Table-2

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

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 un-audited & annual audited financials of the company before submission to the Board of Directors for their consideration and approval. The Committee also reviewed the Internal Control Systems and Internal Audit Reports.

The Chairman of the Committee was present at the last Annual General Meeting to answer the Shareholders' queries.

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

II. Audit Committee Meetings

During the year, five (5) meetings of the Audit Committee were held on the following dates:

- 26th May, 2011;
- 26th July, 2011;
- 05th September, 2011;
- 04th November, 2011 and
- 07th February, 2012.

III. Powers of Audit Committee

The Audit Committee has been empowered with the adequate powers as mandated in the Clause 49 of the Listing Agreement, which includes the following:

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



IV. Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
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 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 (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any Related Party Transactions.
 - g. Qualifications in the Draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 5A. 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.
6. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.

7. 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.
8. Discussion with Internal Auditors any significant findings and follow up there on.
9. 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.
10. 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.
11. 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.
12. To review the functioning of the Whistle Blower mechanism existing in the Company.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
13. Reviewing the Company's Financial and Risk Management Policies.
14. 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 Agreement, Companies Act and other Statutes.

V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;



4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

B. Remuneration Committee

I. Constitution and Composition

In terms of the non-mandatory requirement of Clause 49 of the Listing Agreement, and Schedule XIII of the Companies Act, 1956, the "Remuneration Committee" was constituted on 22nd April, 2002. The said Committee has been empowered to consider, approve and recommend the remuneration of the Whole Time Director /Managing Director.

Pursuant to Schedule XIII of the Companies Act, 1956 as amended upto date, in case of no profits or inadequate profits, the Remuneration Committee has been empowered to consider, approve and recommend the remuneration of Whole Time Director/Managing Director.

The Remuneration Committee constitutes of following three Directors. **Table - 3** gives the details:

Table - 3

Sl. No.	Name of Member	Designation
1.	Mr. N.J. Kamath	Chairman
2.	Dr. Ram S. Taneja	Member
3.	Mr. V.K. Pargal	Member

During the financial year 2011-2012, one meeting of the Committee was convened on May 26, 2011 and it was attended by majority of Members of the Committee. The Committee considered and recommended the payment of increased remuneration payable to Mr. Sameer Kanwar, Joint Managing Director of the Company for the remaining period of 2(two) years of his tenure w.e.f 1st June, 2011 as already approved by the shareholders of the company in their Extraordinary General Meeting held on 29th May, 2009.

The Chairman of the Remuneration Committee was present at the last Annual General Meeting, to answer the shareholders' queries.

The remuneration policy of the company is based on the need to attract the best available talent and be in line with the industry levels.

C. Shareholders'/Investors' Grievance Committee

The "Shareholders'/Investors' Grievance Committee" has been empowered to look into the Shareholders'/ Investors' grievances and redressal of the same. 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-4** gives the composition of the Shareholders'/ Investors' Grievance Committee and the attendance record of Members of the Committee:

Table - 4

Sl. No.	Name of Member	Designation	No. of meetings Held/Attended
1.	Mr. N.J. Kamath	Chairman	1/1
2.	Mr. Rakesh Chopra	Member	1/1
3.	Mr. Sameer Kanwar	Member	1/0

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

I. Shareholders' / Investors' Grievance Committee Meetings

During the Financial Year 2011-12, the Committee met One (1) time on 05th January, 2012 and 99 Letters/ Requests/Complaints were received from the Shareholders till 31st March, 2012; and were replied/ resolved to the satisfaction of the shareholders. All the requests for transfers and transmissions have been duly acted upon and no such request was pending as on 31st March, 2012.

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;

- a. Mr. Surinder P. Kanwar, Chairman and Managing Director
- b. Mr. Sameer Kanwar, Joint Managing Director
- c. Mr. P.C. Kothari, Head (Finance and Accounts)
- d. Mr. Prashant Khattri, Group 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.

D. 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-5** gives the composition of the Finance Committee:

Table-5

Sl. 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 & Managing Director and Mr. Sameer Kanwar is Joint Managing Director.

During the year, no Meeting of the Finance Committee was convened.

4. COMPLIANCE OFFICER

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



5. DIRECTORS

Re-appointment of existing Non-Executive Rotational Directors

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

The **Table-6** gives the information pertaining to the directors who are to be re-appointed in the forthcoming Annual General Meeting:

Table - 6

Sl. No.	Particulars of Directors
1.	Mr. N.J. Kamath, Director Brief Resume: Mr. N.J. Kamath, aged 90 years is a Non-Executive Independent Director of the Company since 22nd August, 1985. He is retired IAS Officer and is vastly experienced. During his tenure with the Government of India, he has served in various capacities in the Ministry of Finance, Ministry of Industry, Ministry of Supplies & Ministry of Urban Development. He has rich experience in General Administration, Management Strategy, HRD, Government Industry relationship, Corporate Governance etc. He is Chairman of the Shareholders'/Investors' Grievance Committee & Remuneration Committee of Bharat Gears Limited and also he is member of the Audit Committee of Bharat Gears Limited. As on 31st March, 2012, he does not hold any Share in the Company.
2.	Mr. V.K. Pargal, Director Brief Resume: Mr. V.K. Pargal, aged 79 Years is a Non-Executive Director of the Company since 24th January, 2002. He is a qualified Chartered Engineer from England. Presently, he is also managing a consultancy company specializing in Business Strategies and Structures and he holds the directorship in Pargal Consultants Private Limited. Apart from being the member of Remuneration Committee of Bharat Gears Limited, he is also the member of Audit Committee of Bharat Gears Limited. As on 31st March, 2012, he holds 100 shares in the Company which is well below 1% of the total Paid Up Equity Share Capital of the Company and does not affect his independence.



6. GENERAL BODY MEETINGS

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

Annual General Meetings

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2010-2011	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana)	26.07. 2011 12.00 Noon	No
2009-2010	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana)	29.07. 2010 4.30 P.M.	Yes A. Re-appointment of Mr. Surinder P. Kanwar as Chairman & Managing Director for a further period of 5 Years with increased remuneration
2008-2009	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad - 121001 (Haryana)	31.07. 2009 11:00 A.M.	No

Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the financial year ended 31st March, 2012.

Postal Ballot

During the financial year 2011-2012, the company has obtained the approval of its members by passing a Resolution under Section 31 of the Companies Act, 1956 as Special Resolution by Postal Ballot in accordance with the procedure prescribed in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011. Mr. Sameer Kanwar, Joint Managing Director and Mr. Prashant Khattri, Group Head (Legal) & Company Secretary of the Company were authorised by the Board of Directors of the Company to conduct the Postal Ballot Process and Mr. K.B. Mudgal failing him Ms. Babita Aggarwal of M/s AGB & Associates, Company Secretaries, Faridabad was appointed as the Scrutinizer by the Board to conduct the said Postal Ballot Process in fair and transparent manner.

The result of voting, conducted through Postal Ballot for passing of the Special Resolution under Section 31 of the Companies Act, 1956, relating to alteration of Articles of Association (AOA) of the company by adding Article No. 75(a) and 119(a) after the existing Article No. 75 and 119 thereof respectively authorizing the Company to conduct the meetings of Members and Board/ Committee through electronic mode i.e. Video Conferencing had been announced by the Joint Managing Director on 28th December, 2011 and the same is reproduced here:

Particulars	No. of postal Ballot forms	No. of shares	% of total Paid Up Equity Capital
Total Postal Ballot Forms Received	148	41,88,508	53.58
Less : Invalid Postal Ballot Forms	08	1,586	0.02
Net Valid Postal Ballot Forms	140	41,86,922	53.56
Postal Ballot Forms with Assent for the Resolution	132	41,86,248	53.55 (representing 99.98% votes cast in favour of resolution)
Postal Ballot Forms with Dissent for the Resolution	08	674	0.008 (representing 0.02% votes cast against the resolution)

No special resolution is proposed to be conducted through Postal Ballot.

7. DISCLOSURES

A. Basis of Related Party Transactions

During the year 2011 - 2012, there were no material individual transactions with related parties, which are not in normal course of business or are not on an Arm's Length basis. The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and review. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board, and the interested directors do not participate in the discussion nor do they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes to Accounts forming part of the Financial Statements.

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

The Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

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

D. Compliance by the Company

There were no instances of any non - compliance by the Company nor 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.



E. Management

Management Discussion and Analysis forms part of the Annual Report to the shareholders for the financial year 2011-2012.

F. Whistle Blower

The Company has laid down a complete Whistle Blower Policy, which is available at the Company's website www.bharatgears.com. During the year, no unethical behavior has been reported. Further, the Company has not denied any personnel access to the Audit Committee and it will provide protection to Whistle Blower, if any, from adverse personnel action.

G. Remuneration of Directors for 2011-2012

(₹ In lacs)			
Name of Members	Sitting Fees	Salaries and Perquisites	Total
Mr. N. J. Kamath	0.55	Nil	0.55
Mr. V. K. Pargal	0.35	Nil	0.35
Dr. Ram S. Tarneja	0.40	Nil	0.40
Mr. W.R. Schilha	0.20	Nil	0.20
Mr. S.G. Awasthi	0.15	Nil	0.15
Mr. Rakesh Chopra	0.40	Nil	0.40
		Sub-Total (A)	2.05
Mr. Surinder P. Kanwar Chairman & Managing Director	Nil	• Salary	126.00
		• Contribution to provident and other funds (*)	34.02
		• Monetary value of perquisites (**)	35.21
			195.23
Mr. Sameer Kanwar Joint Managing Director	Nil	• Salary and allowances	66.90
		• Contribution to provident and other funds (*)	7.72
		• Monetary value of perquisites (**)	15.79
			90.41
		Sub-Total (B)	285.64
		Grand Total	287.69

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

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

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

H. CEO/CFO Certification

Certificate from Mr. Surinder P. Kanwar, Chairman and Managing Director and Mr. Milind Pujari, Chief Financial Officer in terms of Clause 49 (V) of the Listing Agreement with the Stock Exchanges for the Financial Year ended 31st March, 2012 was placed before the Board of Directors of the Company in its meeting held on 30th May, 2012.

