BHARAT GEARS LIMITED
Kausa Shil, Mumbra, Dist. Thane - 400 612. (Maharashtra) INDIA
Tel. : +91 (22) 2535 2034, 2535 7500 • Fax : +91 (22) 2535 1651

FORM A
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Bharat Gears Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- Surinder P. Kanwar Chairman and Managing Director Milind Pujari Chief Financial Officer Dr. Ram S. Tarneja Audit Committee Chairman Auditor of the Company Refer our Audit Report dated May 29, 2015 on the Financial Statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm's Registration No. 117365W) Saira Nainar (Partner) (Membership No. 040081) Mumbai , June 16, 2015	

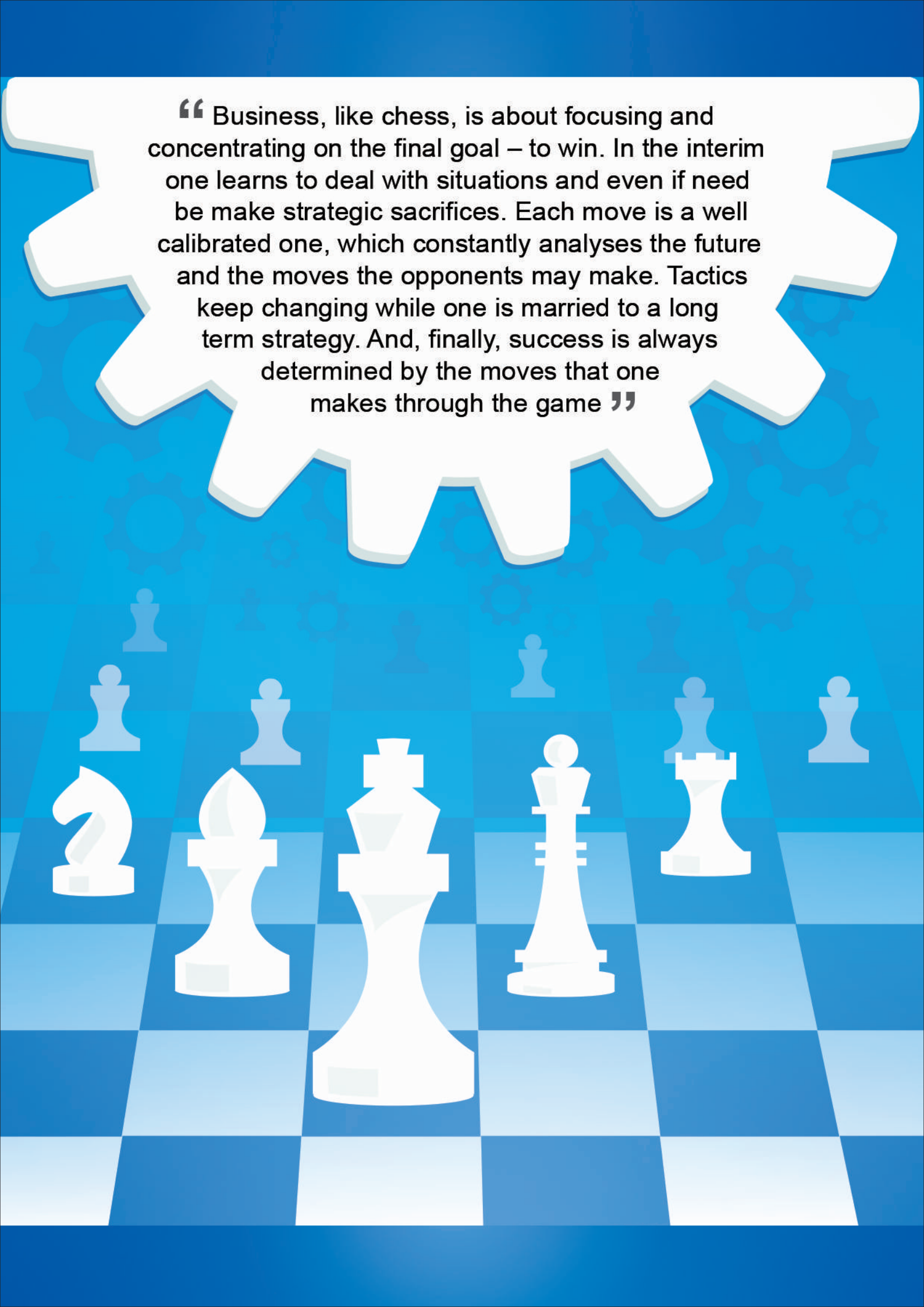
Making the Right Moves in Challenging Times

43rd Annual Report

2014-2015

BHARAT GEARS LIMITED

Geared for Life


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

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CHAIRMAN'S MESSAGE

Surinder P. Kanwar, *Chairman & Managing Director*

Dear Shareholders,

There is a strong parallel between running a business and playing a game of chess. The final result will almost always depend on the decisions taken during the opening gambit and the middle game. In fact, each move that one makes has to be carefully crafted as an element of a larger plan that takes into account the future environment, which is often determined by moves that others make. While there is always some element of uncertainty that needs to be dealt with, but the overall long term growth of an organisation is largely dependent on the design of these very strategic moves. Importantly, like in a game of chess, in the corporate world too, we need to continuously adjust and realign our strategic moves in line with the way the game evolves. Of course, one also has to have capabilities to implement the plans with clockwork precision. We at Bharat Gears, have made our opening gambit and have entered a difficult middle game.

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

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

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

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

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

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

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

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

To begin with, our exports performance continued to gain momentum. In fact, exports grew by 17% to ₹ 134.08 crore in FY2015, which accounts for 32% of total sales of the year. Only, five years back in FY2011, exports constituted only 16% of our total sales. Particularly, in the last 2 years, it has been exports that have substantially helped in stabilising our sales given the depressed domestic market conditions. The foray into exports has not happened overnight. It was a planned effort, which required developing global customer relations, creating requisite logistics, developing appropriate products, further raising our bar in terms of quality and enhancing the production processes. These were focused efforts and we are starting to see their positive results. All efforts are being made to increase our business with the existing export customers and to further expand and build relations with new customers. I have always said, that in terms of exports, we have just scratched the tip of the iceberg. There is a huge market for us to benefit from by having even a miniscule share as a global player. We are making all efforts to become an increasingly more global company.

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

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

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

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

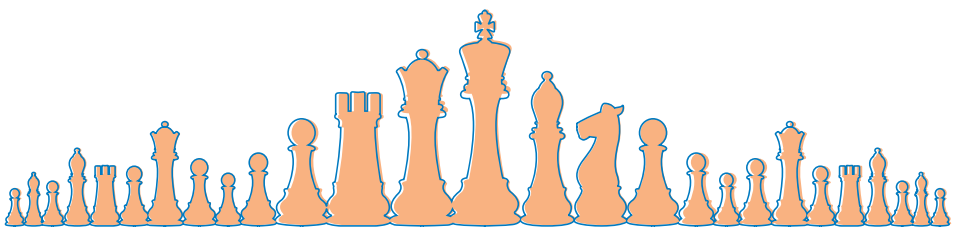
I thank all of you – employees, shareholders, financers, partners and customers – for lending your support to the Company. Hope to continue receiving your good wishes as we make our moves through difficult times. We are confident of sailing through to our long term goal and living up to the trust you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

Regards

Surinder P. Kanwar
Chairman & Managing Director

FIVE YEAR FINANCIAL SNAPSHOT
(₹ MILLION)

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



CORPORATE INFORMATION

AUDIT COMMITTEE

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

FINANCE COMMITTEE

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

AUDITORS

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

CHIEF FINANCIAL OFFICER

Mr. Milind Pujari

HEAD (LEGAL) & COMPANY SECRETARY

Mr. Prashant Khattry

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

BANKERS

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

REGISTRAR & TRANSFER AGENT

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

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

OFFICE LOCATIONS

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

PLANT LOCATIONS

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

BOARD OF DIRECTORS

Names in order from left to right :

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

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

SENIOR MANAGEMENT

Mr. Sameer Kanwar
Joint Managing Director

Mr. Milind Pujari
Chief Financial Officer

Mr. Naresh Verma
Corporate Head - HR

Mr. Jagdeep Singh
Business Head - After Market

Mr. Sandeep Bathla
Corporate Head - Operations

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

Mr. Prashant Khattry
Head - Legal and Company Secretary

STRATEGIC FOCUS: CUSTOMERS

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

Customer Interaction

GEARS BUSINESS

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

CLIENT LIST

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

AGRIKING TRACTORS & EQUIPMENTS (P) LTD.	Agriking Tractors & Equipments (P) Ltd.	NEW HOLLAND	New Holland Fiat India Pvt. Ltd.
ASHOK LEYLAND	Ashok Leyland Limited	PAHARPUR	Paharpur Cooling Towers Ltd.
AVTEC	AVTEC Limited	RICO	Rico Auto Industries Ltd.
CARRARO	Carraro India, Italy, China	DANA	Spicer India Ltd. DANA India Ltd.
CLAAS	CLAAS Tractor SAS France, Hungary	SML ISUZU	SML ISUZU Ltd.
EATON	EATON Corporation - USA		Transaxle Manufacturing of America (TMA) USA
FORCE MOTORS	Force Motors Ltd.	TAFE	Tractors and Farm Equipment Ltd.
Godrej	Godrej & Boyce Mfg. Co. Ltd.	TOYOTA	Toyota Kirloskar Auto Parts Ltd.
HYVA	Hyva India Pvt. Ltd.	V.S.T. TILLERS	VST Tillers & Tractors
JCB	JCB-India, UK	ESCORTS	Escorts Ltd.
JOHN DEERE	John Deere - India, USA,Spain, Mexico, Brazil, China	VOLTAS LIMITED	Voltas Ltd.
Mahindra	Mahindra & Mahindra Ltd.	ZF	ZF China, India, USA
MAN	Man Trucks India Pvt. Ltd.	SCHAFER GEAR WORKS	Schafer Driveline LLC, USA

BGL Auto Components

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

DEALER NETWORK

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

BGL Furnaces

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

AAM	AAM India Manufacturing (American Axles)	Mahindra	Mahindra & Mahindra
ASHOK LEYLAND	Ashok Leyland Limited	oerlikon systems	Oerlikon Drive Systems
AVTEC	AVTEC Limited	PFG PreciForge & Gears	Preciforge and Gears
BAJAJ	Bajaj Auto	M	Precision Fasteners
bemi	Bharat Earth Movers	Sanjeev Auto Parts Manufacturers	Sanjeev Auto Parts Manufacturers
D3	Drilbits International Pvt. Ltd.	sona	Sona Koyo Steering Systems
EXEDY India Ltd.	Exedy India Limited	TVS Sundram Fasteners Limited	Sundaram Fasteners Ltd.
HTTS	High Technology Transmission Systems	TATA MOTORS	TATA Motors Ltd.
	Indian Railways	TIMKEN	Timken India
Jagadamba Auto-components Ltd.	Jagdamba Auto Components	TENGL	Tractor Engineers
MUKAND ENGINEERS	Mukand Limited	varroc EXCELLENCE	Varroc

STRATEGIC FOCUS: MANUFACTURING FACILITIES

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

Kausa Shil,
Mumbra,
Maharashtra

Faridabad,
Haryana

CWP GENERATING TECHNOLOGIES

Klingelnberg C-29

Klingelnberg C-50

BAR BLADE GRINDING & CUTTER SETUP TECHNOLOGIES

Klingelnberg CS 200

FOR BEVEL GEARS

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

GEAR CUTTING TECHNOLOGIES

Mitsubishi GE-20A Hobber

Mitsubishi FE-30A Shaver

FOR TRANSMISSION GEARS

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

Mitsubishi GE-25A Hobber

TESTING TECHNOLOGIES

Klingelnberg
Tester machine - T 60

P-65

FOR TESTING

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

P-40

STRATEGIC FOCUS: EXPANDING CAPACITIES

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

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

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

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

BUREAU VERITAS
Certification

BHARAT GEARS LIMITED

Geared for life

Gat No. 232/2, 232/3, 232/12, 233/13 & 236/2,
Belacha Mala Road,Taluka Khandala,
Lonand – 415 521. Satara. Maharashtra, India

Bureau Veritas Certification certify that the Management System of the above organization has been audited and found to be in accordance with the requirements of the management system standards detailed below

Standards

ISO 14001:2004 &
BS OHSAS 18001:2007

Scope of certification

MANUFACTURING OF TRANSMISSION GEARS & SHAFTS

Certification cycle start date **20 March 2015**
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on **19 March 2018**
Original certification date **20 March 2015**
Certificate No **IND15.4065U/E/HS** Version 1 Revision date **20 March 2015**

Signed on behalf of BVCH SAS UK Branch
Ramesh KOREGAVE
General Manager, CERTIFICATION
South Asia Region

UKAS
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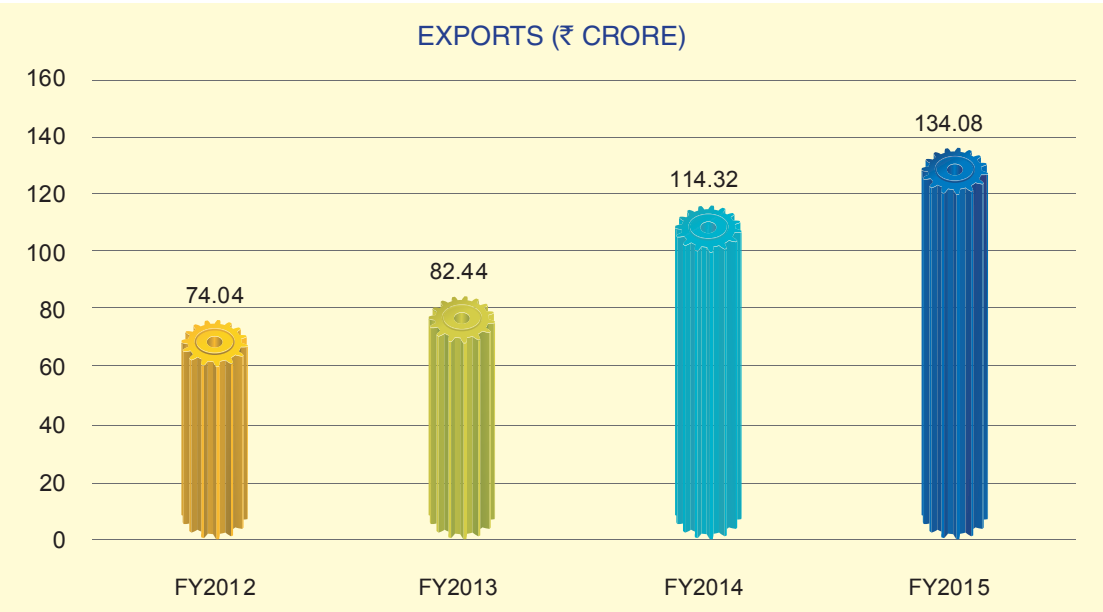
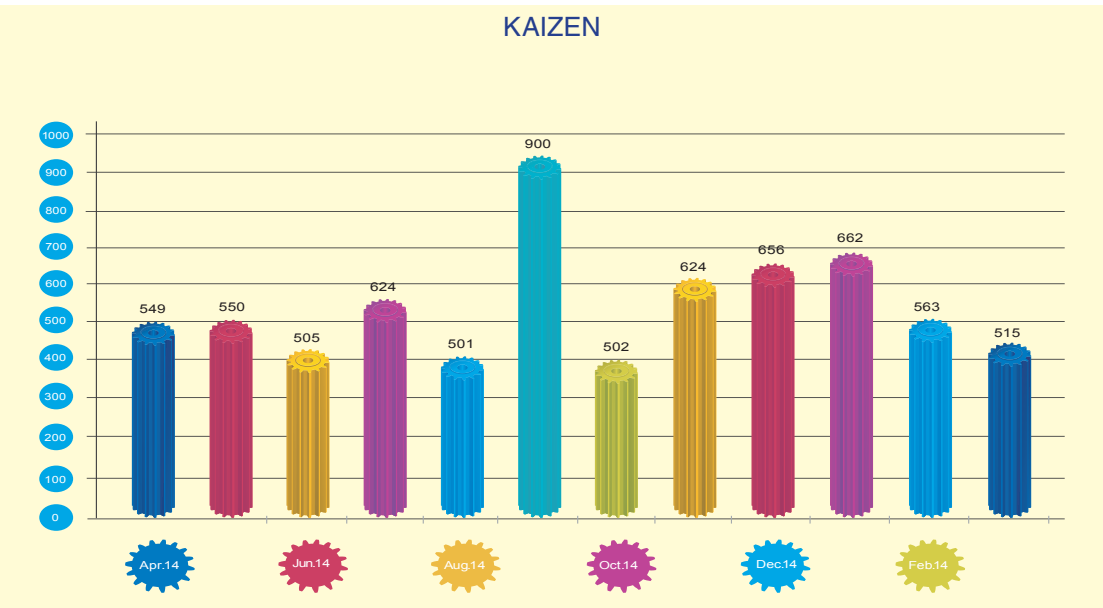
STRATEGIC FOCUS: GLOBAL MARKETS, OPERATIONS EXCELLENCE

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



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



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

Streamlining Layout at Faridabad Plant

Online Inspection & Packing

OPEN HOUSE

OPEN SPACE - OPEN MIND

- Brain-storming session under the tree
- Creative ideas by employees

5 ‘S’ EVENT

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

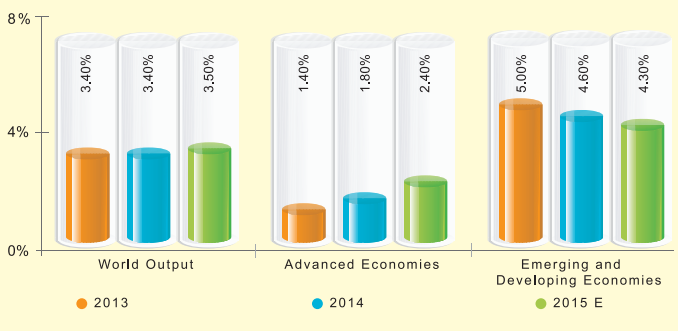
Bharat Gears Limited (referred to as 'BGL' or 'the Company') is one of India's leading automotive gear manufacturers. The Company primarily produces medium to heavy gears and related components for agricultural machinery, commercial vehicles and construction equipment. After establishing a dominant positioning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

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

MACRO-ECONOMIC ENVIRONMENT

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

Chart A: Output Growth

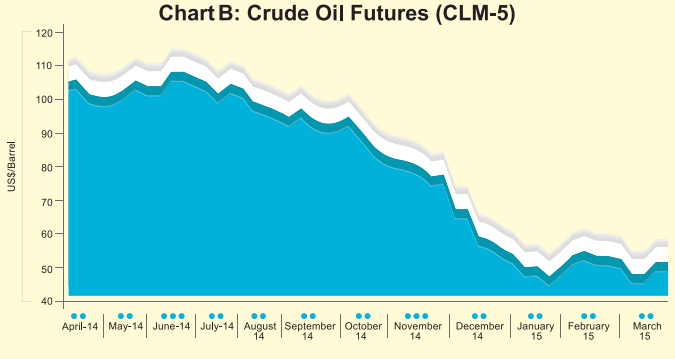


Source: IMF estimates

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

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

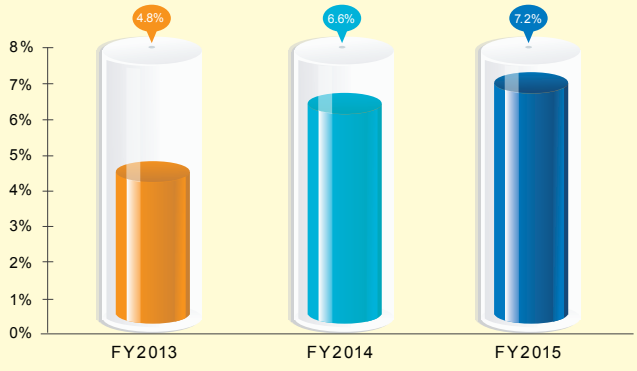
Chart B: Crude Oil Futures (CLM-5)



Source: investing.com

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

Chart C: Grow Value Added Growth, India



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

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

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

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

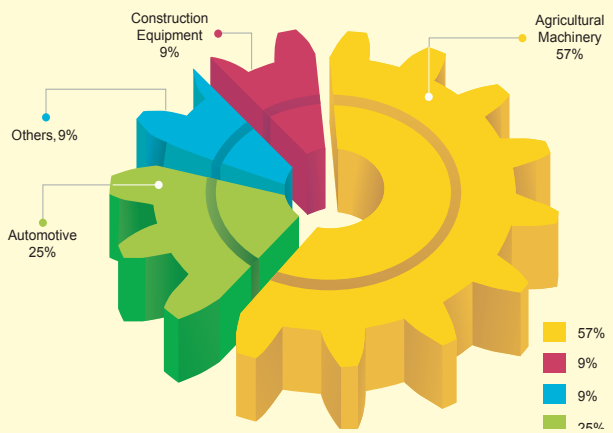
Macro-economic conditions are certainly looking better; however, the pace of improvement is gradual and slow.

GEARS BUSINESS

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

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

Chart D: BGL Sales- Customer Segment

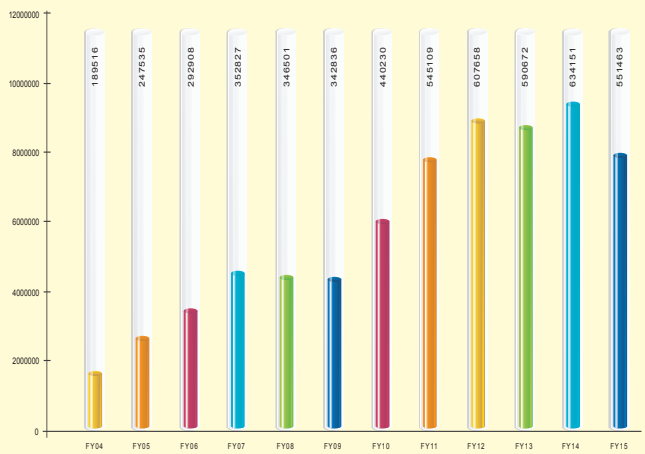


MARKET SCENARIO

Between Financial Year FY 2004 and FY2014, domestic tractor sales more than trebled from under 1.9 lakh to over 6.3 lakh units, after averaging about 2 lakh units annually through the nineties and the early part of the last decade. This surge had mainly to do with rising farm incomes underpinned by a global commodity boom, resulting in higher crop realizations and also forcing hikes in official minimum support prices to align them with world prices. Unlike in the 1990s, the early 2000 period saw higher incomes and improved terms of trade for farmers as confirmed by a recent agriculture ministry appointed working group report. This meant more disposable income and money in the hands of the rural population, which enabled increase in purchasing power of farmers.

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

Chart E: India Tractor Sales



Source: Tractor Manufacturers' Association

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

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

Table 1: Vehicle Sales

COMPANY	APRIL-MARCH		
PASSENGER VEHICLES	**2013-14**	**2014-15**	**% CHANGE**
Passenger Cars	1,786826	1,876,017	4.99%
Utility Vehicles	525,839	555,699	5.68%
Vans	190,844	171,395	-10.19%
Total passenger vehicles	**2,503,509**	**2,603,111**	**3.98%**
COMMERCIAL VEHICLES			
M&HCVs			
Passenger carriers	38,709	36,837	-4.84%
Goods carriers	161,909	195,918	21.01%
Total M&HCVs	**200,618**	**232,755**	**16.02%**
LCVS			
Passenger carriers	42,799	44,816	4.71%
Goods carriers	389,434	337,390	-13.36%
Total LCVs	432,233	382,206	-11.57%
Total commercial vehicles	**632,851**	**614,961**	**-2.83%**
THREE-WHEELERS			
Passenger carriers	385,384	432,234	12.16%
Goods carriers	94,701	99,693	5.27%
Total three-wheelers	**480,085**	**531,927**	**10.80%**
TWO-WHEELERS			
Scooters/scooterettes	3,602,743	4,505,529	25.06%
Motorcycles/stepthroughs	10,481,115	10,743,549	2.50%
Mopeds	722,920	755,503	4.51%
Total two-wheelers	**14,806,778**	**16,004,581**	**8.09%**
Grand total of all categories	**18,423,223**	**19,754,580**	**7.23%**

Source: SIAM

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

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

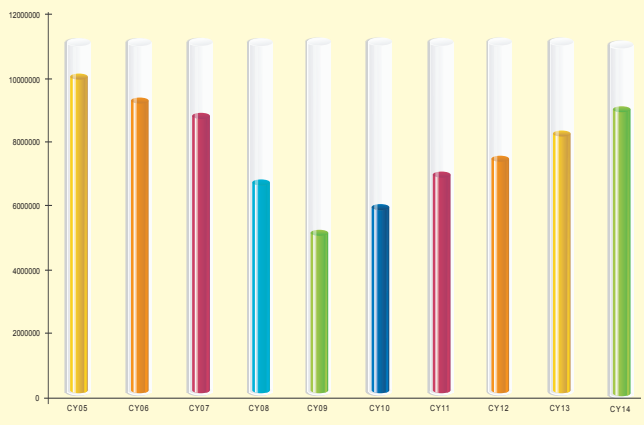
had declined 6.05% and all three segments – cars, UV's and vans had seen a downturn.The overall CV sector's numbers are down in FY2015 mainly due to a below-par performance by LCV's, which de-grew 11.57% and pulled down CV sales by (-2.83%) year on year. M&HCV's recorded a good growth of 16.02% in FY2015.

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

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

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

Chart F: Commercial Vehicles Sales



MARKET PERFORMANCE

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

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

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

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

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

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

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

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

OPERATIONS

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

MUMBRA PLANT

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

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

On the cost front, importantly, the Company finalized the open power access purchase contract, which will help reduce energy costs further in FY2016. The team has initiated many improvement projects across the plant to reduce manufacturing cost in areas like power and fuel, oils, tooling and water. Today, there is a lot of focus on improving quality and productivity levels at this plant and one expects to see some quantum improvements in these parameters in the next two years.

FARIDABAD PLANT

The plant continues on the road to excellence with several initiatives taking roots and showing results. The culture of safety, 5S, Kaizen, autonomous maintenance, visual management, standard work and lost time analysis has created a robust foundation for promoting a continuous improvement culture. The plant has done 7,151 Kaizens in FY2015, which shows the high level of employee engagement. On the safety front, too, the performance was creditable – the plant had only 1 lost time injury in FY2015 and celebrated 627 accident free days.

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

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

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

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

LONAND PLANT

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

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

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

Safe Launch Room

AUTO COMPONENTS DISTRIBUTION

Bharat Gears is a trusted brand in the replacement gear market, where it continues to maintain steady market share. Today, the Company has a pan India distribution network with greater strengths in the East, North and West of India. The auto-components space includes a wide array of parts engineered to excellence where BGL maintains tight controls over design and quality. The range of products include automotive clutch and components, turbo chargers and components, driveline products, axle shafts, fly wheel assemblies and rings, propeller shaft components, U-J Cross, steering components and differential cages.

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

FURNACE

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

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

SUPPORT SYSTEMS

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

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

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

FINANCIAL HIGHLIGHTS

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

₹ in crore

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

RISKS AND CONCERNS

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

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

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

Input Cost Risks: Being an integral unit of a long supply chain in the automotive industry, BGL is always exposed to the risks of having to absorb increased input costs that cannot be passed on to customers. While contractually steel cost increases can be passed on, there is always bargaining pressure from the large OEMs. Other price increases like energy and operational expenses have to be offset by operational efficiency and value engineering.

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

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

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

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

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

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

OUTLOOK

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

CAUTIONARY STATEMENT

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

CSR INITIATIVES

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

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

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

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conversation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art and setting up of public libraries;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- Rural Development projects.

During the past decades, the Company has voluntarily contributed to the lives of it's associates, stakeholders in many different ways, which forms an integral part of the activities as enumerated in the CSR policy of the Company which has been adopted after the enactment of the Companies Act, 2013. We have also contributed to society especially the needy persons in our special ways and through various NGOs.

Caring Autism

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

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

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

Upgrading the Infrastructure in the Local Surroundings and Green Initiatives

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

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

Safety and Environment

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

Employee welfare

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

BOARD'S REPORT

(SECTION 134 OF THE COMPANIES ACT, 2013)

To The Members

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

(₹/Crores)

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

DIVIDEND

In view of loss for the year, your Directors have not recommended any dividend on equity shares of the Company for the year ended March 31, 2015.

FINANCIAL PERFORMANCE

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

Key financial figures: FY 2014-15

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2015 and of the profit and loss of the Company for the period ended on that date;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY CONTRACTS AND ARRANGEMENTS

The particulars of the undergoing contracts or arrangements of the Company with related parties during the period under review referred to in Section 188(1) of the Company Act, 2013 were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the related party transaction policy of the Company. The said policy as approved by the Board in terms of provisions of Clause 49 of the Listing Agreement is available on the website of the Company i.e. www.bharatgears.com under the link http://bharatgears.com/documents/related-party-transactions-policy.pdf.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT

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

DIRECTORS

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

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

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

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

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

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

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2014-15, Five (5) Board Meetings were held on the following dates. The gap between any two meetings was not more than one hundred twenty days as mandated under the provisions of Section 173 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges:-

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

INDEPENDENT DIRECTORS

In terms of provisions of Section 149(7) of the Companies Act, 2013, all the Independent Directors of the Company have furnished a declaration to the Compliance Officer of the Company at the meeting of the Board of Directors held on 29 May, 2015 stating that they fulfill the criteria of Independent Director as prescribed under Section 149(6) of the Companies Act, 2013 and are not being disqualified to act as an Independent Director.

In terms of Clause 49 of the Listing Agreement, the Company has adopted a familiarization programme for Independent Directors. The details of the said programme is available on the website of the Company i.e. www.bharatgears.com under the link http://bharatgears.com/documents/familarisation-programmme-independent-directors.pdf.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of Section 178 of the Companies Act, 2013 read with revised Clause 49 of the Listing Agreement, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees has been adopted by the Board of Directors of the Company in pursuance of its formulation and recommendation by the Nomination and Remuneration Committee thereby analyzing the criteria for determining qualifications, positive attributes and independence of a Director. The said policy is annexed as **Annexure -"B"** to this report and is also available on the website of the Company i.e. www.bharatgears.com under the link http://bharatgears.com/documents/nomination-and-remuneration-policy-bgl.pdf.

