Geared for life

BHARAT GEARS LIMITED
Regd. Office & Works :
20 K.M. Mathura Road, P.O. Box 328
P.O. Amar Nagar, Faridabad - 121003 (Haryana) INDIA
Tel. : +91 (129) 4288888, Fax : +91 (129) 4288822-23
E-mail : info@bglindia.com
Corporate Identity Number : L29130HR1971PLC034365

BGL/SEC/NSE/3/JULY 2019-2020

BGL/SEC/BSE/2/JULY 2019-2020

July 10, 2019

The Manager (Listing)
National Stock Exchange of India Ltd
"Exchange Plaza", 5th Floor,
Plot No. C-1, G - Block,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

SYMBOL: BHARATGEAR

The Manager (Listing)
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building
PJ Towers, Dalal Street
Fort, Mumbai – 400001

STOCKCODE: 505688

Sub: Compliance of Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

Pursuant to Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report along with the Notice of Annual General Meeting of "Bharat Gears Limited" for the year ended 31st March, 2019.

You are requested to take the same on your records.

Thanking you,

Yours faithfully,
For **Bharat Gears Limited**

BHARAT GEARS LIMITED ★ FARIDABAD ★

Prashant Khattry
Head (Legal) & Company Secretary

Encl: As above

BHARAT GEARS LIMITED

Geared for Life

NOTICE

TO THE MEMBERS OF THE COMPANY

NOTICE is hereby given that the 47th Annual General Meeting (AGM) of the members of Bharat Gears Limited will be held as under:

Day	:	Tuesday
Date	:	06 August, 2019
Time	:	11:30 A.M.
Venue	:	**ARK HALL** **Hotel Saffron Kiran** 12/6, NH-2, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad – 121003, Haryana

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31 March, 2019 together with Reports of the Directors and Auditors thereon.

2. To declare dividend on Equity Shares.

SPECIAL BUSINESS:

3. To consider the appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director on the Board of the Company and if thought fit, pass the following resolution as a **Special 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, Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and subject to such other requisite approvals as may be required in this regard, Ms. Hiroo Suresh Advani (holding DIN 00265233) whose term expires at the Annual General Meeting (AGM) 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 Ms. Hiroo Suresh Advani as a candidate for the office of Non Executive Independent Director of the Company, be and is hereby appointed as a Non Executive Independent Director to hold office for a further period of 5 (Five) consecutive years upto the conclusion of the 52nd Annual General Meeting (AGM) of the Company in the Calendar year 2024.

   RESOLVED FURTHER THAT the Board of Directors of the Company (which includes a Committee, constituted for the time being in force) 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."

4. To consider the appointment of Mr. Nagar Venkatraman Srinivasan, who retires by rotation and is eligible for re-appointment, as a Non Executive Director on the Board of the Company liable to retire by rotation and if thought fit, pass the following resolution as a **Special Resolution**, with or without modification(s):

   "RESOLVED THAT pursuant to the provisions of Section 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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and subject to such other requisite approvals as may be required in this regard, Mr. Nagar Venkatraman Srinivasan (holding DIN 00879414) who retires by rotation at the Annual General Meeting (AGM) be and is hereby appointed as a Non-Executive Director of the Company liable to retire by rotation upto the conclusion of the 48th AGM of the Company in the Calendar year 2020.

RESOLVED FURTHER THAT the Board of Directors of the Company (which includes a Committee, constituted for the time being in force) 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."

5. To consider the increase in the Authorised Share Capital of the Company and if thought fit, pass the following resolution as a **Special Resolution**, with or without modification(s):

   "RESOLVED THAT pursuant to the provisions of Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, provisions of Articles of Association (AOA), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other rules/regulations as may be applicable in this regard, the consent of the members be and is hereby accorded for increase in the Authorised Share Capital of the Company and alteration in the Capital Clause of Memorandum of Association (MOA) of the Company more particularly described in the Explanatory Statement forming part of this resolution.

   RESOLVED FURTHER THAT the Board of Directors of the Company (which includes a Committee, constituted for the time being in force) 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."

6. To consider the acquisition and purchase of Equity Shares of Xlerate Driveline India Limited from Raunaq EPC International Limited and if thought fit, pass the following resolution as an **Ordinary Resolution**, with or without modification(s):

   "RESOLVED THAT pursuant to the provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and any other relevant rules under the Companies Act, 2013 as amended from time to time, and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force), Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other law for the time being in force, and subject to consents, approvals and/or permissions of relevant authorities as may be required, the consent of the members of the Company be and is hereby accorded to the Board of Directors to acquire 1,48,77,038 (One Crore Forty Eight Lakhs Seventy Seven Thousand and Thirty Eight) Equity Shares constituting 100% of the paid-up equity capital of Xlerate Driveline India Limited (XDIL), Wholly Owned subsidiary Company of Raunaq EPC International Limited, a Group Company for a total consideration of ₹ 9,42,00,000/- (Rupees Nine Crores Forty Two Lakhs Only) in one or more tranches.

   RESOLVED FURTHER THAT the Board of Directors of the Company (which includes a Committee, constituted for the time being in force) be and is hereby authorized to take such actions and to give all such directions as may be necessary or desirable and also to settle any questions that may arise in regard to the proposed acquisition and 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: Mumbai
Date: 02 July, 2019

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. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member. 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.**

During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members entitled to vote would be entitled to inspect the proxies lodged, at any time during the business hours of the company, provided not less than three days' notice in writing is given to the Company.

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. Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company, a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.

5. 30 July, 2019 has been fixed as the record date for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.

6. Dividend on the Equity Shares, if declared at the Meeting, will be paid to the Members whose names appear in the Register of Members of the Company holding Shares in physical form on 30 July, 2019 and in respect of shares held in electronic form, the dividend will be paid to those 'beneficiaries' whose name appear on the statements of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose, at the end of the business hours on 30 July, 2019. Dividend shall be paid on or before 05 September, 2019. No income tax shall be deducted at the source from the dividend amount.

7. Brief profile & other details of the Directors proposed to be appointed, as required under Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 is annexed to this Notice.

8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 ("the Act"), Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act and any other documents required by the Act and any other law, will be made available for inspection by the members of the Company at the venue of the Meeting.

9. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the resolution(s) set out in this Notice is appended hereinafter.

10. A Route Map containing therein the appropriate road marks and directions along with prominent land marks to reach to the venue of the 47th Annual General Meeting has been provided at the end of this Notice.

11. 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.

12. Members are requested to intimate their dividend mandates like Bank account number, type and Bank address(es) in which they intend to deposit the warrant(s) by a duly signed letter. The Bank details can also be printed on the warrants to avoid any incidence of fraudulent encashment.

    The change in address, nomination etc, if any, to be effective must reach to the Registrar & Transfer Agent or the Registered Office of the Company by 30 July, 2019. (Relevant Forms for nomination and updation of Shareholders information are enclosed at the end of the Annual Report).

13. Electronic Clearance System (ECS) is presently available at certain locations specified by Reserve Bank of India and/or State Bank of India. To avoid risk of loss and/or fraudulent encashment, members are requested to avail ECS facility where dividends are directly and promptly credited in electronic form to their respective Bank accounts. (ECS Mandate Form is enclosed at the end of the Annual Report).

14. 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 30 July, 2019 to enable the management to keep the information ready at the Meeting.

15. The unclaimed dividend till the financial year 2010-11 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 2011-12" which is required to be transferred to "IEPF" is due for transfer into "IEPF" on 24 August, 2019 shall be deposited to the "IEPF" within the prescribed time limits.

The Ministry of Corporate Affairs (MCA) on 05 September, 2016 notified the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") effective from 07 September, 2016 prescribing the uploading of information relating to unpaid and unclaimed amounts lying with companies, which is applicable on 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 2010-11, as on date of the 46th Annual General Meeting (AGM) held on 03 August, 2018, 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 2011-12 are advised to write to the Company or Registrar & Transfer Agent of the Company immediately (for dividend of financial year 2011-12 on or before 24 August, 2019 since dividend of financial year 2011-12 being transferred to "IEPF" on even date), claiming dividends declared by the Company. The dividend for the Financial Year 2010-11could not be claimed as the same has been transferred to IEPF on 24 August, 2018.

Compulsory transfer of Equity Shares into the Demat Account of the Investor Education and Protection Fund (IEPF) Authority:

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

In terms of above, pursuant to the transfer of the unclaimed dividend for the year 2010-11 to the IEPF on 24 August, 2018 i.e. upon completion of seven years from transfer of dividend into unclaimed dividend account, 46,165 (Forty Six Thousand One Hundred Sixty Five) Equity Shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2010-11 have been transferred into demat account of IEPF Authority. Pursuant to the transfer of aforesaid Equity Shares, 89,834 (Eighty Nine Thousand Eight Hundred Thirty Four) Equity Shares of the Company in aggregate are being held in demat account of IEPF Authority.

Further, upon transfer of the unclaimed dividend for the year 2011-12 to the Investor Education and Protection Fund (IEPF) on 24 August, 2019 i.e. upon completion of seven years from the transfer of dividend into unclaimed dividend account, the equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2011-12 (net of the shares already transferred) shall also be transferred into IEPF).

In terms of the Rule 6(3) of Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF during the Financial Year 2019-20 and further, the necessary information in this regard is available on the website of the Company i.e. www.bharatgears.com for the convenience of the shareholders. The Company has also simultaneously published notice in the leading newspaper in english language and regional language having wide circulation to such shareholders.

In case valid claim is not received by 24 August, 2019, the respective shares will be credited to the designated demat account of the Authority.

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

16. 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.

17. 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.

18. 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 Participant(s) for the shares held in dematerialized form.

19. 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. Further, SEBI has prohibited

the transfer of shares in physical form except in case of transmission or transposition of securities. Members holding shares in physical form and intending to transfer their shares are advised to open a Demat Account with Depository viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) though respective Depository Participant(s) and transfer their shares after dematerialization.