I. 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 stake holders. A copy of this code 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, 1992 and SEBI (Prohibition of Insider Trading) Amendment Regulations, 2011. The code lays down the guidelines and procedures to be followed and disclosures to be made while dealing with the Shares of the Company and cautioning them on the consequences of non-compliances. The pieces of the price sensitive information are disseminated to the Stock Exchanges timely, adequately and promptly on continuous basis for prevention of Insider Trading. The Company Secretary has been appointed as Compliance Officer and is responsible for adherence to Code for prevention of Insider Trading. A copy of same has been posted at the official website of the Company i.e. www.bharatgears.com.



J. Mandatory Requirements

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

	Particulars	Clause of Listing Agreement	Compliance status
I.	Board of Directors	49(I)	Yes
(A)	Composition of Board	49(IA)	Yes
(B)	Non-executive directors compensation and disclosure	49(IB)	Yes
(C)	Other provisions as to Board and committees	49(IC)	Yes
(D)	Code of Conduct	49(ID)	Yes
II.	Audit Committee	49(II)	Yes
(A)	Qualified and independent Audit Committee	49(IIA)	Yes
(B)	Meeting of Audit Committee	49(II B)	Yes
(C)	Power of Audit Committee	49(II C)	Yes
(D)	Role of Audit Committee	49(II D)	Yes
(E)	Review of information by Audit Committee	49(II E)	Yes
III.	Subsidiary Companies	49(III)	N.A.
IV.	Disclosures	49(IV)	Yes
(A)	Basis of related party transaction	49(IVA)	Yes
(B)	Disclosure of accounting treatment	49(IV B)	N.A.
(C)	Board disclosures	49(IV C)	Yes
(D)	Proceed from public issues, right issues, preferential issues etc.	49(IV D)	N.A.
(E)	Remuneration of directors	49(IV E)	Yes
(F)	Management	49(IV F)	Yes
(G)	Shareholders	49(IV G)	Yes
V.	CEO/CFO Certification	49(V)	Yes
VI.	Report on Corporate Governance	49(VI)	Yes
VII.	Compliance	49(VII)	Yes

K. Non-Mandatory Requirements

The Company has set up a Remuneration Committee and Finance Committee, details whereof are given in the Board Committee section of this report. The Company has also adopted a Whistle Blower Mechanism.

L. Means of Communication

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

Financial Results	Name(s) of Newspapers	Date(s) of Publication
Quarter/Year ended 31 st March, 2011	The Economic Times*, Navbharat Times (Hindi)**	28 th May, 2011
Quarter ended 30 th June, 2011	The Economic Times*, Navbharat Times (Hindi)**	27 th July, 2011
Quarter/Half Year ended 30 th September, 2011	The Economic Times*, Navbharat Times (Hindi)**	05 th November, 2011
Quarter ended 31 st December, 2011	The Economic Times# The Economic Times (Hindi)##	08 th February, 2012

* **Economic Times** - Delhi/Mumbai/Pune/Lucknow/Chandigarh Editions.

** **Navbharat Times (Hindi)** - Delhi/Mumbai Editions.

Economic Times - Delhi/Mumbai/Pune/Lucknow/Chandigarh/Chennai/Hyderabad/Kolkata/Jaipur/Bangalore/Ahmedabad Editions.

Economic Times (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 on the Company's official website i.e. www.bhartgears.com for the information of all the shareholders. The quarterly/half-yearly and annual financial results, shareholding pattern, along with full version of Corporate Governance Report, Annual Report and other requisite material information are also displayed on www.corpfiling.co.in

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.

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

8. GENERAL SHAREHOLDERS' INFORMATION

A. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 11:30 A.M. on Thursday, the 26th day of July, 2012 at Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121 001 (Haryana).

B. Financial Year:

Financial Year of the Company commences on 1st April and ends on 31st March. The Four Quarters of the Company end on 30th June; 30th September; 31st December and 31st March respectively.

C. Date of Book Closure:

20th July, 2012 to 26th July, 2012 (both days inclusive)

D. Dividend Payment Date:

The dividend will be paid on or before 24th August, 2012.

E. Listing on Stock Exchanges and Stock Code:

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

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

The Annual Listing Fees for the year 2012-2013 has been paid in advance to the aforesaid Stock Exchanges.

F. Market Price Data:

High and Low prices during each month of Financial Year 2011-2012 on National Stock Exchange of India Limited and Bombay Stock Exchange Limited are as under:

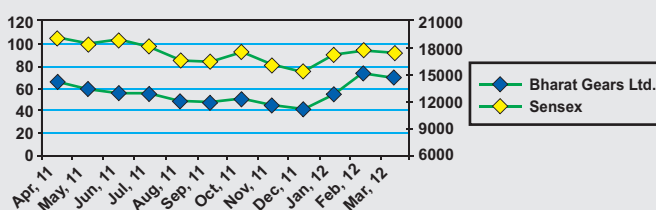
The Closing Price represents the price on the last trading day of each month of Financial Year 2011-2012.



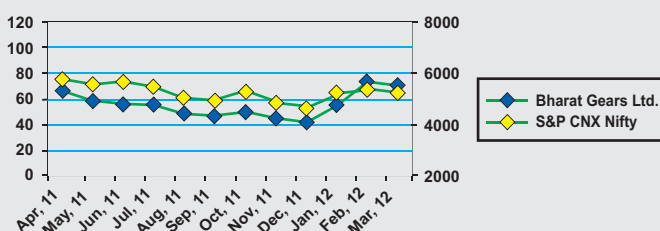
Month	High (Rs.)		Low (Rs.)		Closing (Rs.)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	81.95	81.60	51.15	53.10	66.65	66.25
May	72.60	72.50	54.45	54.40	58.95	59.10
June	61.90	61.90	52.10	52.15	55.75	55.75
July	63.85	63.95	54.60	55.10	55.60	55.25
August	57.30	58.00	44.75	44.05	49.05	48.75
September	53.90	53.95	45.80	45.55	47.00	46.95
October	51.80	51.80	44.50	44.05	49.40	50.10
November	57.80	57.45	42.10	42.10	44.55	45.00
December	47.90	48.00	39.20	39.10	41.60	41.30
January	58.80	57.90	40.60	40.75	55.25	55.10
February	77.80	77.75	54.10	54.10	72.90	73.75
March	80.00	79.50	65.20	67.00	70.25	69.80

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

a. BHARAT GEARS' PRICES VERSUS SENSITIVITY AT BSE



b. BHARAT GEARS' PRICES VERSUS S & P CNX NIFTY



G. Registrar and Transfer Agent:

Link Intime India Pvt. Ltd. (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:

Linkintime India Private Limited

A-40, 2nd Floor, Naraina Industrial Area, Phase-II
Near Batra Banquets, New Delhi-110028
Phone Nos: 011-41410592/93/94
Fax No. : 011-41410591
E-mail: delhi@linkintime.co.in

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

H. Share Transfer System:

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

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

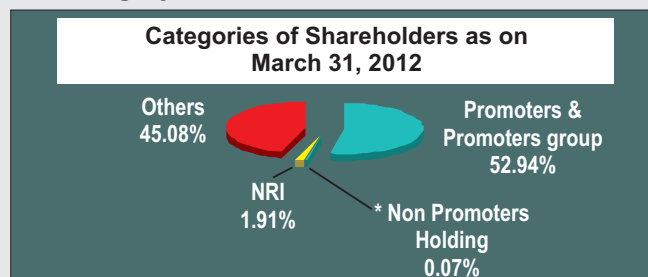
- Mr. Surinder P. Kanwar, Chairman & Managing Director
- Mr. Sameer Kanwar, Joint Managing Director
- Mr. P.C. Kothari, Head (Finance & Accounts)
- Mr. Prashant Khattry, Group Head (Legal) & Company Secretary

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

I. Shareholding pattern of the Company as per category of shareholders as on March 31, 2012



* Non Promoters Holdings are Negligible

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Annual Report (2011 - 2012)

	Category	No. of Shares Held	%age of Share holding
A.	Promoters' Holding		
	1. Promoters		
	- Indian Promoters	23,01,290	29.44
	- Foreign Promoters		
	2. Persons acting in Concert	18,37,213	23.50
B.	Non-Promoters' Holding		
	3. Institutional Investors		
	a. Mutual Funds and Unit Trust of India	3,300	0.04
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non -Govt. Institutions)	2,268	0.02
	c. Foreign Institutional Investor	50	0.00
	4. Others		
	a. Private Corporate Bodies	6,19,023	7.92
	b. Indian Public	27,92,219	35.72
	c. Non Resident Indians / Overseas	1,49,121	1.91
	d. Any Other	1,13,349	1.45
	Total	7817833	100.00

J. Distribution of Shareholding as on March 31, 2012:

No. of Equity shares held	Number of Share holders	Number of Shares	%age to total shares
Up to 250	8548	554940	7.10
251 to 500	827	321399	4.11
501 to 1000	417	335215	4.29
1001 to 2000	186	288391	3.69
2001 to 3000	67	176552	2.26
3001 to 4000	29	105751	1.35
4001 to 5000	33	155079	1.98
5001 to 10000	44	330477	4.23
10001 & above	53	5550029	70.99
Total	10204	7817833	100.00

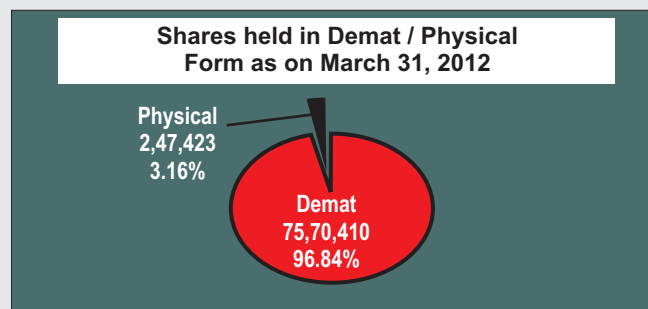
K. Share Dematerialisation System:

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

L. Dematerialization of Shares and Liquidity:

The Company's Equity Shares are compulsorily traded in the Stock Exchanges in the dematerialized mode and

are available for trading under both the Depository Systems in India i.e. National Securities Depository Limited and Central Depository Services (India) Limited.



As on 31st March, 2012, a total of 75,70,410 equity shares of the Company of Rs. 10/- each, which form 96.84% of the paid up Equity Share Capital, stand dematerialized.