EVALUATION PROCESS

The Board of Directors of the Company has established a framework for the evaluation of its own performance and that of its committees and individual Directors of the Company in consultation with the engaged consultant.

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

KEY MANAGERIAL PERSONNEL

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

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

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

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

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

PARTICULARS OF EMPLOYEES

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

RISK MANAGEMENT

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

CSR COMMITTEE

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

AUDIT COMMITTEE

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

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

INTERNAL COMPLAINTS COMMITTEE FOR PREVENTION OF SEXUAL HARASSMENT

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

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

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

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

DEPOSITS

During the year under review, the Company did not accept any deposits. However, the Unclaimed Final Dividend for the Financial Year 2007-08 is proposed to be transferred into the "Investor Education and Protection Fund" on 29 August, 2015 upon completion of seven years from the date of transfer of said Dividend into the Unclaimed Dividend Account.

AUDITORS

The Statutory Auditors, M/s Deloitte Haskins & Sells-Ahmedabad (ICAI Registration No. 117365W) Chartered Accountants (DHS), had been appointed as Statutory Auditors of the Company in the 42nd Annual General Meeting held on 01 August, 2014 for a period of 3 (Three) years in terms of provisions of Section 139 of the Companies Act, 2013 to hold office from the 42nd AGM to the third consecutive Annual General Meeting from the 42nd AGM in the Calendar year 2017 (subject to ratification by the members at every Annual General Meeting).

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

REPORT ON FINANCIAL STATEMENTS

The report of M/s Deloitte Haskins & Sells, Ahmedabad (ICAI Registration No. 117365W) Chartered Accountants (DHS), the Statutory Auditors of the Company on the financial statements of the Company for the year ended 31 March, 2015 is annexed to the financial statements in terms of provisions of Section 134(2) of the Companies Act, 2013. The observations of the Auditors in their report are self-explanatory and/or explained suitably in the Notes forming part of the Financial Statements. The report of the Statutory Auditors does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

SECRETARIAL AUDIT

The Board has appointed M/s AGB & Associates, Practicing Company Secretaries as Secretarial Auditor for the Financial Year 2014-15 in terms of provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report of the Company for the financial year ended 31 March, 2015 in the prescribed form MR-3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure -"F"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

COST AUDIT

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

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

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Bharat Gears has a proper and adequate system of internal financial controls which includes the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

CORPORATE GOVERNANCE

The Company is committed to maintain the quality standards of Corporate Governance. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Report.

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

VIGIL MECHANISM

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

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

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

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

RECONCILIATION OF SHARE CAPITAL AUDIT

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

The Reconciliation of Share Capital Audit Reports as submitted by the Auditor on quarterly basis was forwarded to the BSE Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai, where the original shares of the Company are listed.

LISTING OF SHARES

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

DISCLOSURES UNDER SECTION 134 OF THE COMPANIES ACT, 2013

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

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

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

EXTRACT OF ANNUAL RETURN

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

COURT/TRIBUNAL ORDERS

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

Place: Mumbai
Dated: 29 May, 2015

Surinder P. Kanwar
Chairman and Managing Director

Annexure-"A"

Form No. AOC-2

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

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

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

   NIL

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

S. no.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Cliplok Simpak (India) Private Limited (CSIPL), Company within the Group	Lease Agreement between the Company and CSIPL for a portion of the leasehold office premises of the Company situated at 1009, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi area admeasuring 25 Sq. Ft. (Twenty Five Square Feet)	2 (Two) years and 45 days w.e.f. 01 April, 2014 till 15 May, 2016	The monthly lease rent in respect of said premises is ₹ 4,000/- (Rupees Four Thousand Only), i.e. ₹ 160/- per Square Feet	NA	-
2.	Raunaq International Limited (RIL), Company within the Group	Lease Agreement between the Company and RIL for portion of the leasehold office premises of the Company situated at Mookerjee House, 17, Brabourne Road, Kolkata area admeasuring 25 Sq. Ft. (Twenty Five Square Feet)	2 (Two) years and 8 Months w.e.f. 01 April, 2014 till 30 November, 2016	The monthly lease rent in respect of the said premises is ₹ 1,000/- (Rupees One Thousand Only) i.e. ₹ 40/- per Square Feet	NA	-
3.	Raunaq International Limited (RIL), Company within the Group	Lease Agreement between the Company and RIL for using a portion of the leasehold office premises of the Company situated at 1009, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi area admeasuring 25 Sq. Ft. (Twenty Five Square Feet)	2 (Two) years and 45 days w.e.f. 01 April, 2014 till 15 May, 2016	The monthly lease rent in respect of the said premises is ₹ 4,000/- (Rupees Four Thousand Only) i.e. ₹ 160/- per Square Feet	NA	-
4.	Raunaq International Limited (RIL), Company within the Group	Lease Agreement between the Company and RIL for a portion of the administrative block of office premises of the Company situated at 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad area admeasuring 5,406 Sq. Ft. (Five Thousand Four Hundred Six Square Feet)	5 (Five) years w.e.f. 01 April, 2014	• The monthly lease rent in respect of the said premises is ₹ 70,000/- (Rupees Seventy Thousand Only) i.e. ₹ 12.95 per Square Feet • The Lease rent shall be subject to an increase of 15% after the completion of every 3 (Three) years from the commencement of lease	NA	-

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

S. no.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
5.	Raunaq International Limited (RIL), Company within the Group	Lease Agreement between the Company and RIL for portions of the office premises of the Company, situated at 14th Floor, Hoechst House, Nariman Point, Mumbai area admeasuring 50 Sq. Ft. (Fifty Square Feet)	5 (Five) years w.e.f. 01 April, 2014	• The monthly lease rent in respect of the said premises shall be ₹ 10,000/- (Rupees Ten Thousand Only), i.e. ₹ 200/- per Square Feet • The Lease rent for said premises shall be subject to an increase of 15% after the completion of every 3 (Three) years from the commencement of lease	NA	-
6.	Vibrant Finance and Investment Private Limited (VFIPL), Company within the Group	Lease Agreement between the Company and VFIPL for residential premises with area aggregated to 2540 Sq. Ft. (Two Thousand Five Hundred Forty Square Feet)	5 (Five) years w.e.f 01 October, 2014	• Rental of ₹ 75,000/- (Rupees Seventy Five Thousand Only) per month • Security Deposit of ₹ 2,50,000/- (Rupees Two Lacs Fifty Thousand Only) • Hike of 10% in Rental on completion of every 3rd year	NA	
7.	Mr. Sameer Kanwar (SK), Promoter and Director	License Agreement between the Company and SK for portion of premises owned by SK situated at 402, Royale Retreat-II, Charmwood Village, Surajkund Road, Faridabad-121009 with area aggregated to 3000 Sq. Ft. (Three Thousand Square Feet) (approx).	3 (Three) years w.e.f. 01 February, 2015	• License fees of ₹ 2,90,400/- (Rupees Two Lacs Ninety Thousand Four Hundred Only) per month plus service tax if applicable • ₹ 10,00,000/- (Rupees Ten Lacs Only) as existing security deposit	NA	-

For and on behalf of the Board of Directors

Surinder P. Kanwar
Chairman and Managing Director

Place: Mumbai
Dated: 29 May, 2015

Annexure-"B"

POLICY ON NOMINATION AND REMUNERATION

Introduction:

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

Objective and purpose of the Policy:

The objective and purpose of this policy are:

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

Effective Date:

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

Constitution of the Nomination and Remuneration Committee:

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

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

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

Definitions

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

Key Managerial Personnel (KMP) means-

(i) Executive Chairman and/or Managing Director;

(ii) Whole-time Director;

(iii) Chief Financial Officer;

(iv) Company Secretary;

(v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

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

Applicability:

The Policy is applicable to:

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

General:

- This Policy is divided in three parts:

  Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

  Part – B covers the appointment and nomination; and;

  Part – C covers remuneration and perquisites etc.

- The key features of this Company's policy shall be included in the Board's Report.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

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

PART – B

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

- Appointment criteria and qualifications:

  1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.

  2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

  3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- Term / Tenure:

  1. Managing Director/Whole-time Director:

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

  2. Independent Director:

     An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

     At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- Evaluation:

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

- Mechanism for evaluating non-executive Board members:

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

- Removal:

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

- Retirement:

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

PART – C

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

- General:

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

  2. The remuneration and commission to be paid to the Chairman and Managing Director or Joint Managing Director, if any shall be in accordance with the percentage/slabs/conditions laid down as per the provisions of the Companies Act, 2013, and the rules made thereunder.

  3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be effective from 01 October or as may be decided by the Central Government, if required in respect of a Chairman and Managing Director and Joint Managing Director will be effective from 01 April or as may be decided by the Central Government, if required in respect of other employees of the Company.

  4. Where any insurance is taken by the Company on behalf of its Chairman and Managing Director, Joint Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- Remuneration to Managing Director, Joint Managing Director, Key Managerial Personnel and Senior Management Personnel:

  1. Fixed pay:

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

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

  2. Minimum Remuneration:

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

  3. Provisions for excess remuneration:

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

- Remuneration to Non- Executive / Independent Director:

  1. Sitting Fees:

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

Board's Diversity Policy

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

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

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

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

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

Annexure-"C"

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2014-15:

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

Other directors are being paid sitting fees only, details of which are mentioned in the extract of return in the Boards' Report.

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

S. No.	Name of the Director/KMP	% increase in Remuneration in the Financial Year 2014-15
1.	Mr. Surinder P Kanwar Chairman and Managing Director	-1%
2.	Mr. Sameer Kanwar Joint Managing Director	11%
3.	Mr. Milind Pujari Chief Financial Officer	13%
4.	Mr. Prashant Khattry Head (Legal) and Company Secretary	17%

3. Percentage increase in the remuneration of the median employee is 14% in the Financial Year 2014-15.

4. There were 1280 permanent employees on the rolls of the Company as on March 31, 2015.

5. The relationship between average increase in remuneration and Company performance: The turnover of the Company has shown a marginal drop of 2% for the year ended March 31, 2015 as compared to year ended March 31, 2014 and operations for the year ended March 31, 2015 resulted in a loss of ₹ 4.21 Crores as compared to the profit of ₹ 0.60 Crores in the previous year. Whereas average increase in the remuneration of the Company is 16%. The current performance is due to the market recession in the auto and tractor industry which Company believes it as a temporary phase, so maintained the average percentage increase in the remuneration of the Company.

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

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

7. a) Variations in the market capitalisation of the company: The market capitalization as on March 31, 2015 was ₹ 567.97 Lacs and ₹ 307.24 Lacs as on March 31, 2014 which shown an increase of 85%.

   b) Price Earnings Ratio of the Company was 51.64 as at March 31, 2014 whereas at March 31, 2015 is not available as there is loss.

   c) The Company had come out of initial public offer in 1973 an amount of ₹ 1000/- invested would be ₹ 7265/- as on March 31, 2015 indicating a Compounded Annual Growth Rate of 4.83%. This is excluding of any dividend accrued thereon.

8. The average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year 2014-15 was 17% whereas percentile increase in the managerial remuneration was 4% for the same financial year.

9. There is no variable component of remuneration which is availed by the Directors during the financial year 2014-15.

10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable.

11. It is affirmed that the remuneration paid is as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.

Annexure-"D"

Information Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
Forming Part of the Board's Report for the year ended 31 March, 2015

S. No.	Name	Age in Years	Qualification	Designation	Date of Commencement Of Employment	Years of Exp.	Remuneration (₹ in Lacs)	Particulars of Last Employment	Percentage of Shareholding in the Company
A.	Employed throughout the year ended 31 March, 2015 & were in receipt of Remuneration aggregating not less than ₹ 60,00,000/- per annum.								
1.	Surinder P. Kanwar	62	B. Com.	Chairman & Managing Director	01.10.1990	40	234.95	Managing Director BST Mfg. Ltd.	29.29
2.	Sameer Kanwar	38	B. A. (Eco.)	Joint Managing Director	01.02.2002	15	126.13	Management Trainee ZF (AG) Germany	0.18

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

NIL

C. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

NIL

NOTES :

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

02. Except Mr.Sameer Kanwar, Joint Managing Director, who is a relative of Mr.Surinder P. Kanwar, Chairman & Managing Director of the Company, none of the employee is related to any of the Director of the Company.

03. All the appointments except that of Mr. Surinder P. Kanwar & Mr. Sameer Kanwar are Non-Contractual.

For and on behalf of the Board of Directors

Surinder P. Kanwar
Chairman & Managing Director

Place : Mumbai
Dated : 29 May, 2015

Annexure-"E"

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

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

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

* Give details of implementing agency.

6. During the Financial Year 2014-15, the Company decided not to spend on CSR activities as laid down in the CSR policy as enumerated above in preview of the financial performance during Financial Year 2014-15.

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Surinder P. Kanwar
Chairman of CSR Committee

Sameer Kanwar
Joint Managing Director

Place: Mumbai
Dated: 29 May, 2015

Annexure-"F"

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2015

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

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

Subject: Secretarial Audit Report for the year 2014-15

Dear Sirs,

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

Based on our verification and as per documents, informations and explanations provided to us by the company **Bharat Gears Limited** and on the basis of verifications of books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015, complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Bharat Gears Limited** ("the Company") for the financial year ended on 31 March, 2015 according to the provisions of:

I. The Companies Act, 2013 ("the Act") and to the extent applicable and Rules made there under;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

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

- **Taxation Laws–** Income Tax Act, 1961; Service Tax Act, 1994; the Customs Act, 1962; Central Sales Tax Act, 1956; Central Excise Act, 1944, Haryana Value Added Tax Act, 2003, Maharashtra Value Added Tax, 2002; Maharashtra State Tax on Professionals, Trades, Callings and Employments Act, 1975.

- **Environment Laws**-The Environment (Protection) Act, 1986 ; Air (Prevention and Control of Pollution) Act, 1981; Water (Prevention and Control of Pollution) Act, 1974; Water (Prevention and Control of Pollution) Cess Act, 1977.

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

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

a) Secretarial Standards issued by the Institute of Company Secretaries of India (these were recommendatory during the period of audit).

b) The Listing Agreements entered into by the Company with National Stock Exchange (NSE) & Bombay Stock Exchange (BSE).

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

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

We further report that during the Audit Period, the Company has taken the following actions/specific events having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above):

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

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

For AGB & Associates
Company Secretaries

(Nitin Rawat)
Partner
CP No. 10554

Date: 14.05.2015
Place: Faridabad

ANNEXURE-1

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

Companies Act, 2013

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

a. Maintenance of statutory registers, documents, and making in them necessary entries;

b. Forms, returns, documents and resolutions required to be filed with the Registrar of Companies;

c. Service of documents by the Company to its Members and Registrar of Companies;

d. Minutes of proceedings of General Meeting, Meeting of Board of Directors and their Committees thereof were available;

e. Approval of shareholders, the Board of Directors, the Committee of Directors, wherever required including investment of funds of the Company;

f. Form of Balance Sheets prescribed under the Act;

g. Borrowings and Registration of Charges;

h. Records for the meeting of Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee; Finance Committee.

i. Contracts, common seal, registered office and publication of name of the Company; and

j. Generally, all other applicable provisions of the Act and the Rules made under that Act.

It is further reported that:

1. The status of the company during the period under review has been "active" on MCA website.

2. The company has not been a holding or subsidiary of another company. The company is a non government company or a non NBFC.

3. Adequate notice given to all the Directors to schedule the Board meeting, agenda and detailed notes on agenda are sent **at least seven days in advance**, a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

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

   (a) Name of the Company;

   (b) Registered Office of the Company;

   (c) Principal Business is in conformity with the object;

   (d) Share Capital (Authorized, issued, subscribed, paid up, conversion /redemption, reclassification, sweat).

5. During the period there are Related Party Transactions but reportedly in the Ordinary Course of Business at Arm's Length Price and same were reportedly disclosed in Audit Committee meetings.

6. During the period under the review, all the Directors have complied with the requirements as to disclosure of interests and concerns in the contracts and arrangements shareholding/debenture holding and directorship in other companies and interests in other entities.

7. During the period under review the Company has not taken any advanced loans, nor given any guarantees and provided securities to Directors and/or persons or firms or companies in which Directors were interested, which fall within the ambit of provisions of the Companies Act, 2013.

8. The Company has not made loans and investments; or given guarantees or provided securities to other business entities during the period under review.

9. During the period under review, we noted no default in the repayment of loans etc.

10. Updating website of the Company in reference to Stakeholders (more particularly investors/shareholders) is outsourced to M/s Smartech Interactive Services Pvt. Ltd. and is being regularly updated. Website updation is being regularly monitored by dedicated official of the Company in reference to various provisions of the above laws.

For AGB & Associates
Company Secretaries

(Nitin Rawat)
Partner
CP No. 10554

Date: 14.05.2015
Place: Faridabad

ANNEXURE-2

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

SEBI and Listing Agreement

On the basis of examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company, the Company has, in our opinion, complied with the provisions of the SEBI Act (hereinafter referred as "Act") and the Rules made under the Act and Listing Agreement entered with NSE and BSE as amended from time to time with regard to:

a) Time bound and Event based filing;

b) Reporting before Board Meeting;

c) Reporting after the meeting;

d) Updating website of the Company in reference to various provisions of the above laws– mechanism;

e) Forms, returns, documents and resolutions required to be filed with the Stock Exchange – checklist and compliances;

f) 'Code of Conduct : Code of Business Conduct and Ethics; and Code of Conduct for Prevention of Insider Trading.

For AGB & Associates
Company Secretaries

(Nitin Rawat)
Partner
CP No. 10554

Date: 14.05.2015
Place: Faridabad

ANNEXURE-3

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

Other Laws Applicable to the Company

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

a) Preparation and Updation of List of Laws applicable to the Company;

b) Registrations and Renewals from time to time;

c) Filing of Challans, Forms and Returns from time to time;

d) Maintaining Registers and Records as per the provisions of various laws;

e) Maintaining Inspection Register;

f) Complying with the Notifications issued from time to time;

g) Reporting compliances to Board from time to time;

h) Statutory dues have been generally paid on time and satisfactory arrangements have been made for arrears of any such dues.

Recommendations and Observations:

Company has developed reliable and robust compliance mechanism with back-up plan. **Suggestions:** Notices issued by various departments, if any shall be compiled in compliance management reporting.

For AGB & Associates
Company Secretaries

(Nitin Rawat)
Partner
CP No. 10554

Date: 14.05.2015
Place: Faridabad

Annexure-"G"

Report on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo and forming part of Board's Report for the year ended 31 March, 2015

(A) Conservation of energy:

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

- Plants are equipped with transparent sheets to use natural day light. No lights are used in day time.
- Electrical heater disconnected from washing machine resulting into saving in power consumption.
- Machine cycle is modified to achieve energy saving by switching off conveyors & hydraulic when not required.
- Hydraulic chiller is being removed from machines resulting into saving in power consumption.
- Electrical panel Air Conditioners are being removed from Machine Panel.
- The kerosene washing of lapped part is being replaced with water soluble cleaner.
- The high capacity motors installed on the machines are being replaced with the motors having capacity as per consumption needs to perform operations.
- LED lights are being installed in place of conventional tube lights.
- Motion sensors are being installed at various places to switch off lights when not required.
- Auto power factor control panel is installed for improving the power factor to reduce the energy cost.
- Tempering furnace are equipped with Thrysistor Control Heating to control temperature within specific band. This also reduces consumption of electricity.
- Compressor is equipped with VFD and programming is done in such a way that compressor goes to standby mode when air consumption is NIL.
- Auto system panel for cooling tower to switch off the cooling fan when ambient temperature is low.
- Conversion of phosphating heating from LDO fired Thermic Fluid Boiler to immersion type electrical heating. Effective electrical heating cost much less than LDO cost.
- Oil Coolers were removed from some of machines to reduce the energy cost.
- Energy saving is done on all tube lights by putting in auto mode. It means lights are getting on during only night time.
- Energy saving is done on all shop floor fans by putting in auto mode resulting not a single fan is in running condition during break time.
- Hydraulic systems of most of the machines is put off during the idle time, e.g if no part is being cut on the machine for 5 minutes then hydraulic system of machine will be automatically off.
- Auto power factor control panel is installed for improving the power factor to reduce the energy cost.
- Steps are being taken to use Group 2 hydraulic oil to remove the more hydraulic oil coolers.
- Implementation steps are being taken to modify cooling tower, centrifugal pumps & pipe lining for DG Sets & Compressors by replacing submersible pumps and auto control system to reduce energy with better water cooling effect.
- Open Access Electrical Power project is being estimated and shall be implemented to reduce the electrical energy cost.
- Turbo exhaust ventilators are used to exhaust the hot air in the shop & have natural current of fresh air.
- 300 Watts (150 W x 2 Nos.) conventional twin tube light fittings by 85 Watts CFL replacement work is in progress at Transmission Plant at Mumbra Plant.

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

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

(iii) the capital investment on energy conservation equipments:

NIL

(B) Technology Absorption:

1.	The efforts made towards technology absorption	• Focus is on technology up gradation. • New Induction Hardening Machine is installed. • CGC-4 is renovated for better results. • T-60 tester is installed successfully for single flank testing. • New Hard turning machine is installed for Eaton shafts. • New P-40 gear inspection tester is installed in Lonand Plant. • One Continuous Furnace installed in Lonand Plant. • Assembly line set up is done. John Deere differential assembly sample is submitted from the line.
2.	The benefits derived like product improvement, cost reduction, product development or import substitution	Reduced PPM levels, reduction in manufacturing costs and addition of new business.
3.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	

	Dry Cutting Machine C-50 installed with Robotic handling	T-60 single flank tester is installed to check MTE	CNC shaving cutting sharpening machine SRS-410 is installed
a) the details of technology imported			
b) the year of import	2013-14	2014-15	2012-13
c) whether the technology been fully absorbed	YES	YES	YES
d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.	N.A.	N.A.

4.	The expenditure incurred on Research and Development	The Company is in the business of manufacturing and supplying automotive gears to OEMs and for aftermarket sales both for domestic and overseas markets. The nature of business activity carried on by the Company at present does not entail any Research and Development as such.

(C). Foreign Exchange Earnings and Outgo: (₹ in lacs)

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

For and on behalf of the Board of Directors

Surinder P. Kanwar
Chairman and Managing Director

Place: Mumbai
Dated: 29 May, 2015

Annexure-"H"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L29130HR1971PLC034365
ii)	Registration Date	:	23rd December, 1971
iii)	Name of the Company	:	Bharat Gears Limited
iv)	Category/Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad-121003, Haryana Ph: 0129-4288888 Fax: 0129-4288822-23 E-mail: info@bglindia.com
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Linkintime India Private Limited A-40, Community Centre, IInd Floor, Naraina Phase-I, Near PVR Naraina, New Delhi-110028 Ph: 011-41410592-94 Fax: 011-41410591 E-mail: delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Automotive Gears and Components	Group 293 -Manufacture of parts and accessories for motor vehicles	95.91%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

(I) Category-wise Share Holding:

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	2303920	605	2304525	29.48	2303920	605	2304525	29.48	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	1837213	0	1837213	23.50	1837213	0	1837213	23.50	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	4141133	605	4141738	52.98	**4141133**	**605**	**4141738**	**52.98**	**0.00**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	4141133	605	4141738	52.98	**4141133**	**605**	**4141738**	**52.98**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	3300	3300	0.04	0	3300	3300	0.04	0.00
b) Banks / FI	6	2012	2018	0.03	6	2012	2018	0.03	0.00
c) Central Govt/State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
f) FIIs	0	50	50	0.00	0	50	50	0.00	0.00
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	6	5362	5368	0.07	**6**	**5362**	**5368**	**0.07**	**0.00**
2. Non-Institutions									
a) Bodies Corp.									
I) Indian	306118	65153	371271	4.75	488395	60993	549388	7.03	2.28
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1654604	161651	1816255	23.23	1644898	153396	1798294	23.00	(0.23)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1292375	0	1292375	16.53	1160613	0	1160613	14.85	(1.68)
c) Others (specify)									
i) Trusts	1000	0	1000	0.01	1000	0	1000	0.01	0.00
ii) Non-Resident Indians	45170	0	45170	0.58	28155	0	28155	0.36	(0.22)
iii) Clearing Members	4053	0	4053	0.05	11426	0	11426	0.15	0.10
iv) Hindu Undivided Families	140453	150	140603	1.80	121701	150	121851	1.56	(0.24)
Sub-total (B)(2):-	3443773	226954	3670727	46.95	3456188	214539	3670727	46.95	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**3443779**	**232316**	**3676095**	**47.02**	**3456194**	**219901**	**3676095**	**47.02**	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**7584912**	**232921**	**7817833**	**100.00**	**7597327**	**220506**	**7817833**	**100.00**	0.00

ii) Shareholding of Promoters:

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

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

S. No.	Name of Promoter	Shareholding at the beginning of the year		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Late Dr. Raunaq Singh	605	0.01	01/04/2014				
					-	No change in shareholding		
				31/03/2015			605	0.01
3.	Mr. Surinder P. Kanwar	2289667	29.29	01/04/2014				
					-	No change in shareholding		
				31/03/2015			2289667	29.29
4.	Mr. Sameer Kanwar	14253	0.18	01/04/2014				
					-	No change in shareholding		
				31/03/2015			14253	0.18
5.	Ultra Consultants Private Limited	766038	9.80	01/04/2014				
					-	No change in shareholding		
				31/03/2015			766038	9.80
6.	Vibrant Finance and Investment Private Limited	132804	1.70	01/04/2014				
					-	No change in shareholding		
				31/03/2015			132804	1.70

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

S. No.	Name of Promoter	Shareholding at the beginning of the year		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
7.	Raunaq International Limited	293300	3.75	01/04/2014				
					-	No change in shareholding		
				31/03/2015			293300	3.75
8.	Future Consultants Private Limited	645071	8.25	01/04/2014				
					-	No change in shareholding		
				31/03/2015			645071	8.25

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

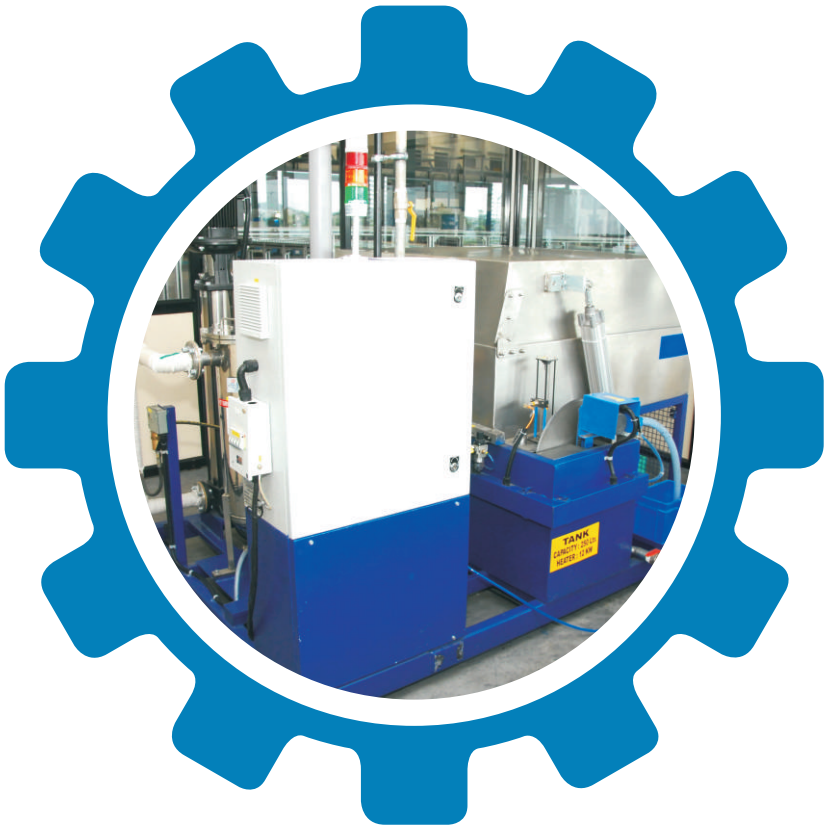
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

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

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

S. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
7.	Vikram Omprakash Damani	52519	0.67	01/04/2014				
				31/10/2014	2519(D)	Transfer	50000	0.64
				31/03/2015			50000	0.64
8.	Nagarajan V	29600	0.38	01/04/2014				
				16/05/2014	500(I)	Purchase	30100	0.39
				23/05/2014	1000(I)	Purchase	31100	0.40
				30/06/2014	1000(I)	Purchase	32100	0.41
				31/03/2015			32100	0.41
9.	Devika Anand	30000	0.38	01/04/2014				
					-	Nil Movement during the year		
				31/03/2015			30000	0.38
10.	Monica Vimesh Zaveri	29250	0.37	01/04/2014				
					-	Nil Movement during the year		
				31/03/2015			29250	0.37

I = Increase, D = Decrease



(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the Company
A.	Directors							
1.	Mr. Surinder P. Kanwar	2289667	29.29	01/04/2014				
					-	No change in shareholding		
				31/03/2015			2289667	29.29
2.	Mr. Sameer Kanwar	14253	0.18	01/04/2014				
					-	No change in shareholding		
				31/03/2015			14253	0.18
3.	Dr. Ram S. Tarneja	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00
4.	Mr. N. J. Kamath	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00
5.	Mr. W. R. Schilha	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00
6.	Mr. Rakesh Chopra	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00
7.	Mr. V.K. Pargal	100	0.00	01/04/2014				
					-	No change in shareholding		
				31/03/2015			100	0.00
8.	Mr. S.G. Awasthi	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00
9.	Ms. Hiroo Suresh Advani	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00
B.	Key Managerial Personnel (KMP's)							
1.	Mr. Milind Pujari Chief Financial Officer	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00
2.	Mr. Prashant Khattry Head (Legal) & Company Secretary	0	0.00	01/04/2014				
					-	Nil Holding/movement during the year		
				31/03/2015			0	0.00

V. INDEBTEDNESS:

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

(₹ In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	9979.74	-	-	9979.74
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	23.51	-	-	23.51
Total (i+ii+iii)	**10003.25**	**-**	**-**	**10003.25**
Change in Indebtedness during the financial year				
• Addition	1059.55	-	-	1059.55
• Reduction	995.28	-	-	995.28
Net Change	64.27	-	-	64.27
Indebtedness at the end of the financial year				
(i) Principal Amount	9995.66	-	-	9995.66
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	71.86	-	-	71.86
Total (i+ii+iii)	**10067.52**	**-**	**-**	**10067.52**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ In Lacs)

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Surinder P. Kanwar Chairman and Managing Director	Mr. Sameer Kanwar Joint Managing Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	167.71	98.77	266.48
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	47.12	16.90	64.02
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify…	-	-	-
5.	Others, Cos. Contribution to PF/SA	20.12	10.46	30.58
	Total (A)	**234.95**	**126.13**	**361.08**
	Ceiling as per the Act*	264.22*	139.51**	403.73

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

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

B. Remuneration to other directors: (₹ In Lacs)

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

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

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: (₹ In Lacs)

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Milind Pujari Chief Financial Officer	Mr. Prashant Khattry Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	35.77	11.60	47.37
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5.37	0.37	5.74
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify…	-	-	-
5.	Others, Cos. Contribution to PF/SA	1.45	2.10	3.55
	Total	42.59	14.07	56.66

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

NIL

CORPORATE GOVERNANCE REPORT

For the Year ended 31 March, 2015
(Pursuant to Clause 49 of the Listing Agreements)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

2. BOARD OF DIRECTORS

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board which includes one Woman Director. As on 31 March, 2015, the Board consists of Nine (9) members, the Chairman of the Board is an Executive Director and more than half of the strength of the Board consists of Non-Executive Independent Directors. All Non-Executive Independent Directors bring a wide range of expertise and experience to the Board. The Board believes that the current size of the Board is appropriate based on the Company's present requirements.