20. 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.

21. 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 notice/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. will be sent the physical copies through any recognised mode of delivery as specified under Section 20 of the Companies Act, 2013.

    Further, in compliance of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall supply:

    (i) Soft copies of full annual reports containing 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 Participant(s).

    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.

22. **<u>Voting Through electronic means:</u>**

    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 Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the members with facility to exercise their right to vote at the 47th Annual General Meeting by electronic means and the business may be transacted through 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 Link Intime India Private Limited (LIIPL).

    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 been entitled to cast their vote again.

    IV. The members who have already cast their votes through remote e-voting may appoint a proxy to attend the meeting instead of themselves, but such proxy will not be able to cast their vote at the meeting.

    V. Instructions for shareholders to vote electronically:

    A. <u>Log-in to e-Voting website of Link Intime India Private Limited (LIIPL):</u>

    1. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: <u>https://instavote.linkintime.co.in</u>.

    2. Click on "Login" tab, available under 'Shareholders' section.

    3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".

    4. Your User ID details are given below:

        a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID.

        b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID.

        c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No. + Folio Number registered with the Company.

5. Your Password details are given below:

   If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

   Click on "Sign Up" tab available under 'Shareholders' section, register your details and set the password of your choice and confirm. The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter.

	For Shareholders holding shares in Demat Form or Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).
	Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Attendance Slip indicated in the PASSWORD Field.
DOB/DOI	Enter the DOB (Date of Birth)/DOI (Date of Incorporation) as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company record for the said demat account or folio number.
	Please enter the DOB/DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction 4(c).

   If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any company, then you can use your existing password to login.

   If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

   Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

   In case shareholder is having valid e-mail address, Password will be sent to the shareholder's registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/DOI, Dividend Bank Details etc. and confirm. The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter.

   NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the Company in which they are a shareholder and eligible to vote, provided that the Company opts for e-voting platform of LIIPL.

   For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

   It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

B. <u>Cast your vote electronically</u>:

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/View "Event No." of the Company to vote.

7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.

   Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

   Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'.

8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

9. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL: https://instavote.linkintime.co.in and register themselves as **'Custodian/Mutual Fund/Corporate Body'**.

  They are also required to upload a scanned certified true copy of the board resolution/ authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian/Mutual Fund/Corporate Body'** login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call at :- Tel : 022 - 49186000.

VI. 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).

VII. The remote e-voting period commences on 03 August, 2019 and ends on 05 August, 2019 at 05:00 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 30 July, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIIPL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

23. 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 30 July, 2019. The person who is not a member as on the cut-off date should treat this Notice for information purpose only.

24. 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 i.e. 30 July, 2019 may obtain the user ID and password by sending a request at rajiv.ranjan@linkintime.co.in or delhi@linkintime.co.in. However, if you are already registered with LIIPL for remote e-voting, then you can use your existing user ID and password for casting your vote.

25. 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.

26. The Company has appointed Mr. Nitin Rawat, B.Com, FCS having his office at 5A/14, 2nd Floor, B.P. N.I.T-5, Faridabad-121001 has been appointed as the Scrutinizer to scrutinize the remote e-voting process and poll process at the Annual General Meeting in a fair and transparent manner.

27. 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.

28. 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 48 (forty eight) hours 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 results of the voting forthwith.

29. The Results of the AGM shall be declared by the Chairman or person authorized or anyone of the director of the Company after the AGM within the prescribed time limits.

30. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.bharatgears.com and on the website of LIIPL and communicated to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) accordingly.

31. 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 01:00 P.M. on all working days except Sundays up to the date of the Meeting and shall also be available at the venue of the meeting.

By order of the Board



Place: Mumbai
Date: 02 July, 2019

Prashant Khattry
Head (Legal) & Company Secretary

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

ITEM NO. 03

Ms. Hiroo Suresh Advani, aged 74 years is a Non-Executive Independent Director of the Company since 30 January, 2014. She is a post graduate in Arts. She has over 46 years of work experience in the field of Trade Finance, Project Finance, Corporate Banking, Technology Upgradation Programme (TUF) etc. in the organisations viz. Reserve Bank of India, Industrial Development Bank of India, Export Import Bank of India (EXIM Bank) etc. She has also served as Nodal officer of EXIM Bank for CDR Cell and represented EXIM Bank for TUF meetings Ministry of Textiles, GOI. She worked as Chief General Manager with EXIM Bank till 2005 and subsequently upon retirement, she served as Adviser in EXIM Bank till March, 2009.

The members of the Company in their Annual General Meeting held on 01 August, 2014 approved the appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director of the Company 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 in terms of the provisions of Section 149 of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

In terms of the above, the present tenure of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director of the Company expires at this Annual General Meeting (AGM).

In terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended, No listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

The Board of Directors of the Company in its meeting held on 30 May, 2019, in terms of recommendation of the Nomination and Remuneration Committee in its meeting held on even date, considered and approved the appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director of the Company in terms of provisions of Section 149 of the Companies Act, 2013 for a period of 5 (Five) Years upto the conclusion of the 52nd Annual General Meeting (AGM) of the Company in the Calendar year 2024, subject to the approval of members by way of special resolution as mandated under Regulation 17 of the Regulations, as amended, the age of Ms. Hiroo Suresh Advani being more than seventy five years during her proposed tenure.

A notice has been received from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Ms. Hiroo Suresh Advani as a candidate for the office of Non Executive Independent Director of the Company.

In the opinion of the Board, Ms. Hiroo Suresh Advani fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as a Non Executive Independent Director of the Company and is independent of the management.

During the financial year 2018-19, 6 (Six) meetings of the Board of Directors had been held and all the meetings were attended by Ms. Hiroo Suresh Advani.

As on 31 March, 2019, she does not hold any equity share in the Company.

Ms. Hiroo Suresh Advani does not hold the position of Chairman of any of the Committee of Board of the Company. She is a Member of Audit Committee and Nomination and Remuneration Committee of the Company.

Ms. Hiroo Suresh Advani 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	Committees Chairmanship/ Membership
-	-	-

Ms. Hiroo Suresh Advani is not related in any capacity whether directly or indirectly with any other Director, Manager and Key Managerial Personnel (KMP) of the Company.

Ms. Hiroo Suresh Advani has a vast experience on all aspects of Trade Finance, Project Finance, Corporate Banking, Technology Upgradation Programme (TUF) etc. in the organisations viz. Reserve Bank of India, Industrial Development Bank of India, Export Import Bank of India (EXIM Bank) etc. She is an expert in the field of finance and the Company has been taking her guidance and supervision over a period of years since her appointment as a result of which the Company has been able to generate the avenues of finance in a feasible manner which in turn has resulted in growth and success of the Company. Ms. Advani is a veteran in the field of Finance and has worked with various regulatory Authorities and Banks by virtue of which she is immensely experienced with minute aspects of finance. She is in good of health to continue further as a Non Executive Independent Director. With the appointment of Ms. Hiroo Suresh Advani, the Company can continue to take advantage of her valuable guidance and achieve further growth and success in the subsequent period.

In view of her enriched experience and appreciable contribution, the approval of members by way of special resolution is being sought to appoint Ms. Hiroo Suresh Advani as a Non Executive Independent Director of the Company for a period of 5 (Five) Years upto the conclusion of the 52nd Annual General Meeting (AGM) of the Company in the Calendar year 2024 in terms of the provisions of Section 149 of the Companies Act, 2013.

Accordingly, the Board recommends the resolution as set out at Item No. 03 of the Notice in relation to appointment of Ms. Hiroo Suresh Advani as a Non Executive Independent Director, for the approval by the members of the Company.

Except Ms. Hiroo Suresh Advani, 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. 03 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 01:00 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.

ITEM NO. 04

Mr. Nagar Venkatraman Srinivasan, aged 75 years is a Non-Executive Director of the Company since 03 November, 2017. He is a graduate in Mechanical Engineering. He has done MS in Industrial Engineering from University of Illinois and he is an MBA from Graduate School of Business from the University of Pittsburgh in USA. He has rich experience of 50 years. Having started his career with Larsen & Toubro Limited, Mr. Srinivasan joined Bharat Gears Limited in the year 1976. Over the years he served at various senior level positions in materials, manufacturing and general management. He retired from the Company, after a long stint of 33 years, as Corporate Business Head having overall responsibility of all the operations of the Company. He continues to be associated with the company as Technical and Management Advisor.

The members of the Company in their Annual General Meeting held on 03 August, 2018 approved the appointment of Mr. Nagar Venkatraman Srinivasan as a Non Executive Director of the Company liable to retire by rotation upto the conclusion of the 47th Annual General Meeting (AGM) of the Company in the Calendar Year 2019 pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

In terms of the above, the present tenure of Mr. Nagar Venkatraman Srinivasan as a Non Executive Director of the Company shall expire at this Annual General Meeting (AGM).

In terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended, No listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

The Board of Directors of the Company in its meeting held on 30 May, 2019, in terms of recommendation of the Nomination and Remuneration Committee in its meeting held on even date, considered and approved the appointment of Mr. Nagar Venkatraman Srinivasan as a Non Executive Director of the Company liable to retire by rotation in terms of provisions of Section 152 of the Companies Act, 2013 upto the conclusion of the 48th AGM of the Company in the Calendar year 2020, subject to the approval of members by way of special resolution as mandated under Regulation 17 of the Regulations, as amended, the age of Mr. Nagar Venkatraman Srinivasan being more than seventy five years at the commencement of his proposed tenure.

During the financial year 2018-19, 6 (Six) meetings of the Board of Directors had been held out of which 5 (Five) meetings were attended by Mr. Nagar Venkatraman Srinivasan.

As on 31 March, 2019, he does not hold any equity share in the Company.