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

M. Unclaimed Shares in Physical Mode

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

N. Corporate Benefits

Dividend History:

Dividend on Equity Shares

Financial Year	Rate (%)	Amount (₹ in Crores)
2011-2012	18	1.41
2010-2011	15	1.17
2009-2010	12	0.94
2008-2009	10	0.78
2007-2008	10	0.78

Dividend on Preference Shares

Financial Year	Rate (%)	Amount (₹ in Crores)
2011-2012	10	0.10
2010-2011	10	0.21
2009-2010	10	0.21
2008-2009	10	0.21
2007-2008	10	1.94

O. Plant locations:

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



- 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, Pin-121 003
- Kausa Shil, Mumbra, Dist. Thane, Maharashtra, Pin - 400 612

P. Addresses for Correspondence:

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

- Link Intime India Pvt. Limited
A-40, 2nd Floor, Naraina Industrial Area, Phase-II,
Near Batra Banquet Hall, New Delhi - 110 028,
Phone No. 011-41410592-94,
Fax-011-41410591.
Email: delhi@linkintime.co.in

For Investor Assistance:-

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

Q. 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 bglfbd@vsnl.net.in

R. Nomination facility:

The Shareholders holding Shares in physical form may, if they so want, send their nominations in prescribed Form 2B of the Companies (Central Government's) General Rules and Forms, 1956, (which can be obtained from the Company's RTA or downloaded from the Company's Website: http://www.bharatgears.com/documents/form_2b_nomination.pdf) to the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

S. 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://www.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



Dated: May 30, 2012
Place: Mumbai

Surinder P. Kanwar
Chairman and Managing Director



COMPLIANCE CERTIFICATE AS PER CLAUSE 49(V) OF THE LISTING AGREEMENT

We have reviewed financial statements and the cash flow statement for the year 2011- 2012 and that to the best of our knowledge and belief:

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

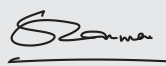
Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and we have disclosed to the Auditors and the Audit Committee, wherever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

- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2011 - 2012;
- 3) Significant changes in accounting policies during the year 2011-2012 and that the same have been disclosed in the notes to the financial statements;
- 4) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Bharat Gears Limited**

Place: Mumbai
Date: May 30, 2012


Milind Pujari
Chief Financial Officer


Surinder P. Kanwar
Chairman and Managing Director

COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted "Code of Business Conduct and Ethics". This code deals with the 'Good Governance and ethical Practices', which the Company, the Board members and the Senior Management of the Company are expected to follow.

It is hereby affirmed that during the year 2011-2012, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

For **Bharat Gears Limited**

Place: Mumbai
Date: May 30, 2012


Prashant Khattry
Group Head (Legal) & Company Secretary


Surinder P. Kanwar
Chairman & Managing Director

AUDITORS' CERTIFICATE

To

The Members of Bharat Gears Limited

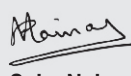
We have examined compliance of conditions of Corporate Governance by Bharat Gears Limited (the Company), for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins and Sells**
Chartered Accountants
(ICAI Reg. No. 117365W)


Saira Nainar
Partner

Place: Mumbai
Date: May 30th, 2012

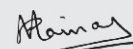
Membership No.:040081



Auditors' Report To The Members of Bharat Gears Limited

1. We have audited the attached Balance Sheet of BHARAT GEARS LIMITED ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) 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;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(ICAI Reg. No.117365W)



Saira Nainar
Partner

Membership No. 040081

Place : Mumbai
Date : May 30, 2012

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Annexure To The Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (iii), (vi), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, inventories, except for stock lying with third parties where certificates confirming stocks have been received in respect of most of the stocks held, have been physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regards to the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain items of specialised nature for which comparable alternative quotations are not available and in respect of which we are unable to comment.
- (vi) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.

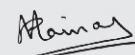
(x) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(ICAI Reg. No.117365W)



Saira Nainar

Partner

Membership No. 040081

Place : Mumbai

Date : May 30, 2012



BALANCE SHEET AS AT 31 MARCH, 2012

Particulars		Note No.	As at 31March, 2012 (₹ Lacs)	As at 31March, 2011 (₹ Lacs)
A	<u>EQUITY AND LIABILITIES</u>			
1.	Shareholders' funds			
	(a) Share capital	2	781.78	886.03
	(b) Reserves and surplus	3	6522.10	5022.83
			7303.88	5908.86
2.	Non-current liabilities			
	(a) Long-term borrowings	4	2607.86	2007.66
	(b) Deferred tax liabilities (net)	25.7	227.53	120.53
	(c) Other long-term liabilities	5	845.56	1026.90
	(d) Long-term provisions	6	410.96	441.91
			4091.91	3597.00
3.	Current liabilities			
	(a) Short-term borrowings	7	2831.90	2436.24
	(b) Trade payables	8	8337.23	8011.40
	(c) Other current liabilities	9	1779.87	2199.71
	(d) Short-term provisions	10	579.93	380.80
			13528.93	13028.15
	TOTAL		24924.72	22534.01
B	<u>ASSETS</u>			
1.	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11A	9239.81	7902.76
	(ii) Intangible assets	11B	70.17	59.64
	(iii) Capital work-in-progress		332.65	523.28
			9642.63	8485.68
	(b) Long-term loans and advances	12	683.89	869.24
			10326.52	9354.92
2.	Current assets			
	(a) Inventories	13	5895.23	5366.98
	(b) Trade receivables	14	6607.69	5697.39
	(c) Cash and cash equivalents	15	750.66	1107.11
	(d) Short-term loans and advances	16	894.03	788.21
	(e) Other current assets	17	450.59	219.40
			14598.20	13179.09
	TOTAL		24924.72	22534.01
	See accompanying notes forming part of the financial statements			

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

SURINDER P. KANWAR
Chairman and Managing Director

SAMEER KANWAR
Joint Managing Director

RAM S. TARNEJA
N.J. KAMATH
V.K. PARGAL
W.R. SCHILHA
S.G. AWASTHI
RAKESH CHOPRA
Directors

SAIRA NAINAR
Partner

MILIND PUJARI
Chief Financial Officer

PRASHANT KHATTRY
Group Head (Legal) & Company Secretary

Place : Mumbai
Date: May 30, 2012



BHARAT GEARS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

Particulars		Note No.	For the Year Ended 31 March, 2012 (₹ Lacs)	For the Year Ended 31 March, 2011 (₹ Lacs)
1.	Revenue from operations (gross)	18	46758.72	35922.58
	Less: Excise duty	18	3702.96	2420.75
	Revenue from operations (net)		43055.76	33501.83
2.	Other income	19	588.15	44.40
3.	Total revenue (1+2)		43643.91	33546.23
4.	Expenses			
	(a) Cost of materials & components consumed	20a	22613.36	17478.75
	(b) Changes in inventories of finished goods and work-in-progress	20b	(631.92)	(1110.56)
	(c) Employee benefits expense	21	5541.67	4981.42
	(d) Finance cost	22	1269.08	856.43
	(e) Depreciation and amortisation expense	11C	1077.93	909.17
	(f) Other expenses	23	11097.59	8985.27
	Total expenses		40967.71	32100.48
5.	Profit before tax (3 - 4)		2676.20	1445.75
6.	Tax expense:			
	(a) Current tax expense for current year		710.00	525.00
	(b) Adjustment for (excess) / short provision for earlier years		-	(25.53)
	(c) Net current tax expense		710.00	499.47
	(d) Deferred tax		107.00	(25.00)
			817.00	474.47
7.	Profit after tax (5 - 6)		1859.20	971.28
8.	Earnings per share (of ₹ 10/- each):			
	Basic and Diluted - in ₹	25.6	23.63	12.11
	See accompanying notes forming part of the financial statements			

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

SURINDER P. KANWAR
Chairman and Managing Director

SAMEER KANWAR
Joint Managing Director

RAM S. TARNEJA
N.J. KAMATH
V.K. PARGAL
W.R. SCHILHA
S.G. AWASTHI
RAKESH CHOPRA
Directors

SAIRA NAINAR
Partner

MILIND PUJARI
Chief Financial Officer

PRASHANT KHATTRY
Group Head (Legal) & Company Secretary

Place : Mumbai
Date: May 30, 2012

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

Particulars		For the Year Ended 31 March, 2012 (₹ Lacs)	For the Year Ended 31 March, 2011 (₹ Lacs)
A.	Cash flow from operating activities :		
	Net profit before tax	2676.20	1445.75
	Adjustments for :		
	Depreciation and amortisation expense	1077.93	909.17
	Amortisation of share issue expenses	-	5.66
	(Profit) / loss on sale / write off of fixed assets	(286.69)	3.98
	Finance costs	1119.96	724.85
	Interest income	(53.46)	(38.57)
	Liabilities no longer required written back	(11.72)	-
	Exchange fluctuation on foreign currency loan considered separately	9.65	-
	Tax deducted at source recoverable, written off	-	0.65
	Unrealised exchange (gain) / loss (net)	(48.00)	30.31
	Operating profit before working capital changes	4483.87	3081.80
	<u>Changes in working capital</u>		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	(528.25)	(1608.47)
	Trade receivables	(861.07)	(758.23)
	Long term loans and advances	(103.68)	(197.22)
	Short term loans and advances	(97.63)	(227.48)
	Other current assets	(228.18)	(23.37)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	324.60	2668.32
	Other current liabilities	189.14	128.52
	Other long term liabilities	(181.34)	106.64
	Short term provisions	(30.33)	86.79
	Long term provisions	(46.12)	(38.40)
	Cash generated from operations	2921.01	3218.90
	Net income tax (paid) / refunds	(363.07)	(394.39)
	Net cash flow from operating activities (A)	2557.94	2824.51
B.	Cash flow from investing activities:		
	Capital expenditure on fixed assets, including capital advances	(2246.99)	(2457.74)
	Proceeds from sale of fixed assets	331.95	16.75
	Bank balances not considered as cash and cash equivalents-Matured	55.59	68.14
	Interest received	50.45	39.78
	Net cash flow used in investing activities (B)	(1809.00)	(2333.07)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012 (Contd.)