There is no Nominee Director in the Company.

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

A. Board's definition of Independent Director

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

a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;

(ii) who is not related to Promoters or Directors in the Company, its holding, subsidiary or associate Company;

c. apart from receiving Director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;

d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

e. who, neither himself/herself nor any of his/her relatives —

(i) holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

(A) a firm of Auditors or Company Secretaries in Practice or Cost Auditors of the Company or its holding, subsidiary or associate Company; or

(B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the Company; or

(iv) is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

f. is not less than 21 years of age.

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

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

It has been confirmed by all the Independent Directors of the Company that as on 31 March, 2015, they fulfill the criteria of being "Independent Director" as stipulated under Clause 49 of the Listing Agreements.

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

Table-1

S.No	Name of Director(s)	Category	No. of Board Meetings held/attended	Attendance at last AGM	No. of outside Directorships held[A]	No. of Memberships/ Chairmanships in Board Committees[B]	
						Member	Chairman
1.	[C]Mr. Surinder P. Kanwar	Chairman and Managing Director	5/5	Present	2	1	-
2.	[C]Mr. Sameer Kanwar	Joint Managing Director	5/5	Present	-	1	-
3.	Mr. W.R. Schilha	Non-Executive Independent Director	5/3	Present	-	-	-
4.	Dr. Ram S. Tarneja	Non-Executive Independent Director	5/5	Present	9	4	2
5.	Mr. N.J. Kamath*	Non-Executive Independent Director	5/5	Present	-	1	1
6.	Mr. V.K. Pargal	Non-Executive Independent Director	5/5	Present	2	3	-
7.	Mr. S.G. Awasthi	Non-Executive Independent Director	5/5	Present	-	-	-
8.	Mr. Rakesh Chopra	Non-Executive Independent Director	5/5	Present	2	3	1
9.	Ms. Hiroo Suresh Advani	Non-Executive Independent Director	5/5	Present	-	-	-

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

[A]excluding directorship in Private Companies, alternate directorship, Companies registered under Section 8 of the Companies Act, 2013 and Foreign Companies.

[B]for the purpose of considering the limit of the Committees on which a Director can serve, all Public Limited Companies, whether listed or not, are included and all other Companies including Private Limited Companies, Foreign Companies and the Companies under Section 8 of the Companies Act, 2013 are excluded. Further, it includes Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee only. None of the Directors of your Company is a Member of more than ten (10) Committees or is the Chairman of more than five (5) Committees across all Public Limited Companies in which they are Directors. The Membership/Chairmanship also includes Membership/Chairmanship in Bharat Gears Limited.

None of the Independent Director of the Company holds the position of the Independent Director in more than Seven (7) listed Companies, including Independent Directorship in Bharat Gears Limited and any such Director serving as a whole time Director in a listed Company is not serving as an Independent Director in more than three listed Companies including Bharat Gears Limited.

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

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

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

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

B. Board Meetings

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

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

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

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

C. Information supplied to the Board

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes the following, extent to the applicability during the year as per Clause 49 of the Listing agreements.

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

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

3. BOARD COMMITTEES

A. Audit Committee

I. Constitution and Composition

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

Table-2

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

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

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

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

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

II. Audit Committee Meetings

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

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

III. Powers of Audit Committee

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

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

IV. Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013.
   b. Changes, if any, in accounting policies and practices and reasons for the same.
   c. Major accounting entries involving estimates based on the exercise of judgment by management.
   d. Significant adjustments made in the financial statements arising out of audit findings.
   e. Compliance with listing and other legal requirements relating to financial statements.
   f. Disclosure of any Related Party Transactions.
   g. Qualifications in the Draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of Internal Financial Controls and Risk Management Systems;
12. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

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

B. Nomination and Remuneration Committee

I. Constitution and Composition

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

The Nomination and Remuneration Committee constitutes of following four (4) Directors as members. Table-3 gives the composition of the Nomination and Remuneration Committee and the attendance record of the members of the committee.

Table-3

S.No.	Name of Member	Designation	No. of meetings Held/Attended
1.	Mr. N.J. Kamath*	Chairman	4/4
2.	Mr. Surinder P. Kanwar	Member	4/4
2.	Dr. Ram S. Tarneja	Member	4/4
3.	Mr. V.K. Pargal	Member	4/4

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

Mr. N.J. Kamath, Dr. Ram S. Tarneja and Mr. V.K. Pargal are the Non-Executive Independent Directors and Mr. Surinder P. Kanwar is Chairman and Managing Director of the Company.

II. Nomination and Remuneration Committee Meetings

During the Financial Year 2014-15, Four (4) meetings of the Nomination and Remuneration Committee were held. Table-4 gives the details of the date and purpose of the meetings of Nomination and Remuneration Committee: -

Table-4

S.No.	Date of Meeting	Purpose
1.	27 May, 2014	1. Adoption of terms of Reference (Charter) of the Nomination and Remuneration Committee laid down by the Board of Directors of the Company 2. Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director, for further period of 2 (Two) years w.e.f 01 June, 2014 of his present tenure
2.	31 July, 2014	1. Recommendation of the Remuneration Policy for the Directors/Senior Management Personnel of the Company to the Board of Directors 2. Consideration and approval of the payment of remuneration to Mr. Surinder P. Kanwar, Chairman & Managing Director, for further period of 1 (One) year w.e.f 01 October, 2014 of his present tenure
3.	28 January, 2015	Consideration and approval of the evaluation process of Directors of the Company and recommendation of the same to the Board of Directors
4.	27 March, 2015	Noting of the performance evaluation of Independent Directors carried on by the Board of Directors and performance evaluation by the Independent Directors in their separate meeting

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

III. Role of Nomination and Remuneration Committee

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

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

IV. Nomination and Remuneration Policy

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

The objectives and purpose of the said policy are:

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

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

V. Policy on Board Diversity

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

VI. Remuneration of Directors for 2014-15

Table-5

(₹ In lacs)

NON-EXECUTIVE INDEPENDENT DIRECTORS					
Name of Members	Sitting Fees#		Salaries and Perquisites		Total
	Board Meetings	Committee Meetings@			
Mr. N. J. Kamath$	0.84	1.18	Nil		2.02
Mr. V. K. Pargal	0.84	1.12	Nil		1.96
Dr. Ram S. Tarneja	0.84	1.12	Nil		1.96
Mr. W.R. Schilha	0.51	-	Nil		0.51
Mr. S.G. Awasthi	0.84	0.23	Nil		1.07
Mr. Rakesh Chopra	0.84	0.96	Nil		1.80
Ms. Hiroo Suresh Advani	0.84	0.06	Nil		0.90
				Sub-Total (A)	10.22
EXECUTIVE DIRECTORS					
Mr. Surinder P. Kanwar	Nil	Nil	• Salary	167.71	
			• Contribution to provident and other funds (*)	20.12	
			• Monetary value of perquisites (**)	47.12	234.95
Mr. Sameer Kanwar	Nil	Nil	• Salary and allowances	98.77	
			• Contribution to provident and other funds (*)	10.46	
			• Monetary value of perquisites (**)	16.90	126.13
				Sub-Total (B)	361.08
				Grand Total	371.30

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

Inclusive of Service Tax @ 12.36%.

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

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

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

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

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

VII. Performance Evaluation

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

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

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

i. reviewed the performance of non-independent Directors and the Board as a whole;

ii. reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

iii. assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

C. Stakeholders' Relationship Committee

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

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

securities and also to issue Duplicate Share Certificates and other securities and matters related or incidental thereto.

The Table-6 gives the composition of the Stakeholders' Relationship Committee and the attendance record of Members of the Stakeholders' Relationship Committee (erstwhile Shareholders'/ Investors' Grievance Committee):

Table-6

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

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

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

I. Stakeholder's Relationship Committee Meetings

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

II. Sub-Committee

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

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 Khattry, Head (Legal) and Company Secretary

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

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

III. Status of Investor Complaints/Requests

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

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

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

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

I. Constitution and Composition

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

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

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

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

Table-7

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

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

II. CSR Committee Meetings

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

Table-8

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

E. Finance Committee

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

The Table-9 gives the composition of the Finance Committee:

Table-9

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

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

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

4. COMPLIANCE OFFICER

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

5. DIRECTORS

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

Re-Appointment of existing Non-Executive Rotational Directors

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

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

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

Table-10

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

6. GENERAL BODY MEETINGS

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

Annual General Meetings

Table-11

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

Extra-ordinary General Meetings

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

Postal Ballot

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

1. Consideration and approval of the payment of remuneration to Mr. Surinder P. Kanwar, Chairman and Managing Director of the Company for 1 (One) year w.e.f 01 October, 2014 to 30 September, 2015.
2. Creation of charge on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1)(a) of the Companies Act, 2013.

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

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

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

Type of Resolution: (Special)

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

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

Type of Resolution: (Special)

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

7. DISCLOSURES

A. Related Party Transactions

During the year 2014–15, there were no material individual transactions with related parties, which are not in normal course of business or are not on an Arm's Length basis. The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and approval. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board and the interested Directors neither participated in the discussion nor did they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes forming part of financial statements.

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

B. Disclosure of Accounting Treatment in preparation of Financial Statements

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

C. Risk Management Framework

In pursuance to the Companies Act, 2013 and Clause 49 of the Listing Agreements, the Board of Directors of the Company has adopted a comprehensive Enterprise Risk Management Framework wherein the risks faced by the Company have been identified and assessed and on the basis of the same, the various risks have been prioritized and further the procedures have been devised upon to mitigate such risks. The progress checks on all the risks are done at the Senior Management level and the summary of the same is placed before the Board on a quarterly basis.

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

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

D. Management

Management Discussion and Analysis forms part of the Annual Report to the Shareholders for the Financial Year 2014-15.

E. Compliance by the Company

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

F. Whistle Blower Policy/ Vigil Mechanism

The Whistle Blower policy/Vigil Mechanism of the Company has been modified as per Clause 49 of the Listing Agreements and Section 177 of the Companies Act, 2013 in the Board Meeting held on 28 May, 2014. The policy provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism of policy provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The said policy has been communicated to all the personnel of the Company and is available on the website of the Company i.e www.bharatgears.com.

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

G. CEO/CFO certification

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

H. Code of Conduct and Corporate Ethics

- *Code of Business Conduct and Ethics*

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

- *Code of Conduct for Prevention of Insider Trading*

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

I. Legal Compliance Reporting

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

J. Mandatory Requirements

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

Table-12

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

K. Non-Mandatory Requirements

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

L. Means of Communication

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

Table-13

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

*Economic Times-Mumbai & Delhi Edition

**Economic Times (Hindi)-Delhi Edition

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

##Veer Arjun (Hindi)-Delhi Edition

In addition to the above, the quarterly/half yearly and the annual financial results and official releases, if any, are also displayed under the "Investors" section on the Company's official website i.e. www.bharatgears.com 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.

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

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

M. Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs (MCA), the Company had sent soft copies of Annual Reports for the year 2013-14 to all those shareholders whose e-mail addresses were made available to the depositories or the Registrar and Transfer Agents (RTA). Physical copies were sent to only those shareholders whose e-mail addresses were not available and for the bounced e-mail cases.

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

8. GENERAL SHAREHOLDERS' INFORMATION

A. Company Registration Details

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

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

B. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 11.30 A.M. on Friday, the 31 July, 2015 at HUDA Convention Centre, Sector-12, Faridabad-121007, (Haryana).

C. Financial Year:

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

D. Date of Book Closure:

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

E. Listing on Stock Exchanges and Stock Code:

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

1. BSE Limited [BSE]
   [Stock Code: 505688]

2. National Stock Exchange of India Limited [NSE]
   [Symbol: BHARATGEAR]

The Annual Listing Fees for the year 2015-16 has been paid in advance to the aforesaid Stock Exchanges.

F. Market Price Data:

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

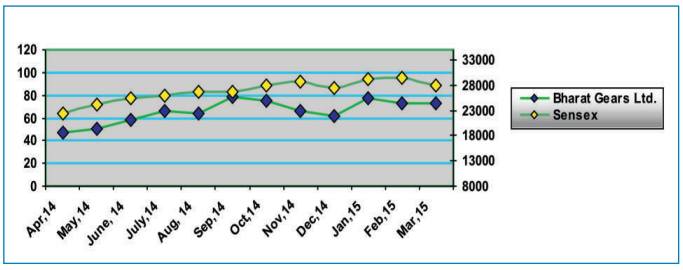
The Closing Price represents the price on the last trading day of each month of Financial Year 2014-15.

Table-14

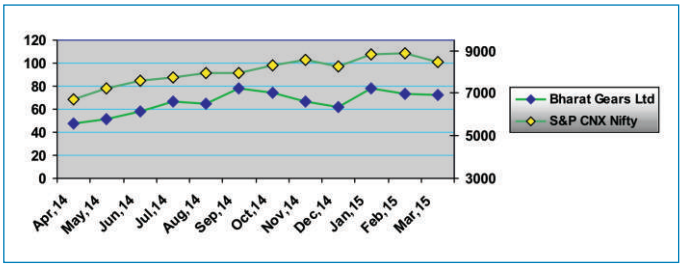
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	54.00	51.75	39.25	38.10	47.65	47.45
May	61.45	62.30	43.00	43.00	51.25	50.60
June	59.80	59.70	48.15	48.25	58.00	58.40
July	80.55	82.00	56.65	57.35	66.45	66.45
August	73.75	73.50	55.45	55.80	64.85	64.40
September	85.90	85.60	63.25	64.00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

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

a. BHARAT GEARS' PRICES VERSUS SENSITIVITY AT BSE



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



G. Registrar and Transfer Agent:

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

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

Link Intime India Private Limited
44, Community Centre, 2nd Floor
Naraina Industrial Area
Phase-1, Near PVR Naraina
New Delhi- 110028
Tel Nos.: 011-41410592-94
Fax No.: 011-41410591
Email:delhi@linkintime.co.in

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.

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 Khattry, Head(Legal) and Company Secretary

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

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

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

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

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

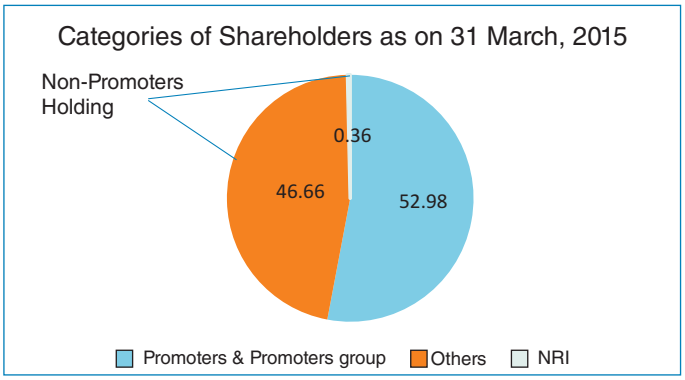


Table-15

Category	No. of Shares Held	%age of Shareholding
A Promoters' holding		
1. Promoters		
- Indian Promoters	2304525	29.48
- Foreign Promoters	-	-
2. Persons acting in Concert	1837213	23.50
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and Unit Trust of India	3300	0.04
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	2018	0.03
c. Foreign Institutional Investor	50	0.00
4. Others		
a. Private Corporate Bodies	549388	7.03
b. Indian Public	2958907	37.84
c. Non Resident Indians/Overseas	28155	0.36
d. Any Other	134277	1.72
Total	7817833	100.00

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

Table-16

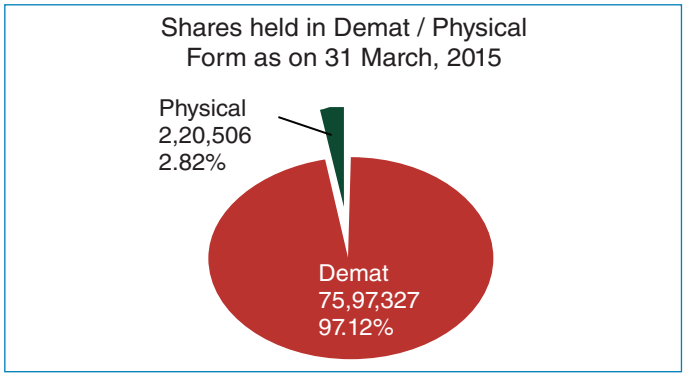
No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 250	9217	522511	6.68
251 to 500	835	326014	4.17
501 to 1000	379	311561	3.99
1001 to 2000	194	296399	3.79
2001 to 3000	61	156146	2.00
3001 to 4000	28	98064	1.25
4001 to 5000	23	105417	1.35
5001 to 10000	45	342830	4.39
10001 and above	59	5658891	72.38
Total	10841	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 31 March, 2015 a total of 75,97,327 equity shares of the Company of ₹ 10/- each, which form 97.18% of the paid up Equity Share Capital, stand dematerialized.

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

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

M. Unclaimed Shares in Physical Mode

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

N. Corporate Benefits

Dividend History:

Dividend on Equity Shares

Table-17

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

Dividend on preference shares*

Table-18

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

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

O. Plant locations:

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

- 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, Pin–121 003
- Kausa Shil, Mumbra, Dist. Thane, Maharashtra, Pin-400 612
- Lonand, Taluka Khandala, District Satara, Maharashtra, Pin: 4115521

P. Addresses for Correspondence:

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

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

For Investor Assistance:-

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

Q. Investor Relations:

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

R. E-mail for investors:

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

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

S. Nomination facility:

The Shareholders holding Shares in physical form may, if they so want, send their nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules 2014, to the Company's RTA. The said form can be obtained from the Company's RTA or downloaded from the Company's Website http://bharatgears.com/documents/form_sh_13_nomination.pdf. The Shareholders who wish to change or cancel their nominations, if already made may send their requests in prescribed Form SH-14 of the Companies (Share Capital and Debentures) Rules 2014, to the Companies RTA which can be obtained from the Company's RTA or downloaded from the Company's Website http://bharatgears.com/documents/form-sh-14-validation-or-cancellation.pdf. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility or further change in nominations.

T. Updation of Shareholders information:

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

Place: Mumbai
Dated: 29 May, 2015

Surinder P. Kanwar
Chairman and Managing Director

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

We have reviewed financial statements and the cash flow statement for the year 2014–15 and that to the best of our knowledge and belief:

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

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

1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
2) Significant changes in internal control over financial reporting during the year 2014–15;
3) Significant changes in accounting policies during the year 2014–15 and that the same have been disclosed in the notes to the financial statements;
4) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Bharat Gears Limited

Place: Mumbai
Dated: 29 May, 2015

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 2014-15, 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
Dated: 29 May, 2015

Prashant Khattry
Head (Legal) and Company Secretary

Surinder P. Kanwar
Chairman and Managing Director

AUDITOR'S CERTIFICATE

To

The Members of Bharat Gears Limited

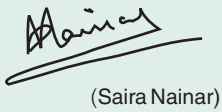
We have examined compliance of conditions of Corporate Governance by Bharat Gears Limited (the Company), for the year ended on 31 March, 2015, as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

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

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

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

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



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

Place: Mumbai
Dated: 29 May, 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BHARAT GEARS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **BHARAT GEARS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of

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

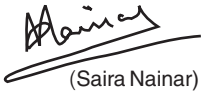
(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements other than the impact for claim of permanency of services and back wages pertaining to a set of temporary workmen which is not ascertainable – Refer Note 25.1 (i)(a) to the financial statements.

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

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

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



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

Place of Signature: Mumbai
Date : 29 May, 2015

ANNEXURE TO THE AUDITOR'S REPORT

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

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the said programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(ii) In respect of its inventories:

(a) As explained to us, inventories have been physically verified during the year by the Management at reasonable intervals, other than stock lying with third parties where certificates confirming physical inventory have been received.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, are not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.

(b) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess which have not been deposited as at 31 March, 2015 on account of any dispute.

(c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

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

(x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.

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

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

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

Place of Signature: Mumbai
Date : 29 May, 2015

FINANCIAL STATEMENTS

Balance Sheet as at 31 March, 2015

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

See accompanying notes forming part of the financial statements

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

Saira Nainar
Partner

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

Sameer Kanwar
Joint Managing Director
(DIN : 00033622)

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

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Place: Mumbai
Date: 29 May, 2015

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

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

In terms of our report attached.
For **Deloitte Haskins & Sells**
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Place: Mumbai
Date: 29 May, 2015

Milind Pujari
Chief Financial Officer
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Prashant Khattry
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(PAN : AOQPK8734B)

Cash Flow Statement for the year ended 31 March, 2015

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

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

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

See accompanying notes forming part of the financial statements

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

Saira Nainar
Partner

Place: Mumbai
Date: 29 May, 2015

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

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Hiroo Suresh Advani (DIN : 00265233)
Directors

Notes forming part of the Financial Statements for the year ended 31 March, 2015

Note 1 : Significant accounting policies

Note	Particulars
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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on an accrual basis under the historical cost convention except for the revalued fixed assets as stated in Note 11 - "Fixed assets". The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation [Refer Note 11(D)].
1.2	**Use of estimates:**
	The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which results are known/materialised.
1.3	**Fixed assets and depreciation/amortisation:**
	Fixed assets are stated at cost of acquisition or construction or at revalued amounts less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises of purchase/acquisition price, import duties, taxes and any directly attributed cost of bringing the asset to its working condition for its intended use. Financing cost on borrowings for acquisition or construction of fixed assets, for the period up to the date of acquisition of fixed assets or when the assets are ready to be put to use/the date of commencement of commercial production, is included in the cost of fixed assets. Assessment of indication of impairment of an asset is made at the year-end and impairment loss, if any, is recognized. Depreciation/amortisation is provided over the economic useful life of the assets on the basis stated hereunder: (a) Tangible assets Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act [Refer Note 11(D)]. Leasehold land is amortised over the remaining period of lease. (b) Intangible assets Intangible assets (i.e computer software) are amortised over their estimated useful life on straight line method.
1.4	**Inventories:**
	Inventories are valued at the lower of cost and net realisable value, except for scrap which is valued at net realisable value. Cost comprises of material cost and expenditure incurred in normal course of business in bringing inventories to its location and includes, where applicable, appropriate overheads. Material cost, other than those of automotive components which is on specific identification basis, is arrived at on weighted average basis.
1.5	**Contracts for furnace construction:**
	When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.
1.6	**Foreign currency transactions:**
	Foreign currency transactions during the year are recorded at the rate of exchange prevailing at the date of transaction. All foreign currency monetary items outstanding at the year end are translated at year end exchange rates. All foreign exchange gains or losses on settlement and translation are accounted for in the Statement of Profit and Loss. In case of forward exchange contracts, premium or discounts are amortised as expense or income over the life of the contract. Profit or loss arising on cancellation or renewal of such forward exchange contracts are recognised as income or as expenses for the year.

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

Note	Particulars
1.7	**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 commercial useful life of tools/on expiry of five years from completion of development, whichever is earliest.
	Interest income is recognised on time proportion basis.
1.8	**Employee benefits:**
	(a) Defined contribution plan:
	The Company's contributions to the recognised provident fund and superannuation fund are charged to the Statement of Profit and Loss.
	(b) Defined benefit plan/Long term compensated absences:
	The Company's liability towards gratuity (Funded), terminal Ex–gratia (Unfunded) and compensated absences (Unfunded) is determined on the basis of the year end actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognised immediately in the Statement of Profit and Loss as an income or expense.
1.9	**Taxation:**
	Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
	Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
	Deferred tax is calculated at current statutory income tax rate and is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
	Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are recognised on unabsorbed depreciation and carry forward of losses only to the extent that there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax asset is reviewed at each Balance Sheet date. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.
	Deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.
1.10	**Contingencies/Provisions:**
	Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.
1.11	**Cash and cash equivalents (for purposes of Cash Flow Statement):**
	Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
1.12	**Cash Flow Statement:**
	Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

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

Note	Particulars
1.13	**Operating Cycle:**
	Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.
1.14	**Leases:**
	Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

Note 2 : Share capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹ Lacs	Number of shares	₹ Lacs
(a) Authorised				
Equity shares of ₹ 10 each	10000000	1000.00	10000000	1000.00
Cumulative redeemable convertible or non convertible preference shares of ₹ 100 each	1500000	1500.00	1500000	1500.00
	11500000	2500.00	11500000	2500.00
(b) Issued, Subscribed and paid up				
Equity shares of ₹ 10 each, fully paid up, outstanding at the beginning and at the end of the year	7817833	781.78	7817833	781.78
TOTAL	7817833	781.78	7817833	781.78

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

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

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

Class of shares/Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Equity shares				
Surinder P. Kanwar	2289667	29.29	2289667	29.29
Ultra Consultants Private Limited	766038	9.80	766038	9.80
Future Consultants Private Limited	645071	8.25	645071	8.25

Note 3 : Reserves and surplus

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

Note 4 : Long-term borrowings

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

Footnotes:

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

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

(ii) Term loans from others:

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

(a) **₹1000 lacs** (As at 31 March, 2014: ₹ 1400 lacs): Secured by first pari passu charge by way of hypothecation over the movable fixed assets and mortgage of immovable properties located at Mumbra plant and Faridabad plant, both present and future, with loans referred to in footnote (i) and [(ii) (A) (b)]. Repayable in equal quarterly installments by 1 September, 2017 and carries an interest rate of 12.45% p.a.

(b) **₹ 1125 lacs** (As at 31 March, 2014: ₹ 1425 lacs): Secured by first pari passu charge by way of hypothecation over the movable fixed assets and mortgage of immovable properties located at Mumbra plant and Faridabad plant, both present and future, with loans referred to in footnotes (i) and [(ii) (A) (a)]. Repayable in equal quarterly installments by 1 November, 2018 and carries an average interest rate of 12.26% p.a.

(c) **₹ 3000 lacs** (As at 31 March, 2014: ₹ 3000 lacs): Secured by hypothecation of movable fixed assets and mortgage of immovable properties, located at Satara plant. Repayable in equal quarterly installments by 1 February, 2020 and carries an average interest rate of 12.27% p.a.

(B) Rupee loan from Hero FinCorp Limited:

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

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

Note 5 : Other long-term liabilities

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

Note 6 : Long-term provisions

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

Note 7 : Short-term borrowings

Particulars	As at 31 March, 2015 ₹ lacs	As at 31 March, 2014 ₹ lacs
Loans repayable on demand - Secured (Refer footnote below)		
From banks	3349.31	2861.62
TOTAL	3349.31	2861.62

Footnote:

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

Note 8 : Trade payables

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

Note 9 : Other current liabilities

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

Footnote:

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

Note 10 : Short-term provisions

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

Note 11 : Fixed assets

₹ lacs

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

Description	Gross Block					Amortisation					Net Block	
	As at 31 March, 2014	Adjustment	Additions during the year	Deductions during the year	As at 31 March, 2015	As at 31 March, 2014	Adjustments (includes Transition adjustment recorded against Surplus balance in Statement of Profit and Loss)	For the year [Refer Note (11D)]	Deductions during the year	As at 31 March, 2015	As at 31 March, 2015	As at 31 March, 2014
(B) Intangible assets												
Computer software acquired	**395.81**	**-**	**29.32**	**-**	**425.13**	**256.37**	**-**	**-17.34**	**-**	**239.03**	**186.10**	
	(233.95)	(-)	(161.86)	(-)	(395.81)	(180.75)	(-)	(75.62)	(-)	(256.37)		(139.44)
Sub - Total - Intangible assets	**395.81**	**-**	**29.32**	**-**	**425.13**	**256.37**	**-**	**-17.34**	**-**	**239.03**	**186.10**	
Previous Year	(233.95)	(-)	(161.86)	(-)	(395.81)	(180.75)	(-)	(75.62)	(-)	(256.37)		(139.44)
Total : (A) + (B)	**30263.01**	**-**	**@ 925.43**	**120.67**	**31067.77**	**16778.82**	**142.67**	**1395.40**	**105.64**	**18211.25**	**12856.52**	
Previous Year (Total)	(25080.41)	(-)	@ (5835.18)	(652.58)	(30263.01)	(16008.09)	(-)	(1380.87)	(610.14)	(16778.82)		(13484.19)
Capital work in progress @											**189.60**	(390.26)
Grand Total											**13046.12**	**(13874.45)**

Note: Figures in brackets are for the previous year.

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

($) Includes Computers and Miscellaneous equipment

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

₹ lacs

	on 31/07/1984	(#) on 30/04/1985	(#) on 25/11/1997	Total
Land	117.48	60.16	316.04	493.68
Buildings and roads	147.25	93.20	51.13	291.58
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.