Mr. Nagar Venkatraman Srinivasan does not hold the position of Chairman of any of the Committee of Board of the Company. He is a Member of Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Company.

Mr. Nagar Venkatraman 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	Committees Chairmanship/ Membership
-	-	-

Apart from being associated with the Company as Technical and Management Advisor, Mr. Nagar Venkatraman Srinivasan is not related in any capacity whether directly or indirectly with any other Director, Manager and Key Managerial Personnel (KMP) of the Company.

Mr. Nagar Venkatraman Srinivasan has a deep exposure on all aspects of business of the Company i.e. Automotive Gears. He had worked for more than 33 years closely with the management and retired as Corporate Business Head. Since then he has been associated with the Company as Technical and Management Advisor. With the continuation of Mr. Nagar Venkatraman Srinivasan, the Company can continue to take advantage of his valuable guidance and achieve further growth and success in the subsequent period.

In view of his enriched experience and appreciable contribution, the approval of members by way of special resolution is being sought to appoint Mr. Nagar Venkatraman Srinivasan as a Non Executive Director of the Company liable to retire by rotation upto the conclusion of the 48th Annual General Meeting (AGM) of the Company in the Calendar year 2020 in terms of the provisions of Section 152 of the Companies Act, 2013.

Accordingly, the Board recommends the resolution as set out at Item No. 04 of the Notice in relation to appointment of Mr. Nagar Venkatraman Srinivasan as a Non Executive Director, for the approval by the members of the Company.

Except Mr. Nagar Venkatraman Srinivasan, 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. 04 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 01:00 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.

ITEM NO. 05

Currently, the Company's Authorised Equity Share Capital is ₹ 10,00,00,000/- (Rupees Ten Crores Only) and the paid up Equity Share Capital is ₹ 9,30,60,950/- (Rupees Nine Crores Thirty Lakhs Sixty Thousand Nine Hundred Fifty Only).

In order to raise further Equity funds in near future in the form of Preferential Allotment/Rights Issue/Qualified Institutional Placement or such other manner as may be deemed appropriate, it is desirable to increase the Authorised Share Capital of the Company.

In purview thereof, pursuant to the provisions of Section 61, 64 and other applicable provisions of the Companies Act, 2013 read with the rules framed thereunder, provisions of the Articles of Association (AOA) of the Company and such other rules/regulations as may be applicable in this regard, it has been proposed to increase the Authorised Share Capital of the Company thereby creating/adding 1,00,00,000 (One Crore) Equity Shares of ₹ 10/- (Rupees Ten) each, ranking pari passu in all respects with the existing Equity Shares of the Company.

With the increase in Authorised Share Capital of the Company, alteration in the Capital Clause of Memorandum of Association (MOA) is also required to be made in terms of provisions of Section 13 of the Companies Act, 2013.

In purview of the above, the existing Clause V of the Memorandum of Association (MOA) of the Company relating to Authorised Share Capital is proposed to be amended as follows:

CLAUSE V

The Authorised Share Capital of the Company is ₹ 35,00,00,000/- (Rupees Thirty Five Crores) divided into:

2,00,00,000 (Two Crores) Equity Shares of ₹ 10/- (Rupees Ten) each;

And

15,00,000 (Fifteen Lakhs) Cumulative Redeemable Convertible or Non-Convertible Preference Shares of ₹ 100/- (Rupees One Hundred) each.

In terms of provisions of Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 of the Companies Act, 2013, increase in Authorised Share Capital of the Company along with the alteration in the Capital Clause of the Memorandum of Association (MOA) of the Company requires approval of the Shareholders of the Company by way of Special Resolution.

Therefore, the Board of Directors of your Company recommends the passing of resolution as set out at Item No. 05 of the Notice in relation to increase in the Authorised Share Capital and alteration of Capital Clause of the Memorandum of Association (MOA) of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 05 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 01:00 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.

ITEM NO. 06

The Company is in the automotive gears business for the past four decades and one of the largest gear manufacturer for the OEMs in India. The Company also deals in manufacturing and supply of wide range of automotive parts including automotive clutches.

Raunaq EPC International Limited (REIL), a Group Company having core expertise in the EPC business is also into the business of Manufacturing and trading of Automotive clutches through its Wholly Owned Subsidiary Company, Xlerate Driveline India Limited (XDIL). REIL in order to concentrate on its core business and to raise funds to diversify and expand its business, wish to sell of its entire holding in XDIL.

As a part of the growth strategies of the Company both by means of organic and inorganic approach, the Board, after considering the following rationale, decided at its meeting held on 02 July, 2019 to acquire entire equity shares i.e. 1,48,77,038 (One Crore Forty Eight Lakhs Seventy Seven Thousand Thirty Eight) of Xlerate Driveline India Limited ("XDIL"), a Group Company from Raunaq EPC International Limited ("REIL"), a Group Company:

- Revenue from Operations of XDIL for the Financial Year 2018-19 is ₹ 4,654.11 Lakhs having an incremental growth potential in coming years;
- The acquisition will be EPS accretive in the consolidated financial statements;
- The acquisition will give the Company an established set up for a clutch manufacturing capacity which is adequate for the future projected growth of the Company;
- Since the products of both the Companies are complementary in nature, the acquisition would bring cost efficiency in certain areas and provide scope for improvement in operational synergies of auto components business;
- XDIL would bring in established presence in the OEMs/ OES of the clutch business which the Company can accelerate upon by pitching it with its existing and trusted customers.

The Board decided for a total consideration of ₹ 9.42 Crores for the said acquisition i.e. at a price around ₹ 6.33 per share which is as per the fair value of ₹ 6.33 per share computed by Keynote Financial Services Limited, SEBI Registered Merchant Bankers, whose valuation report was considered and taken on record by the Board of Directors of the Company at its meeting held on 02 July, 2019.

In terms of the provisions of Section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules 2014, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and the Policy on Related Party Transactions of the Company, the proposed transaction of the Company with REIL shall amount to a Related Party Transaction since REIL and XDIL are related parties to the Company in terms of the provisions of Section 2(76) of the Companies Act 2013, which warrants your Company to seek for approval of the members by means of an Ordinary Resolution. All related parties shall abstain from voting on the transaction pursuant to the provisions of the proviso to Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015.

The particulars of the transaction pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

Name of the Related Party	Raunaq EPC International Limited (REIL), the Seller Company and Xlerate Driveline India Limited (XDIL), the Target Company.
Name of the Director or Key managerial personnel who is related, if any	Mr. Surinder Paul Kanwar, Chairman and Managing Director is the Chairman and Managing Director of REIL and a Director on the Board of XDIL.
Nature of Relationship	Raunaq EPC International Limited (REIL), the Seller Company and Xlerate Driveline India Limited (XDIL), the Target Company are Group Company(ies) and are related parties within the meaning of Section 2(76)(v) of the Companies Act, 2013.
Nature, material terms and monetary value of the contract or arrangement	The contract/arrangement pertaining to the acquisition of entire equity shares i.e. 1,48,77,038 (One Crore Forty Eight Lakhs Seventy Seven Thousand Thirty Eight) in Xlerate Driveline India Limited (XDIL) from Raunaq EPC International Limited (REIL) by the Company as mentioned in the resolution set out at Item No. 06 of the accompanying Notice and its explanatory statement. The total consideration proposed for the said acquistion is ₹ 9.42 Crores i.e. around ₹ 6.33 per share which is as per the fair value of ₹ 6.33 per share computed by Keynote Financial Services Limited, SEBI Registered Merchant Bankers.
Any other information relevant or important for the members to take a decision on the proposed resolution	None

Therefore, the Board of Directors of your Company recommends the passing of resolution as set out at Item No. 06 of the Notice in relation to acquisition and purchase of Equity Shares of Xlerate Driveline India Limited from Raunaq EPC International Limited.

Except Mr. Surinder Paul Kanwar and his son Mr. Sameer Kanwar, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 06 of the Notice.

INSPECTION OF DOCUMENTS

All resolutions passed in this regard and the Valuation Report as well as Legal and Financial Due Diligence Report(s) are available for inspection by the Members of the Company at its Registered Office during the office hours between 11:00 A.M. to 01:00 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.

BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

1. **Ms. Hiroo Suresh Advani, Director**

   The necessary details as required to be provided under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India has been provided under the explanatory statement of Item No. 03 of the accompanying Notice.