Particulars		For the Year Ended 31 March, 2012 (₹ Lacs)	For the Year Ended 31 March, 2011 (₹ Lacs)
C.	Cash flow from financing activities:		
	Redemption of preference shares	(104.25)	(104.25)
	Proceeds from long term borrowings	1318.79	1212.31
	Repayment of long term borrowings	(1153.59)	(1363.31)
	Net increase / (Decrease) in working capital borrowings	395.66	1323.01
	Finance cost	(1102.17)	(777.56)
	Dividends paid	(127.70)	(135.51)
	Tax on dividend	(22.48)	(19.04)
	Lease rent paid	(256.34)	(188.13)
	Net cash flow used in financing activities (C)	(1052.08)	(52.48)
	Net increase / (decrease) in cash & cash equivalents (A+B+C)	(303.14)	438.96
	Cash and cash equivalents at the beginning of the year	1045.72	606.76
	Cash and cash equivalents at the end of the year	742.58	1045.72
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash and cash equivalents as per balance sheet (Refer Note 15)	750.66	1107.11
	Less : Bank balances not considered as cash and cash equivalents as defined in AS - 3 Cash Flow Statements		
	In fixed deposit accounts	-	55.59
	Unpaid dividend accounts	8.04	5.76
	Rights issue application money refundable to shareholders	0.04	0.04
	Cash and cash equivalents at the end of the year *	742.58	1045.72
	* Comprises		
	(a) Cash on hand	9.81	9.08
	(b) Cheques on hand	23.72	117.36
	(c) Balances with banks :		
	(i) In current accounts	82.33	384.68
	(ii) In earmarked accounts (Refer footnote (i) below) :		
	Balances held as margin money or security against borrowings, guarantees and other commitments	626.72	534.60
		742.58	1045.72
Footnotes:			
(i) Includes earmarked account balances of ₹ 8.08 Lacs (As at 31 March, 2011: ₹ 5.80 Lacs) with banks which can be utilised only for specific identified purposes.			
(ii) The previous year's figures have been regrouped wherever necessary.			
See accompanying notes forming part of the financial statements			

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

SURINDER P. KANWAR
Chairman and Managing Director

SAMEER KANWAR
Joint Managing Director

RAM S. TARNEJA
N.J. KAMATH
V.K. PARGAL
W.R. SCHILHA
S.G. AWASTHI
RAKESH CHOPRA
Directors

SAIRA NAINAR
Partner

MILIND PUJARI
Chief Financial Officer

PRASHANT KHATTRY
Group Head (Legal) & Company Secretary

Place : Mumbai
Date : May 30, 2012

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

Note 1.1: 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 notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for the revalued fixed assets as stated in Note 11 - "Fixed Assets".

Note 1.2 : Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition or construction or at revalued amounts less accumulated depreciation. 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 is provided over the economic useful life of the assets on the basis stated hereunder:

(a) Tangible assets

The company provides for depreciation on tangible fixed assets to write off 95% of the cost either on written down value (WDV) method or straight line method (SLM) as stated below in the manner and at the rates not lower than those prescribed in Schedule XIV to the Companies Act, 1956 except for Factory buildings and roads acquired prior to 1.8.86 on which depreciation is provided on SLM method at the rate of 1.61% / 3.28%.

The method of depreciation used for different category of assets is as given below:

- 1) Factory buildings & roads, buildings (other than factory buildings except corporate Office), plant and machinery, electrical installations and water supply installations - SLM
- 2) Corporate office (Buildings), furniture and fixtures, computers, office and miscellaneous equipment and vehicles - WDV

Depreciation on revalued amounts is transferred from revaluation reserve to the Statement of profit & loss.

Leasehold land is amortised over the remaining period of lease.

(b) Intangible assets

Intangible assets (i.e. computer software) are amortised on written down value basis at the rate of 40%.

Note 1.3 : 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, other than those of automotive components which is on specific identification basis, is arrived at on weighted average basis.

Note 1.4 : 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.

Note 1.5 : 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 1.6 : Revenue Recognition

Sales/ Processing charges are accounted on the basis of actual dispatches when significant risks and rewards of ownership are passed on to the customers. Sales are net of sales tax / value added tax and trade discounts.

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 tools are sold in terms of respective contracts/ supply under the contract is completed/ on the expiry of commercially useful life of tools/ on expiry of five years from completion of development, whichever is earliest.

Interest Income is recognised on time proportion basis.

Note 1.7 : Employee Benefits

(a) Defined Contribution Plan:

The Company's contributions to the 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.

Note 1.8 : Taxation

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year.

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 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 that sufficient taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

Minimum Alternative Tax (MAT) credit asset is recognized only when, and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

Note 1.9 : 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.

Note 1.10 : 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.



NOTE 2 : SHARE CAPITAL

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of Shares	(₹ Lacs)	Number of Shares	(₹ Lacs)
(a) Authorised				
Equity shares of ₹ 10 each	10,000,000	1000.00	10,000,000	1000.00
Cumulative redeemable convertible or non convertible preference shares of ₹ 100 each	1,500,000	1500.00	1,500,000	1500.00
	11,500,000	2500.00	11,500,000	2500.00
(b) Issued, Subscribed and paid up (Refer Note 2.1 to 2.2)				
Equity shares of ₹ 10 each fully paid up	7,817,833	781.78	7,817,833	781.78
10% Cumulative redeemable non convertible preference shares of ₹100 each fully paid up (Refer Note 2.3 below)	-	-	104,250	104.25
TOTAL	7,817,833	781.78	7,922,083	886.03

Note 2.1 : Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	Opening Balance	Fresh Issue	Redemption	Closing Balance
Equity shares				
Year ended 31 March, 2012				
Number of shares	7,817,833	-	-	7,817,833
Amount (₹ Lacs)	781.78	-	-	781.78
Year ended 31 March, 2011				
Number of shares	7,817,833	-	-	7,817,833
Amount (₹ Lacs)	781.78	-	-	781.78
10% Cumulative redeemable non convertible preference shares				
Year ended 31 March, 2012				
Number of shares	104,250	-	104,250	-
Amount (₹ Lacs)	104.25	-	104.25	-
Year ended 31 March, 2011				
Number of shares	208,500	-	104,250	104,250
Amount (₹ Lacs)	208.50	-	104.25	104.25



Note 2.2 : Details of shares held by each shareholder holding more than 5% shares

Class of Shares /Name of Shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of Shares Held	% of Shares Held	Number of Shares Held	% of Shares Held
Equity shares				
Surinder P. Kanwar	2,286,432	29.25%	2,286,432	29.25%
Ultra Consultants (P) Ltd.	766,038	9.80%	766,038	9.80%
Future Consultants (P) Ltd.	645,071	8.25%	470,071	6.01%
10% Cumulative redeemable non convertible preference shares				
IDBI Bank Limited	-	-	57,500	55.16%
The Federal Bank Limited	-	-	25,000	23.98%
Export Import Bank of India	-	-	21,750	20.86%

Note 2.3 :

Series VI, VII & VIII, aggregating ₹ 208.50 Lacs were allotted on 29th September, 2003 in respect of the present value of 50% of the differential interest on account of reduction in interest rate on the term loans as per the Corporate Debt Restructuring scheme. 50% of Series VI, VII & VIII amounting to ₹ 104.25 Lacs were redeemed at par on 31 March, 2011 and balance of ₹ 104.25 Lacs were redeemed at par on 31 March, 2012.



NOTE 3 : RESERVES AND SURPLUS

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Capital redemption reserve		
Opening Balance	484.25	380.00
Add: Additions during the year		
Transferred from Surplus in Statement of Profit & Loss	104.25	104.25
Closing Balance	588.50	484.25
(b) Securities premium account		
Opening Balance	924.60	924.60
Closing Balance	924.60	924.60
(c) Revaluation reserve		
Opening Balance	652.52	666.73
Less: Depreciation on amount added on revaluation of fixed assets (Note 11 (C))	13.57	14.21
Adjustment for balance of revaluation reserve, in respect of revalued asset sold during the year (Refer footnote (iii) of Note 19)	170.69	-
Closing Balance	468.26	652.52
(d) General Reserve		
Opening Balance	1470.80	1370.80
Add: Transferred from Surplus in Statement of Profit and Loss	200.00	100.00
Closing Balance	1670.80	1470.80
(e) Surplus in Statement of Profit and Loss		
Opening Balance	1490.66	884.69
Add: Profit for the year	1859.20	971.28
Less: Interim dividend		
Preference shareholders (₹ 10 per share; previous year : ₹ 10 per share)	10.43	20.85
Less: Proposed dividend		
Equity shareholders (₹1.80 per share; previous year : ₹ 1.50 per share)	140.72	117.27
Tax on dividend	24.52	22.94
Transferred to:		
General reserve	200.00	100.00
Capital redemption reserve	104.25	104.25
Closing Balance	2869.94	1490.66
TOTAL	6522.10	5022.83



NOTE 4 : LONG-TERM BORROWINGS

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Term loans - Secured (Refer footnotes (i) to (iii))		
From Banks	271.12	610.02
From Others	1800.00	681.20
(b) Long-term maturities of finance lease obligations - Secured (Refer footnote (iv) and Note 25.5 (A) (ii))	536.74	716.44
TOTAL	2607.86	2007.66

Footnotes :

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings :

Particulars	Terms of Repayment and Security	As at 31 March, 2012 Secured (₹ Lacs)	As at 31 March, 2011 Secured (₹ Lacs)
Term loans From Banks:			
Rupee loan from IDBI Bank Limited	Refer footnote (ii) Below	271.12	610.02
Total - Term loans from Banks		271.12	610.02
Term loans from others:			
Rupee Term loan from Export-Import Bank of India	Refer footnote (iii) Below	1800.00	681.20
Total - Term loans from others		1800.00	681.20
Long- Term maturities of finance lease obligations:			
L&T Finance Limited	Refer footnote (iv) Below	327.15	478.00
First Leasing Company of India Limited		209.59	238.44
Total - Long-Term maturities of finance lease obligations		536.74	716.44

SECURITY DETAILS

(ii) Rupee loan from IDBI Bank Limited is secured by an exclusive first charge by way of hypothecation of specific Plant and Machinery, Spares, Tools and Accessories and all other specific movables, both present and future, purchased and / or to be purchased out of the loan and Hypothecation of Movable (save & except Book Debts) including Movable Plant and Machinery, Spares, Tools and Accessories, both present and future subject to prior charges created in respect of loans referred to in footnote of Note 7 and footnote (iii) of Note 9. Also by mortgage of Company's immovable properties located at Mumbra plant and Faridabad plant together with all buildings and structures and Plant and Machinery thereon on pari passu basis with loans referred to in footnote (iii) below and current maturities of long term debt referred to in footnotes (ii), (iv) and (v) of Note 9.