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

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

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

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

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

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

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

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

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

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

Note 12 : Long-term loans and advances

Particulars	As at 31 March, 2015 ₹ lacs	As at 31 March, 2014 ₹ lacs
(a) Capital advances		
Unsecured, considered good	21.21	66.79
(b) Security deposits (Refer footnote below)		
Unsecured, considered good	234.07	222.24
(c) Loans and advances to employees		
Unsecured, considered good	118.68	30.42
(d) Prepaid expenses		
Unsecured, considered good	11.55	2.91
(e) Prepaid tooling expenses		
Unsecured, considered good	290.04	205.83
(f) Advance income tax (net of provisions ₹ 310.84 lacs (As at 31 March, 2014: ₹ 50.00 lacs))		
Unsecured, considered good	127.79	254.05
TOTAL	803.34	782.24

Footnote:

Security deposits include ₹ 70.00 lacs (As at 31 March, 2014: ₹ 60.00 lacs) due from directors and ₹ 5.00 lacs (As at 31 March, 2014: ₹ 5.00 lacs) due from a private limited company, in which directors of the company are directors (Refer Note 26.4.b).

Note 13 : Other non-current assets

Particulars	As at 31 March, 2015 ₹ lacs	As at 31 March, 2014 ₹ lacs
Balances with Bank		
In fixed deposit (Refer footnote below)	47.19	-
TOTAL	47.19	-

Footnote:

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

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

Particulars	As at 31 March, 2015 ₹ lacs	As at 31 March, 2014 ₹ lacs
(a) Raw materials and components:		
- Automotive Gears	505.70	479.04
- Automotive Components	31.11	39.51
	536.81	518.55
(b) Work-in-progress		
- Automotive Gears	2205.77	2049.67
(c) Finished goods:		
- Automotive Gears	1900.02	1429.40
- Automotive Components	304.64	369.31
	2204.66	1798.71
(d) Stores and spares	571.36	551.40
(e) Loose tools	967.61	981.64
(f) Scrap	5.13	1.10
TOTAL	6491.34	5901.07

Note 15 : Trade receivables

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

Note 16 : Cash and cash equivalents

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

Footnote: Balances with banks which have restrictions on utilisation.

Note 17 : Short-term loans and advances

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

Footnotes:

(I) Dues from private limited companies, in which a director of the company is a director.

(ii) Security deposits include ₹ Nil; (As at 31 March, 2014: ₹ 10.00 lacs) due from a director (Refer Note 26.4.b).

Note 18 : Other current assets

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

Note 19 : Revenue from operations

Particulars	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
(a) Sale of products (Refer footnote (i) below)	44108.00	44358.53
(b) Sale of services	162.08	606.45
(c) Other operating revenues (Refer footnote (ii) below)	710.56	677.52
Revenue from operations (gross)	44980.64	45642.50
Less:		
(d) Excise duty	3490.92	3655.23
Revenue from operations (net)	41489.72	41987.27

Footnotes	Particulars	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
(i)	Sale of products comprises:		
	Manufactured goods:		
	- Automotive Gears (Includes processing charges ₹ 451.15 lacs (Year ended 31 March, 2014: ₹ 508.13 lacs))	40212.25	39312.70
	- Automotive Components	3273.55	3922.64
	- Industrial Furnaces (Refer footnote (iii) below) (Excludes ₹ 51.52 lacs (Year ended 31 March, 2014: ₹ 502.47 lacs) which is included in sale of services)	121.18	629.93
	- Tooling Development	501.02	493.26
	Total - Sale of products	44108.00	44358.53
(ii)	Other operating revenues comprise:		
	- Sale of scrap	442.80	453.57
	- Export incentives	262.59	199.48
	- Miscellaneous income	5.17	24.47
	Total - Other operating revenues	710.56	677.52
(iii)	Revenue from contracts is recognized as stated in Note 1.7		

Note 20 : Other income

Particulars	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
(a) Interest income (Refer footnote (i) below)	46.74	42.93
(b) Other non-operating income (Refer footnote (ii) below)	162.40	285.69
TOTAL	209.14	328.62

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

Note 21.a : Cost of material and components consumed

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

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

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

Note 22: Employee benefits expense

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

Note 23 : Finance costs

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

Note 24 : Other expenses

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

Footnotes:

(i) Excise duty represents (a) the difference between the excise duty included in the closing stock and that in the opening stock of manufactured finished goods ₹ 33.36 lacs (credit) (Year ended 31 March, 2014: ₹ 8.21 lacs (debit)) and (b) the excise duty on free supplies under sales promotion schemes, free replacement, shortages, etc. ₹ 10.96 lacs (Year ended 31 March, 2014: ₹ 10.48 lacs)

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

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

Note 25 : Additional information to the financial statements

Note	Particulars	As at 31 March, 2015 ₹ lacs	As at 31 March, 2014 ₹ lacs
25.1	Contingent liabilities and commitments (to the extent not provided for)		
(i)	Contingent liabilities:		
	(a) Claims against the Company not acknowledged as debt:		
	1. In respect of Employees:		
	(i) The Company has filed an appeal in the Bombay High Court against the order passed by Third Labour Court on issue of back wages and reinstatement of 11 employees.	40.26	40.26
	(ii) In respect of claim of permanency of services and back wages filed by a set of temporary workmen before the Hon'ble Industrial Tribunal, Thane	Not ascertainable	Not ascertainable
	2. Others:		
	(i) In respect of penal interest for late renewal of Employee Deposit Linked Insurance Policy for financial year 2008-09	-	4.43
	(ii) The Company has filed an appeal in the EPF Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of Provident fund dues on Subsistence Allowance	1.27	1.27
	(iii) In respect of mesne profit for the premises under leave and license agreement (Refer footnote (iii) of Note 24)	-	402.61
	Future ultimate outflow of resources embodying economic benefits in respect of these matters is uncertain as it depends on financial outcome of judgments/decisions on the matters involved		
	(b) Other money for which the Company is contingently liable In respect of Sales Invoice Finance facility	1201.94	1275.13
(ii)	Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):		
	Tangible assets	201.40	705.27

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

Particulars	As at 31 March, 2015 ₹ lacs	As at 31 March, 2014 ₹ lacs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	143.64	677.80
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of principal paid beyond the appointed day	546.15	3892.48
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

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

Note	Particulars		
25.3	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 ₹ lacs
	Payables	USD 994,422.09 (USD 1,315,785.89)	622.30 (790.13)
		EUR 2,579.50 (EUR 19,000.00)	1.73 (15.65)
	Receivables	USD 4,751,602.81 (USD 3,409,997.12)	2973.08 (2047.54)
		EUR 343,521.58 (EUR 561,716.98)	230.64 (462.74)
		SGD 40.90 (-)	0.02 (-)
		JPY 414,583.00 (JPY 414,583.00)	2.16 (2.43)
	Footnote: Figures in brackets are for the previous year.		
25.4	Value of imports calculated on CIF basis:	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
	Raw materials and components	118.35	161.42
	Stores and spare parts	48.45	23.84
	Loose tools	207.48	158.30
	Capital goods	10.89	1260.24
		385.17	1603.80
25.5	Expenditure in foreign currency:	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
	Royalty (includes ₹ Nil (Year ended 31 March, 2014: ₹ 5.34 lacs) added to Fixed assets)	5.84	57.69
	Professional Fees	4.52	4.24
	Interest on foreign currency loans	16.59	0.13
	Others (Travel, commission, warehousing charges, rejection claims,etc.)	146.41	98.05

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

Note	Particulars	For the year ended 31 March, 2015	
		₹ lacs	%
25.6	**Details of consumption of imported and indigenous items:**		
	Imported:		
	Raw materials and components	128.73 (171.91)	0.64 (0.83)
	Stores and spare parts	40.10 (27.97)	3.30 (2.22)
	Loose tools	211.12 (205.42)	19.61 (19.48)
		379.95 (405.30)	
	Indigenous:		
	Raw materials and components	20099.27 (20596.05)	99.36 (99.17)
	Stores and spare parts	1175.21 (1233.78)	96.70 (97.78)
	Loose tools	865.25 (849.15)	80.39 (80.52)
		22139.73 (22678.98)	
	Note: Figures in brackets are for the previous year.		

		For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
25.7	**Earnings in foreign exchange:**		
	Export of goods calculated on FOB basis	13407.60	11432.12
	Tooling Development Income	371.08	139.69
	Exchange Gain (net)	109.85	199.41
	Other income (Freight, Insurance, Commission, etc.)	111.69	89.26
		14000.22	11860.48
25.8	The Ministry of Corporate Affairs has notified Section 135 of the Act, on Corporate Social Responsibility with effect from 1 April, 2014. As per the provisions of the said Section, the amount of ₹ 21.76 lacs was required to be spent on CSR activities by the Company during the year, however, considering the performance for the year, the Company has not spent the required funds on CSR activities.		

Note 26 : Disclosures under Accounting Standards

Note	Particulars	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
26.1	Details of contract revenue and costs		
	Contract revenue recognised during the year (Excludes Sale of spares ₹ 146.19 lacs (Year ended 31 March, 2014: ₹ 101.72 lacs))	26.51	1030.68
	Method used to determine contract revenue and the stage of completion of contracts in progress	(Refer Note 1.7)	(Refer Note 1.7)
	Aggregate of contract costs incurred and recognised profits upto the reporting date	17.54	238.49
	Advances received for contracts in progress	18.50	-
	Retention money for contracts in progress	-	-
	Gross amount due from customers for contract work (Refer Note 18)	24.82	42.34
	Gross amount due to customers for contract work	-	-

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

Note	Particulars
26.2	Employee benefit plans
26.2.a	Defined Contribution Plans 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, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
- Employers' contribution to Provident Fund and Family Pension Fund	274.78	244.11
- Employers' contribution to Superannuation Fund	90.23	129.92

The above amounts are included in Contributions to provident and other funds under Note 22 Employee benefits expense.

26.2.b Defined Benefit Plans

A general description of the Employees Benefit Plans:

(i) Gratuity (Funded)

The Company has an obligation towards gratuity, a funded defined benefits retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment, of an amount calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

(ii) Terminal Ex-gratia (Unfunded)

The Company has an obligation towards Terminal Ex-gratia, an unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment which varies depending upon the number of completed years of service to vested employees on completion of employment. Vesting occurs upon the completion of 15 years of service.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

₹ lacs

Particulars	Year ended 31 March, 2015		Year ended 31 March, 2014	
	Gratuity	Terminal Ex-gratia (Unfunded)	Gratuity	Terminal Ex-gratia (Unfunded)
Components of employer expense				
Current service cost	62.55	1.69	58.59	1.80
Interest cost	115.63	3.70	92.47	3.47
Expected return on plan assets	(48.39)	-	(45.86)	-
Actuarial losses/(gains)	78.63	3.71	69.09	(2.77)
Total expense recognised in the Statement of Profit and Loss	* 208.42	**9.10	* 174.29	**2.50
Actual contribution and benefit payments for year				
Actual benefit payments	(192.07)	(10.40)	(81.99)	(4.15)
Actual contributions	47.18	10.40	49.97	4.15
Net liability recognised in the Balance Sheet				
Present value of defined benefit obligation	1400.29	42.81	1334.72	44.11
Fair value of plan assets	571.64	-	667.31	-
Funded status (Deficit)	(828.65)	(42.81)	(667.41)	(44.11)
Net liability recognised in the Balance Sheet accounted as below:	(828.65)	(42.81)	(667.41)	(44.11)
- Other long-term liabilities (Refer Note 5(a)(ii))	(728.65)	-	(567.41)	-
- Other current liabilities (Refer Note 9(e)(vi))	(100.00)	-	(100.00)	-
- Long-term provisions (Refer Note 6(a)(ii))	-	(33.32)	-	(34.72)
- Short-term provisions (Refer Note 10(a)(ii))	-	(9.49)	-	(9.39)

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

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

₹ lacs

Note	Particulars	Year ended 31 March, 2015		Year ended 31 March, 2014	
		Gratuity	Terminal Ex-gratia (Unfunded)	Gratuity	Terminal Ex-gratia (Unfunded)
	Change in defined benefit obligations (DBO) during the year				
	Present value of DBO at beginning of the year	1334.72	44.11	1186.40	45.76
	Current service cost	62.55	1.69	58.59	1.80
	Interest cost	115.63	3.70	92.47	3.47
	Actuarial losses/(gains)	79.46	3.71	79.25	(2.77)
	Benefits paid	(192.07)	(10.40)	(81.99)	(4.15)
	Present value of DBO at the end of the year	1400.29	42.81	1334.72	44.11
	Change in fair value of assets during the year				
	Plan assets at beginning of the year	667.31	-	643.31	-
	Expected return on plan assets	48.39	-	45.86	-
	Actual company contributions	47.18	-	49.97	-
	Actuarial gain	0.83	-	10.16	-
	Benefits paid	(192.07)	-	(81.99)	-
	Plan assets at the end of the year	571.64	-	667.31	-
	Actual return on plan assets: The expected rate of return on the plan asset (Gratuity Funded) is based on the average long term rate of return expected on investments of funds during estimated term of obligation. Actual return on Plan Assets (Gratuity Funded) is ₹ 49.22 lacs (Year ended 31 March, 2014: ₹ 56.02 lacs).				
	Composition of the plan assets				
	Insurer Managed funds	100%	-	100%	-
	The details of investment made by the Insurer is not readily available with the company				
	Actuarial assumptions:				
	Discount rate	7.95%	7.95%	9.00%	9.00%
	Expected return on plan assets	8.00%	-	8.00%	-
	Salary escalation	6.00%	6.00%	6.00%	6.00%
	Estimate of amount of contribution in the immediate next year	₹ 100 lacs		₹ 100 lacs	

Particulars
The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.
The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments

₹ lacs

	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity (Funded)					
Present value of DBO	1400.29	1334.72	1186.40	1083.34	1053.24
Fair value of plan assets	571.64	667.31	643.31	631.91	638.14
Funded status (Deficit)	(828.65)	(667.41)	(543.09)	(451.43)	(415.10)
Experience (loss)/gain adjustments on plan liabilities	(17.26)	174.80	11.86	12.42	14.45
Experience gain/(loss) adjustments on plan assets	0.83	10.16	9.97	8.84	7.19
Terminal Ex-gratia (Unfunded)					
Present value of DBO	42.81	44.11	45.76	43.49	43.39
Fair value of plan assets	-	-	-	-	-
Funded status (Deficit)	(42.81)	(44.11)	(45.76)	(43.49)	(43.39)
Experience gain/(loss) adjustments on plan liabilities	1.47	(0.34)	(0.72)	(2.70)	(0.27)
Experience gain/(loss) adjustments on plan assets	-	-	-	-	-

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

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

Description of relationship	Name of related parties
Key Management Personnel (KMP)	(i) Mr. Surinder P. Kanwar (SPK) - Chairman and Managing Director (who also has ability to exercise 'significant influence' over the Company) (ii) Mr. Sameer Kanwar (SK) – Joint Managing Director (Son of Chairman and Managing Director of the Company)
Enterprises over which KMP is able to exercise significant influence	(i) Cliplok Simpak (India) Pvt. Ltd. (CSIPL) (ii) Raunaq International Ltd. (RIL) (iii) Vibrant Finance & Investment Pvt. Ltd. (VFIPL) (iv) Xlerate Driveline India Limited (XDIL)

Note: Related parties have been identified by the Management.

26.4.b **Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:**

₹ lacs

	KMP	Enterprises over which KMP is able to exercise significant influence
Rent and other expenses (VFIPL)		13.48 (11.46)
Rent paid for premises taken on lease (SPK)	72.00 (72.00)	
Rent paid for premises taken on lease (SK)	39.16 (36.19)	
Reimbursement of maintenance charges paid for premises taken on rent (SPK)	2.95 (3.13)	
Reimbursement of maintenance charges paid for premises taken on rent (SK)	1.32 (1.24)	
Rent income (RIL)		10.20 (1.74)
Rent income (CSIPL)		0.48 (0.06)
Marketing service income (XDIL)		105.84 (85.07)
Interest free security deposit paid for premises taken on lease (SPK)	- (60.00)	
Remuneration (SPK)	234.95 (238.37)	
Remuneration (SK)	126.13 (113.55)	
Balances outstanding at the end of the year:		
Receivables:		
Long-term loans and advances (Refer Note 12)	70.00 (60.00)	5.00 (5.00)
Short-term loans and advances (Refer Note 17)	- (10.00)	0.07 (2.47)
Other current assets (Refer Note 18)		30.48 (33.29)

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

Note	Particulars	KMP	Enterprises over which KMP is able to exercise significant influence
	Payables: Trade payables (Refer footnote and Refer Note 8) Note: Figures in brackets are for the previous year.	- (20.85)	- (-)
	Footnote: Represent remuneration payable to the Directors of the Company.		

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

26.5 Details of Leasing arrangements

(A) Finance Lease:

(i) For net carrying amount as at 31 March, 2015 for assets acquired under finance lease. (Refer Note 11A Fixed assets)

(ii) The maturity profile of finance lease obligations is as follows:

₹ lacs

	Total minimum lease payments outstanding as at 31 March, 2015	Interest not due	Present value of minimum lease payments
Not later than one year	181.39 (182.22)	12.47 (30.45)	168.92 (151.77)
Later than one year but not later than five years	13.13 (194.52)	0.70 (13.17)	12.43 (181.35)
Total	194.52 (376.74)	13.17 (43.62)	181.35 (333.12)

Note: Figures in brackets are for the previous year.

(iii) General description of these agreements:

-Some of these agreements contains renewal clause.

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

(B) Operating Lease:

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

	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
Residential flats/offices/godowns	213.13	199.27
Vehicle/Plant and machinery/Air conditioner	266.17	283.09

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

	As on 31 March, 2015 ₹ lacs	As on 31 March, 2014 ₹ lacs
not later than one year	107.45	-
later than one year and not later than five years	234.28	-
later than five years	-	-

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

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

Note	Particulars	For the year ended 31 March, 2015 ₹ lacs	For the year ended 31 March, 2014 ₹ lacs
26.6	Earnings per share		
	Basic and diluted:		
	Net (loss)/profit for the year attributable to the equity shareholders	(420.51)	59.50
	Weighted average number of equity shares (Nos.)	7817833	7817833
	Par value per share (In ₹)	10.00	10.00
	Earnings per share - Basic and diluted (In ₹)	(5.38)	0.76
26.7	Components of deferred tax balances:	As at 31 March, 2015 ₹ lacs	As at 31 March, 2014 ₹ lacs
	Tax effect of items constituting deferred tax liability:		
	On difference between book balance and tax balance of fixed assets	669.01	633.08
	Others	131.43	140.69
	Tax effect of items constituting deferred tax liability	800.44	773.77
	Tax effect of items constituting deferred tax assets:		
	Provision for compensated absences, gratuity and other employee benefits	461.29	405.08
	Other disallowances under Section 43B of the Income Tax Act, 1961	35.85	45.78
	Unabsorbed depreciation	284.20	70.31
	Others	74.86	46.07
	Tax effect of items constituting deferred tax assets	856.20	567.24
	Deferred tax (asset)/liability (net)	(55.76)	206.53
26.8	Details of provisions		
	Disclosures in pursuance of the Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets":		
	Provision for warranties	2014-15 ₹ lacs	2013-14 ₹ lacs
	Carrying amount at the beginning of the year	30.70	28.59
	Additional provision made during the year	0.12	10.32
	Amount used during the year	14.73	-
	Unused amount reversed during the year	6.73	8.21
	Carrying amount at the end of the year (Refer Note 10(b)(i))	9.36	30.70
	Provision for warranty is made for the estimated amount of expenditure, which may be incurred during the warranty period of twelve months after successful commissioning of the furnace.		
27	Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.		

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

Sameer Kanwar
Joint Managing Director
(DIN : 00033622)

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

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Place: Mumbai
Date: 29 May, 2015

Geared for Life

Form No. SH-13
Nomination Form

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

To,

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

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

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

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

(2) PARTICULARS OF NOMINEE/S

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

(3) IN CASE NOMINEE IS A MINOR

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

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

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

Name:

Address:

Name of the Security Holder(s) Signature

Witness with name and address Signature

Geared for Life

Form No. SH-14

Cancellation or Variation of Nomination

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

To,

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

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

Or

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

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

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

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

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

(b) IN CASE NEW NOMINEE IS A MINOR

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

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

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

Signature

Name of the Security Holder(s)

Witness with name and address

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PROFORMA FOR UPDATION OF SHAREHOLDER'S INFORMATION

Folio No. | | | | | | |

No. of Equity Shares | | | | | | |

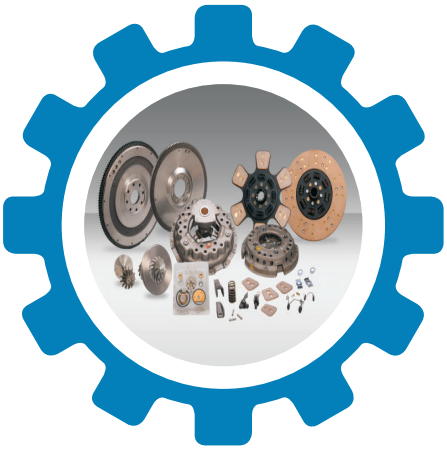
Specimen Signature
(As per application/transfer deed)

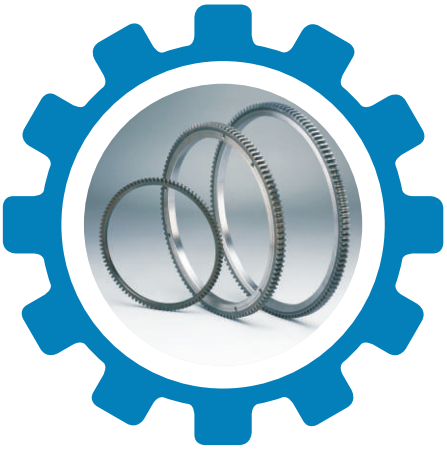
Name(s):

First Holder | | | | | |

43rd ANNUAL REPORT

2014- 2015





BHARAT GEARS LIMITED

BHARAT GEARS LIMITED

Geared for life

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

Form No. MGT-11
PROXY FORM

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

Name of the Member(s)	:
Registered Address	:
E-mail Id	:
Folio No./Client ID	:
DP ID	:

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

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

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

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

Signed this_____ day of _____, 2015

Signature of Shareholder:_____

Signature of Proxy holder(s)_____

Affix Revenue Stamp

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

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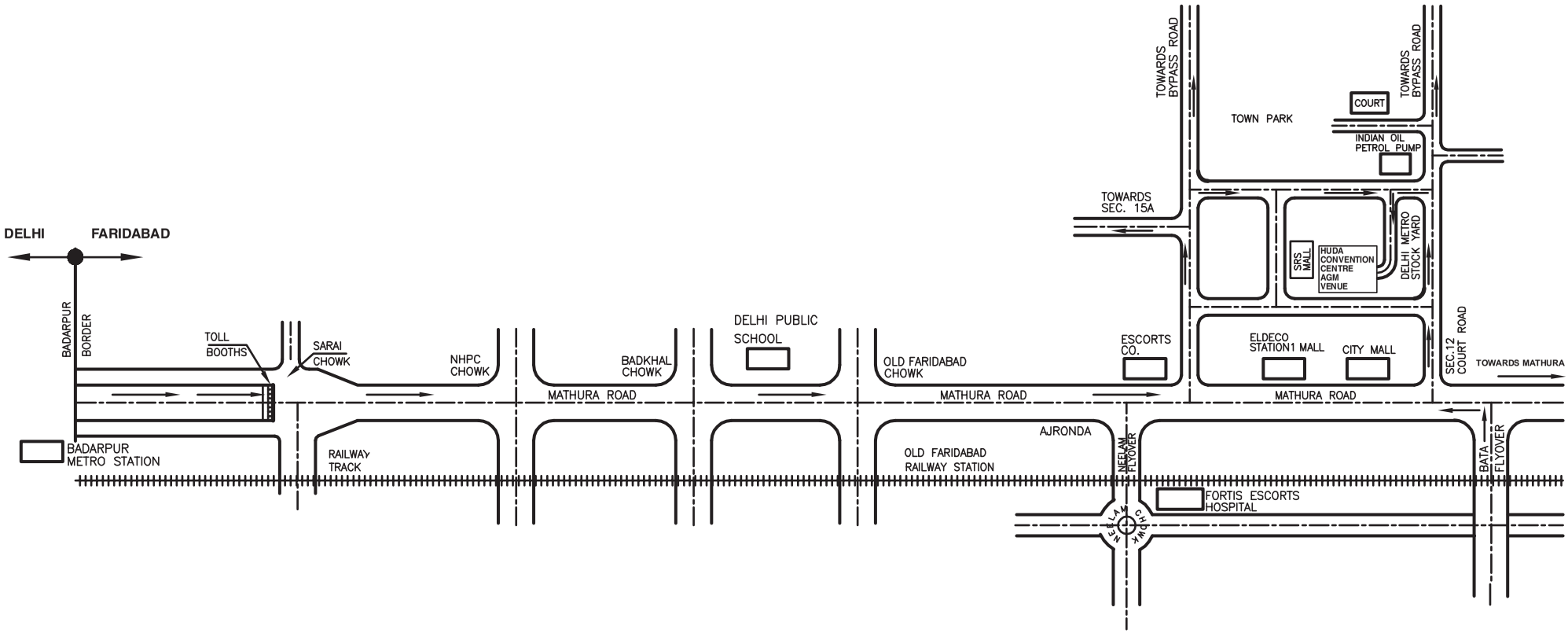
Guide Map to venue of AGM from Delhi-Faridabad Border



Geared for Life

BHARAT GEARS LIMITED

Geared for Life

: OFFICES :

REGISTERED OFFICE
20 K.M. Mathura Road
P.O. Amar Nagar
Faridabad - 121 003

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

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

: PLANTS :

Kausa Shil, Mumbra
District Thane - 400 612
Maharashtra

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

Lonand, Taluka Khandala
District Satara - 415 521
Maharashtra

CIN: L29130HR1971PLC034365

Printed by : MODERN.modernsyscorp@gmail.com

BHARAT GEARS LIMITED

Geared for Life

NOTICE

TO THE MEMBERS OF THE COMPANY

NOTICE is hereby given that the 43rd Annual General Meeting (AGM) of the members of Bharat Gears Limited will be held as under:

Day	:	Friday
Date	:	31st July, 2015
Time	:	11:30 A.M.
Venue	:	HUDA Convention Centre Sector-12 Faridabad-121007 (Haryana)

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2015 together with Reports of the Directors and Auditors thereon.

2. To ratify the appointment of M/s Deloitte Haskins & Sells-Ahmedabad (ICAI Registration No. 117365W), Chartered Accountants, Statutory Auditors for the Financial Year 2015-16 and fix their remuneration.

SPECIAL BUSINESS:

3. To consider appointment of Mr. Rakesh Chopra, Director of the Company, as an Independent Director on the Board of the Company and if thought fit, pass the following resolution as **Ordinary Resolution**, with or without modification(s):

   "**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rakesh Chopra (holding DIN 00032818), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. Rakesh Chopra as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the 48th Annual General Meeting of the Company in the calendar year 2020."

4. To consider appointment of Mr. V.K. Pargal, Director of the Company, as an Independent Director on the Board of the Company and if thought fit, pass the following resolution as **Ordinary Resolution**, with or without modification(s):

   "**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. V.K. Pargal (holding DIN 00076639), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. V.K. Pargal as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the 48th Annual General Meeting of the Company in the calendar year 2020."

5. To consider the alteration of Articles of Association (AOA) of the Company in terms of provisions of Section 14 of the Companies Act, 2013 and if thought fit, pass the following resolution as **Special Resolution**, with or without modification(s):

   "**RESOLVED THAT** pursuant to Section 14 and other applicable provisions of the Companies Act, 2013 and subject to such other approvals as may be required, the consent of the members be and is hereby accorded to the Board of Directors for the alteration of Articles of Association (AOA) of the Company thereby replacing the current Clause no(s) 1 to 199 with the new Clause(s) 1 to 213 as elaborated in the explanatory statement forming part of this resolution.

Registered Office & Works: 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad -121003, Haryana
Tel.: +91 (129) 4288888, **Fax**: +91 (129) 4288822-23
E-mail: info@bglindia.com, **Website**: www.bharatgears.com
CIN: L29130HR1971PLC034365

RESOLVED FURTHER THAT Mr. Surinder P. Kanwar, Chairman and Managing Director, Mr. Sameer Kanwar, Joint Managing Director and Mr. Prashant Khattry, Head (Legal) and Company Secretary of the Company be and are hereby severally authorised to prepare, file, execute, sign any application, form, explanations, documents, papers etc. in electronic mode and to do such acts, deeds and things as may be considered necessary to implement this resolution.

RESOLVED FURTHER THAT Mr. Surinder P. Kanwar, Chairman and Managing Director, Mr. Sameer Kanwar, Joint Managing Director and Mr. Prashant Khattry, Head (Legal) and Company Secretary of the Company be and are hereby severally authorised to delegate all or any of the powers entrusted above, in favour of any employees/officers/any other persons by executing a power of attorney or letter of authority or to withdraw the powers delegated to any employees/officers/any other persons and are authorized to do all other acts, deeds, things, matters which in their opinion is in the best interest of the Company and is incidental, necessary or consequential for giving effect to the above resolution."

6. To consider the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company and if thought fit, pass the following resolution(s) as **Special Resolution**, with or without modification(s):

"RESOLVED THAT pursuant to the provisions under Sections 117(3),170,196, 197,198, 200, 201, 203, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") including any statutory amendment, modifications or re-enactment thereof and subject to the approval of the Central Government, if required and further subject to such other requisite approvals, as may be required in this regard, the consent of the shareholders be and is hereby accorded for the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for a further period of (5)Five years with effect from 1st October, 2015 on the terms and conditions including remuneration payable to him for a period of 3(Three) years w.e.f 1st October, 2015 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution notwithstanding that the remuneration may exceed the limits prescribed in provisions of Sections 197,198 and Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the remuneration as set out in the explanatory statement which forms part of this resolution, payable to Mr. Surinder P. Kanwar, Chairman and Managing Director for a period of 3(Three) years w.e.f. 1st October, 2015, is subject to the condition that:

a. the total remuneration payable in any financial year by way of salary, perquisites, commission and other allowances shall not exceed the overall limit of five percent (5%) of the net profits of the Company as applicable to each of the Managing/ Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all Managing/Whole-time Directors in accordance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V including any statutory amendments, modifications or re-enactments thereof, as may be made thereto and for the time being in force or

b. if the remuneration exceeds the limits as prescribed in the provisions of Section 197, 198 and Schedule V of the Companies Act, 2013, the remuneration payable shall be specifically approved by the Central Government.