2. **Mr. Nagar Venkatraman Srinivasan, Director**

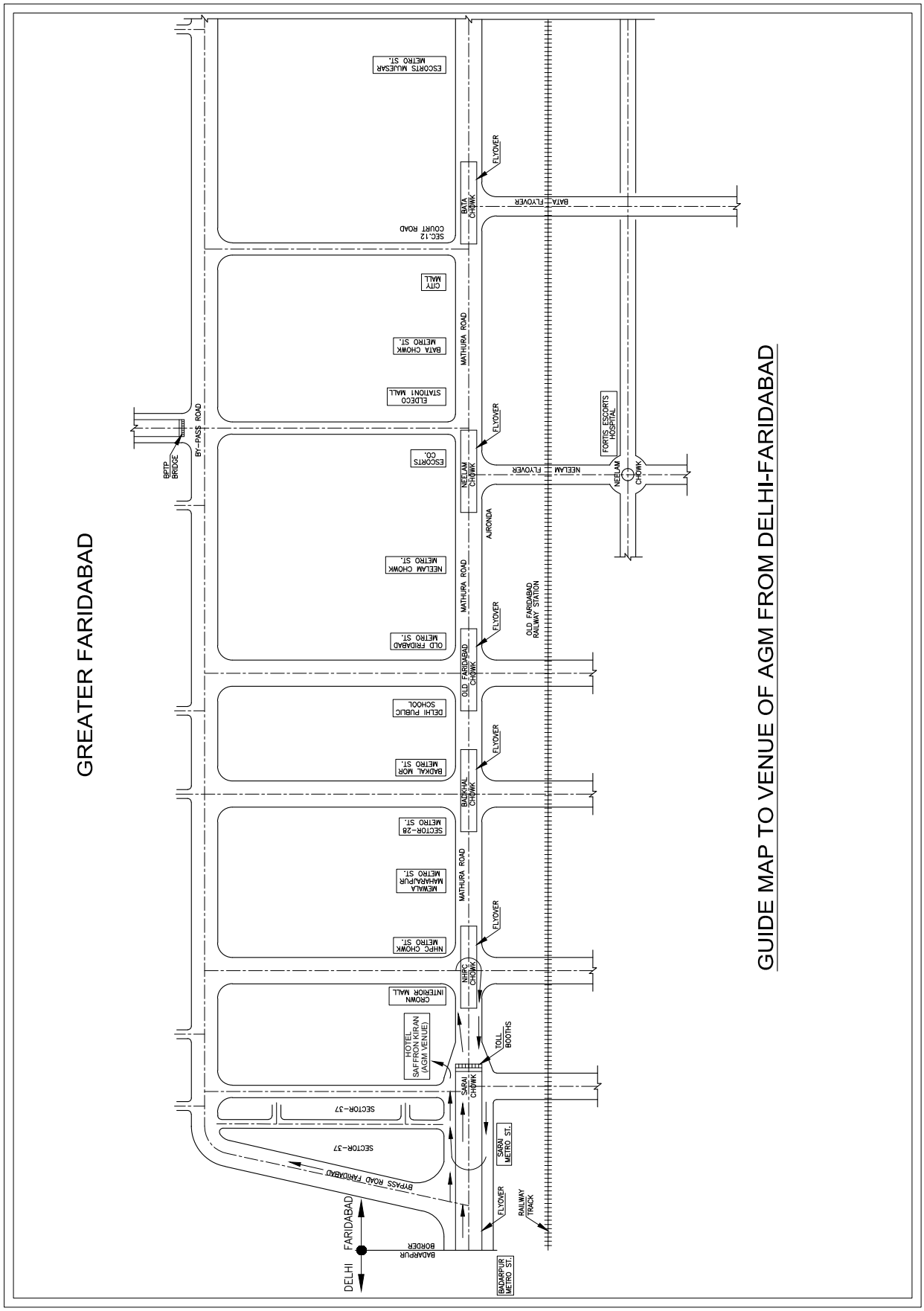
   The necessary details as required to be provided under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries has been provided under the explanatory statement of Item No. 04 of the accompanying Notice.

By order of the Board



Place: Mumbai
Date: 02 July, 2019

Prashant Khattry
Head (Legal) & Company Secretary


GREATER FARIDABAD
GUIDE MAP TO VENUE OF AGM FROM DELHI-FARIDABAD
DELHI
FARIDABAD
BADARPUR BORDER
BADARPUR METRO ST.
BYPASS ROAD FARIDABAD
SECTOR-37
SECTOR-37
SARAI METRO ST.
SARAI CHOWK
TOLL BOOTHS
HOTEL SAFFRON KIRAN (AGM VENUE)
CROWN INTERIOR MALL
NHPC CHOWK
NHPC CHOWK METRO ST.
MEWALA MAHARAJPUR METRO ST.
SECTOR-28 METRO ST.
BADKHAL CHOWK
BADKHAL MOR METRO ST.
DELHI PUBLIC SCHOOL
OLD FARIDABAD CHOWK
OLD FARIDABAD METRO ST.
NEELAM CHOWK METRO ST.
ESCORTS CO.
NEELAM CHOWK
ELDECO STATION1 MALL
BATA CHOWK METRO ST.
CITY MALL
SEC.12 COURT ROAD
ESCORTS MUJESAR METRO ST.
BATA CHOWK
MATHURA ROAD
MATHURA ROAD
MATHURA ROAD
FLYOVER
FLYOVER
FLYOVER
FLYOVER
FLYOVER
FLYOVER
BATA FLYOVER
NEELAM FLYOVER
AJRONDA
OLD FARIDABAD RAILWAY STATION
FORTIS ESCORTS HOSPITAL
NEELAM CHOWK
BY-PASS ROAD
BPTP BRIDGE
RAILWAY TRACK

BHARAT GEARS LIMITED

Geared for life

Regd. Office & Works: 20 K.M. Mathura Road,
P.O. Amar Nagar, Faridabad - 121003, Haryana
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 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 47th Annual General Meeting of the Company, to be held on the 06th day of August, 2019 at 11:30 A.M. at ARK HALL, Hotel Saffron Kiran, 12/6, NH-2, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad – 121003, Haryana and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31 March, 2019 together with Reports of the Directors and Auditors thereon (Ordinary Resolution).
2. To declare dividend on Equity Shares (Ordinary Resolution).
3. To consider the appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director on the Board of the Company (Special Resolution).
4. To consider the appointment of Mr. Nagar Venkatraman Srinivasan, who retires by rotation and is eligible for re-appointment, as a Non Executive Director on the Board of the Company (Special Resolution).
5. To consider the increase in the Authorised Share Capital of the Company (Special Resolution).
6. To consider the acquisition and purchase of Equity Shares of Xlerate Driveline India Limited from Raunaq EPC International Limited (Ordinary Resolution).

Signed this_____ day of _____, 2019

Affix Revenue Stamp

Signature of Shareholder:_____

Signature of Proxy holder(s)_____

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 Sunday, 04 August, 2019).

BHARAT GEARS LIMITED

Geared for life

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

ATTENDANCE SLIP

47th 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 47th Annual General Meeting of the Company on Tuesday, 06th day of August, 2019 at ARK HALL, Hotel Saffron Kiran, 12/6, NH-2, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad – 121003, Haryana.

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. 22 of the Notice of the 47th Annual General Meeting of the Company before casting your vote through remote e-voting.

2018-19
Annual Report

BHARAT GEARS LIMITED
Geared for Life



Growth - driven
Future - focussed

CAUTION REGARDING FORWARD-LOOKING STATEMENT

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

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Visit
www.bharatgears.com
for more details on the Company

At Bharat Gears, we have constantly transformed our passion into performance and thoughts into action. Our technical know-how and experience have been enabling us to supply strategic solutions and cater to changing needs of customers and enhancing the art of gear technology. Our well-spread footprint and lean operations enables us to perform better and thereby propelling the Company on a growth path.

Moving ahead, we remain confident of driving solid growth by strengthening our focus on maximising capabilities, improving product quality and operational efficiencies, expanding geographical footprint, strengthening process optimisation and augmenting cost management. We are dedicatedly working towards delivering high-quality products with latest technology and delivering qualitative growth and a solid and sustainable future.



Growth - driven
Future - focussed

Bharat Gears – At a Glance

About Us

We are one of the India's largest automotive gear manufacturer. We supply automotive gears for heavy, medium & light trucks, utility vehicles, tractors & off-highway vehicles. We have emerged as one of the largest gear manufacturers for OEMs in India & major exporter to North American, European and Asian countries.

We Manufacture

- Gears
- Shafts
- Transmissions
- Gearbox Sub-Assemblies

Our Customer Segments

- Commercial Vehicle
- Agricultural Machinery
- Construction Equipment
- Utility Vehicle

Our Key Strengths

- Reliable products and services
- Engineering capabilities
- Ability to understand client goals
- Strong teamwork and commitment to unsurpassed quality
- Maintaining ethical and professional standards

Our Capabilities

We manufacture more than half a million Hypoid/ Spiral ring gear sets to service a variety of vehicles. We manufacture differential gears of various sizes as well as sub-assemblies. We manufacture over half a million transmission components annually.

Our modern manufacturing facilities includes state-of-the-art machinery for gear cutting, gear shaping, hobbing, shaving, gear grinding, gear testers, induction hardening machines and heat treatment equipment.

Our Manufacturing Facilities

Maharashtra



Haryana



Our Mission

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

Our Vision

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

Our Product Segments

GEARS

We have emerged as the preferred supplier of automotive gears for heavy, medium & light trucks, utility vehicles, tractors and off-highway vehicles. We are also one of the largest gear manufacturer for OEMs in India, with a leading edge in gear technology in India. We are a major exporter to North American, European and Asian countries.

AUTOMOTIVE COMPONENTS

We manufacture and supply a wide array of automotive parts including Automotive Clutches and Components, Turbo Chargers and Components, Driveline Products, Axle Shafts, Fly Wheel Assemblies and Rings, Propeller Shaft Components, U-J Cross, Steering Components, Differential Cages and Steel Wheel Rims.

FURNACES

With our core competencies in heat treatment technology, we got engaged into the construction of furnaces for captive use, but soon put this into commercial use. We have been building batch and continuous heat-treating furnaces since 1981, to the designs of AFC - Holcroft, USA, which are time-tested for reliability. These operator-friendly, easy-to-use and economical furnaces are perfect for use in Indian conditions.

Clientele and Dealers Network



Clientele - Gears

Our commitment towards quality and customer service has resulted in an overwhelming market response. In FY 2018-19, we not only were successful in retaining most of our customers, but also added new ones to our existing base.

Clientele – Furnace

Heat treatment technology has been our core strength and we have successfully leveraged it in our furnace business. Expertise in commissioning, operating and process controlling furnace systems has enabled us to serve our customers' requirements efficiently.