The term loan is repayable in four quarterly installments and carries an interest rate of 14.75% p.a.

(iii) Rupee loan from Export-Import Bank of India (EXIM) is secured by first pari passu charge by way of hypothecation over the Company's entire Movable Fixed Assets and Mortgage over immovable properties located at Mumbra plant and Faridabad plant, both present and future with loans referred to in footnote (ii) above and current maturities of long term debt referred to in footnotes (ii), (iv) and (v) of Note 9.

The term loan is repayable in eighteen equal quarterly installments and carries an interest rate of 12.40%.

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

(v) For current maturities of long-term borrowings, refer items (a) and (b) of Note 9 - Other Current Liabilities.



NOTE 5 : OTHER LONG-TERM LIABILITIES

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Others:		
(i) Advances from customers	494.13	711.80
(ii) Provision for gratuity (net) (Refer Note 25.2.b)	351.43	315.10
TOTAL	845.56	1026.90

NOTE 6 : LONG-TERM PROVISIONS

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Provision for employee benefits:		
(i) Provision for compensated absences	344.68	389.64
(ii) Provision for other employee benefits (Terminal Ex-gratia) (Refer Note 25.2.b)	36.49	37.65
(b) Provision - Others:		
(i) Provision for tax (net of advance tax ₹1139.74 Lacs (As at 31 March, 2011: ₹ 194.92 Lacs))	29.79	14.62
TOTAL	410.96	441.91

NOTE 7: SHORT-TERM BORROWINGS

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Loans repayable on demand - Secured (Refer footnote below)		
From Banks	2831.90	2436.24
TOTAL	2831.90	2436.24

Footnote:

Loans payable 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 movables both present and future and by joint mortgage created for all immovable properties of the Company located at Mumbra plant and Faridabad plant 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 (ii) and (iii) of Note 4 and footnotes (ii), (iv) and (v) of Note 9.

NOTE 8: TRADE PAYABLES

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
Trade payables:		
Trade payables (Including acceptances) (Refer Note 24.2)	8337.23	8011.40
TOTAL	8337.23	8011.40



NOTE 9: OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Current maturities of long-term debt (Refer footnotes (i) to (vi) below)	515.19	1120.23
(b) Current maturities of finance lease obligations (Refer footnote (iv) of Note 4 and Note 25.5 (A) (ii))	261.81	249.37
(c) Interest accrued but not due on borrowings	9.89	6.06
(d) Unpaid dividends (Refer footnote (viii))	8.04	5.76
(e) Unpaid Rights Issue share application money (Refer footnote (viii))	0.04	0.04
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc)	363.36	261.67
(ii) Payables on purchase of fixed assets	65.05	98.41
(iii) Advances from customers	204.69	64.82
(iv) Trade / security deposits received	23.29	33.29
(v) Interest accrued on others	32.15	10.00
(vi) Provision for gratuity (net) (Refer Note 25.2.b)	100.00	100.00
(vii) Others	196.36	250.06
TOTAL	1779.87	2199.71

Footnotes:

(i) Details of current maturities of long-term debt :

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
Term Loans		
From Banks - Secured		
Rupee loan from The Federal Bank Limited (Refer footnotes (ii)(vi) &(vii) below)	-	57.83
Rupee loan from The Federal Bank Limited (Refer footnotes (ii) & (vi) below)	-	11.60
Rupee loan from State Bank of India (Refer footnote (iii) below)	-	40.00
Rupee loan from The Federal Bank Limited (Refer footnote (iv) below)	-	148.80
Rupee loan from IDBI Bank Limited (Refer footnote (iv) below)	-	203.25
Rupee loan from IDBI Bank Limited (Refer to footnote (ii) of Note 4)	315.19	315.20
Rupee loan from IDBI Bank Limited (Refer footnote (v) below)	-	72.00
Rupee loan from IDBI Bank Limited (Refer footnotes (ii) & (vi) below)	-	58.65
	315.19	907.33



NOTE 9 : OTHER CURRENT LIABILITIES (Contd.)

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
From Others - Secured		
Foreign Currency loan from Export-Import Bank of India (Footnote (iv) below)	-	175.55
Foreign Currency loan from Export-Import Bank of India (Footnotes (ii) & (vi) below)	-	37.35
Rupee Term loan from Export-Import Bank of India (Refer to footnote (iii) of Note 4)	200.00	-
	200.00	212.90
TOTAL	515.19	1120.23
(ii) Rupee loans from The Federal Bank Limited, IDBI Bank Limited and Foreign currency loan from Export Import Bank of India are secured by first mortgage and charge created on the immovable and movable assets at Mumbra plant, on pari passu basis with loans referred to in footnote (v) below and footnotes (ii) and (iii) of Note 4.		
(iii) Rupee loan from State Bank of India is secured by a first charge by way of hypothecation of specific plant and machinery purchased out of the loan.		
(iv) Rupee loans from The Federal Bank Limited, IDBI Bank Limited and Foreign currency loan from Export Import Bank of India are secured by way of joint mortgage of land at Faridabad plant together with all buildings and structures thereon and all Plant and Machinery attached to the earth and by way of hypothecation of all movable fixed assets at Faridabad plant ranking pari passu with each other and with loan referred to in footnotes (ii) and (iii) of Note 4.		
(v) Rupee loan from IDBI Bank Limited is secured by mortgage of immovable properties and hypothecation of movable fixed assets located at Mumbra plant, both present and future, which ranks pari passu with charges created in respect of loans referred to in footnote (ii) above and footnotes (ii) and (iii) of Note 4.		
(vi) Rupee loans referred to in footnote (ii) is also guaranteed by a Director of the Company aggregating Rs. Nil (previous year: ₹ 165.43 Lacs) {from Banks: ₹ Nil; (previous year: ₹ 128.08 Lacs) from others: ₹ Nil; (previous year: ₹ 37.35 Lacs)}.		
(vii) Rupee loan from The Federal Bank Limited was also secured by mortgage of Company's office premises at Nariman Point, Mumbai.		
(viii) 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, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Provision for Employee Benefits:		
(i) Provision for compensated absences	100.53	137.27
(ii) Provision for other employee benefits (Terminal Ex-Gratia) (Refer Note 25.2.b)	7.00	5.74
	107.53	143.01
(b) Provision - Others:		
(i) Provision for tax (net of advance tax ₹ 412.23 Lacs (As at 31 March, 2011: ₹ 431.66 Lacs))	297.77	93.34
(ii) Provision for warranty (Refer Note 25.8)	9.39	4.24
(iii) Provision for proposed equity dividend	140.72	117.27
(iv) Provision for tax on proposed dividends	24.52	22.94
	472.40	237.79
TOTAL	579.93	380.80



NOTE 11: FIXED ASSETS

(₹ Lacs)

Description	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	As at 31 March, 2011	Additions during the year	Deductions during the year	As at 31 March, 2012	As at 31 March, 2011	For the year	Deductions during the year	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
(A) Tangible Assets										
(a) Land										
- Freehold	374.16	297.95	-	(*) 672.11	-	-	-	-	672.11	374.16
- Leasehold	581.40	-	205.20	(*) 376.20	101.66	7.19	34.51	74.34	301.86	479.74
(b) Building and Roads	1786.28	34.38	-	(*) 1820.66	859.36	51.92	-	911.28	909.38	926.92
				(**)						
(c) Plant and Equipment										
- Owned @	16717.03	1922.10	283.68	18355.45	12135.44	753.29	242.09	12646.64	5708.81	4581.59
- Taken under Finance Lease	1593.69	102.52	-	1696.21	324.41	161.41	-	485.82	1210.39	1269.28
(d) Furniture and Fixtures	280.81	168.43	-	449.24	154.43	40.62	-	195.05	254.19	126.38
(e) Vehicles	21.71	2.86	21.70	2.87	17.19	1.48	18.16	0.51	2.36	4.52
(f) Computers, Office and miscellaneous equipment	689.91	86.64	1.18	775.37	549.83	45.97	1.05	594.75	180.62	140.08
(g) Leasehold Improvements	1.77	-	-	1.77	1.68	-	-	1.68	0.09	0.09
Sub-Total-Tangible assets	22046.76	2614.88	511.76	24149.88	14144.00	1061.88	295.81	14910.07	9239.81	-
Previous Year	19566.39	2631.56	151.19	22046.76	13376.70	897.75	130.45	14144.00		7902.76

Description	Gross Block				Amortisation				Net Block	
	As at 31 March, 2011	Additions during the year	Deductions during the year	As at 31 March, 2012	As at 31 March, 2011	For the year	Deductions during the year	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
(B) Intangible Assets										
Computer software acquired	181.40	40.15	-	221.55	121.76	29.62	-	151.38	70.17	59.64
Sub-Total-Intangible assets	181.40	40.15	-	221.55	121.76	29.62	-	151.38	70.17	-
Previous Year	157.34	24.06	-	181.40	96.13	25.63	-	121.76		59.64

Total : (A) + (B)	22228.16	2655.03	511.76	24371.43	14265.76	1091.50	295.81	15061.45	9309.98	-
Previous Year (Total)	19723.73	2655.62	151.19	22228.16	13472.83	923.38	130.45	14265.76		7962.40
Capital work in progress									332.65	523.28
GRAND TOTAL									9642.63	8485.68

@The amount of interest capitalised during the year is ₹ 14.37 Lacs; (Year ended 31 March, 2011 : ₹ 17.33 Lacs)

(*) 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 Erstwhite Universal Steel and Alloys Limited.