RESOLVED FURTHER THAT notwithstanding anything contained in Section 197, 198 and Schedule V of the Companies Act, 2013 or any amendment/re-enactment thereof or any revised/new schedule thereof, in the event of absence of profits or inadequacy of profits in any financial year, the salary, perquisites and statutory benefits (except commission), as set out in the explanatory statement which forms a part of this resolution, be paid as minimum remuneration to Mr. Surinder P. Kanwar, Chairman and Managing Director subject to the approval of Central Government, if required.

RESOLVED FURTHER THAT in absence of the approval of the Central Government for the payment of the remuneration to Mr. Surinder P. Kanwar, Chairman and Managing Director exceeding the limits specified in Section 197, 198 and Schedule V of the Companies Act, 2013, as amended from time to time, he shall be entitled to draw remuneration within the limits prescribed in Section 197,198 and Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s) as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

By order of the Board

Place: Faridabad
Date:30 June, 2015

Prashant Khattry
Head (Legal) & Company Secretary

NOTES:

1. **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 instead of himself/herself and such proxy(ies) need not be a Member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. The instrument appointing proxy(ies) must, however, be deposited at the Registered Office of the Company, duly completed and signed, not less than forty eight hours before commencement of the Meeting. Proxy(ies) submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.**

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

3. 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.**

4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 25th July, 2015 to 31st July, 2015 (both days inclusive).

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

   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.

6. 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 24th July, 2015. (Relevant Forms for nomination and updation of Shareholders Information are enclosed at the end of the Annual Report).

7. Members seeking any further clarification/information relating to the Annual Financial Statements 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 24th July, 2015 to enable the management to keep the information ready at the Meeting.

8. The unclaimed dividend till the financial year 1999-2000 has been transferred to the Investor Education and Protection Fund. Further, the amount of unclaimed dividend standing in the "Bharat Gears Limited Final Dividend Account 2007-08" which is required to be transferred to "IEPF" is due for transfer into "IEPF" on 29th August, 2015 and shall be deposited to the "IEPF" within the prescribed time.

   The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The Objective of IEPF Rules is to help the shareholders to ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2007-2008, as on date of the 42nd Annual General Meeting (AGM) held on 1st August, 2014, on the website of the IEPF viz. www.iepf.gov.in and under "Investor Section" on the website of the Company viz. www.bharatgears.com.

   Members who have not encashed their dividend warrants since 2007-08 are advised to write to the Company or Registrar & Transfer Agent of the Company immediately (for dividend of financial year 2007-08 on or before 29th August, 2015 since dividend of financial year 2007-08 being transferred to "IEPF" on even date), claiming dividends declared by the Company.

9. 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 benefits of dematerialization viz. easy liquidity, electronic transfer, savings in stamp duty and prevention of forgery.

10. 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 Private Limited, Registrar & Transfer Agent for consolidation into a single folio.

11. Members are requested to register their e-mail address(es) and changes in their particulars like change in address from time to time with Link Intime India Private Limited, Registrar & Transfer Agent for shares held in physical form and with the respective Depository Participants for the shares held in dematerialized form.

12. 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.

13. 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.

14. In terms of the provisions of Section 136 of the Companies Act, 2013 read with Rule 11 of the Companies (Accounts) Rules, 2014, service of notices/documents to the shareholders can be made through electronic mode, provided the Company has obtained the e-mail address(es) of the shareholder(s). Also, the shareholders who have not registered their e-mail address for receiving the Balance Sheet etc., they will be sent the physical copies through any recognised mode of delivery as specified under Section 20 of the Companies Act, 2013.

   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, Statement of Profit & Loss and Board's 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 Section 136 of the Companies Act, 2013 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 along with the details of name, address, Folio No., shares held:

i) To the Registrar and Share Transfer Agent, Link Intime India Private Limited 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.

15. **Voting Through Electronic Means**

I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide the members with facility to exercise their right to vote at the 43rd Annual General Meeting by electronic means and the business may be transacted through e-Voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") as provided by National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The instructions for remote e-voting are as under:

A. In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/Depository Participants(s)]:

(i) Open e-mail and open PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com.

(iii) Click on Shareholder - Login

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "REVEN" of Bharat Gears Limited.

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to bglscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM [for members whose e-mail IDs are not registered with the Company/DepositoryParticipants(s) or requesting physical copy]:

(i) Initial password will be provided separately:

REVEN (Remote E Voting Event Number)	**USER ID**	**PASSWORD/PIN**

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the 'Downloads' section of www.evoting.nsdl.com

VI. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

VIII. The remote e-voting period commences on 28th July, 2015 and ends on 30th July, 2015 at 5.00 P.M. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 24th July, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 24th July, 2015.

X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date of 24th July, 2015, may obtain the login ID and password by sending a request at e-voting@nsdl.co.in or delhi@linkintime.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using " Forgot User Details/Password" option available on www.evoting.nsdl.com.

XI. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

XII. Mr. Ajay Garg, MBA, FCS,LLB and Mr. Mahesh Sharma, B.Com, LLB has been appointed as the Scrutinizer and Alternate Scrutinizer respectively having their office at 970, 1st Floor, Sector 21-D, Faridabad, to scrutinize the remote e-voting process in a fair and transparent manner.

XIII. The Chairman shall, at the AGM, at the discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XIV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XV. The Results of the AGM shall be declared by the Chairman or person authorized or any one of the director of the Company after the AGM within the prescribed time limits.

XIV. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.bharatgears.com and on the website of NSDL and communicated to BSE Limited(BSE) and National Stock Exchange of India Limited (NSE) accordingly.

16. 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.

By order of the Board

Place: Faridabad
Date:30 June, 2015

Prashant Khattry
Head (Legal) & Company Secretary

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

ITEM NO. 3

Mr. Rakesh Chopra aged 65 years is a Non-Executive Independent Director of the Company since 25th January, 2007. He is a qualified Chartered Accountant (England & Wales) and MBA from Cranfield University, U.K. He had been spearheading various industry groups at top levels including Escorts Limited. He has rich experience of around 38 years.

Mr. Rakesh Chopra retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Rakesh Chopra being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto the conclusion of the 48th Annual General Meeting of the Company in the calendar year 2020. A notice has been received from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. Rakesh Chopra as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Rakesh Chopra fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rakesh Chopra as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Rakesh Chopra, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.3 of the Notice.

ITEM NO. 4

Mr. V.K. Pargal, aged 82 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.

Mr. V.K. Pargal retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. V.K. Pargal being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto the conclusion of the 48th Annual General Meeting of the Company in the calendar year 2020. A notice has been received from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. V.K. Pargal as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. V.K. Pargal fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Accordingly, the Board recommends the resolution in relation to appointment of Mr. V.K. Pargal as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. V.K. Pargal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4 of the Notice.

ITEM NO. 5

In order to make the Articles of Association in line with the provisions of Companies Act, 2013, it is proposed to alter the Articles of Association of the Company (AOA) thereby replacing Clause no(s) 1 to 199 with the new Clause no(s) 1 to 213 as detailed below:

I. PRELIMINARY

1. Bharat Gears Limited is established with Limited Liability in accordance with and subject to the provisions of the Indian Companies Act, 1956, but none of the Regulations contained in Table marked F in Schedule I to the Companies Act, 2013, shall be applicable to the Company except so far as the Act or any modification there otherwise expressly provides.

   The Regulations for management of the Company and for the observance of the members shall be such as are contained in these Articles.

II. INTERPRETATION

2. (a) In the interpretation of these Articles, the following words and expressions shall have the following meanings, unless repugnant to the subject or context.

   (i) 'Alter' and 'Alteration' shall include the making of additions and omissions.

   (ii) 'Auditors' means those Auditors appointed under the said Act.

   (iii) 'Company' means a company as defined under Section 2(20) of the Act.

   (iv) 'Board' means the Directors of the Company collectively, and shall include a committee thereof.

   (v) 'Body Corporate' or 'Corporation' includes a company incorporated outside India but does not include, (1) a Co-operative Society registered under any law relating to Co-operative Societies, (2) any other body corporate which the Central Government may by notification in the Official Gazette specify in that behalf.

   (vi) 'The Company' or 'This Company' means Bharat Gears Limited established as aforesaid.

   (vii) 'The Companies Act, 2013', 'The said Act', or 'The Act' and reference to any section or provision thereof respectively means and includes the Companies Act, 2013 (Act No. 18 of 2013) and any statutory modification thereof for the time being in force, and reference to the section or provision of the said Act or such statutory modification.

   (viii) 'Debenture' includes Debenture stock, bonds or any other instrument of a Company evidencing a debt, whether constituting a charge on the assets of the company or not.

   (ix) 'Directors' means a director appointed to the Board of the company.

   (x) 'Dividend' shall include interim dividend.

   (xi) 'Document' includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

   (xii) 'Executor' or 'Administrator, means a person who has obtained probate or Letters of Administration, as the case may be, from a competent Court, and shall include the holder of a Succession Certificate authorising the holder thereof to negotiate or transfer the share or shares of the deceased members, and shall also include the holder of a Certificate granted by the Administrator-General of any State in India.

   (xiii) 'Financial Statements' means:

      (i) a balance sheet as at the end of the financial year;

      (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;

(iii) cash flow statement for the financial year;

(iv) a statement of changes in equity, if applicable; and

(v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv)

(xiv) 'In writing' or 'Written' shall include e-mail, and any other form of electronic transmission.

(xv) 'Independent Director' shall have the meaning ascribed to it in the Act.

(xvi) 'Key Managerial Personnel' means the Chief executive officer or the managing director; the company secretary; whole-time director; chief financial officer; and such other officer as may be notified from time to time in the Rules.

(xvii) 'Month' means calendar month.

(xviii) 'National Holiday' means the day declared as national holiday by the Central Government.

(xix) 'Office' means the Registered Office for the time being of the Company.

(xx) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned to these terms by Section 114 of the Act.

(xxi) 'Rules' means any rule made pursuant to section 469 of the Act or such other provisions pursuant to which the Central Government is empowered to make rules, and shall include such rules as may be amended from time to time.

(xxii) 'Secretary' is a Key Managerial Personnel appointed by the Directors to perform any of the duties of a Company Secretary.

(xxiii) 'Shareholders' or 'Members' means the duly registered holder from time to time of the shares of the Company, and shall include beneficial owners whose names are entered as a beneficial owner in the records of a depository.

(xxiv) 'The Seal' means the common seal of the Company for the time being.

(b) 'These presents' means and includes the Memorandum and this Articles of Association.

(c) Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

(d) Words importing the masculine gender also include the feminine gender.

(e) Words importing persons shall, where the context requires, include bodies corporate and companies as well as individuals.

(f) Subject as aforesaid, any words and expressions defined in the said Act as modified up to the date on which these Articles become binding on the Company shall, except where the subject or context otherwise requires, bear the same meanings in these Articles.

(g) The marginal notes and the headings given in these Articles shall not affect the construction hereof.

3. The Company shall, on being so required by a Member, send to him within seven days of the requirement and subject to the payment of a fee of ₹ 100/- or such other fee as may be specified in the Rules for each copy of the documents specified in Section 17 of the said Act.

III. SHARE CAPITAL, VARIATION OF RIGHTS & BUY BACK

Capital and shares

4. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of Memorandum of Association with power to Board of Directors to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.

If and whenever the capital of the Company is divided into shares of different classes, the rights of any such class may be varied, modified, affected, extended, abrogated or surrendered as provided by the said Act or by Articles of Association or by the terms of issue, but not further or otherwise.

Provisions of Section 43, 47 of the Act to apply

5. The provisions of Section 43, 47 of the Act in so far as the same may be applicable to issue of share capital shall be observed by the Company.

Restrictions on Allotment

6. The Directors shall have regard to the restrictions on the allotment of shares imposed by Section 39 and 40 of the said Act so far as those restrictions are binding on the Company.

Commission for placing shares

7. (1) (i) The Company may at any time pay a commission to any person in consideration of his subscribing, or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares or debentures of the Company and the provisions of Section 40 of the said Act shall be observed and complied with. Such commission shall not exceed the maximum permissible rate as prescribed in the Rules. Such commission may be paid in cash or by the allotment of Securities.

(ii) Company shall not pay any commission to any underwriter on securities which are not offered to public for subscription.

(iii) The number of shares or debentures which persons have agreed to for commission to subscribe absolutely or conditionally is disclosed in the manner aforesaid.

(2) Nothing in this clause shall affect the power of the Company to pay such brokerage as it may consider reasonable.

(3) A Vendor, promoter, other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received in payment of any commission the payment of which, if made directly by the Company, would have been legal under this Articles.

(4) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash or in share, debentures or debenture stock of the Company, (whether fully paid or otherwise) or in any combination thereof.

Company not to give financial assistance for purchase of its own shares

8. Except as provided by the Act, the Company shall not, except by reduction of capital under the provision of Section 66 or Section 242 of the said Act, buy its own shares nor give, whether directly or indirectly, and whether by means of a loan, guarantee, provision of security or otherwise any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company.

Provided that nothing in this Article shall be taken to prohibit:

8.1 (i) the provision of money in accordance with any scheme approved by the Company through Special Resolution and in accordance with the requirements specified in the relevant Rules, for the purchase of, or subscription for, fully paid up Shares in the Company, if the purchase of, or the subscription for the Shares held by trustees for the benefit of the employees or such Shares held by the employee of the Company;

(ii) the giving of loans by the Company to persons in the employment of the Company other than its Directors or Key Managerial Personnel, for an amount not exceeding their salary or wages for a period of six months with a view to enabling them to purchase or subscribe for fully paid up Shares in the Company to be held by them by way of beneficial ownership.

Nothing in this clause shall affect the right of the Company to redeem any shares issued under Section 55.

Buy back of Shares

8.2 Notwithstanding what is stated in Articles 8.1 above, in the event it is permitted by the Law and subject to such conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of Capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the shares so bought back.

Issue of Securities at a Premium

9. The Company shall have power to issue Securities at a premium and shall duly comply with the provisions of Section 52 of the said Act.

Issue of redeemable preference shares

10. The Company may, subject to the provisions of Section 55 of the said Act, issue preference shares which are liable to be redeemed and may redeem such shares in any manner provided in the said section and may issue shares up to the nominal amount of the shares redeemed or to be redeemed. Where the Company has issued redeemable preference shares the provisions of the said section shall be complied with. The manner in which such shares shall be redeemed, shall be as provided by Article 80 unless the terms of issue otherwise provide.

IV. SHARES AND SHAREHOLDERS

Register of Members

11. (1) The Company shall cause to be kept and maintained the following registers namely:

(a) Register of members indicating separately for each class of equity and preference shares held by each member residing in India or outside India;

(b) Register of debenture-holders; and

(c) Register of any other security holders;

(d) including an index in respect of each of the registers to be maintained in accordance with Section 88 of the Act.

(2) The Company shall also comply with the provisions of Sections 92 of the Act as to filing Annual Returns.

(3) The Company shall duly comply with the provisions of Section 94 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Shares to be numbered progressively

12. The shares in the capital shall be numbered progressively according to their several classes.

Shares at the disposal of the Directors

13. Subject to the provisions of the said Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to such persons on such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 54 of the Act) at a discount and at such times as they may from time to time think fit and proper and with the sanction of the Company in General Meeting to give to any person the option to call for or be allotted shares of any class of the Company either at par or at premium or subject aforesaid at a discount during such time and for such consideration and such option being exercisable at such times as the Directors think fit and may allot and issue shares in the capital of the Company in lieu of services rendered to the Company or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid up shares.

Every share transferable etc.

14. (1) The shares or other interest of any member in the Company shall be movable property transferable in the manner provided by the Articles of the Company.

(2) Each share in the Company having a share capital shall be distinguished by its appropriate number.

(3) Certificate of Shares: A certificate under the Seal of the Company specifying any shares held by any Member shall be prima facie evidence of the title of the Member to such shares.

Application of premiums received on issue of shares

15. (1) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those Shares shall be transferred to an amount to be called “the securities premium account”, and the provisions of the Act relating to the reduction of the Share Capital of a company shall except as provided in this clause, apply as if the securities premium account were paid-up share capital of the Company.

(2) The securities premium account may be applied by the Company for the purposes permissible pursuant to the Act.

Further issue of capital

16. The Company shall comply with the provisions of Section 62 of the Act with regard to increasing the subscribed capital of the Company.

17. If and whenever as the result of issue of new shares or any consolidation or sub-division of shares, any shares become held by members in fractions, the Directors shall subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of shares

18. An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of shares therein, shall be an acceptance of shares within the meaning of these Articles. The Directors shall comply with the provisions of Section 39 and Section 40 of the Act so far as applicable.

Deposit and call etc. to be a debt payable immediately

19. The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposits, calls or otherwise in respect of any shares allotted by them, shall, immediately on the inscription of the name in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Calls on shares of the same class to be made on uniform basis

20. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares, falling under the same class.

Explanation: - For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Return of allotment

21. The Directors shall cause to be made the returns as to all allotments from time to time made in accordance with the provisions of Section 39 of the said Act.

Installments on shares to be duly paid

22. If, by the conditions of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be of the shares or his legal representative.

Liability of Members

23. Every member, or his executors or administrators or other representative, shall pay to the Company the portion of the capital represented by his share or shares, which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Directors shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

Liability of Joint holders

24. If any share stands in the names of two or more persons, all the joint-holders of the share shall be severally as well as jointly liable for the payment of all deposits, installments, and calls due in respect of such shares, and for all incidents thereof according to the Company's regulations; but the persons first named in the Register shall, as regards service of notice, and all other matters connected with the Company, except the transfer of the share and any other matter by the said Act or herein otherwise provided, be deemed the sole holder thereof.

Registered holder only the owner of the shares

25. Save as herein or by laws otherwise expressly provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize any benami trusts whatsoever or equitable, contingent, future, partial or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof; the Directors shall, however be at liberty, at their sole discretion, to register any share in the joint names of any two or more persons, and the survivor or survivors of them.

V. CERTIFICATES

Certificate of shares

26. Subject to any statutory or other requirement having the force of law governing the issue and signatures to and sealing of certificate to shares and applicable to this Company for the time being in force the certificate of title to shares and the duplicate thereof when necessary shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (1) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials used for the purpose.

Members' right to Certificates

27. (1) (i) Every member shall be entitled without payment to the certificate for all the Shares of each class or denomination registered in his name, or if the Board, so approve (upon paying such fees as the Board may from time to time determine) to several certificates, each for one or of such Shares and the Company shall complete such certificate within two months after the allotment or such period as may be determined at the time of the issue of such capital whichever is longer or within one month after registration of the transfer thereof as provided by Section 56 of the Act. Every certificate of shares shall have its distinctive number and be issued under the Seal of the Company and shall specify the number and denoting number of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Board shall prescribe or approve provided that in respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and the delivery of a certificate for a share or shares to one of several joint-holders shall be deemed to be sufficient delivery to all.

May be delivered to any one of Joint-holders

(ii) A certificate of shares registered in the names of two or more persons, unless otherwise directed by them in writing, may be delivered to any one of them on behalf of them all.

Shares in Depository form

(2) (i) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form.

(ii) Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the register of members as a holder of any share or whose names appear as beneficial owners of shares in the records

of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

(iii) Notwithstanding anything contained herein, in the case of transfer of shares or other marketable securities where the Company has not issued any Certificates and where such shares or other marketable securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply. Further, the provisions relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.

Issue of new certificate in place of one defaced, lost or destroyed

28. If any certificate be worn out, defaced, destroyed or lost or if there be no further space on the back thereof for endorsement of transfer, then upon production thereof to the Board, they may order the same to be cancelled, and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. A sum not exceeding ₹ 50/- shall be paid to the Company for every certificate issued under this clause, as the Board may fix from time to time, provided that no fee shall be charged for issue of new certificate in replacement of those which are old, worn, decrepit out or where the cages on the reverse for recording transfers have been fully utilised.

Board may waive fees

29. The Board may waive payment of any fee generally or in any particular case.

Endorsement on certificate

30. Every endorsement upon the certificate of any share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Board in that behalf.

Board to comply with Rules

31. The Board shall comply with requirements prescribed by any Rules made pursuant to the said Act; relating to the issue and execution of share certificates.

VI. CALLS ON SHARES

Directors may make calls

Calls may be made by installments

32. Subject to the provisions of Section 49 of the said Act, the Board may, from time to time, by means of resolution passed at its meetings make such calls as they may think fit upon the members in respect of moneys unpaid on the share held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board. A call may be made payable by installments.

Call to date from resolution

33. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by members on a subsequent date to be specified by Directors.

Notice of call

34. Fourteen days' notice at least of every call made payable otherwise than on allotment shall be given by the Company in the manner hereinafter provided for the giving of notices specifying the time and place of payment, and the person to whom such call shall be paid. Provided that before the time for payment of such call the Board may by notice given in the manner hereinafter provided revoke the same. The Board may, from time to time at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who, the Board may deem fairly entitled to such extension; but no member shall be entitled to any such extension, except as a matter of grace and favour.

Provisions applicable to installments

35. If by the terms of issue of any share or otherwise any amount is payable at any fixed time or by installments at fixed times, whether on account of the share or by way of premium, every such amount or installments shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installments accordingly.

When interest on call or installment payable

36. If the sum payable in respect of any call or such other amount or installments be not paid on or before the day appointed for payment thereof or any extension thereof as aforesaid, the holder for the time being of the share, in respect of which the call shall have been made, or such amount or installment shall be due, shall pay interest for the same, from the day appointed for the payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum, as shall from time to time be fixed by the Board. Nothing in this Article shall however, be deemed to make it compulsory on the Board to demand or recover any such interest, and the payment of such interest, wholly or in part, may be waived by the Board if they think fit so to do.

Money due to members from the Company may be applied in payment of call or installment

37. Any money due from the Company to a member may, without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due from him to the Company for calls or otherwise.

Part payment on account to call etc. not to preclude forfeiture

38. Neither a judgement nor a decree in favour of the Company for calls of other moneys due in respect of any shares nor any part-payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the forfeiture of such shares as hereinafter provided.

Proof on trial on of suit on money on shares

39. On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives to recover any moneys claimed to be due to the Company for any call or other sum in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, on the shares in respect of which such money is sought to be recovered, and that the amount claimed is not entered as paid in the books of the Company or the Register of Members and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his legal representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call, not that a quorum of Directors was present at the meeting of the Board at which such call was made, nor that the meeting at which such call was made duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debts, and the same shall be recovered by the Company against the member or his representatives from whom the same is sought to be recovered unless it shall be proved, on behalf of such member or his representatives against the Company that the name of such member was improperly inserted in the register, or that the money sought to be recovered has actually been paid.

Payment of unpaid shares capital in advance

Interest may be paid thereon

Repayment of such advances

Priority of payment in case of winding up

40. (1) The Board may, if they think fit, subject to the provisions of Section 50 of the Act receive from any member willing to advance the same, either in money or money's worth the whole or any part of the amount remaining unpaid on the shares held by him beyond the sum actually called up and upon the moneys so paid or satisfied in advance, or so much thereof, as from time to time and at any time thereafter exceeds the amount of the calls then made upon and due respect of the shares on account of which such advances have been made, the Company may pay or allow interest at such rate as the member paying such advance and the Board agree upon; provided always that if at any time after the payment of any such money the rate of interest so agreed to be paid to any such member appears to the Board to be excessive, it shall be lawful for the Board from time to time to repay to such member so much of money as shall then exceed the amount of the calls made upon such shares, unless there be an express agreement to the contrary; and after such repayment such member shall be liable to pay, and such advance had been made, provided also that if at anytime after the payment of any money so paid in advance, the Company shall go into liquidation, either voluntary or otherwise, before the full amount of the money so advanced shall have become due by the member to the Company for installments or calls, or any other manner, the member making such advance shall be entitled (as between himself and the other members) to receive back from the Company the full balance of such moneys rightly due to him by the Company in priority to any payment to members on account of capital.

No right to vote

(2) The member making such advance shall not, however, be entitled to any voting rights in respect of the moneys so advanced by him until the same would, but for such payment, become presently payable.

VII. FORFEITURE OF AND LIEN ON SHARES

If call or installment not paid notice to be given to member

41. If any member fails to pay any money due from him in respect of any call made or amount or installment as provided in Article 35 on or before the day appointed for payment of the same, or any such extension thereof as aforesaid or any interest due on such call or amount or installment or any expenses that may have been incurred thereon, the Directors or any person authorised by them for the purpose may, at any time thereafter, during such time as such money remains unpaid, or a judgement or a decree in respect thereof remains unsatisfied in whole or in part, serve a notice in the manner hereinafter provided for the serving of notices on such member or any of his legal representatives or any of the persons entitled to the share by transmission, requiring payment of the money payable in respect of such share, together with such interest and all expenses (legal or otherwise) incurred by the Company by reason of such non-payment.

Term of notice

42. The notice shall name a day (not earlier than the expiration of fourteen days from the date of the notice) and a place or places on or before and at which the money due as aforesaid is to be paid. The notice may also state that in the event of the non-payment of such money at or before the time and the place appointed, the shares in respect of which the same owed will be liable to be forfeited.

In default of payment shares may be forfeited

43. If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which the notice is given may, at any time thereafter before payment of all calls or amounts or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice of forfeiture

Entry of forfeiture in register of members

44. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture or to any of his legal representatives, or to any of the persons entitled to the share by transmission and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members. The provisions of this Article are, however, directory only and no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited shares to become property of the Company and may be sold etc.

45. Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same, either to the original holder thereof or to any other persons, and either by public auction or by private sale and upon such terms and in such manner as the Directors shall think fit.

Forfeiture may be remitted or annulled

46. In the meantime, and until any share so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may at the discretion and by a resolution of the Board, be remitted or annulled as a matter of grace and favour but not as of right, upon such terms and conditions as they think fit.

Members still liable to pay money due notwithstanding the forfeiture

47. Any member whose shares have been forfeited shall, notwithstanding the forfeiture, remain liable to pay and shall forthwith pay to the Company all calls, amounts, installments, interest expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the time of the forfeiture until payment, at the rates, not exceeding ten percent per annum as the Board may determine, in the same manner in all respects as if the shares had not been forfeited, without any deduction or allowance for the value of the shares at the time to the forfeiture and the Board may enforce the payment thereof if they think fit (but without being under any obligation to do so) without entitling such member or his representative to any remission of such forfeiture or to any compensation for the same, unless the Directors shall think fit to make such compensation, which they shall have full power to do, in such manner and on such terms on behalf of the Company as they shall think fit.

Effect of forfeiture

48. The forfeiture of a share shall involve the extinction of all interest in and of all claims and demands against the Company of the member in respect of the share and all other right of the member incident to the share except only such of those rights as by these Article are expressly saved.

Surrender of shares

49. The Directors may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering those on such terms as they think fit.

Certificate of forfeiture

50. A certificate in writing, under signature of one Director and countersigned by any other person who may be authorised for the purpose by the Board, that the call, amount or installment in respect of a share was made or was due or the interest in respect of a call, amount or installment was or the expenses were payable, as the case may be, the notice thereof as aforesaid was given and default in payment was made and that the forfeiture of the share was made by a resolution of the Board to the effect, shall be conclusive evidence of the facts stated therein as against all persons entitled to or interested in such share.

Title of purchaser and allottee for forfeited shares

51. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

Company's lien on shares

52. The Company shall have a first and paramount lien upon all the shares not being fully paid-up shares, registered in the name of each member (whether solely or jointly with another or others) and upon the proceeds of sale thereof, for all moneys from time to time due or payable by him to the Company for calls made and all amounts or installments as provided by Article 35 payable in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 25 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Board may at any time declare any shares to be exempt, wholly or partially from the provisions of this Article.

Lien enforced by sale

53. For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit and transfer the same to the name of the purchaser, without any consent and notwithstanding any opposition on the part of the indebted member or any other person or persons interested therein and a complete title to the shares which shall be sold and transferred shall be acquired by the purchaser, by virtue of such sale and transfer, against such indebted member and all persons claiming with or under him whether he may be indebted to the Company in point of fact or not. But no such sale shall be made until notice in writing stating the amount due or specifying the liability of engagement and demanding payment or fulfillment or discharge thereof and of the intention to sell in default shall have been served upon such member or his heirs, executors, administrators, representatives or persons and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after such notice.

Application of sale proceeds member

54. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards the satisfaction of such debts liabilities or engagements and the residue (if any) paid to such or any of his executors, administrators, representatives or assigns or any of the persons (if any) entitled by transmission to the shares sold.

Execution of instrument of transfer

55. Upon any sale after forfeiture or upon any sale for enforcing a lien, in purported exercise of the powers hereinbefore given, the Directors may appoint some person or persons to execute an instrument of transfer of the shares sold.

Validity of sale of such shares

56. Upon any such sale after forfeiture or for enforcing a lien in purported exercise of powers the Board shall cause the purchaser's name to be entered in the Register in respect of the shares sold and shall issue to the purchaser a certificate such as is specified in Article 50 hereof in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

VIII. TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers

57. The Company shall keep a book called the 'Register of Transfers' and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share in the Company.

Instrument of transfer to be executed by transferor and transferee

58. No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer (which shall be in the form specified in the Rules) shall be duly stamped, dated and shall be executed by or on behalf of the transferor and the transferee and in the case of a share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint-holders or by all such joint transferees, as the case may be, several executors or administrators of a deceased member proposing to transfer the shares registered in the name of such deceased member shall all sign the instrument of transfer in respect of the share as if they were the joint-holders of the share. The instrument of transfer shall specify the name, address and occupation, if any, of the transferee.

Death of one or more joint holders

59. In the case of the death of any one or more of the persons named in the Register as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of the deceased joint-holder from any liability on the shares held by him jointly with any other person.