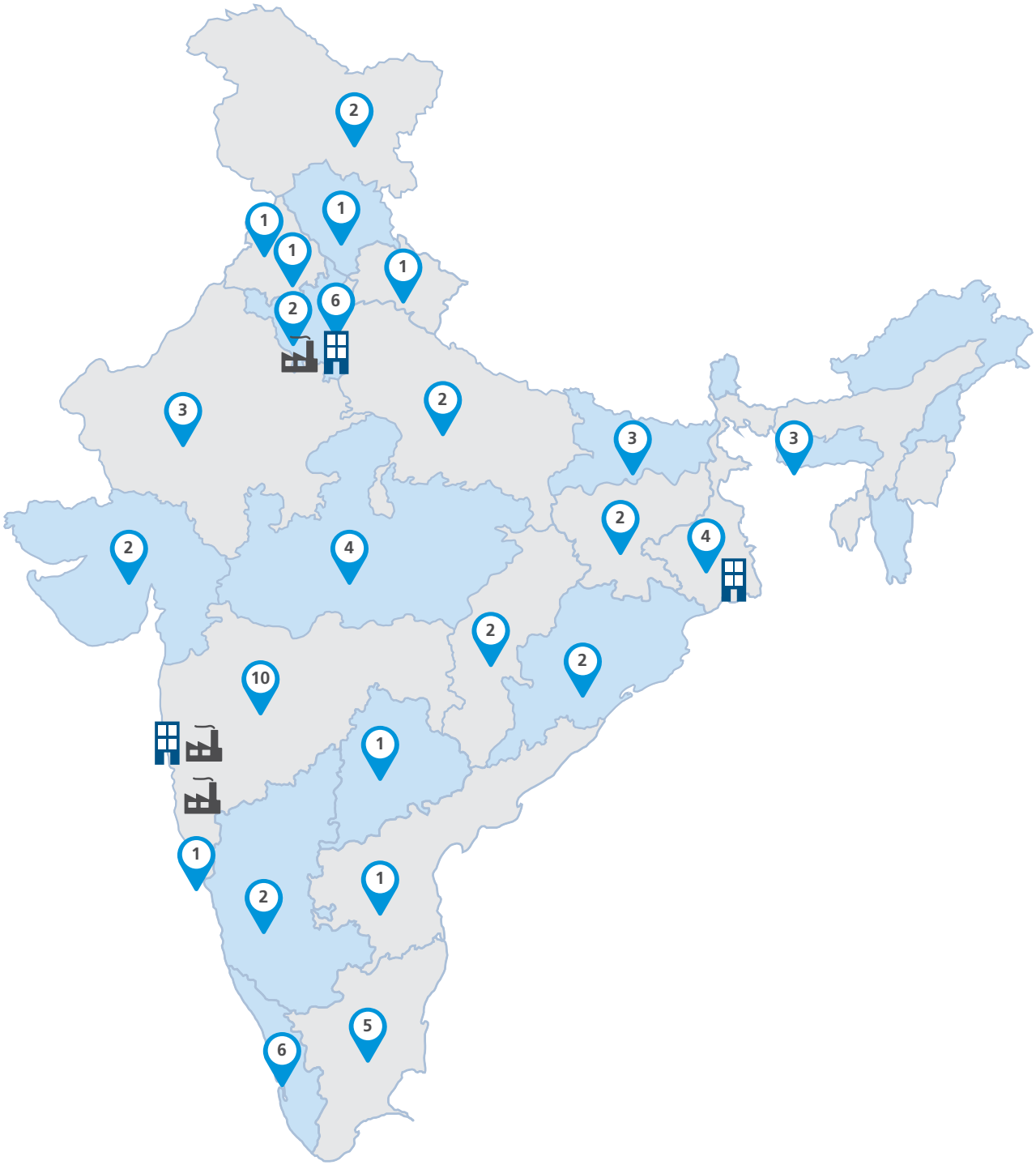
DEALERS NETWORK – BGL – 2019

Jammu & Kashmir	2	Mumbai	Sales Office
Himachal Pradesh	1	Goa	1
Punjab	1	Bihar	3
Chandigarh	1	Jharkhand	2
Delhi	6	Odisha	2
Delhi	Sales Office	West Bengal	4
Haryana	2	Kolkata	Sales Office
Rajasthan	3	North Eastern States	3
Uttar Pradesh	2	Andhra Pradesh	1
Uttarakhand	1	Telangana	1
Gujarat	2	Karnataka	2
Madhya Pradesh	4	Tamil Nadu	5
Chhattisgarh	2	Kerala	6
Maharashtra	10		

Our Dealership Network

Our dealers play a significant role in the entire value chain. Our strong outreach and highly satisfied customer base is a testimony of the strength of our dealer network. Our dealers carry forward the promise of our brand by stocking and distributing the auto-components designed, sourced and tested by BGL.

Dealers and Geographic Footprint



67 Dealers

3 Sales Office

3 Plants

Map not to scale. For illustrative purposes only.

Milestones We Achieved

1972
Laid foundation stone at Mumbra Factory

1974
Inaugurated Hypoid Plant and commenced production with 'Gleason Machines'

1980
Installed first 'Oerlikon Spiromatic Generator'. Became one of the first companies in India to have both cutting systems under one roof

1981-2005
2010-till date
Signed agreement for Technical Collaboration with AFC-Holcroft, USA for construction of furnaces in India

1985-2007
Entered into Technical & Financial Collaboration agreement with ZF AG Germany

1987
- Delivered for ZF S6-36 Gears & Shafts to Ashok Leyland Ltd. and ZF AG Germany
- Started Assembly of ZF S5-24 Gear Boxes for Ashok Leyland

1988
Started business with DANA Corporation, USA

1994
Received ISO 9002 certification

1996
Crossed turnover of ₹ 1 billion

1998
Laid foundation stone for Faridabad Plant

2000
- Started commercial production in Faridabad
- Received QS 9000 for Mumbra Plant

2004
- BGL Faridabad started supply to Toyota Kirloskar Auto Parts
- BGL Faridabad received ISO 14001 certification

2005
BGL Faridabad and BGL Mumbra received TS 16949 certification

2008
Introduced Dry Cut Hobbing process

2009
Introduced Klingelnberg Close Loop CNC Gear Measuring system

2010
Introduced Bevel Gear dry cutting process with close loop technology

2011
BGL Faridabad received OHSAS 18001 certification

2012
Factory Foundation laid by BGL at Lonand near Satara, Maharashtra

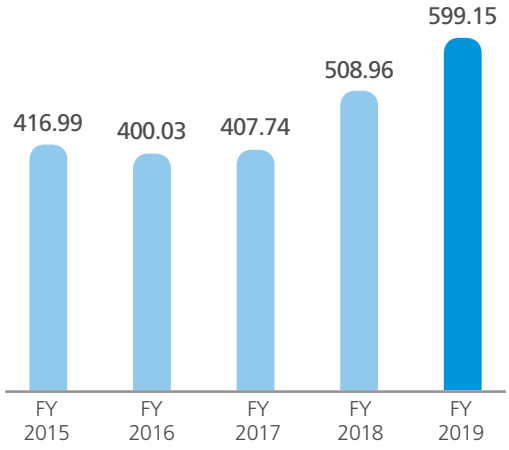
2014
Commenced commercial production at Lonand, near Satara, Maharashtra

2015
BGL Lonand plant received TS 16949; ISO 14001 and OHSAS 18001 certification

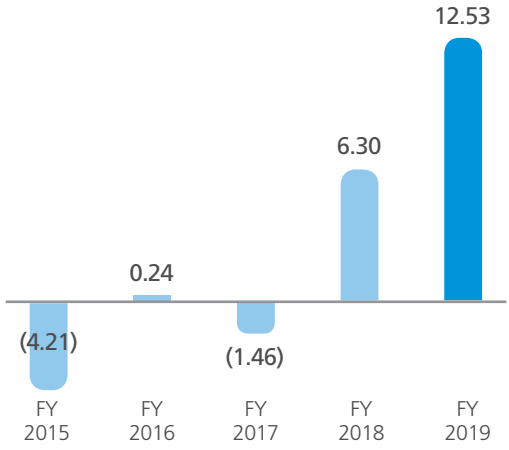
2018
BGL Mumbra, Faridabad and Lonand Plant received IATF 16949 certification

Financial Highlights

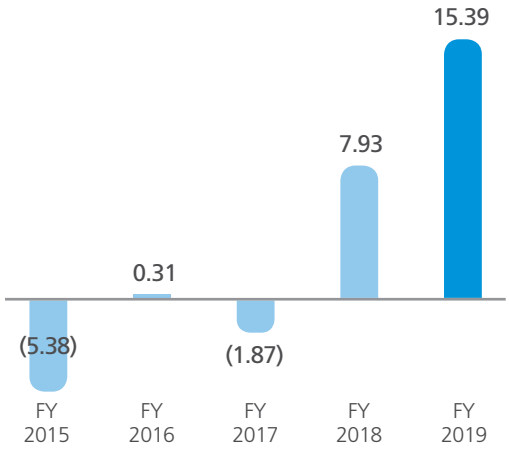
Revenue (₹ in Crores)



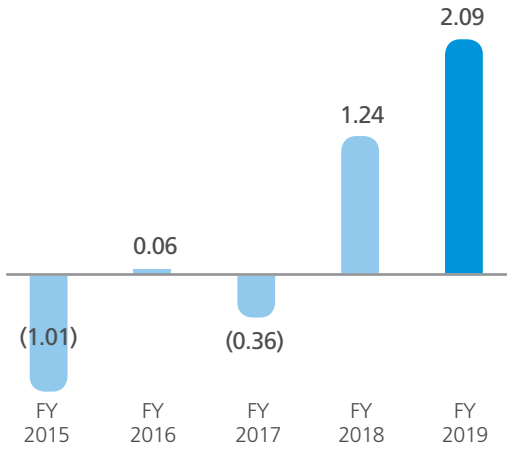
Profit After Tax (₹ in Crores)