** Buildings include 10 Shares of ₹ 50/- each in Venkatesh Premises Co-Operative Society Ltd.-Total ₹ 500/-(Year ended 31 March, 2011: ₹ 500/-)

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(C) Depreciation and amortisation expense		
Tangible Assets	1061.88	897.75
Less : Transferred from revaluation reserve, being depreciation on amount added on revaluation of fixed assets (Refer Note 3(c))	13.57	14.21
	1048.31	883.54
Intangible Assets	29.62	25.63
	1077.93	909.17

NOTE 12 : LONG-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Capital advances Unsecured, considered good	33.52	195.22
(b) Security deposits (Refer footnote below) Unsecured, considered good	234.06	224.84
(c) Prepaid expenses - Rent to related parties Unsecured, considered good	4.80	-
(d) Loans and advances to employees Unsecured, considered good	39.41	18.64
(e) Prepaid expenses - Unsecured, considered good	293.60	224.71
(f) Advance income tax (net of provisions ₹ 177.00 Lacs (As at 31 March, 2011: ₹ 602.00 Lacs)) -Unsecured, considered good	75.77	203.10
Fringe Benefit Tax (net of provisions ₹ 35.00 Lacs (As at 31 March, 2011 : ₹ 35.00 Lacs)) -Unsecured, considered good	2.73	2.73
TOTAL	683.89	869.24

Footnote :

Security deposits includes ₹ 10.00 Lacs; (As at 31 March, 2011: ₹ 10.00 Lacs) due from a Director and ₹ 5.00 Lacs; (As at 31 March, 2011: ₹ 5.00 Lacs) due from a Private Limited Company, in which Directors of the Company are Directors.

NOTE 13: INVENTORIES

(At Lower of cost and net realisable value)

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Raw Materials and components - Automotive Gears - Automotive Components	877.66 84.65	897.18 174.34
(b) Work-in-progress - Automotive Gears	962.31 1830.71	1071.52 1935.75
(c) Finished goods - Automotive Gears - Automotive Components	1424.44 325.54	923.07 89.95
(d) Stores and spares	1749.98 491.16	1013.02 502.11
(e) Loose tools	857.81	842.23
(f) Scrap	3.26	2.35
TOTAL	5895.23	5366.98



NOTE 14 : TRADE RECEIVABLES

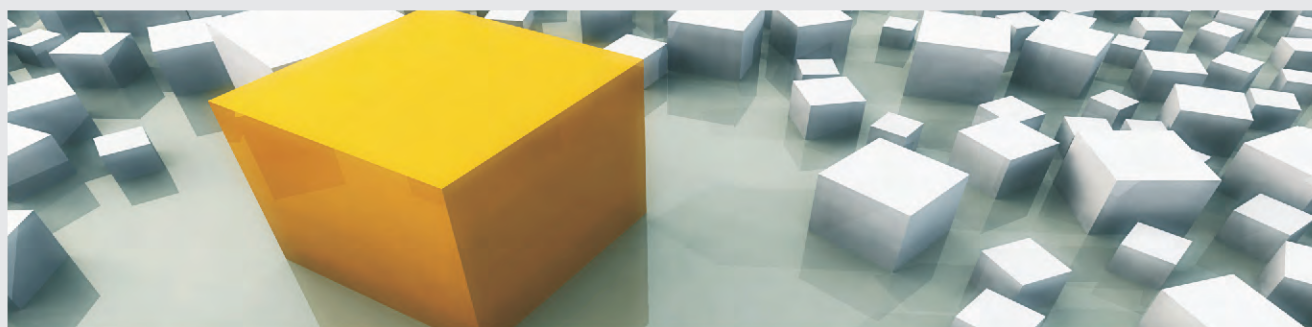
Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	43.08	28.10
Other Trade receivables		
Unsecured, considered good	6564.61	5669.29
TOTAL	6607.69	5697.39

NOTE 15 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Cash on hand	9.81	9.08
(b) Cheques, drafts on hand	23.72	117.36
(c) Balances with Banks		
(i) In current accounts	82.33	384.68
(ii) In deposit accounts (Refer footnote (i) below)	-	55.59
(iii) In earmarked accounts (Refer footnote (ii) below)		
Unpaid dividend accounts	8.04	5.76
Rights issue application money refundable to shareholders	0.04	0.04
Balances held as margin money or security against borrowings, guarantees and other commitments	626.72	534.60
TOTAL	750.66	1107.11
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i> is	742.58	1045.72

Footnotes:

- (i) Balances with Banks include deposits amounting to ₹ Nil (As at 31 March, 2011: ₹ 55.59 Lacs) which have an original maturity of more than 12 months.
- (ii) Balances with Banks which have restrictions on utilisation.



NOTE 16 : SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Loans and advances to related parties (Refer footnote below) Unsecured, considered good	4.80	5.20
(b) Security deposits Unsecured, considered good	3.24	3.01
(c) Loans and advances to employees Unsecured, considered good	29.30	43.54
(d) Prepaid expenses - Unsecured, considered good	103.94	96.15
(e) Prepaid expenses to related parties Unsecured, considered good	2.40	-
(f) Prepaid tooling expenses - Unsecured, considered good	14.83	13.09
(g) Supplier advances - Unsecured, considered good	330.13	183.97
(h) Balances with government authorities Unsecured, considered good		
(i) CENVAT credit receivable	61.19	67.60
(ii) Service Tax credit receivable	69.83	79.94
(i) Others - Unsecured, considered good	274.37	295.71
TOTAL	894.03	788.21

Footnote :

Due from a Private Limited Company, in which a Director of the Company is a Director.

NOTE 17 : OTHER CURRENT ASSETS

Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(a) Accruals		
(i) Interest accrued on deposits	6.55	3.54
(b) Others		
(i) Export Incentives	94.75	179.29
(ii) Due from customers for contract work (Refer Note 25.1)	349.29	36.57
TOTAL	450.59	219.40



NOTE 18: REVENUE FROM OPERATIONS

Particulars		For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
(a)	Sale of products (Refer footnote (i) below)	45954.67	35373.20
(b)	Sale of services	152.83	98.11
(c)	Other operating revenues (Refer footnote (ii) below)	651.22	451.27
	Revenue from operations (Gross)	46758.72	35922.58
	<u>Less:</u>		
(d)	Excise duty	3702.96	2420.75
	Revenue from operations (Net)	43055.76	33501.83
Footnotes	Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
(i)	Sale of products comprises : <u>Manufactured goods</u> Automotive Gears (Includes processing charges ₹ 597.76 Lacs (Year ended 31 March, 2011: ₹ 1073.66 Lacs)) Automotive Components Industrial Furnaces (Refer footnote (iii) below) (Excludes ₹ 134 Lacs (Year ended 31 March, 2011: ₹ 53.41 Lacs) which is included in sale of services) Tooling Development Total - Sale of Products	 40156.08 4599.42 753.61 445.56 45954.67	 31275.31 3547.82 378.09 171.98 35373.20
(ii)	Other operating revenues comprises: Sale of scrap Export incentives Others : Liabilities / provisions no longer required written back Miscellaneous income Total - Other operating revenues	 415.46 195.16 11.05 29.55 651.22	 275.87 156.30 11.64 7.46 451.27
(iii) Revenue from contracts is recognized as stated in Note 1.6.			



NOTE 19 : OTHER INCOME

Particulars		For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
(a)	Interest income (Refer footnote (i) below)	53.46	38.57
(b)	Other non-operating income (Refer footnote (ii) below)	534.69	5.83
TOTAL		588.15	44.40
Footnote	Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
(i)	Interest income comprises :		
	Interest from Banks on:		
	Deposits	4.84	8.21
	Margin money	37.09	22.58
	Others	2.77	4.76
	Interest on Income tax refund	8.76	3.02
	TOTAL - Interest Income	53.46	38.57
(ii)	Other Non-operating income comprises:		
	Rent	1.80	1.80
	Profit on sale of fixed assets	8.98	3.28
	Profit on sale / transfer of leasehold rights in respect of part of company's leasehold land (Refer footnote (iii) below)	300.00	-
	Net gain on foreign currency transactions and translation	223.23	-
	Liabilities / provisions no longer required written back	0.68	0.75
	TOTAL - Other Non-operating Income	534.69	5.83
(iii)	Amount received on sale / transfer of leasehold rights	300.00	-
	Gross block of revalued portion of leasehold land	205.20	
	Less : Accumulated amortisation	34.51	
	Less : Adjustment of balance of revaluation reserve (Refer Note 3(c))	170.69	-
	Profit on Sale / transfer of leasehold rights	300.00	-



Note 20.a : Cost of material and components consumed

Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
Opening stock	1071.52	839.74
Add: Purchases	22504.15	17710.53
	23575.67	18550.27
Less: Closing stock	962.31	1071.52
Cost of material and components consumed	22613.36	17478.75
Material and components consumed comprises:		
Forgings	18383.61	14534.24
Automotive components	3584.49	2657.98
Others	645.26	286.53
TOTAL	22613.36	17478.75

Note 20.b : Changes in inventories of finished goods and work-in-progress

Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	1749.98	1013.02
Work-in-progress	1830.71	1935.75
	3580.69	2948.77
<u>Inventories at the beginning of the year:</u>		
Finished goods	1013.02	770.96
Work-in-progress	1935.75	1067.25
	2948.77	1838.21
Net (increase) / decrease	(631.92)	(1110.56)

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
Salaries and wages	4453.80	3981.09
Contributions to provident and other funds	429.35	475.62
Staff welfare expenses	658.52	524.71
TOTAL	5541.67	4981.42



NOTE 22 : FINANCE COSTS

Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
(a) Interest expense on:		
(i) Borrowings	799.03	587.86
(ii) Others		
Bill discounting charges	288.78	126.99
Interest on delayed /deferred payment of income tax	32.15	10.00
(b) Other borrowing costs (Bank and other financing charges)	149.12	131.58
TOTAL	1269.08	856.43

NOTE 23 : OTHER EXPENSES

Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
Consumption of stores and spare parts	1266.21	1181.43
Consumption of loose tools	963.79	777.93
Consumption of packing materials	823.70	624.28
Excise duty (Refer footnote(i) below)	89.28	19.13
Processing charges	1502.56	1194.46
Power and fuel	3289.28	2486.71
Rent including lease rentals (Refer Note 25.5 B (i))	358.69	319.20
Repairs and maintenance - Buildings	80.95	115.34
Repairs and maintenance - Machinery	289.95	175.81
Repairs and maintenance - Others	434.52	420.20
Insurance	56.39	52.00
Rates and taxes	39.91	41.35
Traveling, conveyance and car expenses	392.22	366.19
Freight, forwarding and other charges	604.34	438.37
Commission to selling agents	50.24	35.00
Payments to auditors (Refer footnote (ii) below)	23.00	20.94
Exchange loss (Net loss on foreign currency transaction and translation)	-	6.58
Loss on sale/ write off of fixed assets	22.29	7.26
Miscellaneous expenses	810.27	703.09
TOTAL	11097.59	8985.27

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 ₹ 83.91 Lacs (Year ended 31 March, 2011: ₹ 10.55 Lacs) and (b) the excise duty on free supplies under sales promotion schemes, free replacement, shortages, etc. - ₹ 5.37 Lacs (Year ended 31 March 2011: ₹ 8.58 Lacs)



Footnotes to Note 23 (Contd.)

Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
(ii) Payments to the auditors comprises (net of service tax input credit):		
As auditors - statutory audit	15.00	13.25
For other services	7.40	7.35
Reimbursement of expenses	0.60	0.34
TOTAL	23.00	20.94

NOTE 24 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Note	Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
24.1	Contingent liabilities and commitments (to the extent not provided for)		
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt		
	1. * Sales Tax, ESIC against which the Company's appeals are pending with the relevant appellate authorities.	1.59	1.59
	2. * In respect of Income Tax		
	(i) On account of disallowance of expenditure on reconditioning of plant and machinery for the assessment year 1994-95	-	50.41
	(ii) On account of disallowance of provision of leave encashment (including interest) for assessment years 2007-08, 2008-09 and 2009-10 for which the Company has preferred appeal against appropriate authority	47.00	44.00
	3. * 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	49.87
	(ii) In respect of claim of permanency of services and back wages filed by a set of temporary workmen before the Hon'ble Industrial Tribunal, Thane	Not ascertainable	-
	4. Others		
	(i) In respect of penal interest for late renewal of Employee Deposit Linked Insurance Policy for financial year 2008-09	4.43	4.43
	(ii) In respect of mense profit for the premises under leave and license agreement	402.61	-
	(b) Other money for which the Company is contingently liable		
	In respect of Sales Invoice Finance facility	1471.38	720.37
	*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.		



NOTE 24 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

Note	Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)		
	Tangible assets	1262.62	1249.24
	Intangible assets	27.51	-
		1290.13	1249.24
24.2	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
	Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	511.69	117.87
(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	2436.50	434.26
(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 24 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

Note	Particulars		
24.3	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 :		
	Particulars	Amount in Foreign Currency	Equivalent Amount in Indian Currency (₹ in Lacs)
	Payables	USD 157421.01 (USD 564291.44)	80.19 (251.45)
		EUR 7133.50 (EUR 61858.40)	4.85 (39.20)
	Receivables	USD 2695359.57 (USD 2676020.53)	1372.75 (1192.17)
		EUR 298982.58 (EUR 255683.74)	203.07 (161.98)
		CHF 12778.50 (CHF 11993.50)	7.20 (5.84)
		SGD 4090.00 (-)	1.66 (-)
		JPY 132450.00 (-)	0.82 (-)
Footnote:			
Figures in brackets represent previous year's figures			



NOTE 24 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

Note	Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
24.4	Value of imports calculated on CIF basis :		
	Raw materials and components	404.79	193.01
	Stores and spare parts	37.28	79.65
	Loose tools	141.23	111.05
	Capital goods	1069.46	1031.46
		1652.76	1415.17
24.5	Expenditure in foreign currency :		
	Royalty	53.26	23.96
	Professional Fees	2.91	4.42
	Interest on foreign currency loans	3.61	14.52
	Others (Travel, commission, warehousing charges, rejection claims etc.)	41.06	54.38
	Exchange Loss (net)	-	6.58
24.6	Details of consumption of imported and indigenous items:	For the Year ended 31 March, 2012	
		(₹ Lacs)	(%)
	<u>Imported</u>		
	Raw materials and components	433.10 (210.07)	1.92 (1.20)
	Stores and spare parts	45.13 (47.05)	3.56 (3.98)
	Loose tools	177.86 (118.64)	18.45 (15.25)
	TOTAL	656.09 (375.76)	
	<u>Indigenous</u>		
	Raw materials and components	22180.26 (17268.68)	98.08 (98.80)
	Stores and spare parts	1221.08 (1134.38)	96.44 (96.02)
	Loose tools	785.93 (659.29)	81.55 (84.75)
	TOTAL	24187.27 (19062.35)	
	Note: Figures in brackets represent previous year's figures.		



NOTE 24 : ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)

Note	Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
24.7	Earnings in foreign exchange :		
	Export of goods calculated on FOB basis	7404.11	4559.12
	Tooling Development Income	165.55	64.74
	Exchange Gain (net)	223.23	-
	Other income (Freight, Insurance etc.)	266.80	259.11
		8059.69	4882.97

NOTE 25 : DISCLOSURES UNDER ACCOUNTING STANDARDS

Note	Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
25.1	Details of contract revenue and costs		
	Contract revenue recognised during the year (Excludes Sale of spares ₹ 85.39 Lacs (Year ended 31 March, 2011: ₹ 58.03 Lacs))	802.22	362.56
	Method used to determine contract revenue and the stage of completion of contracts in progress	(Refer Note 1.6)	(Refer Note 1.6)
	Aggregate of contract costs incurred and recognised profits upto the reporting date	687.29	217.06
	Advances received for contracts in progress	-	-
	Retention money for contracts in progress	-	-
	Gross amount due from customers for contract work (included under Note 17)	349.29	36.57
	Gross amount due to customers for contract work	-	-
25.2	Employee benefit plans		
25.2.a	<u>Defined Contribution Plans</u>		
	During the year ended 31 March the Company has recognized the following amounts in the Statement of Profit and Loss :		
	Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
	Employers' contribution to Provident Fund and Family Pension Fund	221.44	202.05
	Employers' contribution to Superannuation Fund	113.46	109.50
	The above amounts are included in Contributions to provident and other funds under Note 21 Employee benefits expense.		



NOTE 25 : DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

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



NOTE 25 : DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

₹ Lacs

Note	Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
		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	1053.24	43.39	913.19	42.53
	Current service cost	54.49	1.78	43.06	1.77
	Interest cost	83.98	3.45	75.19	3.42
	Actuarial (gains) /losses	0.66	1.82	14.45	0.27
	Past service cost	-	-	73.88	-
	Benefits paid	(109.03)	(6.95)	(66.53)	(4.60)
	Present value of DBO at the end of the year	1083.34	43.49	1053.24	43.39
	Change in fair value of assets during the year				
	Plan assets at beginning of the year	638.14	-	606.63	-
	Expected return on plan assets	47.12	-	46.73	-
	Actual company contributions	46.84	-	44.12	-
	Actuarial gain / (loss)	8.84	-	7.19	-
	Benefits paid	(109.03)	-	(66.53)	-
	Plan assets at the end of the year	631.91	-	638.14	-
	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 ₹ 55.96 Lacs (Year ended 31 March, 2011 is ₹ 53.92 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	8.50%	8.50%	8.15%	8.15%
	Expected return on plan assets	7.50%	-	7.50%	-
	Salary escalation	6.00%	6.00%	6.00%	6.00%
	Estimate of amount of contribution in the immediate next year	₹ 100 Lacs			
	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
		2011-12	2010-11	2009-10	2008-09
	Gratuity				
	Present value of DBO	1083.34	1053.24	913.19	881.30
	Fair value of plan assets	631.91	638.14	606.63	628.15
	Funded status [Surplus / (Deficit)]	(451.43)	(415.10)	(306.56)	(253.15)
	Experience gain/(loss) adjustments on plan liabilities	12.42	14.45	130.23	16.55
	Experience gain/(loss) adjustments on plan assets	8.84	7.19	5.14	6.24
	Terminal Ex-gratia (Unfunded)				
	Present value of DBO	43.49	43.39	42.53	48.24
	Fair value of plan assets	-	-	-	-
	Funded status [Surplus / (Deficit)]	(43.49)	(43.39)	(42.53)	(48.24)
	Experience gain/(loss) adjustments on plan liabilities	(2.70)	(0.27)	(0.76)	(0.92)
	Experience gain/(loss) adjustments on plan assets	-	-	-	-

NOTE 25 : DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

Note	Particulars		
25.3	Segment Information The Company is primarily engaged in the Automotive Gears business. 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.”		
25.4	Related Party Transactions		
25.4.a	Details of related parties with whom the Company had transactions during the year.		
	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)	
	Enterprises over which KMP is able to exercise significant influence	(ii) Mr. Sameer Kanwar (SK) – Joint Managing Director (Son of Chairman and Managing Director of the Company)	
		(i) Bharat Gears Officers Provident Fund (BGOPF)	
		(ii) Cliplok Simpak (India) Pvt. Ltd. (CSIPL)	
		(iii) Raunaq International Ltd. (RIL)	
		(iv) Vibrant Finance & Investments Pvt. Ltd. (VFIPL)	
	Note: Related parties have been identified by the Management.		
25.4.b	Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012 :		
			₹ Lacs
		KMP	Enterprises over which KMP is able to exercise significant influence
	Purchase of packing material (CSIPL)		34.60 (30.46)
	Rent & other expenses (VFIPL)		11.25 (10.20)
	Rent paid for premises taken on lease (SPK)	63.50 (60.00)	
	Rent paid for premises taken on lease (SK)	31.77 (31.77)	
	Reimbursement of Maintenance charges paid for premises taken on rent (SPK)	3.29 (1.65)	
	Reimbursement of Maintenance charges paid for premises taken on rent (SK)	1.06 (-)	
	Rent income (RIL)		1.74 (1.74)
	Rent income (CSIPL)		0.06 (0.06)



NOTE 25 : DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)
₹ Lacs

25.4.b		KMP	Enterprises over which KMP is able to exercise significant influence
	Repair & Maintenance - Plant & Machinery & Building (RIL)		51.28 (73.84)
	Construction of Factory Building - Boundary wall / Road / Car parking (RIL)		38.79 (25.80)
	Purchase of land (RIL)		285.00 (-)
	Contribution to Provident Fund (BGOPF)		- (11.40)
	Remuneration (SPK)	195.23 (194.37)	
	Remuneration (SK)	90.41 (83.79)	
	<u>Balances outstanding at the end of the year</u>		
	Trade receivables	10.00 (10.00)	17.00 (10.20)
	Trade payables	2.75 (83.45)	44.89 (57.50)
	Note: Figures in bracket relates to the previous year		
25.4.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.		
25.5	Details of Leasing arrangements		
	(A) Finance Lease:		
	(i) For net carrying amount as at 31 March, 2012 for assets acquired under finance lease. (Refer Note 11(A) Fixed Assets)		
	(ii) The maturity profile of finance lease obligations is as follows:		
		₹ Lacs	
		Total minimum lease payments outstanding as at 31 March, 2012	Interest not due
			Present value of minimum lease payments
	Not later than one year	341.75 (342.84)	79.94 (93.47)
	Later than one year but not later than five years	632.33 (854.53)	95.59 (138.09)
	TOTAL	974.08 (1197.37)	175.53 (231.56)
	Figures in brackets are for the Previous Year.		