Title of share of deceased member

60. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(2) Where there is no nominee, the executors or administrators of a deceased member not being one of several joint-holders shall be the only persons recognised by the Company as having any title to the shares registered in the name of such deceased member, and the Company shall not be bound to recognise such executors or administrators, unless they shall have first obtained probate or letters of administration or other legal representation, as the case maybe, provided nevertheless, the Directors, in any case where they in their absolute discretion think fit, may dispense with the production of Probate or Letters of Administration or such other legal representation, upon such terms as to indemnity or otherwise as they may deem fit and under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member in respect of such shares.

Registration of person entitled to shares otherwise than by transfer (Transmission Clause)

61. Subject to the provisions of the last preceding Article, any person to whom the right to any share has been transmitted in consequence of the death or insolvency of any member or otherwise by operation of law may, with the consent of the Board(which they shall not be under any obligation to give) and upon his producing such evidence that he sustains the character in respect of which he proposes to act under the Article and of his title as the Directors think sufficient be registered as a member in respect of such shares. This clause is hereinafter referred to as the 'transmission clause'. A transfer of the share or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of effecting the transmission.

Evidence of transmission to be verified

62. Every transmission of a share shall be verified in such a manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient; provided nevertheless, that there shall not be any obligation on the Company or the Directors to accept any indemnity, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Rights of such person

63. A person entitled to share by transmission may, until the Directors otherwise determine as provided in Article 129, receive and give discharge for any dividends, bonuses or other moneys payable in respect of the share, but he shall not be entitled to vote at any meetings of the Company and to any of the rights and privileges of a member, unless and until he shall have become a member in respect of the shares.

Procedure on application for transfer

64. An application for the registration of a transfer of shares or other interest of a member in the Company may be made either by the transferor or the transferee. Where such application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the delivery of the notice.

Transfer to be left at office with certificate and with evidence of title

65. (1) It shall not be lawful for the Company to register a transfer of any shares unless the proper instrument of transfer duly stamped, dated and executed by or on behalf of the Transferor and by or on behalf of the Transferee and specifying the name and address and occupation of the Transferee has been delivered to the Company along with the scrip and if no such scrip is in existence, along with the letter of allotment of the shares. Where the proper instrument of transfer is not received by the Company within a period of two months from the date on which the instrument is dated, the Directors may at their sole discretion be entitled to seek such documentation including indemnities as it may deem fit, from both the transferor and transferee, or from the person who has lodged the same for transfer, and the Board may at its sole discretion be entitled to give effect to the transfer on receipt of such documentation and indemnities (save where an order of a competent court is produced, the Board shall then give effect to the transfer).

(2) If the Company refuses to register the transfer of any shares, the Company shall within one month from the date on which the instrument of transfer is lodged with the Company send to the Transferee and the Transferor notice of the refusal as provided in Article 66.

(3) Nothing in clause (1) shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.

(4) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Directors may decline to register transfers

66. The Board may, at its absolute and uncontrolled discretion and without assigning or being under any obligation to give any reason, decline to register or acknowledge any transfer or transmission of shares and in particular, may so decline in any case in which the Company has a lien upon the shares or any of them or in the case of shares not fully paid-up whilst any moneys called or payable at a fixed time in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Board. Nothing in Section 56 of the Act shall prejudice this power to refuse to register the transfer of or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee, but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board to refuse registration of any further shares applied for. If the Board refuses to register the transfer or transmission of any shares notice of the refusal shall within two months from the date on which the instrument of transfer on intimation of transmission was delivered to the Company be sent to the Transferee and the Transferor or to the person giving intimation of the transmission, as the case may be.

Transferor to remain holder of shares till transfer registered

67. The Transferor shall be deemed to remain the holder of the shares until the name of the transferee shall be entered in the Register of Members.

Registered transfer to remain with Company

68. Every instrument of transfer which shall be registered shall remain in the custody of the Company. If the transfer relates to the only share or all the shares comprised in the certificate, such certificate or a new certificate in lieu thereof shall, after the registration of the transfer, be delivered to the transferee and if the transfer relates only to a part of the shares comprised in the certificate, the same shall, on registration of the transfer be retained by the Directors and cancelled and new certificates will be issued to the transferor and the transferee in respect of the shares respectively, held by them.

Transfer books and register may be closed for not more than 45 days in the year

69. The Directors shall have power on giving seven days' notice by advertisement as required by Section 91 of the Act to close the Transfer Book and Register of Members of such period or periods of time in every year as to them may seem expedient, but not exceeding 45 days in any year and not exceeding 30 days at any one time.

The company not liable for disregard of any notice prohibiting registration of a transfer

70. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made, by an apparent legal owner thereof (as shown or appearing in the Register of Members), to the prejudice of any person or persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right title or interest or prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company; and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Transfer of debentures

71. The provision of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.

IX. ALTERATION OF SHARE CAPITAL

Company may alter its Capital in certain ways

72. The Company may by Ordinary Resolution so alter the conditions of its Memorandum of Association as:-

(1) to increase its share capital by such amount as it thinks expedient by issuing new shares;

(2) to consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(3) to convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denominations;

(4) to sub-divide its shares or any of them into shares of smaller amount than is fixed by its Memorandum of Association, so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

(5) to cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Increase of Capital by the Directors and how carried into effect

73. The Directors may from time to time without any sanction of the Company, whenever all the shares in the issued capital shall not have been subscribed and whether all the shares for the time being subscribed shall have been fully called up or not, issue further shares of such value as they may think fit out of the unsubscribed balance of the issued capital. Such further shares shall be issued upon such terms and conditions (and if preference shares upon such conditions as to redemption) and with such rights and privileges annexed thereto as the Board shall direct and in particular, such shares may be issued with a preferential or qualified right to dividend and in the distribution of assets of the Company and subject to the provisions of Section 47 of the said Act with a special or without any right of voting and the Board may dispose of such shares or any of them either at par or at a premium, to any members or any class thereof or in such other manner as the Board may think most beneficial to the Company.

Further issue of capital

74. (1) Where it is proposed to increase the subscribed capital of the Company by the issue of new shares:

(i) such new shares shall be offered to the persons who, at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit to the capital paid-up on these shares at that date;

(ii) the offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice shall contain a statement of this right;

(iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company;

(v) to employees under a scheme of employees' stock option, subject to Special Resolution passed by the company and subject to such conditions as may be specified in the relevant Rules;

(vi) to any persons, by way of passing a Special Resolution to that effect, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be specified in the relevant Rules.

(2) Whenever any shares are to be offered to the members the Directors may dispose of any such shares which, by reason of the proportion borne by them to the number of persons entitled to such offer or by reason of any other difficulty in apportioning the same cannot in the opinion of the Directors be conveniently offered to the members.

(3) The right to issue further shares provided in this clause, shall include a right to the Company, to issue any instrument, including Global Depositary Receipt.

How far new shares in original capital

75. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by creation of new shares shall be considered as part of the capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer, transmission, forfeiture, lien, surrender, voting and otherwise in all respects as if it had been the original capital.

Notice of Increase of capital

76. The Directors shall, whenever there is a change in the share capital, file with the Registrar of Companies notice of the increase of the capital as provided by Section 64 of the said Act within thirty days after the passing of the resolution authorising the increase.

Transfer of stock

77. (1) When any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer the irrespective interests therein or any part of such interest, in the same manner and subject to the same regulations as and subject to which shares in the Company's capital may be transferred or as near thereto as circumstances will admit. But the Board may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but with full power, nevertheless, at the discretion to waive such rules in any particular case.

(2) Notice of such conversion of shares into stock or reconversion of stock into shares shall be filed with the Registrar of Companies as provided in the said Act.

Rights of stock-holders

78. The stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted but no such privileges or advantages, except the participation in profits of the Company or in the assets of the Company on a winding up, shall be conferred by any such aliquot part of, consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special holders of the share and authenticated by such evidence (if any) as the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares and the words "share" and "shareholder" in these presents shall include "stock" and "stockholder".

X. REDUCTION OF CAPITAL

Reduction of capital

79. The Company may from time to time by Special Resolution, in such manner specified in the Act and subject to such consents as may be required under any other law for the time being in force, reduce in any manner:

(1) its share capital;

(2) any capital redemption reserve account; or

(3) any securities premium account.

Provisions relating to the redemption of preference shares

80. (1) Subject to the provisions of Section 55 of the said Act, whenever any preference shares are issued which are or at the option of the Company are liable to be redeemed, the following provisions shall take effect :

(i) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.

(ii) No such shares shall be redeemed unless are fully paid.

(iii) The premium, if any payable on redemption must be provided for out of the profits of the Company or out of the Company's Securities Premium Account before the shares are redeemed.

(iv) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall, out of profits which would otherwise have been available for dividend be transferred to the Capital Redemption Reserve Account, a sum equal to the nominal amount of the share redeemed.

(2) Subject to the provisions of Section 55 of the Act and these Articles the redemption of preference shares hereunder maybe effected in accordance with the terms and conditions of their issue and in the absence of any such terms and conditions in such manner as the Directors may think fit.

(3) The redemption of preference shares under this provision by the Company shall not be taken as reducing the amount of its authorised share capital.

(4) Where the Company has redeemed or is about to redeem any preference shares, it shall never have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the share capital of the Company shall not, for the purpose of calculating the fees payable under Section 385 of the said Act, be deemed to be increased by the issue of shares in pursuance of this Article. Provided that, where new shares are issued before the redemption of the old shares, the new shares shall not so far as related to stamp duty, be deemed to have been issued in pursuance of this Article unless the old shares are redeemed within one month after the issue of the new shares.

(5) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

XI. MODIFICATION OF RIGHTS

Power to modify rights

81. (1) Whenever the share capital by reason of issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act, be varied, commuted, affected, abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourths of nominal value of the issued shares of the class or is sanctioned by Special Resolution passed at a separate meeting of the holders of the shares of that class and supported by the votes of the holders of not less than three-fourths of the shares of that class.

Article 81 not to derogate from Company's powers

(2) This Article is not to derogate from any power the Company would have if this Article were omitted and in particular the powers under Chapter XV of the said Act or Chapter V of the Companies Act, 1956, whichever is in force for the time being.

The dissentient members shall have the right to apply to Tribunal in accordance with the provisions of Section 48 of the Act.

XII. JOINT HOLDERS

Joint holders

82. (1) Where two or more persons are registered as the holders of any Securities they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.

No transfer to more than three persons

(2) The Company shall be entitled to decline to register more than three persons as the joint holders of any Securities.

Liabilities of holders

(3) The joint holders of any Security shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such Securities.

Death of Joint holders

(4) On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Board may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

Receipt of one sufficient

(5) Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such Security.

Delivery of Certificate and giving of notices to first named holder

(6) Only the person whose name stands first in the Register of Members (or the relevant register maintained for that Security) as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such or to receive notices (which expression shall be deemed to include all Documents) from the Company and any notice given to such person shall be deemed notice to all the joint holders.

Votes of Joint holder

(7) Any one of two or more joint holders may vote at any meeting (including voting by postal ballot and by electronic voting) either personally or by an agent duly authorised under a power of attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such Security shall alone be entitled to vote in respect thereof. Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person, present by an agent, duly authorised under a power of attorney or by proxy although the name of such persons present by an agent or proxy stands first in the Register in respect of such shares. Several executors of a deceased member in whose (deceased member's) sole name any Security stands shall for the purpose of this sub-clause be deemed joint holders.

XIII. GENERAL MEETING

Annual General Meeting

83 The Company shall, in addition to any other meetings which are hereinafter referred to as "Extraordinary General Meeting", hold a General Meeting which shall be styled its Annual General Meeting at the intervals and in accordance with the provisions of the Act.

Directors may call Extraordinary General Meetings

84. The Directors may call Extraordinary General Meetings of the Company whenever they think fit and such meetings shall be held at such place and time as the Directors think fit.

Power of Tribunal to call General Meeting

85. (1) If the default is made in holding an Annual General Meeting in accordance with Section 96 of the Act, the Tribunal may, notwithstanding anything in the Act, (or in the Articles of the Company) on the application of any member of the Company, call or direct the calling of a General Meeting of the Company, and give such ancillary or consequential directions as the Central Government thinks expedient in relation to the calling, holding and conducting of the meeting.

Explanation: - The directions that may be given, may include a direction that one member of the Company so present in person or by proxy shall be deemed to constitute a meeting.

(2) A General Meeting held in pursuance of sub-clause (i) shall subject to any directions of the Tribunal be deemed to be an Annual General Meeting of the Company.

Calling of Extraordinary General Meeting on requisition

86. (1) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in sub-clause (4) forthwith proceed duly to call an Extraordinary General Meeting of the Company.

(2) The requisition shall set-out the matters for the consideration of which the meeting is to be called shall be signed by their requisitionists and shall be sent to the Registered Office of the Company.

(3) The requisition may consist of several documents in like form each signed by one or more requisitionists.

(4) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold both on the date of such requisition and on the date of receipt of the requisition not less than one-tenth of such of the paid-up capital of the Company as at that date carries the right of voting in regard to that matter.

(5) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (4) shall apply separately in regard to each such matters and the requisition shall accordingly be valid only in respect of these matters in respect to which the conditions specified in that sub-clause is fulfilled.

(6) If the Board does not, within twenty one days from the date of the receipt of a valid requisition in regard to any matters proceed duly to call a meeting for the consideration of those matters on a day not later than forty five days from the date of receipt of the requisition, the meeting may be called and held by the requistionists themselves within a period of three months from the date of the requisition.

Explanation:- For the purposes of this sub-clause, the Board shall in the case of a meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of Section 114.

(7) A meeting called under sub-clause (6) by the requisitionists or any of them shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board; but:

(a) shall not be held after the expiration of three months from the date of the deposit of the requisition.

(b) shall convene meeting at Registered office or in the same city or town where Registered office is situated and such meeting should be convened on working day.

(8) Where two or more persons hold any shares or interest in a Company jointly, a requisition or a notice calling a meeting signed by one or only some of them shall for the purposes of this Section have the same force and effect as if it has been signed by all of them.

(9) Any reasonable expenses incurred by the requisitionists by reasons of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of Notice for calling meeting

87. (1) A General Meeting of the Company may be called by giving at least clear twenty one day's notice in writing or through electronic mode but a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting. Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at meeting and not on others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents of Notice

(2) Notice of every general meeting of the Company shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted thereat.

To whom notice to be given

(3) Such notice shall be given -

(i) to every member of the Company, legal representative of any deceased Member or the assignee of an insolvent Member;

(ii) to the auditor or auditors of the Company;

(iii) to every Director of the Company.

(iv) to every trustee for the debenture holder of any debentures issued by the Company.

Omission to give notice or non-receipt of notice shall not invalidate proceedings

(4) The accidental omission to give notice to or the non-receipt of notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Proxy

(5) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or where that is allowed one or more proxies, to attend and vote instead of himself and that a proxy need not be a member.

Explanatory statements

(6) Where any items of business to be transacted at the meeting are deemed to be special as provided in Article 88 there shall be annexed to the notice of the meeting a statement setting out all materials facts concerning each such item of business namely:

a) The nature of concern or interest, financial or otherwise, if any of the following persons, in respect of each item of:

(i) every Director and the Manager; if any;

(ii) every other Key Managerial Personnel; and

(iii) relatives of the persons mentioned in sub-clause (i) and (ii);

(b) Any other information and facts that may enable members to understand the meaning, scope and implementation of the items of business and to take decision thereon.

Inspection of documents referred in the explanatory statement

(7) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Business to be transacted at meetings

88. In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special with the exception of business relating to (i) the consideration of the Financial Statements (including the consolidated financial statements, if applicable), and the Reports of the Board of Directors and Auditors, (ii) the declaration of a dividend, (iii) the appointment of Directors in the place of those retiring and (iv) the appointment of and the fixing of the remuneration of the Auditors. In the case of any other meeting all business shall be deemed special.

Circulation of members resolutions

89. Upon a requisition of members complying with Section 111 of the said Act, the Directors shall comply with the obligations of the Company under the said Act relating to circulation of members' resolutions and statements.

Certificate conclusive as to Meeting having been duly called

90. A certificate in writing, signed by the Secretary or by a Director or some officer or agent appointed by the Board for the purpose, to the effect that according to the best of its belief the notices convening the meeting have been duly given shall be prima facie evidence thereof.

Security arrangement at venue of meetings

91. The Board, and the persons authorised by it, shall have the right to take and/or make suitable arrangements for ensuring the safety of any meeting-whether a general meeting or a meeting of any class of Security, or of the persons attending the same, and for the orderly conduct of such meeting, and notwithstanding anything contained in this Articles, any action, taken pursuant to this Article in good faith shall be final and the right to attend and participate in such meeting shall be subject to the decision taken pursuant to this Article.

XIV. PROCEEDINGS AT GENERAL MEETINGS AND ADJOURNMENT THEREOF

Business which may not be transacted at the meeting

92. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business a statement of which has not been specified in the notice convening the meeting except as provided in the said Act.

Presence of Quorum

93. No business shall be transacted at any General Meeting, unless the requisite quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the presence in person of such number of members as specified in Section 103 of the Act. Subject to Article 82(7) when more than one of the joint-holders of a share is present only one of them shall be counted for ascertaining the quorum. Several executors or administrators of a deceased person in whose sole name shares stand shall for the purpose of this clause be deemed joint holders thereof.

If quorum not present, when meeting to be dissolved and when to be adjourned

94. If, within half an hour from the time appointed for holding the meeting, a quorum of members is not present, the meeting if convened by or upon such requisition of members as aforesaid shall be dissolved, but in any other case it shall stand adjourned pursuant to the provisions of sub-section (2) of section 103 of the Act.

Adjourned meeting to transact business even if no quorum present

95. If at such adjourned meeting a quorum of members is not present within half an hour from the time appointed for holding the meeting, the members present, whatever their number, shall be a quorum and may transact the business and decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place, if a quorum had been present thereat.

General Meeting

96. The Chairman of the Board (whether Member or not) shall if present and willing, be entitled to take the chair at every General Meeting, whether Annual or Extraordinary, but if there be no such Chairman or in case of his being present or being unwilling or failing to take the chair within fifteen minutes of the time appointed for holding such meeting, the members present shall choose another Director (whether Member or not) as Chairman and if all the Directors present decline to take the chair or if there be no Director present, then the members present shall choose one of their own members to be Chairman of the meeting. If a poll is demanded it shall be taken forthwith in accordance with the provisions of sub-section (2) of section 104.The Chairman elected on a show of hands shall exercise all the powers of the Chairman for the purpose of such poll. If some other person is elected Chairman as a result of such poll, he shall be the Chairman for the rest of the meeting.

The Chairman be permitted to hold the position of both the Chairman of the Board and/or General Meeting as well as Managing Director/CEO/equivalent position thereof in the Company as per the recommendations of the appropriate committee of the Directors and approved by the Board of Directors and as permitted by applicable laws from time to time.

When chair vacant business confined to election of Chairman

97. No business shall be transacted at any General Meeting, except the election of Chairman, whilst the chair is vacant.

Chairman with consent of members may adjourn meeting

98. The Chairman may, with the consent of a majority of the members personally present at any meeting, adjourn such meeting from time to time and from place to place in the city, town or village where the Registered Office of the Company be situated but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. A resolution passed at an adjourned meeting of the Company shall be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Notice of adjournment

99. Whenever any meeting is adjourned for thirty days or more notice of such adjourned meeting shall be given as in the case of an original meeting.

Chairman's declaration of result of voting by show of hands

100. (1) At any General Meeting, a resolution put to vote of the meeting shall, unless a poll is demanded under Section 109, or if the voting is carried out electronically be decided on a show of hands. Such voting in a general meeting or by postal ballot shall also include electronic voting in a General Meeting or postal ballot as permitted by applicable laws from time to time.

Chairman's declaration of result of voting by show of hands conclusive

(2) A declaration by the Chairman in pursuance of clause (1) hereof that on a show of hands a resolution has or has not been carried or has or has not been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour of or against such resolution.

Casting vote of the Chairman

101. In case of an equality of votes the Chairman of any meeting shall both on the show of hands and at a poll (if any) held pursuant to a demand made at such meeting, have a second or casting vote.

Minutes of Proceedings of General Meetings of Board and Other Meeting

102. (1) (a) The Company shall cause minutes of all proceedings of General Meetings of any class of shareholders or creditors, and every resolution passed by postal ballot and of all proceedings at meetings of its Board of Directors or of committees of the Board, to be entered in books kept for the purpose.

(b) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(c) All appointments of officers made at any time of the meetings aforesaid shall be included in the minutes of the meeting.

(d) In case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

(I) the names of the Directors present at the meeting; and the names of the Directors who are present through video or other audio-visual means.

(ii) in the case of each resolution passed at the meeting, the name of the Directors, if any, dissenting from or not concurring on the resolution.

(e) There shall not be included in the minutes, any matter which, in the opinion of the Chairman of the meeting:

(i) is or could reasonably be regarded as defamatory of any person;

(ii) is irrelevant to the interests of the Company; or

(iii) is detrimental to the interests of the Company.

Explanation: -

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article.

Minutes of evidence

(2) Any such minute, if purporting to be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.

Presumption to be drawn where minutes duly drawn and signed

(3) Where the minutes have been kept in accordance with clause (1) hereof; then until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and the resolution passed by circulation, postal ballot or other permitted means shall be construed to have been duly passed, and in particular all appointments of Directors, Key Managerial Personnel, Auditors or Company Secretary in practice, made at the meeting shall be deemed to be valid, including the matters that are required to be transacted at a meeting of the Board as specified in Section 179 of the said Act.

Inspection of Minute books of General Meeting

103. (1) The books containing the minutes of the proceedings of General Meetings of the Company shall-

(a) be kept at the registered office of the Company; and

(b) be open during business hours to the inspection of any member without charge subject to such reasonable restrictions as the Company may impose so however that not less than two hours in each day are allowed for inspection.

(2) Any member shall be entitled to be furnished within seven working days after he has made request in that behalf to the Company with a copy of any Minutes referred to in sub-clause (1) on payment of ₹10/- for every page or part thereof required to be photocopied and that the Company shall comply with provisions of Section 119 of the Act.

Other registers

104. The provisions contained in Article 103 shall mutatis mutandis apply to other registers maintained under the provisions of the said Act, that can be inspected by an eligible person.

Publication of reports of proceedings of General Meeting

105. No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

XV. VOTING RIGHTS AND PROXY

Indebted members not to vote

106. No member shall be entitled to exercise any voting right on any question either personally or by proxy or upon poll (including voting by electronic means) in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has or has exercised any right of lien.

Restrictions on exercise of voting rights in other cases to be void

107. A member is not prohibited from exercising his voting right on the ground that he has held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 106.

Vote of person of unsound mind

108. A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or at a poll by his committee or other legal guardian and not otherwise, and any such committee or guardian may, on a poll, vote by proxy.

Votes in respect of Securities under dispute

109. Notwithstanding anything contained in this Articles, where the title to any Securities is under dispute before any court, where no injunction subsists (or direction made) as to the exercise of voting rights or other rights of a member including the rights attached to such Securities, the Board shall be entitled to suspend any such right aforesaid.

Representation of Corporations

110. A Member being a Body Corporate (whether a company within the meaning of the said Act or not) may by resolution of its Board of Directors or other governing body authorise such persons as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the Body Corporate which he represents as that body could exercise if it were a member, creditor or holder of debentures of the Company.

Number of votes to which member is entitled

111. (1) Subject and without prejudice to any special privileges or restrictions or conditions for the time being attached to or affecting the preference or other special classes of shares, if any, issued by and for the time being forming part of the capital of the Company every member, entitled to vote under the provisions of these presents and not disqualified by the provisions of Articles 106, 108 and 109 or by any other Article shall on a show of hands have one vote and upon a poll every member, present in person or proxy or agent duly authorised by a power-of-attorney or representative duly authorised and not disqualified as aforesaid, shall have voting rights in proportion to his share of the paid-up equity capital of the Company subject however to any limits imposed by law. But no member shall have voting right in respect of any moneys paid in advance as provided by Article 40(b).

No voting by proxy on show of hands

(2) No member not personally present shall be entitled to vote on a show of hands unless such member is a Body Corporate present by proxy or by a representative duly authorised under Section 113 of the Act in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

(3) A Member may exercise his vote, in respect of items of business to be transacted for which notice is issued, by electronic means in accordance with Section 108, and shall vote only once.

Right to use votes differently

112. On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses. A member or his proxy who votes shall be deemed to have used all his votes unless he expressly gives written notice to the contrary at the time he casts any votes.

Instrument of proxy to be in writing

113. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except on a poll. A person shall (a) not act as proxy for more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Company; (b) not act as proxy for more than one Member, if that Member holds more than 10% of the total share capital of the Company.

Proxy may demand poll

114. The instrument appointing a proxy shall be in writing and shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a Body Corporate such instrument shall be under its seal or be signed by an officer or an attorney duly authorised by it, or by the persons authorised to act as the representative of such company under Article 110. Any instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in the demand for a poll on behalf of the appointer, where a poll has not been ordered to be carried out electronically.

Instrument of proxy to be deposited at the Registered Office

115. No instrument of proxy shall be treated as valid and no person shall be allowed to vote or act as proxy at any meeting under an instrument of proxy, unless such instrument of proxy and power-of-attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall have been deposited at the Registered Office of the Company atleast forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the persons named in such instrument proposes to vote. An instrument appointing a proxy or an attorney permanently or for a certain period once registered with the Company need not be again registered before each successive meeting and shall be in force until the same shall be revoked. Notwithstanding that a power-of-attorney or other authority has been registered in the records of the Company, the Company may by notice in writing addressed to the member or to attorney at least seven days before the date of a meeting require him to produce the original power-of-attorney or authority and unless the same is thereupon deposited with the Company the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute discretion excuse such non-production and deposit.

Custody of the instrument of appointment

116. If any such instrument of appointment be confined to the objects of appointing an attorney or proxy or substitute, it shall remain, permanent or for such time as the Directors may determine in the custody of the Company and if embracing other objects, a copy thereof, examined with the original shall be delivered to the Company to remain in the custody of Company.

Form of Proxy

117. The instrument appointing a proxy whether for a specified meeting or otherwise shall be in Form MGT-11.

Vote of Proxy how far valid

118. (1) A vote given in pursuance of an instrument of proxy shall be valid, notwithstanding the previous death of the principal or the revocation of the proxy or any power-of-attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the vote is given.

(2) In case of e-voting, a Member shall be deemed to have exercised his voting rights by himself, even if any other person had voted using the login credentials of that Member.

Time for objection to vote

119. No objection shall be made to the validity of any vote except at the meeting or adjourned meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, and not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman sole judge of the validity of a vote

120. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The Chairman shall be assisted by a scrutinizer, appointed by the Board for this purpose.

XVI. CAPITALISATION OF PROFITS AND DIVIDENDS

The Company in General Meeting may declare a dividend

121. The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, and may fix the time for the payment thereof.

Equal rights of Shareholders

122. Any shareholder whose name is entered in the Register of Members of the Company shall enjoy the rights and be subject to the same liabilities as all other shareholders of the same class.

Power of Directors to limit dividend

123. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

Dividend in proportion to the amount paid up

124. Unless the Company otherwise resolves, dividends shall be paid in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some share than on others. Provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall unless otherwise resolved be only entitled the holder of such share to a proportionate amount of such dividend from the date of payment.

Capital advanced on interest not to earn dividends

125. Capital paid-up in advance of calls shall not confer a right to dividend or to participate in profits.

Dividends out of profits only and not to carry interest what to be deemed profits

126. No dividends shall be payable except out of profits of the Company of the year or any other undistributed profits and no dividend shall carry interest against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Ad-interim dividend

127. The Directors may, from time to time, declare and pay to the members such interim dividend as in their judgment the position of the Company justifies.

No member to receive dividend while indebted to the Company

128. No member shall be entitled to receive payment of any dividend in respect of any share or shares on which the Company has a lien, or whilst any amount due or owing from time to time to the Company, either alone or jointly with any other person or persons, in respect of such share or shares, or on any other account whatsoever, remains unpaid, and the Directors may retain, apply and adjust such dividend in or towards satisfaction of all debts, liabilities, or engagements in respect of which the lien exists, and of all such money due as aforesaid.

Retention of dividends until completion of transfer under the transmission clause

129. The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member, or which any person under the same clause is entitled to transfer, until such person shall become a member in respect thereof or shall duly transfer the same.

Transfer must be registered to pass right to dividend

130. (1) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

(2) No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his bankers or any other person as permitted by applicable law.

Dividend when and how to be paid

131. All dividends shall be paid by the cheque or warrant in respect thereof and shall be posted within thirty days of the date on which such dividend is declared by the Company. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.

Notice of dividends

132. Notice of the declaration of any dividend whether interim or otherwise, shall be given to the members in the manner hereinafter provided for giving of notice to member.

Production of share certificate when applying for dividends

133. The Directors may, if they think fit, call upon the members, when applying for dividends, to produce their share certificates to such person or persons appointed by them in that behalf.

Any one of Joint-holders of share may receive dividends

134. Any one of several persons who are registered as joint-holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

Dividend payable in cash

135. No dividend shall be payable except in cash.

Provided that nothing herein shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

Provided further that any dividend payable in cash may be paid in cheque or warrant or in any electronic mode to the Member entitled to the payment of the dividend.

Dividend and call together Set off allowed

136. Any General Meeting declaring a dividend may make a Call on the Members of such amount as the meeting fixes and so that the Call be made payable at the same time as the dividend, and the dividend may, if so resolved by the Company in General Meeting be set off against the Calls.

Capitalisation

137. (1) A General Meeting of the Members, in a meeting in person or proxy or, through Postal Ballot or, by any other means, as may be permitted may on the recommendation of the Board, direct capitalisation of the whole or any part of the undivided profits for the time being of the Company or the whole or any part of the Reserve Fund or other funds of the Company including the moneys in the Securities Premium Account and the Capital Redemption Reserve Account or the premiums received on the issue of any shares, debentures or debenture-stock of the Company and that such sum be accordingly set free for the purpose, (1) by the issue and distribution, among the holders of the shares of the Company or any of them, in accordance with their respective rights and interests and in proportion to the amounts paid or credited as paid up thereon, of paid-up shares, debentures, debenture-stock bonds or other obligations of the Company, or (2) by crediting any shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid up thereon respectively, with the whole or any part of the same.