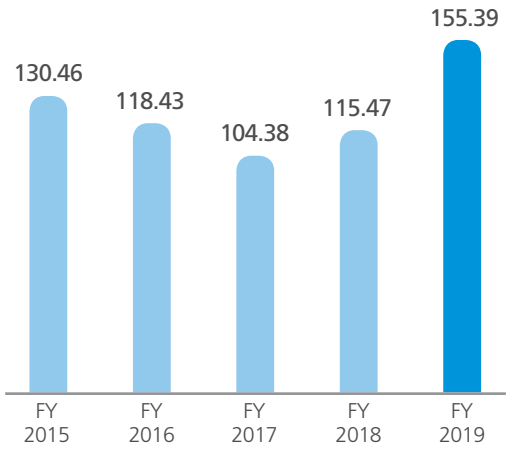
Earning Per Share (₹)



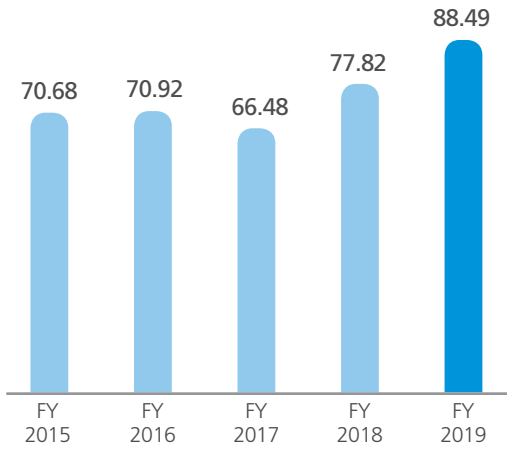
Net Profit Margin (%)



Property, Plant and Equipment* (₹ in Crores)



Shareholders' Fund (₹ in Crores)



* Including Capital WIP and Intangible Assets

Chairman's Message



According to the Department of Industrial Policy and Promotion (DIPP), India's automobile industry attracted Foreign Direct Investment (FDI) valued at USD 20.85 billion during April 2000-December 2018.

Dear Shareholders,

We are happy to share with you our Annual Report for FY 2018-19. Bharat Gears delivered good performance during the year as we made steady progress in transforming the Company into a leaner and more customer-focussed player. It was indeed an eventful year as we have clocked 16% growth for the year.

Growth Outlook

As per World Economic Outlook (WEO, April 2019), India's economy is projected to have grown by 7.1% as compared to 7.2% in previous year, even as it continued to retain its position as the world's fastest growing major economy, supported by continued recovery of investment and robust consumption. Structural economic reforms such as GST and demonetisation led to positive changes in the key metrics of the economy. Growth is projected to be around 7.3% and 7.5% in FY 2019 and FY 2020 respectively, with investment picking up and consumption remaining strong.

Continued implementation of structural and financial sector reforms with efforts to reduce public debt remain essential to secure the Indian economy's growth prospects. Industrial production has been improving due to stronger growth in manufacturing output. It was supported by growth in output of construction goods and higher production of capital goods.

Global economic expansion decelerated in FY 2018, following a broad-based upswing in cyclical growth. Its momentum has slowed due to trade conflicts, rising interest rates and volatility in the commodity markets. Global growth is projected to decline from 3.6% in FY 2018 to 3.3% in FY 2019 (WEO, April 2019).

India's Auto Sector

According to the Department of Industrial Policy and Promotion (DIPP), India's automobile industry attracted Foreign Direct Investment (FDI) valued at USD 20.85 billion during April 2000-December 2018.

In view of the growing demand, the Indian Government is relentlessly focussed on building world-class infrastructure. It is working towards developing India as a global manufacturing centre and a hub for R&D. It has made significant allocations in Union Budget 2019-20 and the 12th Five-Year Plan towards these initiatives. These are expected to create huge demand for construction equipment, which will translate into greater demand for our products.

Financial Performance

The gross turnover of the Company increased by 16.40% from ₹ 514.74 Crores in FY 2018 to ₹ 599.15 Crores in FY 2019. The gears business grew by 15.22% in FY 2019 at ₹ 523.99 Crores, up from ₹ 454.76 Crores in FY 2018. The Company has achieved a net profit of ₹ 12.53 Crores, as compared to a net profit of ₹ 6.30 Crores in the previous year.

As a result of the strong momentum in the automobile sector, especially in agriculture, a higher demand was witnessed across all the segments. The demand was particularly high from OEMs and overseas customers. The replacement market also posted growth post demonetisation and implementation of GST.

Key Initiatives

We continued to focus on our investment in technology upgradation and process innovations to remain a leader in adopting the latest technology in gear manufacturing. Through retro-fitting and re-furbishing of machines, we enhanced our productivity and improved efficiency. Today, these work as our competitive advantages in the marketplace. Further, in order to cater to the ever-growing demand, both domestically and internationally, we continued to invest in our manufacturing capabilities. We have taken up significant capital expansion programmes over the last two fiscals.

Enhancing Product Range

During the year, we successfully enhanced our product range with existing customers. Our product range comprises various gears and shafts, along with spiral bevel gears and differential gears. We have also developed multiple CW&P ratios for a new HCV model of one of our key customers. These initiatives are enabling us to increase our presence in the world's top three tractor markets, and also have a positive impact on exports, like ZF Germany and Eaton USA. Your Company has also initiated discussions with new customers for unexplored product types, such as laser hydraulic parts.

Moving Ahead

We remain well-equipped to the cater to the increasing growth opportunities. Our exports, mainly to North American and European Markets, have been growing at a steady rate and enabling us in maintaining volumes in depressed market conditions. We are targeting at becoming a global player with a presence across more countries and an increasing client base.

We are continually striving for continuous product development and innovative methods to enhance our manufacturing capabilities and cater to the stringent quality requirements of our customers.

Going forward, our target is to reduce our dependence on the agricultural segment by exploring business opportunities in other segments. This is aimed at minimising the risk of segment concentration. Towards this aim, we plan to add more business in the Automotive and Construction equipment segments.

Our ability to understand client goals and unsurpassed quality cements us as India's largest automotive gear manufacturer. Today, we are the preferred supplier of automotive gears for heavy, medium & light trucks, utility vehicles, tractors & off-highway vehicles.

Finally, I would like to take this opportunity to thank our bankers NBFCs, business associates and all stakeholders for their faith in Bharat Gears. I would also like to express my gratitude for the valuable advice provided by my colleagues on the Board and the management team.

I would like to convey my appreciation for the staunch dedication of all employees across locations. Last, but not the least, I would like to thank our clients for their unwavering support.

We are constantly endeavouring towards delivering high-quality products with latest technology ensuring qualitative growth and a solid and sustainable future.

Regards,



Surinder Paul Kanwar
Chairman & Managing Director

Geared to Grow

Our aim is to become a global leader in transmission and bevel gear business with focus on technology and quality.

We are a gear manufacturing company with strong capabilities to develop, manufacture and supply products needed by customers today. We remain focussed on tractor, commercial vehicle and construction equipment segments. By enhancing our process efficiency, product quality and customer connect, we are optimistic about the growing opportunities in these areas. We remain committed to our LEAN enterprise and operational excellence journey, and have engaged in discussions with auto majors for supplying laser hydraulic parts and components for passenger cars, and tapping the replacement market.

Charting Growth through R&D

We are known for our benchmarked performance in engineering, quality and cost competitiveness. With an emphasis on manpower training, automation and product innovation, we have earned a reputation of being one of the world's leading and most highly regarded development partners in the automotive industry.



Technology is a compelling proposition for us. Our aim is to remain ahead of the technology curve by leveraging the best of tech innovation across products and processes. During the year, we continued best practices in operations and took up significant capex programmes to strengthen production base through technology improvement, capacity addition and installation of balancing equipment. Productivity has been improved by altering tooling and manufacturing techniques and adequately upgrading technology by adding the latest gear cutting/grinding machines. We are constantly looking at ways to advance the art of Gear Manufacturing to deliver a high-quality product.

We have developed software solutions to optimise various parameters of gears. We have also developed state-of-the-art crown wheel and pinions for a variety of applications. Our engineers are dedicated to optimise the gear profile with a view to maximise power density. They analyse metallurgical parameters of all gears regularly to improve gear life. Our constant focus is to improve efficiency and quality through in-house retrofitting and rebuilding of capital equipment. We are moving ahead with our automation drive and robotic solutions.

De-Risking Customer Basket

Being one of the world leaders in gears and transmission technology, we aim to bring the finest in technology to our clients. We are a supplier of choice to leading OEMs such as John Deere, Escorts, Dana, Spicer India, TAFE,

Technology is a compelling proposition for us. Our aim is to remain ahead of the technology curve by leveraging the best of tech innovation across products and processes. During the year, we continued best practices in operations and took up significant capex programmes to strengthen production base through technology improvement, capacity addition and installation of balancing equipment.

Ashok Leyland, Carraro India, Eaton, JCB, and Mahindra & Mahindra. Our delivery expands to nations across Europe, US, Mexico and Asia. While India remains the primary market, we are growing our exports to North American and European market to maintain volumes in depressed domestic market conditions. Going forward, we are de-risking the business by increasing volumes of other players. We are adding new clients and exploring opportunities in newer segments like laser hydraulic parts, and components of passenger cars.

We are further focussed on identifying customer needs and providing them with products of high quality and at the right price.

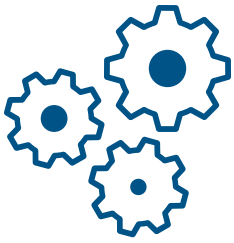
Building Proficiencies

We are enhancing our process efficiencies, product quality and customer connect to scale higher. This is aimed at manufacturing products of finest quality for advanced global vehicle manufacturers. All our state-of-the-art facilities are constantly upgraded with new gear cutting/grinding machines. A considerable level of retrofitting and reconditioning of old conventional machines has been undertaken. We are also altering our tooling and manufacturing techniques and extending our supply reach. Further, to achieve the broader objective of augmenting automation, we have introduced low-cost automation for gear hobbing machines and gear shaping machines.