NOTE 25 : DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

(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 : (Not Non-cancellable) (i) Lease payments recognised in the Statement of Profit and Loss for the year are as follows:			
		For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
	Residential flats / offices / godowns	173.47	155.45
	Vehicle / Plant and Machinery / Air Conditioner	181.98	156.32
(ii) 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.			
	Particulars	For the Year ended 31 March, 2012 (₹ Lacs)	For the Year ended 31 March, 2011 (₹ Lacs)
25.6	Earnings per share		
	<u>Basic and diluted</u>		
	Net profit for the year	1859.20	971.28
	Less: Preference dividend and tax thereon	12.12	24.31
	Net profit for the year attributable to the equity shareholders	1847.08	946.97
	Weighted average number of equity shares (Nos.)	7817833	7817833
	Par value per share (In ₹)	10.00	10.00
	Earnings per share - Basic and diluted	23.63	12.11
	Particulars	As at 31 March, 2012 (₹ Lacs)	As at 31 March, 2011 (₹ Lacs)
25.7	Components of deferred tax balances		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	578.54	520.67
	Others	75.23	44.69
	Tax effect of items constituting deferred tax liability	653.77	565.36
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated absences, gratuity and other employee benefits	291.66	306.75
	Disallowances under Section 43B of the Income Tax Act, 1961	47.30	41.02
	Others	87.28	97.06
	Tax effect of items constituting deferred tax assets	426.24	444.83
	Deferred tax liability (net)	227.53	120.53



NOTE 25 : DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

25.8

Details of provisions

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

Provision for warranties	2011-2012 (₹ Lacs)	2010-2011 (₹ Lacs)
Carrying amount at the beginning of the year	4.24	0.81
Additional provision made during the year	8.33	3.43
Amount used during the current year	3.18	-
Unused amount reversed during the year	-	-
Carrying amount at the end of the year	9.39	4.24

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

NOTE 26 : PREVIOUS YEAR'S FIGURES

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

SURINDER P. KANWAR
Chairman and Managing Director

SAMEER KANWAR
Joint Managing Director

RAM S. TARNEJA
N.J. KAMATH
V.K. PARGAL
W.R. SCHILHA
S.G. AWASTHI
RAKESH CHOPRA
Directors

Place : Mumbai
Date: May 30, 2012

MILIND PUJARI
Chief Financial Officer

PRASHANT KHATTRY
Group Head (Legal) & Company Secretary





Geared for life



BGL Plant at Faridabad, Haryana.



BGL Plant at Mumbra, Maharashtra.



Geared for life

“FORM 2B”

Nomination Form

(To be filled in by the individual applying singly or jointly)
(if jointly only upto two persons)

I/We.....and.....the holders of.....equity shares against Folio No..... bearing Certificate number(s) from.....to.....and distinctive number from.....to.....of Bharat Gears Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and or amount payable in respect of the said shares shall vest in the event of my/our death.

Name and Address of Nominee (Please write in block letters)

Name																	
------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Father's/Husband Name																	
-----------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Occupation																	
------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Address																	

Date of Birth*																	
----------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(*to be furnished in case the nominee is a minor)

**The Nominee is a minor whose guardian is :

Name																	
------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Address																	

(**To be deleted if not applicable)

Specimen Signature of Nominee/Guardian : _____

Signature :

Name :

Address :

Date :

Signature :

Name :

Address :

Date :

Signature of two witnesses

Name and Address

Signature with date

1.

2.



PROFORMA FOR UPDATION OF SHAREHOLDER'S INFORMATION

--	--	--	--	--	--

--	--	--	--	--	--

Specimen Signature
(As per application/transfer deed)

Name(s):

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

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

[illegible]

--	--	--	--	--	--

--	--	--	--	--	--

FROM

FROM

--	--	--	--	--	--

--	--	--	--	--	--

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.

ELECTRONIC CLEARING SERVICES(ECS) MANDATE FORM



Geared for life

To
Link Intime India Pvt. Ltd.
(Unit : Bharat Gears Limited)
A-40, IInd Floor, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall,
New Delhi - 110 028

Name of the First/Sole Share holder	
Folio No. / DP Id - Client Id	

PAN / Email information

Income Tax Permanent Account Number (PAN) (Please attach a photocopy of PAN Card)	
Email ID	

ECS Mandate Form (for shares held in physical mode)

Bank Name						
Branch Name & Address						
Bank Account Type (tick)	Savings		Current		Others	
Bank Account Number						
9 Digit Code Number of the Bank and Branch appearing on the MICR Cheque issued by the Bank (Please attach a photocopy of the cheque)						

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Bharat Gears Limited, will not be held responsible.

I further undertake to inform the company any change in my Bank / Branch and account number, if any.

Signature of First / Sole Holder

Place:
Date:



Geared *for* life

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BHARAT GEARS LIMITED

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

40TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

Name of the Member
(in Block Letters)

Name of Proxy, if any
(in Block Letters)

Regd. Folio No./Demat A/c No. DP ID No.

No. of shares held

I hereby record my presence at the 40th Annual General Meeting of the Company on Thursday, July 26, 2012 at 11.30 A.M. at FARIDABAD INDUSTRIES ASSOCIATION, FIA HOUSE, BATA CHOWK, FARIDABAD-121001, (HARYANA).

Signature of the Proxy..... Signature of the Member.....

Note: 1. Members/Proxy holders are requested to bring this Attendance Slip duly filed in and signed with them when they come to the meeting and hand it over at the entrance of the Meeting Hall.

NO ATTENDANCE SLIP WILL BE ISSUED AT THE TIME OF MEETING.

2. **No briefcase, bag etc. shall be allowed inside the Meeting Hall.**

3. Please bring your copy of the Annual Report to the meeting.

4. The meeting is of members only and you are requested not to bring with you any person who is not a member or a Proxy.

NOTE : NO GIFTS / GIFT COUPONS SHALL BE DISTRIBUTED AT THE MEETING



BHARAT GEARS LIMITED

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

40TH ANNUAL GENERAL MEETING

PROXY FORM

I/We.....

of.....

..... being member(s) of BHARAT GEARS LIMITED

hereby appoint

of

or failing him/her

of

as my/our Proxy to vote for me/us and on my/our behalf at the 40th Annual General Meeting of the Company to be held on Thursday, July 26, 2012 at 11.30 A.M. at FARIDABAD INDUSTRIES ASSOCIATION, FIA HOUSE, BATA CHOWK, FARIDABAD-121001, (HARYANA) and at any adjournment thereof.

AS WITNESS my/our hand(s) this..... day of..... 2012.

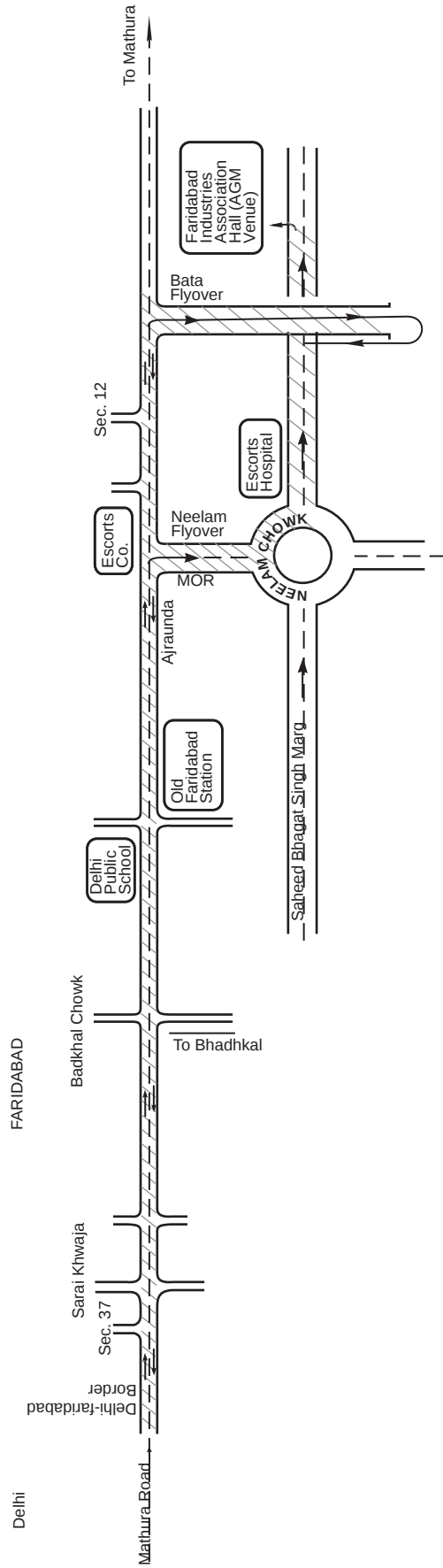
Signature (s).....

Regd. Folio No./Demat A/c No. DP ID No.

Note: 1. The Proxy need not be a member.

2. The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.

NOTE : NO GIFTS / GIFT COUPONS SHALL BE DISTRIBUTED AT THE MEETING



GUIDE MAP TO VENUE OF AGM FROM DELHI - FARIDABAD BORDER



BHARAT GEARS LIMITED

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