(2) For the purposes above set out the Company may, subject to the provisions contained in Section 63, apply: (i) its free reserves, (ii) the Securities Premium Account subject to the provisions of Section 52(2) of the said Act; (iii) the Capital Redemption Reserve Fund subject to the provisions of Section 55(4) of the said Act; and (iv) such other reserves or account as may be applied for issue of bonus shares.

Date for determination of Members entitled to bonus, dividend and other actions of the Company

138. The Board shall have the right to fix a date for the purpose of determining the Members who are entitled to the payment of the dividend, or shares pursuant to the capitalisation of reserves, and for any other action of the Company that requires determination of the details of Members.

XVII. ACCOUNTS

Accounts

139. (1) The Directors shall keep or cause to be kept at the Registered Office of the Company or at such place in India as the Board thinks fit proper books of accounts in respect of:

(i) all sums of money received and expended by the Company, and the matters in respect of which the receipt and expenditure take place;

(ii) all sales and purchase of goods by the Company; and

(iii) the assets and liabilities of the Company;

(iv) the items of cost, if any- as specified in the relevant Rules.

(2) Proper books of account shall also be kept at each branch office of the Company, whether in or outside India, relating to the transactions of that office and proper summarised returns made up to dates at intervals of not more than three months shall be sent by each branch office to the Company at its Registered Office of the Company or the other place referred to in clause (1) hereof.

(3) The books of account referred to in clause (1) and (2) shall be such books as are necessary to give a true and fair view of the state of affairs of the Company or such branch office and to explain its transaction.

(4) The books of accounts and other Books and Papers shall be open to inspection by any Directors during business hours.

(5) The Directors shall comply in all respects with Sections 128, 129, 133, 134, 136 to 138 of the said Act and any statutory modifications thereof.

Inspection to members when allowed

140. The Directors shall, from time to time, determine whether and to what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of the members not being Directors; and no member (not being a Director) shall have any right of inspection of any account or book or document of the Company except as conferred by law or authorised by the Directors.

Financial Statements to be laid before the member

141. Subject to Section 129 of the Act at every Annual General Meeting of the Company the Directors shall lay before the Company a Financial Statements for each financial year.

Contents of Financial Statements

142. The Financial Statements shall give a true and fair view of the state of affairs of the Company at the end of the period of the account. Financial Statements shall comply with the provisions of Section 129 and 133 of the said Act.

Financial Statements how to be signed

143. The Financial Statements shall be signed in accordance with the provisions of Section 134 of the said Act.

Annual Report of Directors

144. The Directors shall make out and attach to every Balance Sheet laid before the Company in General Meeting a Report of the Board of Directors which shall comply with the requirements of and shall be signed in the manner provided by Section 134 of the said Act.

Right of Members to copies of Financial Statements and Auditor's Report

145. (1) A copy of every Financial Statements (including consolidated Financial Statements, the Auditors' Report and every other document required by law to be annexed or attached, as the case may be, to the Financial Statement) which is to be laid before the Company in General Meeting shall not less than twenty one days before the date of meeting be sent to every member, every trustee for the debenture holder of any debentures issued by the Company, to the Auditors of the Company, and every director of the Company. If the copies of the documents aforesaid are sent less than twenty one days before the date of the meeting they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by ninety five percent of the members entitled to vote at the meeting. The accidental omission to send the documents aforesaid, to or the non-receipt of the documents aforesaid by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

(2) Any member or holder of debentures of the Company whether he is or is not entitled to have copies of the Company's Financial Statements sent to him, shall on demand, be entitled to be furnished without charge, and any person from whom the Company has accepted a sum of money by way of deposit shall on demand accompanied by the payment of a fee of fifty rupees, be entitled to be furnished with a copy of the last Financial Statements and every other documents required by law to be annexed or attached thereto.

Copies of Financial Statements etc. be filed

146. (1) A copy of the Financial Statement, including consolidated Financial Statement, if any, along with all the documents which are required to be or attached to such Financial Statements under this Act, duly adopted at the Annual General Meeting of the company, shall be filed with the registrar within thirty days of the Annual General Meeting.

(2) If the Annual General Meeting before which a Financial Statement is laid as aforesaid does not adopt the Financial Statements, the un-adopted Financial Statements together with the other documents that are required to be attached to the financial statements shall be filed with the registrar within thirty days of the Annual General Meeting. Thereafter, the Financial Statements adopted at the adjourned annual general meeting shall be filed with the Registrar within thirty days of such adjourned Annual General Meeting.

When accounts to be deemed finally settled

147. Every account when audited and approved by a General Meeting shall be conclusive.

XVIII. BOARD OF DIRECTORS, THEIR QUALIFICATION AND REMUNERATION

Number of Directors

148. The number of Directors shall not be less than four and not more than fifteen Directors. The Company shall have the power to increase the number of Directors beyond 15 after passing a Special Resolution.

Debenture Directors

149. If and when the Company shall issue debentures the holders of such debentures, or if and when the Company shall create a mortgage of any property, the mortgagee or mortgagees to whom such property shall be mortgaged, may have the right to appoint and nominate and from time to time remove and reappoint a Director or Directors, in accordance with the provisions of the Trust Deed securing the said debentures, or the deed creating such mortgages, as the case may be. A Director so appointed under this Article, is herein referred to as "The Debenture Director" and the term "Debenture Director" means a Director for the time being in office under the Article, and he shall have all the rights and privileges of an ordinary Director of the Company, except in so far as is otherwise provided for herein or by the Trust Deed securing the-Debentures or the deed creating the mortgage, as the case may be.

Nominee Director

150. Any deed for securing loans by the Company from financial corporations may be so arranged to provide for the appointment from time to time by the lending financial corporation of some person or persons to be a director or directors of the Company and may empower such lending financial corporation from time to time to remove and re-appoint any Director so appointed. A Director appointed under this Article is herein referred as "Nominee Director" and the term "Nominee Director" means any director for time being in office under this Article. The deed aforesaid may contain ancillary provisions as may be arranged between the Company and the lending corporation and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Qualification of a Director

151. No Director of the Company be required to hold any qualification shares.

Register of Directors etc. and of Directors Shareholdings

152. The Directors shall arrange to maintain at the Registered office of the Company a Register of Directors, Key Managerial Personnel, containing the particulars and in the form prescribed by Section 170 of the Act. It shall be the duty of every Director and other persons regarding whom particulars have to be maintained in such Registers to disclose to the Company any matters relating to himself as may be necessary to comply with the provisions of the said sections.

Fee for Directors

153. A Director may receive remuneration by way of fee not exceeding such amount as may be permissible under the Rules for attending each meetings of the Board or Committee thereof; or of any other purpose whatsoever as may be decided by the Board.

154. Subject to the provisions of Section 197 of the said Act:

Additional Remuneration for Services

(1) Any one or more of the Directors shall be paid such additional remuneration as may be fixed by the Directors for services rendered by him or them and any one or more of the Directors shall be paid further remuneration if any as the Company in General Meeting or the Board of Directors shall from time to time determine. Such remuneration and/or additional remuneration may be paid by way of salary or commission on net profits or turnover or by participation in profits or by way of perquisites or in any other manner or by any or all of those modes.

(2) If any director, being willing shall be called upon to perform extra services, or to make any special exertion for any of the purposes of the Company, the Company in General Meeting or the Board of Directors shall, subject as aforesaid, remunerate such Director or where there is more than one such Director all or such of them together either by a fixed sum or by a percentage of profits or in any other manner as may be determined by the Directors and such remuneration may be either in addition to or in substitution for the remuneration above provided.

Remuneration of Committee

155. The Directors may from time to time fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Directors in terms of these articles not exceeding such amount as is permissible under the Rules, per meeting attended by him.

Expenses to be reimbursed

156. The Board of Directors may allow and pay to any Director fair compensation for his travelling and other expenses incurred in connection with the business of the Company including attendance at meeting of the Board or Committee thereof.

XIX. APPOINTMENT AND ROTATION OF DIRECTORS

Appointment of Directors

157. A person shall not be capable of being appointed Director of the Company, if:-

(i) he has been found to be unsound mind by court of competent jurisdiction;

(ii) he is an undischarged insolvent;

(iii) he has applied to be adjudicated as an insolvent and his application is pending;

(iv) he has been convicted by a Court in India of any offence involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than 6 months, and a period of five years has not elapsed from the date of expiry of the sentence;

(v) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others and six months have elapsed from the last day fixed for the payment for the call;

(vi) an order disqualifying him for appointment as Director has been passed by a Court or Tribunal and the order is in force;

(vii) he has been convicted of the offence dealing with related party transactions under Section 188; or.

(viii) he has not complied with sub-section 3 of section 152.

Appointment of Directors and proportion to retire by rotation

158. (1) The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors.

(2) Not less than two-thirds of the total number of Directors of the Company shall:

(i) be persons whose period of office is liable to determination by retirement of Directors by rotation; and

(ii) save as otherwise expressly provided in the said Act; be appointed by the Company in General Meeting.

Explanation:- for the purposes of this Article "total number of Directors" shall not include Independent Directors appointed on the Board of the Company.

(3) The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit.

Provision regarding Directors retiring by rotation

159. (1) Subject to the provisions of Section 152 of the Act at every Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.

(2) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. A retiring Director shall be eligible for re-election.

(3) (i) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(ii) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a holiday, at the same time and place.

(iii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless :-

(i) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;

(ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;

(iii) he is not qualified or is disqualified for appointment;

(iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the said Act; or

(v) Section 162 is applicable to the case.

Removal of Director

160. The Company may by an ordinary resolution remove any Director (not being a Director appointed by the Tribunal in pursuance of Section 242 of the Act) in accordance with the provisions of Section 169 of the Act. A Director so removed shall not be reappointed a Director by the Board of Directors.

Notice of candidature when to be given

16.1 A person who is not a retiring Director shall subject to the provisions of the said Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him has, not less than fourteen days before the meeting, left at the Registered Office of the Company a notice in writing under his hand signifying his candidature for the office of Directors or as the case may be, the intention of such Member to propose him as a candidate for the office, along with deposit of one lakh rupees or such other amount as may be specified in the relevant Rules. The amount so deposited shall be refunded to such person or, as the case may be, to the Member, if the person proposed get selected as a Director or gets more than 25% of total valid votes.

Consent of candidate for Directorship to be filed with the Registrar

162. A person appointed as a Director shall not act as a Director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as prescribed in the relevant Rules.

Appointment of Directors to be voted on individually

163. (1) At a General Meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that is shall be so made has first been agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of clause (1) shall be void, whether or not objection was taken at the time to its being so moved.

(3) For the purpose of this Article a motion for approving a person's appointment or for nominating a person for appointing shall be treated as a motion for his appointment.

Directors may appoint Additional Directors

164. The Directors shall have power at any time and from time to time, to appoint any person other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time. Each such Additional Director shall hold office only up to the date of the next following Annual General Meeting, or the last date on which the annual general meeting should have been held, whichever is earlier, but shall be eligible for appointment by the Company at that meeting as a Director.

Filling up of casual vacancies

165. (1) If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board.

(2) Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it has not been vacated as aforesaid.

Appointment of Alternate Director

166. (1) The Board of Directors may appoint a person, not being a person holding any alternate directorship for any other Director in the Company, to act as an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from India.

(2) No person shall be appointed as an alternate director for an Independent Director unless he is qualified to be appointed as an Independent Director.

(3) An Alternate Director shall be entitled to notice of meetings of the Directors, and to attend and vote thereat accordingly.

(4) An Alternate Director shall vacate office if and when the Original Director returns to India.

(5) If the term of office of the Original Director is determined before he so returns to India as aforesaid any provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.

(6) An Alternate Director may be removed by the Board of Directors which may appoint another Alternate Director in his place.

Directors may act notwithstanding vacancy

167. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below three, the continuing Directors may act for the purpose of increasing the number of Directors to the said number, or of summoning a General Meeting of the Company, but for no other purpose.

XX. RESIGNATION OF OFFICE BY DIRECTORS

Resignation of Directors

168. Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.

XXI. PROCEEDINGS OF BOARD OF DIRECTORS

Meeting of Directors

169. A minimum number of four meetings of the Directors shall have been held in every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meeting and proceedings, as they think fit, and may determine the quorum necessary for the transaction of business.

Meeting through video conferencing

170. The Board of Directors shall be entitled to hold its meeting through video conferencing or other permitted means, and in conducting the Board meetings through such video conferencing or other permitted means the procedures and the precautions as laid down in the relevant Rules shall be adhered to. With regard to every meeting conducted through videoconferencing or other permitted means, the scheduled venue of the meetings shall be deemed to be in India, for the purpose of specifying the place of the said meeting and for all recordings of the proceedings at the meeting.

Notice of Meetings

171. Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the company and shall be sent by hand delivery or by post or through electronic means.

The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director.

Quorum of Meetings

172. The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two directors whichever is higher and the directors participating by video conferencing or by other permitted means shall also counted for the purposes of this Article.

Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time.

Explanation:

The expressions "interested Director" shall have the meanings given in Section 184(2) of the said Act and the expression "total strength" shall have the meaning as given in Section 174 of the Act.

Procedure of meeting adjourned for want of Quorum

173. (1) If a meeting of the Board could not be held for want of a quorum then the meeting shall automatically stand adjourned to the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a National Holiday at the same time and place.

(2) The provisions of Article 169 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which has been called in compliance with the terms of that Article could not be held for want of a quorum.

Power of Quorum

174. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and directions by law or under the Articles and regulations for the time being vested in or exercisable by the Directors generally.

When Meetings to be convened

175. The Chairman may, and manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Question how decided

176. Questions arising at any meeting of the Directors shall be decided by a majority of votes, and in case of an equality of votes, the Chairman thereat shall have a second or casting vote.

Chairman of Directors' meetings

177. The Directors may elect a Chairman of their meetings, and determine the period for which he is to hold office, and unless otherwise determined the Chairman shall be elected annually. If no Chairman is elected, or if at any meeting the Chairman is not present within five minutes of the time appointed for holding the same, or is unwilling to preside, the Directors present may choose one of their members to be the Chairman of such meeting.

Directors may appoint Committees

178. Subject to the provisions of Section 179 of the said Act, the Directors may delegate any of their powers, other than powers which by reason of the provisions of the said Act cannot be delegated to committees consisting of such member or members of their body as they may think fit, and they may from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes. Every Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors, and all acts done by any such Committee in conformity with such regulations and in fulfillment of the purpose of their appointment, but not otherwise, shall have the like force and effect as if done by the Board.

Meetings and proceedings of Committee how governed

179. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto, and are not superseded by the express terms of the appointment of any such Committee, or by any regulations made by the Directors.

Resolutions by Circular

180. A resolution not being a resolution required by the said Act or otherwise to be passed at a meeting of the Directors, may be passed without any meeting of the Directors or of a committee of Directors provided that the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee as the case may be, at their addresses registered with the Company, by hand delivery or by post or courier or through electronic means as permissible under the relevant Rules and has been approved by a majority of the Directors as are entitled to vote on the resolution.

Validity of acts of Directors

181. All acts done by a person as a Director shall be valid, notwithstanding that it may be afterwards discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in the said Act or in these Articles. Provided that this Article shall not give validity to acts done by a Director after his appointment has been shown to the company to be invalid or to have terminated.

Minutes of proceedings of the Board and the Committee to be valid

182. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these presents and Section 118 of the Act.

Registers of Directors and Key Managerial Personnel

183. (1) The Directors shall cause to be kept at the Registered Office (a) a Register mentioned in Article 152 and (b) a Register of Contracts or arrangements of which they are interested, containing the particulars required by Section 189 of the Act.

Inspection of Register

(2) The provisions contained in Article 103 (1)(b) and 103(2) relating to inspection and taking copies shall be mutatis mutandis be applicable to the registers specified in this Article.

XXII. APPOINTMENT OF KEY MANAGERIAL PERSONNEL

184. (1) Subject to the provisions of the Act:

(i) A Key Managerial Personnel may be appointed by the Board for such term at such remuneration and upon such conditions as it may think fit and the Key Managerial Personnel so appointed may be removed by means of a resolution in the Board Meeting.

(ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer

XXIII. BORROWING POWERS OF DIRECTORS

Power to borrow

Conditions on which money may be borrowed

185. (1) Subject to clause (2) hereof the Directors may, from time to time at their discretion raise or borrow, or secure the repayment of any loan or advance taken by the Company. Any such moneys may be raised and the payment or repayment of such moneys may be secured in such manner and upon such terms and conditions in all respects as the Directors may think fit and, in particular by promissory notes, or by opening current accounts or by receiving deposits and advances at interest, with or without security, or by the issue of debentures of debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by mortgaging, charging or pledging any lands, buildings, machinery, plants, goods or other property and securities of the Company, or by such other means as to them may seem expedient.

Restrictions on Powers of Board

(2) The Board of Directors shall not, except with the consent of the Company in General Meeting, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. No debt by the Company in excess of limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that Article has been exceeded.

(3) Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company, shall be under the Control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Securities may be assignable free from equities

(4) Any such debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

(5) If any other offer is made to the public to subscribe for or purchase debentures the provisions of the said Act relating to a prospectus shall be complied with.

Issue at discount etc. or with special privilege

(6) (i) Any such debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise, and on condition (with the consent of the Company in General Meeting) and they may have a right to allotment of or be convertible into shares of any denominations, and with any special privileges and conditions as to redemption (or being irredeemable), surrender, drawings, re-issue, attending at General Meeting of the Company, appointment of Directors, and otherwise, provided that no debentures, debenture-stock, bonds or other securities may be issued carrying voting rights.

(ii) The Company shall have power to re-issue redeemed debentures.

(iii) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a Deed for specific performance.

Limitation of time for issue of certificates

(iv) The Company, shall within two months after the allotment of any of its shares, and six months after the allotment of any debentures or debenture-stock, and within one month after the application for the registration of the transfer of any shares, debentures or debenture-stock have completed and have ready for delivery the certificates of all shares, the debentures and the certification of all debenture-stock allotted or transferred, unless the conditions of issue of the shares, debentures or debenture-stock otherwise provide.

The expression "transfer" for the purpose of the sub clause means a transfer duly stamped, dated and otherwise valid, and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain called capital

(7) (i) A copy of any trust deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment of rupees fifty (₹ 50/-).

(ii) The Court may also, by order, direct that the copy required shall forthwith be sent to the person requiring it.

Inspection of Trust Deeds

(iii) The Trust Deed referred to in sub-clause (i) shall be open for inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the register of members of the Company.

Mortgage of uncalled Capital

186. If any uncalled capital of the Company is included in or charged by any mortgagor other security, the Directors may, by instrument under the Company's seal, authorise the person in whose favour such mortgage or other security is executed, or any other person in trust for him to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to call shall mutatis mutandis apply to calls under such authority, and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently, and either to the exclusion of the Directors power or otherwise, and shall be assignable if expressed so to be.

Indemnity may be given

187. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Foreign register of members

188. The Company may exercise the power to keep foreign register of members or debenture holders or other security holders or beneficial owners residing outside India as provided in Section 88 of the Act.

XXIV. POWER OF DIRECTORS

Business of the Company to be managed by Directors

189. (1) Subject to the provisions of Section 135, 179, 180, 181, 182, 183, 184, 185, 186, 188 and 203 of the Act, the Board of Directors of the Company shall be entitled to exercise all such powers, give all such consents, make all such arrangements, be nearly do all such acts and things as are or shall be by the said Act, and the memorandum of association and these precedents directed or authorized to be exercised, given, make or done by the Company and are not thereby expressly directed or required to be exercised, given, made or done by the Company in General Meeting, but subject to such regulations being (if any) not inconsistent with the said provisions as from time to time may be prescribed by the Company in General Meeting provided that no regulation so made by the company in General Meeting shall invalidate any prior act of the Directors which would have been valid if the regulations had not been made.

Power to delegate

(2) Save as provided by the said Act or by these presents and subject to the restrictions imposed by Section 179 of the said Act, the Directors may delegate all or any powers by the said Act or by the Memorandum of Association or by these presents reposed in them.

Specific powers to Directors

190. Subject to the provisions of Articles 189 but without prejudice to the General Powers thereby conferred and so as not in anyway to conferred by these presents, it is hereby expressly declared that the Directors shall have the following powers and authorities, that is to say power and authority:

(1) (i) to enter into agreements with foreign components and other persons for obtaining by granting license or other terms, formulae and other rights and benefits and to obtain financial and or technical collaboration, technical information, know-how and expert advice in connection with the activities and business permitted under the Memorandum of Association of the Company.

(ii) to take over and acquire the industrial license, import license, permit and other rights on payment of actual and out of pocket expenses incurred thereof, and compensation for technical services rendered in connection therewith.

(iii) to pay and charge to the Capital/Revenue Account of the Company the legal and other costs, charges and expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company including the stamps and fees paid in respect thereof.

(iv) to pay and charge to the Capital/Revenue Account of the Company any commission or interest lawfully payable under the provisions of the said Act.

(v) to carry out activities that are specified in Schedule VII of the Act, and for this purpose expend/incur the monies of the Company, and all monies so expended or incurred for this purpose shall also be construed to be for the purpose of the Company's business.

(2) to purchase in India or elsewhere any machinery plant, stores and other articles and things for all or any of the objects or purpose of the Company.

(3) to purchase, take on lease or otherwise acquire in India any lands (whether freehold, leasehold or otherwise) and with or without houses, buildings, structures or machinery (fixed or loose) and any moveable property, rights or privileges(including intellectual property rights) from any person including a Director in furtherance of or for carrying out its objects, at or for such price or consideration and generally on such terms and conditions and with such titled thereto as they may think fit or may believe or be advised to be reasonable satisfactory.

(4) to purchase, or otherwise acquire from any person and to resell, exchange, and repurchase any patent for or license for the use of any invention.

(5) to purchase or otherwise acquire for the Company any other property, formulae, concessions, rights and privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit.

(6) in any such purchase or other acquisition to accept such titled as the Directors may believe or may be advised to be reasonably satisfactory. At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partly in cash or in shares, or in both, or in bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any bonds, debentures, mortgages or other securities, may be either specifically charged upon all or any part of the property of the Company, and its uncalled capital or not so charged.

(7) to sell for cash or on credit or to contract for the sale and future delivery of or to and for sale in any part of India or elsewhere any products or Articles produced, manufactured or prepared by the Company as the Directors may deem advisable.

(8) to erect, construct, and build and factories, warehouses, godowns, engine houses, tanks, wells, or other constructions, adopted to the objects of the Company or may be considered expedient or desirable for the objects or purposes of the Company or any of them.

(9) to sell from time to time any articles, materials, machinery, plant, stores and other articles and things belonging to the Company as the Directors may think proper and to manufacturer, prepare and sell waste and by-products.

(10) from time to time to extend the business and undertaking of the company by adding to, altering, or enlarging all or any of the building, factories, workshops, premises, plant and machinery, for the time being the property or in the possession of the Company, or by erecting new or additional buildings, and to expend such sums of money for the purposes aforesaid or any of them, as may be thought necessary or expedient.

(11) to remove all or any of the machinery, plant and other movable property of the Company for the time being in or upon lands, buildings, or premises of the Company to other lands, buildings, or premises.

(12) to negotiate for, and subject to the approval of the Company in General Meeting, contract for the sale and transfer of all or any part of the property and undertaking of the Company as a going concern, subject or not subject to all or any of the obligations and liabilities of the Company.

(13) to undertake on behalf of the Company the payment of all rents the performance of all covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company, and to purchase the reversion or reversions, and otherwise to acquire the freehold or fee-simple of all or any of the lands of the Company for the time being held under lease, or for an estate less than a free hold estate.

(14) to improve, manage, develop, exchange, lease, sell, re-sell and re- purchase, dispose of, deal with or otherwise turn to account and property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

(15) to secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such manner as they may think fit.

(16) to accept from any member, on such terms and conditions as shall be agreed upon and as far as may be permissible by law, a surrender of his shares or any part thereof.

(17) to determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsement, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes.

(18) to make advances and loans without any security, or on such security as they may think proper and to take security for already existing debts, and otherwise to invest and deal with any of the moneys of the Company not immediately required for the purpose thereof in Government or Municipal securities, fixed deposits in banks and in such other manner as they may think fit and from time to time vary or realise such investments, and for the purpose aforesaid to authorise such persons within limits to be fixed from time to time by the Board.

(19) to make and give receipts, releases and other discharges for moneys payable to, or for goods or property belonging to the Company, and for the claims and demands of the Company.

(20) subject to the provisions of Section 179, 180 and 186 of the said Act, to invest and deal with any moneys of the Company not immediately required of the purposes thereof, upon such security (not being shares of the Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments, Same as provided in Section 187 of the said Act all investments shall be made and held in the Company's own name.

(21) to give to any officer or other person employed by the Company including any Directors so employed, a commission on the profits of any particular business or transaction, or a share in general or particular profits of the Company, and such commission or share of profits shall be treated as part of the working expenses of the Company and to pay commissions and make allowances to any person introducing business to the Company or otherwise assisting its interests.

(22) subject to the provisions of Section 187 of the said Act to appoint any person or persons (whether incorporated or not) to accept and hold in trusts for the Company any property belonging to the Company, or in which the Company is interested or for any other purposes and to execute and do all such acts, deeds and things as may be requisite in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

(23) to insure and keep insured against loss or damage or fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or conjointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

(24) to attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions as to the transfer thereof as they think fit.

(25) to execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.

(26) to institute, conduct, defend, compound, abandon or refer to arbitration any action, suit, appeals, proceedings, for enforcing decrees and orders and other legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, to compound or compromise and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer the same or arbitration, to observe and perform any awards made there on; to act on behalf of the Company in all matters relating to bankrupts and insolvents.

(27) the person duly authorised by the Directors shall be entitled to make, give, sign and execute all and every warrant to use or defend on behalf of the Company, and all and every legal proceedings and compositions or compromise, agreements, and submission to arbitration and agreement to refer to arbitration as may be requisite, and for the purposes aforesaid, the Secretary or such other person may be empowered to use their or his own name on behalf of the Company, and they or he shall be saved harmless and indemnified out of the funds and property of the Company, from and against all costs and damages which they or he may incur or be liable to by reason of their or his name so used as aforesaid.

(28) to provide for the welfare of the employees or ex-employees of the Company, and the wives, widows and families or the dependants or connects of such persons and to give, award or allow any pension, gratuity, compensation, grants of money, allowances, bonus, stock options (including other stock related compensation) or other payment to or for the benefit of such persons as may appear to the Directors just and proper, whether they have or have not a legal claim upon the Company, and before recommending any dividends to set aside portions of the profits of the Company to form a fund to provide for such payments and in particular to provide for the welfare of such persons, by building or contributing to the building of houses, dwelling or chawls, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions, or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility.

(29) before recommending any dividend, to set aside, out of the profits of the Company such sums for depreciation as provided in Section 123 of the said Act and such sums as they think proper for creating reserves, general or specific or special funds to meet contingencies or to repay debentures or debenture-stock or to pay off preference of other shareholders subject to the sanction of the Court when the same is required by law on for payment of dividends or equalising dividend or for special dividends or bonus or for repairing, improving, extending and maintaining any part of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause)as the Directors may in their absolute discretion think conducive to the interest of the Company and from time to time to carry forward such sums as may be deemed expedient and to invest and deal with the several sums to set aside or any part thereof as provided in Clause (18) of this Article as they think fit, and from time to time to deal with and vary such investment and dispose of and apply and expend the same or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same or any part thereof for the benefit of the Company in such manner and for such purpose as the Directors in their absolute discretion think conducive to the interest of the Company notwithstanding that the matter to which the Directors apply or upon which they expend the same or any part thereof may be matters to and upon which the capital money of the Company might rightly be applied or expended and the Directors may divide the Reserve or any Fund into such special funds and transfer any sum from one fund to another as they may think fit and may employ the assets constituting all or any of the above funds including the Depreciation Fund or any part thereof in the business of the Company or in the purchase or repayment of debentures or debenture-stock or preference shares or in payment of special dividend or bonus and that without being bound to keep the same separate from the other assets, and without being bound to pay interest for the same with power however to the Directors at their discretion to pay or allow to the credit of such funds or any of them the interest at such rate as the Directors may think proper not exceeding 9 percent per annum.

(30) from time to time and at any time to entrust to and confer upon the officers for the time being of the Company, and to authorise, or empower them to exercise and perform and by power-of-attorney under seal to appoint any person to be the Attorney of the Company and invest them with such of their powers, authorities, duties and discretion exercisable by or conferred or imposed upon he Directors, but not the power to make Calls or other power which by law are expressly stated to be incapable of delegation as the Directors may think fit, and for such time and to be exercise for such objects and purposes and subject to

such restrictions and conditions, as the Directors may think proper or expedient, and either collaterally with or to the exclusion of and in substitution for all or any of the powers, authorities, duties and discretions of the Directors in that behalf, with authority to the Secretary or such officers or attorney to sub-delegate all or any of the powers, authorities, duties, and discretions for the time being vested in or conferred upon them and from time to time to revoke all such appointments of attorney and withdraw, alter or vary all or any of such powers, authorities, duties and discretions.

(31) to appoint, and at their pleasure to remove, discharge, or suspend and to re-employ or replace, for the management, of the business, secretaries, managers, experts, engineers, accountants, agents, subagents, bankers, brokers, muccadums, solicitors, officers, clerks, servants and other employees for permanent, temporary or special services as the Directors may from time to time think fit, and to determine their powers and duties and fix their emoluments, salaries, wages, and to require security in such instances and to such amount as they think fit, and to ensure and arrange for guarantee for fidelity of any employees of the Company and to pay such premiums on any policy of guarantee as may from time to time become payable.

(32) from time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of any Local Boards and to fix their remuneration. And from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors, other than their power to make a Call and toauthorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any person so appointed, and may annul or vary any such delegation. Any such delegate may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(33) at any time and from time to time by power-of-attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) may be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of any Company or the members, Directors, nominees, or Managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors, and any such power-of-attorney may contain such powers for the protection or convenience of persons dealing with such Attorney as the Directors may think fit.