Key HR Initiatives:

- Providing education subsidies to diploma holders and ITI employees to strengthen skills and knowledge and motivate them to take higher roles and responsibility
- Providing on-job trainings to employees to enhance their skills



Our Board of Directors



1

MR. SURINDER PAUL KANWAR

CHAIRMAN AND MANAGING DIRECTOR

Mr. Surinder Paul Kanwar is the Chairman and Managing Director of our Company. A Commerce graduate from Delhi University, Mr. Surinder Paul Kanwar is experienced and has in-depth knowledge of the core business of the Company i.e. Automotive Gears. He has exposure in all business verticals and is engaged in supervision and conduct of business of the Company, along with a team of senior management personnel, who assist him in carrying out his activities, subject to the overall supervision and control of the Board of Directors.

He has been associated with Late Dr. Raunaq Singh Group since 1975. He has also worked at various managerial positions in various Raunaq Group Companies viz. BST Manufacturing Limited (Bharat Steel Tubes Limited), Raunaq EPC International Limited (Raunaq International Limited), Raunaq & Company Pvt. Ltd., to name a few. Mr. Surinder Paul Kanwar is on the Board of our Company since 29 September, 1982. He is the Chairman and Managing Director since 29 October, 2002. He is also the Chairman & Managing Director of Raunaq EPC International Limited, a company engaged in engineering and consulting business.

2

MR. SAMEER KANWAR

JOINT MANAGING DIRECTOR

Mr. Sameer Kanwar is a third-generation Entrepreneur. As Executive Director-Strategic Planning of Bharat Gears Limited, he has spearheaded the Business Operations of the Faridabad plant of the Company. He holds a degree of Bachelor of Economics from York University, Canada. He received two years training in the areas of Planning, Finance and Control at ZF Friedrichshafen AG, Germany.

He has overall experience and exposure in Marketing, Purchase and Management. Mr. Sameer Kanwar is the Joint Managing Director of the Company since 01 June, 2008.

3

MR. WOLFGANG RUDOLF SCHILHA

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Wolfgang Rudolf Schilha is a Non-Executive Independent Director of our Company. He was a member of the Board of Directors since 26 February, 1986 as a representative of ZF Friedrichshafen AG, Germany, the foreign collaborators of our Company. He retired from ZF Germany as the "Executive Vice President, International Strategic Projects" of the Commercial Vehicle division of ZF, after having managed Truck and Bus Transmission Sales, ZF Corporate Worldwide Service Network and up to June 2013 the strategic business unit Bus Driveline Technology at ZF. He was also the Chairman of ZF Drivetech (Suzhou) Ltd. in Suzhou, PR China, ZF Beiben Drivetech Company Ltd. Chongqing PRC and Chairman of the Supervisory Board of ZF Hungaria Kft. in Eger, Hungary. He has international exposure on various facets of Auto Industry as a whole including Gear Technology. He is having expertise in the area of sales, marketing and service.

4

MR. RAKESH CHOPRA

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Rakesh Chopra is a Non-Executive Independent Director of our Company. He has been associated with the Company for more than a decade. He is a qualified Chartered Accountant (England & Wales) and an MBA graduate from Cranfield University, U.K. He has spearheaded various industry groups at top management levels including Escorts till September 2006. He has experience of around 46 years. Apart from our Company, he is a director and Audit Committee Chairman in Minda Corporation Limited, director in G.P.R. Enterprises Pvt. Ltd., Kempty Cottages Pvt. Ltd. and Pragma Holdings Pvt. Ltd. He is also Founder member and Chairman of Indraprastha Cancer Society.

5

MR. VIRENDRA KUMAR PARGAL

NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Virendra Kumar Pargal is a Non-Executive Independent Director of our Company. He is a qualified Chartered Engineer and Member of The Institution of Engineering and Technology, England. He started his career with intensive training in Roots Group (Manufacturers of Humber-Hillman range of motor vehicles) of United Kingdom and thereafter played a significant role in development & manufacturing of advanced machine tools. In India, he had a distinguished spell with Mahindra & Mahindra Limited, serving at various senior level positions.

6

MS. HIROO SURESH ADVANI

NON-EXECUTIVE INDEPENDENT DIRECTOR

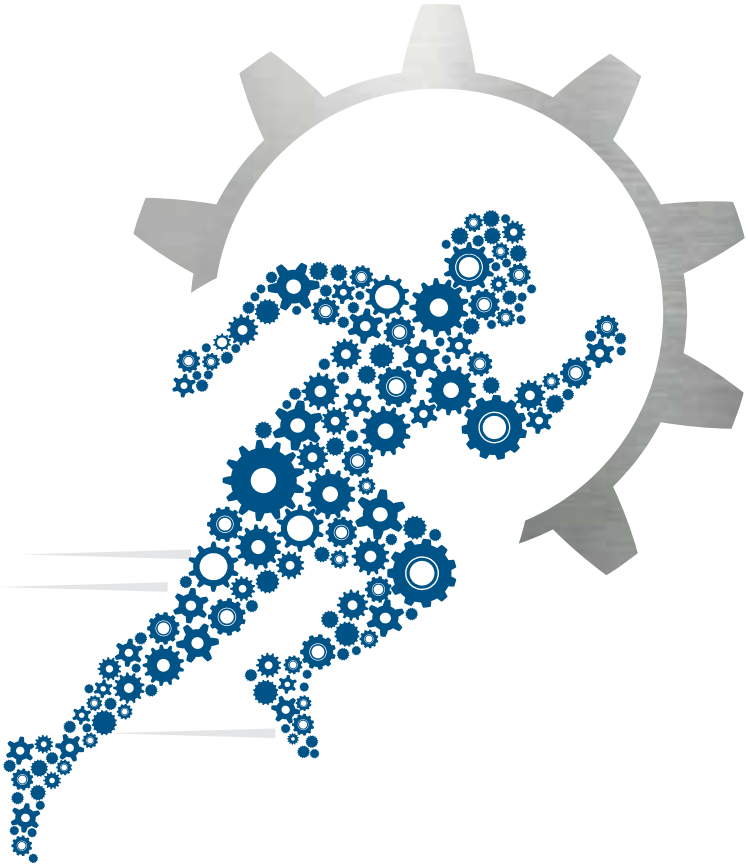
Ms. Hiroo Suresh Advani is a Non-Executive Independent Director of our Company. She is a post graduate in Arts. She has over 46 years of work experience in the field of Trade Finance, Project Finance, Corporate Banking, Technology Upgradation Programme (TUF) etc. in the organisations viz. Reserve Bank of India, Industrial Development Bank of India, Export Import Bank of India (EXIM Bank) etc. She has also served as Nodal officer of EXIM Bank for CDR Cell and represented EXIM Bank for TUF meetings Ministry of Textiles, GOI. She worked as Chief General Manager with EXIM Bank till 2005 and subsequently upon retirement, she served as an Adviser in EXIM Bank till March 2009.

7

MR. NAGAR VENKATRAMAN SRINIVASAN

NON-EXECUTIVE DIRECTOR

Mr. Nagar Venkatraman Srinivasan is a Non-Executive Director of our Company. He is a graduate in Mechanical Engineering. He has done MS in Industrial Engineering from University of Illinois and he is an MBA from Graduate School of Business from the University of Pittsburgh in USA. He has rich experience of 50 years. Having started his career with Larsen & Toubro Limited, Mr. Srinivasan joined Bharat Gears Limited in the year 1976. Over the years, he served at various senior level positions in materials, manufacturing and general management. He retired from the company, after a long stint of 33 years, as Corporate Business Head having overall responsibility of all the operations of the Company. He continues to be associated with the Company as Technical and Management Advisor.



Senior Management



MR. NARESH VERMA
Corporate Head - HR & Operations



MR. JAGDEEP SINGH
Business Head - After Market



MR. MILIND PUJARI
Chief Financial Officer



MR. K.K. DESHPANDE
Head - OE Marketing & Business Development



MR. PRASHANT KHATTRY
Head - Legal & Company Secretary

Our Approach to CSR

CSR activities of the Company are governed by CSR Policy as approved by the Board under the provisions of Section 135 of the Companies Act, 2013.

The Company has continuously worked towards the betterment of the community through initiatives in the fields of health and environment. These initiatives form a critical part of the activities as elucidated in the CSR policy of the Company which has been adopted after the enactment of the Companies Act, 2013.

Bharat Gears contributes to causes that could benefit the society as a whole through partnerships with various reputable NGOs. Some of the activities undertaken by our implementation partners are mentioned below:

Support for Autism

Diagnosis of autism in India is growing at a fast pace with almost 2 million persons identified with the mental health condition. Autism is a neurological disability which is characterised by impairment of social and communicative skills. Autistic children who are not diagnosed early and provided psychotherapy find it difficult to develop proper communication and language skills. The symptoms range from mild learning and social disability to severe impairment.

BGL proactively supports Action for Autism (AFA), the largest non-profit non-government organisation that works for the improvement of persons with autism and their families.

Infrastructure Development and Environmental Initiatives

In accordance with its endeavour for the protection of the environment, BGL has been actively supporting causes that promote sustainability on Earth. It develops and maintains greenery in the surrounding areas of the plant, thus leading towards a clean and green environment. The Company continues to undertake construction of infrastructure that facilitates the approach and local logistics surrounding the location of its plant.



Expenditure on CSR activities during FY 2018-19

During FY 2018-19, the Company was required to spend ₹ 3,60,000/- (Rupees Three Lakhs Sixty Thousand Only) on CSR activities as per the provisions of Section 135 of the Companies Act, 2013. The said amount of expenditure being too nominal, the management formed the view to spend the said amount along with the amount to be spent on CSR activities in FY 2019-20.

Further, as a part of CSR initiatives, CSR Committee has approved the proposal in their meeting held on 22 March, 2019 to spend the amount attributable to CSR activities by providing patrolling vehicle(s) to the local Police, thereby creating awareness for traffic education management in FY 2019-20.