(34) from time to time to provide for the management transaction of the affairs of the Company outside the Registered Office or in any specified locality in India or outside India, in such manner as they think fit and in particular to appoint any person to be the Attorneys or agents of the Company with such powers, authorities and discretions (including power to sub- delegate) but not exceeding those vested in or exercisable by the Directors, and also not the power to make calls or issue debentures and for such period, and upon such terms and subject to such conditions as the Directors may think fit, and at any time to remove any person so appointed or withdraw or vary any such powers as may be thought fit, and for that purpose the Company may exercise the powers conferred by Section 88 of the Act relating to keep in any State or country outside India a foreign Register respectively and such powers shall accordingly be vested in the Directors.

(35) for or in relation to any of the matters aforesaid or otherwise for the purpose and objects of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute, perform and do and sanction, and authorise all such acts, deeds, matters and things, including matters that are incidental and/or ancillary thereto, in the same and on behalf of the Company as they may consider expedient.

(36) to open accounts with any bank or bankers or with any Company, firm or individual for the purpose of the Company's business and to pay money into and draw money from any such account from time to time as the Directors may think fit.

(37) generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretions vested in the Directors to any Key Managerial Personnel, firm, company or fluctuating body of persons as aforesaid.

(38) to authorise the issue of securities (including depository receipts), whether convertible to shares or not, as per applicable laws, either as a primary issue or a secondary offering.

XXV. MANAGING DIRECTORS

Power to appoint Managing Director

191. Subject to the provisions of Section 196, 197, and 203 of the Act, the Directors may from time to time appoint one or more of their body to be Managing Director, Joint Managing Director or Managing Directors, Whole-time Director, Manager or Chief Executive Officer of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office but in any case not exceeding five years at a time and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

What provisions Managing Director will be subject to

192. A managing Director or Joint Managing Director subject to the provisions contained in Article 184 shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors or the number of Directors to retire but he shall, subject to the terms of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the Directors of the Company, and if he ceases to hold the office of Directors from any cause shall ipso facto and immediately cease to be Managing Director.

Remuneration of Managing Director

193. The remuneration of a Managing Director and Joint Managing Director shall from time to time be fixed by the Directors and may be by way of salary or commission or participating in profits or by way or all of those modes or in other forms shall be subject to the limitations prescribed in Section 197 of the Act.

Powers and duties of Managing Directors

194. The Directors may from time entrust to and upon a Managing Director or Joint Managing Director for the time being such of the powers exercisable under these Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers, unless and until otherwise determined a Managing Director may exercise all the powers exercisable by the Directors, save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.

XXVI. SECRETARY

195. (1) The Directors may from time to time appoint and at their discretion remove, a person (hereinafter called "the Secretary") to keep the Registers required to be kept by the Company, to perform any other function which by the said Act or by these Articles are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to the Secretary by the Directors.

(2) The Directors may any time appoint a temporary substitute for the Secretary who shall for the purpose of these Articles be deemed to be the Secretary.

XXVII. INDEMNITY TO AND PROTECTION OF DIRECTORS AND OFFICERS

Indemnity

196. (1) The Board shall be entitled to meet out of the funds of the Company to defend, every officer of the Company as defined by Section 2(59) of the said Act, or any person (whether an officer of the Company or not) employed by the Company, against all claims made on them (including losses, expenses, fines, penalties or such levies), in or about the discharge of their respective duties.

(2) Every Officer of the Company, as defined by Section 2(59) of the said Act, or any person (whether an Officer of the Company or not) employed by the Company, shall be entitled to direct the company to meet all claims, losses, expenses, fines, penalties or such other levies, expended by them, respectively in or about the discharge of their respective duties, out of the funds of the Company against all such liabilities, including attorney fees, incurred by them in defending any proceedings under the Act, or other laws applicable to the Company, and/or its subsidiaries in any jurisdiction.

(3) The Company may take and maintain any insurance as the Board may think fit on behalf of its directors (present and former), other employees and the Key Managerial Personnel, for insurers to directly meet all claims, losses, expenses, fines, penalties or such other levies, or for indemnifying any or all of them against any such liability for any acts in relation to the Company for which they may be liable.

Directors and Other Officers not responsible or acts of others

197. No Director of the Company, Manager, Secretary, Trustee, Auditor and other officer or servant of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or servant or for joining in any receipts or other act for the sake of conformity merely or for any loss or expenses happening to the Company through the insufficiency or deficiency in point of titles or value of any property acquired by the order of the Directors for or on behalf of the Company or mortgaged to the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation to or with whom any moneys, securities or effects of the Company shall be entrusted or deposited or for any loss occasioned by any error of judgement, omission default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution or performance of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.

198. An Independent Director, and a non-executive director not being a promoter or a Key Managerial Personnel, shall be liable only in respect of acts of omission or commission, by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he has not acted diligently.

XXVIII. SEAL

The Seal, its custody and use

199. (1) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereto and the Directors shall provide for the safe custody of the seal for the time being. The seal of the Company shall never be used except by the authority of a resolution of the Board of Directors and in presence of one of Directors or such other persons as the Board may authorise who will sign in token thereof and countersigned by such officers or persons at the Directors may from time to time resolve.

(2) Any instrument bearing the Common Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

XXIX. NOTICES AND SERVICE OF DOCUMENTS

Members to notify address for registration

200. It shall be imperative on every member or notify to the Company for registration his place of address in India and if he has no registered address within India to supply to the Company an address within India for giving of notices to him. A member may notify his email address if any, to which the notices and other documents of the company shall be served on him by electronic mode. The Company's obligation shall be satisfied when it transmits the email and the company shall not be responsible for failure in transmission beyond its control.

Notice

201. Subject to Section 20 of the said Act, a document may be served by the Company on any member thereof by sending it to him by post or by registered post or by speed post or by courier or by delivering at his address (within India) supplied by him to the company for the service of notices to him.

The term courier means person or agency who or which delivers the document and provides proof of its delivery.

Transfer of successors in title of members bound by notice given to previous holders

202. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by any and every notice and other document in respect of such share which previous to his name and address being entered upon the register shall have been duly given to the person from whom he derives his title to such share.

When notice may be given by advertisement

203. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given, if given by advertisement, once in English and once in a vernacular daily newspaper circulating in the city, town or village in which the registered office of the Company is situated.

Service of notice good notwithstanding death of member

204. Any notice or document served in the manner hereinbefore provided shall notwithstanding such member be then dead and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any share, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service, for all purposes of these presents be deemed a sufficient service of such notice or documents on his heirs, executors, administrators and all person (if any) jointly interested with him in any such shares.

Signature to notice

205. Any notice given by the Company shall be signed (digitally or electronically) by a Director or by the Secretary or some other officer appointed by the Directors and the signature thereto may be written, facsimile, printed, lithographed, photostat.

Service of documents on Company

206. A document may be served on the Company or on an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post or by Registered Post or by leaving it at its Registered Office, or by means of such electronic mode or other mode as may be specified in the relevant Rules.

XXX. SECRECY CLAUSE

Secrecy Clause

207. No member shall be entitled to visit any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's working, trading or any matter which is or may be in the nature of a secret, mystery of trade or secret process, which may relate to the conduct of the business of that Company and which in the opinion of the Directors, it will be inexpedient in the interest of the members of the Company to communicate to the public.

XXXI. WINDING-UP

208. If upon the winding-up of the Company, the surplus assets shall be more than sufficient to repay the whole of the paid-up capital, the excess shall be distributed amongst the members in proportion to the capital paid or which ought to have been paid-up on the shares at the commencement of the winding-up held by them respectively, other than the amounts paid in advance of calls. If the surplus assets shall be insufficient to repay the whole of the paid-up capital, such surplus assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively, other than the amounts paid by them in advance of calls. But this Article is without prejudice to the rights of the holders of any shares issued upon special terms and conditions and shall not be construed so as to or be deemed to confer upon them any rights greater than those conferred by the terms and conditions of issue.

Distribution of assets in specie

209. If the Company shall be wound-up whether voluntarily or otherwise, the following provisions shall take effect:

(1) the Liquidator may, with the sanction of a Special Resolution, divide among the contributories in specie or kind any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributories or any of them, as the Liquidator with the like sanction shall think fit.

(2) if thought fit any such division may be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on any contributory who would be prejudiced thereby shall have the right to dissent and shall have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 319 of the said Act.

(3) in case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares, may, within seven days after the passing of the Special Resolution by notice in writing, direct the Liquidator to sell his proportion and pay him the proceeds and the Liquidator shall, if practicable, act accordingly.

Liquidator may sell for shares in another company

210. Any such Liquidator may, irrespective of the powers conferred upon him by the said Act and as an additional power conferring a general or special authority, sell the undertaking of the Company or the whole or any part of its assets for shares fully or partly paid-up or the obligations of or other interest in any other company and may by the contract of sale agree for the allotment to the members directly of the proceeds of sale in proportion to their respective interests in the Company and in case the shares of this Company shall be of different classes, may arrange for the allotment in respect of preference shares of the Company, to obligations of the purchasing company or of shares of the purchasing company with preference or priority over or with a larger amount paid-up than the shares allotted in respect of ordinary shares of this Company and may further by the contract, limit a time at the expiration of which shares, obligations or other interests not accepted or required to be sold, shall be deemed to have been refused and be at the disposal of the Liquidator.

Sale under Section 319 of the Companies Act, 2013

211. Upon any sale under the last preceding Article or under the powers given by Section 319 of the said Act, no member shall be entitled to require the Liquidator either to abstain from carrying into effect the sale or the resolution authorising the same or to purchase such member's interest in this Company, but in case any member shall be unwilling to accept the share, obligations or interests to which under such sale he would be entitled, he may, within seven days of the passing of the resolution authorising the sale, by notice in writing to the Liquidator, require him to sell such shares, obligations or interests and thereupon the same shall be sold in such manner as the Liquidator may think fit and the proceeds shall be paid over to the member requiring such sale.

XXXII. GENERAL POWERS

General Power

212. Where any provisions of the said Act, provides that the Company shall do such act, deed, or thing, or shall have a right, privilege or authority to carry out a particular transaction, only if it is so authorised in its Articles, in respect of all such acts, deeds, things, rights, privileges and authority, this Article hereby authorises the Company to carry out the same, without the need for any specific or explicit Article in that behalf.

XXXIII. INDEMNITY

213. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

A copy of the draft altered Articles of Association (AOA) of the Company is kept at the Registered Office of the Company for inspection of the members during office hours.

As per the provisions of Section 14 of the Companies Act, 2013 any alteration so made shall require Shareholders approval by way of **special resolution.**

Therefore, the Board of Directors of your Company recommends the passing of **Special Resolution** as set out at Item No. 5 of the Notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5 of the Notice.

ITEM NO. 6

Mr. Surinder P. Kanwar, aged 63 years is presently designated as Chairman and Managing Director of the Company. He is a Commerce Graduate from University of Delhi. He has been affiliated with the Company as a member of the Board of Directors since 29th September, 1982 and from then the Company has been taking the advantage of his guidance and supervision. Because of his sustained efforts, the Company has sustained a growth pattern and has achieved success in creating a brand image in the Automotive Parts Industry.

He has wholesome exposure on all aspects of business of the Company and is engaged in supervision & conduct of business of all the industrial units of Company, along with a team of senior management personnel, who assist him in carrying out his activities, subject to the overall supervision & control of the Board.

Mr. Surinder P. Kanwar, is also the Chairman & Managing Director of Raunaq International Limited from where he is drawing a token remuneration of Rupee One (₹ 1.00) per month only.

The appointment of Mr. Surinder P. Kanwar as Chairman & Managing Director of the Company is expiring on 30th September, 2015.

During the financial year 2014-15, 5(Five) meetings of the Board of Directors had been held and all the meetings were attended by Mr. Surinder P. Kanwar.

Mr. Surinder P. Kanwar is Chairman of Corporate Social Responsibility Committee and a Member of Nomination and Remuneration Committee and Finance Committee of Bharat Gears Limited.

Mr. Surinder P. Kanwar 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	Chairman -Corporate Social Responsibility Committee Member- Nomination and Remuneration Committee Member- Stakeholder's Relationship Committee Member-Finance Committee Member- Share Issue Committee
2.	Xlerate Driveline India Limited	Member- Nomination and Remuneration Committee

Mr. Surinder P. Kanwar holds Directorship in the following Private Limited Companies:

S.No.	Name of the Company/Entity in which interested
1.	Future Consultants Private Limited
2.	Ultra Consultants Private Limited
3.	Vibrant Finance and Investment Private Limited
4.	Cliplok Simpak (India) Private Limited
5.	Samreet Investment and Management Consultancy Private Limited

As on 31st March, 2015, he holds 22,89,667 (29.29%) shares in the Company.

In appreciation of contributions and continuing commendable leadership of Mr. Surinder P. Kanwar, Chairman and Managing Director and pursuant to provisions of 117(3),170,196, 197,198, 200, 201, 203, Schedule V as applicable and other applicable provisions, if any of the Companies Act, 2013, the Board has proposed to re-appoint him as Chairman Managing Director of the Company for a further period of 5(Five) years with the remuneration as stated below for a period of 3(Three) years w.e.f 1st October, 2015 on the terms and conditions as set out below as recommended by the Nomination and Remuneration Committee in its Meeting held on 28th May, 2015 and further approved by the Board of Directors in its meeting held on 29th May, 2015 notwithstanding the fact that such remuneration may exceed limits specified in Sections 197,198 and Schedule V of the Companies Act, 2013:

A) Basic Salary:

₹ 16,50,000 per month in the grade of ₹ 16,50,000-2,50,000-19,00,000-2,75,000-21,75,000.

B) Perquisites:

In addition to the aforesaid salary, he shall be entitled to perquisites (including housing, medical and other benefits) equivalent to 1/3rd of his basic salary.

The total value of the aforesaid perquisites (including housing, medical and other benefits), wherever applicable, shall be computed as per the provisions of Income Tax Act, 1961 read with the applicable Income Tax Rules, as amended from time to time, and for the time being in force.

In case of absence of any such Rule(s), the value of the said perquisites shall be computed at the actual cost incurred.

C) Commission:

In addition to the above salary and perquisites(including housing, medical and other benefits), commission not exceeding @ 3% of the Net Profits of the Company, in any year computed in the manner laid down under Section 198 and other applicable provisions of the Companies Act, 2013, may also be paid, as may be determined by the Board of Directors, based on the Net Profits of the Company.

D) The Chairman and Managing Director shall also be eligible to the following perquisites which are not included in the computation of ceiling remuneration specified in the said Part II Section IV of Schedule V of the Companies Act, 2013:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

c) Encashment of the leave at the end of the tenure.

E) Other terms:

1. He shall be entitled to re-imbursement of actual out-of pocket expenses incurred in connection with the business of the Company.
2. He shall be entitled to re-imbursement of entertainment expenses incurred for the business of the Company.
3. As long as he functions as Chairman and Managing Director he shall not be paid any sitting fees to attend any meeting of the Board and/or Committee thereof.
4. He shall be entitled to earned/privileged leave as per the Rules of the Company.
5. He shall be entitled for telephone facility as per Company's policy.

The Company shall pay the above said remuneration to Mr. Surinder P. Kanwar, Chairman and Managing Director upon the receipt of the approval of the Central Government, if required effective from the date as specified in such approval.

Further, pursuant to the provisions of Sections 117(3), 197, 201, 298, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration are subject to the approval of the Central Government and all other requisite approvals, as may be required in this regard are being placed for the approval of the Shareholders in the Annual General Meeting.

Therefore, the Board of Directors of your Company recommends the passing of **Special Resolution** as set out at Item No. 6 of the Notice.

Except Mr. Surinder P. Kanwar, himself and his son Mr. Sameer Kanwar, Joint Managing Director of the Company, no other Director or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the passing of the above resolution(s) as set out in Item No. 6 of the notice.

INSPECTION OF DOCUMENTS

All resolutions passed in this regard are available for inspection by the Members of the Company, at its Registered Office, during the office hours between 11.00 A.M. to 1.00 P.M., on all working days except Sundays upto the date of the Annual General Meeting and shall also be available at the venue of the Meeting.

By Order of the Board

Place: Faridabad **Prashant Khattry**
Date:30 June, 2015 **Head (Legal) & Company Secretary**

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

1. Mr. Rakesh Chopra, Director

A brief profile of Mr. Rakesh Chopra has been provided in the Explanatory Statement of Item No. 3 of the accompanying notice.

Mr. Rakesh Chopra is a Member of Audit Committee, Stakeholder's Relationship Committee, Corporate Social Responsibility Committee and Finance Committee of Bharat Gears Limited.

Mr. Rakesh Chopra 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.	Minda Corporation Limited	Chairman -Audit Committee
2.	Axles India Limited	Member- Audit Committee Chairman- Remuneration Committee Member-Corporate Social Responsibility Committee

Mr. Rakesh Chopra holds Directorship in the following Private Limited Companies:

S.No.	Name of the Company/Entity in which interested
1.	GPR Enterprises Private Limited
2.	Kempty Cottages Private Limited
3.	Pragma Holdings Private Limited
4.	Cleantec Infra Private Limited

As on 31st March, 2015, he does not hold any share in the Company.

2. Mr. V.K. Pargal, Director

A brief profile of Mr. V.K. Pargal has been provided in the Explanatory Statement of Item No. 4 of the accompanying notice.

Mr. V.K. Pargal is a Member of Audit Committee and Nomination and Remuneration 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
2.	Xlerate Driveline India Limited	Member- Audit Committee

Mr. V.K. Pargal holds Directorship in the following Private Limited Companies:

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

As on 31st March, 2015, he holds 100 shares in the Company which is well below 2% of the total Paid Up Equity Share Capital of the Company and does not affect his independence.

STATEMENT OF PARTICULARS
(PURSUANT TO SCHEDULE V OF THE COMPANIES ACT, 2013)

MR. SURINDER P. KANWAR, CHAIRMAN AND MANAGING DIRECTOR

I. GENERAL INFORMATION

Sl. No	Particulars/Subject	Information
1.	Nature of industry	Manufacture of Automobile Gears
2.	Date or expected date of commencement of commercial Production	5th January, 1972
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4.	Financial performance based on given indicators	In the Financial Year 2014-15, the Company made a turnover of ₹ 451.90 Crores (including other income) and Loss of ₹ (4.21) Crores after tax as the continued effect of recession has adversely affected the Auto Sector which has an adverse impact on the turnover of the Company which ultimately hit the bottom line of the Company. Inspite of the diverse environment, our Company's performance in 2014-15 was credible as the Company has been able to sustain on its total turnover. And recently, the commercial operations at the newly settled plant of the Company at Lonand, District Satara, Maharashtra has been started w.e.f 31st March, 2014 which is now geared up for the future growth
5.	Export performance and net foreign exchange collections	During the financial year ended 31st March 2015, Export of goods on FOB basis: ₹ 134.07 Crores (Previous Year ₹ 114.32 Crores). Consequently over the last 5 years, the share of exports in sale of automotive gears and components has increased gradually from 16% in FY 2011 to 32% in FY 2015. Other export earnings: ₹ 5.93 Crores (Previous Year ₹ 4.28 Crores)
6.	Foreign Investments or collaborators, if any.	No such investment or collaboration except minor shareholding of Non-Resident Indians

II. INFORMATION ABOUT THE APPOINTEE

1.	Background Details	Mr. Surinder P. Kanwar has been affiliated with the Company as a member of the Board of Directors since the year 1982 and from then the Company has been taking the advantage of his guidance and supervision. Because of his sustained efforts, the Company has shown an upward growth pattern and has achieved success in creating a brand image in the Automotive Parts Industry. He is also the Chairman and Managing Director of Raunaq International Limited from where he is drawing a token remuneration of Rupee One (₹ 1.00) per month only
2.	Past remuneration	During his present tenure as Chairman and Managing Director of the Company, the remuneration as paid to Mr. Surinder P. Kanwar for the Financial Year 2014-15 is ₹ 234.95 Lacs. The Central Government approved a remuneration of ₹ 284.30 Lacs from 1st October, 2014 to 30th September, 2015
3.	Recognition or awards	During the tenure of Mr. Surinder P. Kanwar, the Company has received various recognition and awards, such as: • Business Sphere Award – Most respected and India's largest Gears Manufacturing Company. • Toyota Kirloskar Suppliers Association in category of quality. • Toyota Kirloskar Award for achieving target in the category of delivery. • Best Kaizen(Delhi Region) from Toyota Kirloskar Suppliers Association. • Special appreciation for "Drive in Energy Conservation & Tooling Improvement" from Automotive Components Manufacturers Association.

Sl. No	Particulars/Subject	Information
		• Eaton Corporation Premier Supplier Award. • Best Supplier Award from New Holland Fiat (India) Private Limited. • Award for Development from JCB. • Long Association Award from ESCORTS. • Supplier Excellence award from Transaxle Manufacturing of America. • ACMA Award for Faridabad plant for successful completion of ACT engineering excellence cluster 2. • Runner–III in Regional Quality Circle Competition (Toyota Kirloskar Suppliers Association). • Certification under ISO 14001: 2004, ISO/TS 16949 awarded to Bharat Gears Ltd as management system audited has been found according to the standard required.
4.	Job profile and his suitability	The Shareholders and Board of Directors have bestowed Mr. Surinder P. Kanwar with substantial powers of the management subject to supervision and control of professional Board of Directors. Under his superior effort and pragmatic leadership, the Company has progressed steadily since his appointment. In view of his enriched experience, appreciable contribution and enlarged leadership, the Board proposes for the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director for a further period of 5(Five) Years w.e.f. 1st October, 2015 to 30th September, 2020, as per the details stated in explanatory statement of Item No. 6 of the Notice
5.	Remuneration proposed	Salary, other perquisites and other terms as fully set out in the explanatory statement of Item no. 6 of the Notice
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration is comparative with the remuneration being paid to the Chairman & Managing Director/Joint Managing Director of the Companies of the same size in the industry
7.	Pecuniary relationship directly or indirectly with the company personnel, if any	Mr. Surinder P. Kanwar, Chairman and Managing Director and Mr. Sameer Kanwar, Joint Managing Director, are the two Whole time Directors (WTDs) in the Company and both are related as father and son. Except the WTDs, no other director or relative is having any material pecuniary relationships with the Company. During the period ended on 31st March, 2015, related party transaction amounted to ₹ 2.45 Crores (FY 2013-14: ₹ 2.71 Crores). The WTDs also drew their remunerations in the period amounting to ₹ 3.61 Crores (FY 2013-14: ₹ 3.52 Crores). The Company discloses the related party transactions annually in the books of accounts of the Company. The Audit Committee discusses and approves such transactions every quarter. The Board of Directors duly approves the related party transactions and in the opinion of Board of Directors of the Company, none of the transactions is prejudicial to the interest of the Company

III. OTHER INFORMATION

1.	Reason of loss or inadequate profits	In the Financial Year ended 31st March, 2015, the Company made Loss after Tax of ₹ 4.21 Crores and Cash Profit of ₹ 7.52 Crores. Profitability for the year was also adversely affected by: • VRS compensation during the year. • Compensation paid towards settlement of claim for Mesne profits. • Lower exchange gain as compared to the previous year. • Substantial drop in Furnace business. The proposed remuneration exceeds the limits of Schedule V of the Companies Act, 2013.

Sl. No	Particulars/Subject	Information
2.	Steps taken or proposed to be taken for improvement	The Company has adopted the following measures to improve the profitability: • We are working to create good Tier-2 supplier base around lonand plant at Satara dist., which will help to smoothen ramp up of production. • Modernisation of existing facilities to improve overall operating efficiency and gear up for catering to higher demand from OEMs. • Widening of customer base and better market penetration, especially in overseas market. • Conscious effort to develop products/customers base in alternate market segments. • Technology upgradation by way of investing in state of the art machinery to meet stringent quality requirements of customers. • Focus on significant improvements in operating costs. • Cost control in all areas. • Deeper penetration in the replacement market in India & abroad. • Improvement in OE & Export Sales. • Improving the quality to make products competitive in Indian & Overseas markets.
3.	Expected increase in the productivity and profits in measurable terms	It is difficult to forecast the productivity and profitability in measurable terms. However Company expects that productivity and profitability may improve and would be comparable with the industry average.

BHARAT GEARS LIMITED

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

Geared for life

ATTENDANCE SLIP

43rd ANNUAL GENERAL MEETING

Name of the Member (In Block Letters)	
Name of Proxy, If any (In Block Letters) (In case Proxy attends the meeting in place of member)	
DP ID/Client ID/Folio No.	
No. of Shares held	

I/We hereby record my/our presence at the 43rd Annual General Meeting of the Company on Friday, 31st July, 2015 at 11.30 A.M. at HUDA Convention Centre, Sector-12, Faridabad-121007 (Haryana).

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

Note:

1. Members/Proxy holders are requested to bring this Attendance Slip duly filled 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 SHALL BE ISSUED AT THE 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

REMOTE E-VOTING PARTICULARS

R-EVEN (Remote E-Voting Event Number)	USER ID	PASSWORD

Note : Please read instructions given at Note No. 15 of the Notice of the 43rd Annual General Meeting of the Company before casting your vote through remote e-voting.

BHARAT GEARS LIMITED

Geared for life

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

POSTAL BALLOT FORM (In lieu of Remote E-voting at the AGM)

Sr. No.....

(1) Name and Address of Shareholder(s)
(Including Joint-holders, if any)
(IN BLOCK LETTERS)

(2) Registered Folio No.
DP ID No. / Client ID No.

(3) No. of Shares held

I/We hereby exercise my/our vote in respect of the Ordinary/Special Resolution(s) to be passed through remote e-voting/Postal Ballot for the business stated in the AGM Notice dated 30 June, 2015 of the Company by conveying my/our assent or dissent to the said resolution(s) in the relevant box below:

Item No.	Description	Type of resolution (Ordinary/ Special)	No. of Shares held by me	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2015 together with Reports of the Directors and Auditors thereon	Ordinary			
2.	To ratify the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-16	Ordinary			
3.	To consider appointment of Mr. Rakesh Chopra as an Independent Director of the Company	Ordinary			
4.	To consider appointment of Mr. V.K. Pargal as an Independent Director of the Company	Ordinary			
5.	To consider and approve the alteration of Articles of Association (AOA) of the Company	Special			
6.	To consider and approve the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for a further period of 5(Five) years w.e.f. 1st October, 2015 along with the proposed remuneration	Special			

Place :
Date :

(Signature of Member)

Note: Kindly read the instructions printed overleaf before filling the form. Last date for receipt of postal Ballot forms by Scrutinizer is Thursday, July 30, 2015.

INSTRUCTIONS

1. In terms of Clause 35B of the Listing Agreement, those members, who do not have access to remote e-voting facility provided by the Company for the AGM in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, may send their assent or dissent in writing on the Postal Ballot Form. Accordingly, this Postal Ballot Form is being provided under Clause 35B of the Listing Agreement to facilitate remote e-voting provided under Section 108 of the Companies Act, 2013 at the 43rd AGM of the Company.

2(I) Members who have not registered their e-mail addresses with the depositories or with the Company's Registrars are being sent this Postal Ballot Form along with the Notice of AGM, the remote e-voting details and self-addressed envelope bearing name of scrutinizer through Courier/ Registered Post/Speed Post.

2(ii) Members who have registered their e-mail addresses with its depositories or with Company's Registrars can cast their votes by remote e-voting facility.

3. A member desiring to exercise his/her vote by Postal Ballot Form should complete this Postal Ballot Form, sign and send in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer as per instruction 7 below at the address: The Scrutinizer, Bharat Gears Limited, 20 K.M. Mathura Road, P.O. Box No. 328, P.O. Amar Nagar, Faridabad-121003, Haryana. Postage will be borne and paid by the Company. Envelopes containing Postal Ballots, if deposited in person or sent by courier at the expenses of members will be accepted.

4. Kindly note that members can opt for only one mode of voting i.e. either by Postal Ballot or through remote e-voting. If members are opting for remote e-voting, then they should not vote by Postal Ballot or vice versa. However, in case Members cast their vote both by Postal Ballot and remote e-voting, then voting done through e-voting shall prevail and voting done by Postal Ballot will be treated as invalid.

5. The Postal Ballot Form should be completed and signed by the Members. In case of joint share holding, this form should be completed and signed by the first named Member and in his/her absence, by the next named Member(s). Unsigned Postal Ballot Forms will be rejected. The signature on the Postal Ballot Form must tally with the specimen signature registered with the Bank.

6. Where the Postal Ballot Form has been signed by an authorised representative of a body corporate, a certified copy of the relevant authorizations to vote on the Postal Ballot should accompany the Postal Ballot Form. A member may sign the Form through an Attorney appointed specifically for this purpose, in such case an attested true copy of the Power of Attorney should be attached to the Postal Ballot Form.

7. Duly completed Postal Ballot Forms should reach the Scrutinizer not later than 5:00 P.M. on **Thursday, July 30, 2015**. Any Postal Ballot Form received after this date will be treated as if the reply from the member has not been received. No other form or photocopy of the Postal Ballot Form will be permitted/accepted by the Company.

8. A member may request for a duplicate Postal Ballot Form, if so required. However the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer not later than the time and date specified at Instruction No. 7 above.

9. Voting rights of the members shall be in proportion of their share in the paid up equity share capital of the Company as on the cut off date of 24th July, 2015. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the result of voting will be announced within the prescribed time limits at the Registered Office of the Company at 20 K.M. Mathura Road, P.O. Box No. 328, P.O. Amar Nagar, Faridabad-121003 (Haryana).

10. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid envelope in as much as all such envelopes will be sent to the Scrutinizer and any extra paper found in such envelope would be destroyed by the Scrutinizer.

11. There will be only one Postal Ballot Form for every folio irrespective of the number of joint member(s).

12. A member need not use all the votes nor does he need to cast all the votes in the same way.

13. The Scrutinizer's decision on the validity of a Postal Ballot will be final and binding.

14. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected.

15. The date of AGM will be the deemed date of passing resolution(s) through remote e-voting/Postal Ballot. It may also be noted that, in terms of Section 114 of the Companies Act, 2013, the Resolutions contained in the AGM Notice will be deemed to have been passed through remote e-voting and Postal Ballot Form unless the Poll is taken at the AGM. Accordingly, the results shall be declared in terms of Rule 20 & 21 of the Companies (Management and Administration) Rules, 2014, as the case may be.

16. The right of remote e-voting and Postal Ballot Form shall not be exercised by a Proxy.