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Surinder Paul Kanwar
Chairman & Managing Director

Mr. Sameer Kanwar
Joint Managing Director

Non-Executive Director

Mr. Nagar Venkatraman Srinivasan

Independent Directors

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

AUDIT COMMITTEE

Mr. Rakesh Chopra
Chairman
Mr. Virendra Kumar Pargal
Ms. Hiroo Suresh Advani
Mr. Surinder Paul Kanwar

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Rakesh Chopra
Chairman
Mr. Sameer Kanwar
Mr. Nagar Venkatraman Srinivasan
Mr. Surinder Paul Kanwar

NOMINATION & REMUNERATION COMMITTEE

Mr. Rakesh Chopra
Chairman
Mr. Virendra Kumar Pargal
Mr. Surinder Paul Kanwar
Mr. Nagar Venkatraman Srinivasan
Mr. Wolfgang Rudolf Schilha
Ms. Hiroo Suresh Advani

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Surinder Paul Kanwar
Chairman
Mr. Sameer Kanwar
Mr. Rakesh Chopra

FINANCE COMMITTEE

Mr. Rakesh Chopra
Chairman
Mr. Surinder Paul Kanwar
Mr. Sameer Kanwar
Mr. Virendra Kumar Pargal

AUDITORS

S R B C & CO LLP
Chartered Accountants
22, Camac Street, Block 'C',
3rd Floor, Kolkata - 700 016

BANKERS

State Bank of India
IDBI Bank Limited
HDFC Bank Limited
IDFC First Bank Limited

NBFC

KKR India Financial Services Private Limited

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
Noble Heights, 1st Floor, Plot NH 2,
C-1 Block LSC,
Near Savitri Market,
Janakpuri,
New Delhi - 110 058

PLANT LOCATIONS

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

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

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

BRANCH OFFICE

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

Mookherjee House
17, Brabourne Road,
Kolkata - 700 001

Management Discussion & Analysis



Global Economy

In CY 2018, world economic growth marginally decelerated to 3.6%, as compared to 3.8% in CY 2017, mainly led by softer performance in the second half. New fuel emission standards in Germany, elevated trade tensions, slowdown in manufacturing, poor financial market sentiments, natural disasters in Japan, concerns about China's outlook, and deceleration in industrial production outside the United States (US), dampened performance.

World Economic Output Growth (in %)

	2017	2018	2019P	2020P
World Output	3.8	3.6	3.3	3.6
Advanced Economies	2.4	2.2	1.8	1.7
United States	2.2	2.9	2.3	1.9
Euro Area	2.4	1.8	1.3	1.5
Japan	1.9	0.8	1.0	0.5
United Kingdom	1.8	1.4	1.2	1.4
Other Advanced Economies*	2.9	2.6	2.2	2.5
Emerging Market and Developing Economies	4.8	4.5	4.4	4.8
China	6.8	6.6	6.3	6.1
India	7.2	7.1	7.3	7.5

* Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries

P = projection

Source: World Economic Outlook - April 2019

Advanced economies registered slower growth in CY 2018 at 2.2% as compared to 2.4% in CY 2017. Growth is projected to further slow down to 1.8% in CY 2019 and 1.7% in CY 2020, led by the negative effects of tariff increases in US and China. The new fuel emission policy in Germany, sovereign and financial risk in Italy, contraction in Turkey and an overall weak financial market sentiment will further add to subdued performance in the coming years.

Growth in emerging markets is also expected to slow from 4.5% in CY 2018 to 4.4% in CY 2019 but is seen slowly picking up to 4.8% in CY 2020. Factors such as slowing external demand, rising borrowing costs and persistent policy uncertainties are expected to weigh down growth in CY 2018 and CY 2019. Trade tensions with US will negatively impact China's economy, in addition to the needed financial regulatory tightening. India's economic growth is expected to pick up in FY 2020, benefiting from lower oil prices and a slower pace of monetary tightening, as inflation pressures ease.

In CY 2019, world economic growth is expected to further decelerate to 3.3%, before recovering a bit to 3.6% in CY 2020. Negative effects of tariff increases enacted in US and China will be the primary reason for slow output. Growth rate for the emerging market and developing economies is also likely to witness a slowdown in CY 2019, further impacting output.

Source: World Economic Outlook - April 2019

Indian Economy

While the global economy is battling headwinds, India's economy continues to be one of the fastest growing major economies in the world. India became the world's sixth-largest economy in FY 2019. The second advanced estimates of Central Statistics Office (CSO) show that India's gross domestic product (GDP) is likely to grow by 7% in FY 2019, slower than 7.2% growth witnessed in FY 2018. India's per capita nominal GDP grew at a five-year high of ₹ 1,40,000 in FY 2018, registering 10.6% growth as compared to FY 2017. As per the International Monetary Fund's (IMF's) World Economic Outlook (October 2018), India is expected to outpace France and United Kingdom in CY 2019 to become the fifth-largest economy in the world, reaching USD 2,958 billion (USD 2.9 trillion).

The tractor market is among the biggest segments in the category of farm equipment in India, with annual sales of over 8 lakh units in FY 2019.

Actual and Projected GDP and Inflation in India (%)

	GDP Growth in %	Inflation Rate in %
2013-14	6.6	5.8
2014-15	2.2	1.8
2015-16	2.2	2.9
2016-17	2.4	1.8
2017-18	1.9	0.8
2018-19	1.8	1.4
2019-20P	2.9	2.6
2020-21P	4.8	4.5

P: Projected
Source: CSO and IMF

India's index of industrial production (IIP) recovered to 2.4% in December 2018, from 0.3% in November 2018 before slowing down to 1.7% in January 2019. The drag in IIP is mainly attributable to the sluggish pace of growth seen in the manufacturing sector. However, economic growth is expected to continue on its robust growth path, led by successful implementation of several Government initiatives such as Swachh Bharat Mission, Digital India, and Make in India, among others.

IMF has projected India's economy to grow by 7.5% and 7.7% in FY 2020 and FY 2021 respectively. The Reserve Bank of India's (RBI's) cut in key interest rate by 25 basis points and the eased stance of policy from 'calibrated tightening to neutral', indicated its intentions to hold policy rates in future. India is projected to become a USD 5 trillion economy by CY 2025 and a USD 10 trillion economy before CY 2035.

Source: CSO, IMF and https://krishijagran.com/news/india-set-to-become-5-trillion-economy-in-next-5-years-piyush-goyal/

INDUSTRY OVERVIEW

Tractor Industry

India is largely an agrarian economy and being a part of mechanisation in farming, tractors play a significant role in increasing agricultural output. The tractor market is among the biggest segments in the category of farm equipment in India, with annual sales of over 8 lakh units in FY 2019. India is amongst the largest tractor market (in volume terms) in the world, accounting for nearly 35% of the global volumes. As per the IMARC group, the Indian agricultural equipment market, which was valued at ₹ 85,700 Crores in CY 2017, is projected to reach ₹ 1,24,500 Crores by CY 2023, growing at a CAGR of 6.3% during calendar year CY 2018-2023.

Tractor Sales (domestic+exports)

Year	Volume	Growth
FY 14	6,96,828	18%
FY 15	6,26,839	-10%
FY 16	5,71,249	-9%
FY 17	6,61,195	16%
FY 18	7,96,873	21%
FY 19	8,78,476	10%

Source: ICRA, Tractor Manufacturers Association (TMA)

According to a report by the rating agency ICRA, India's tractor demand has grown by 10% in FY 2019. This is the third consecutive year of double-digit growth for tractor sales. As per Tractor and Mechanisation Association (TMA), sale of tractors was recorded at 8,78,476 units in FY 2019, touching a new peak. The positive market sentiment triggered replacement demand with several farmers exchanging their old tractors. Incentivising farming and the rural sector as a whole through various fiscal and other policy measures boosted the sentiment and enhanced farmers' liquidity position.

Two successive good monsoons, improved crop production, easy financing options and the growing use of tractors for non-agricultural purposes led to a continuous rise in tractor sales. Tractor manufacturers have been also benefited from the higher demand emerging from Government's focus on roads and highways development executed through the Bharatmala project. This was also a significant driving factor for the higher tonnage tractor segment. In recent times, the industry is witnessing increased demand from low tractor density regions such as Jharkhand, Telangana, Haryana and some pockets in the North and Punjab.

In the past few years, there has been considerable progress in agriculture mechanisation in India. A large proportion of farmers in the country have switched to mechanical equipment to power their farming activities. As a result, the agricultural equipment market, led by tractors, witnessed strong growth. With current tractor population of around 5 million, penetration in India stands at a mere 1.5 hp/ha, significantly lower than the 8-10 hp/ha penetration in developed countries. This leaves ample scope for growth. To reach the level of penetration in developed countries, nearly 13 million farm tractors will be needed to till India's arable area of 159.2 million hectares. This indicates a sustained long-term growth potential (excluding commercial tractors) until FY 2027.

A major new growth avenue emerging is the usage of tractors in non-agricultural areas, such as for construction activities. With infrastructure development being on an uptick, coupled with easy financing options and various government support programmes, the domestic tractor market is likely to see robust growth. Other factors driving growth included shortage of labour, easy availability of credit, government incentives, farm loan waivers, increasing agricultural productivity, emergence of contract farming and increasing rural incomes. The Government has a renewed thrust on improving India's rural sector through measures like doubling farm income by agricultural year FY 2022-23, increasing focus on irrigation, direct farmer income support through PM-KISAN scheme and improving crop productivity by distributing soil health cards. All these are also expected to drive growth in the tractor market in the long term. Several measures such as the e-NAM (National Agriculture Market), expanding crop insurance, and gradual expansion of Custom Hiring centres is further expected to augment the growth momentum.

A report by CRISIL Research expects domestic tractor sales to remain robust and witness 6% to 8% growth in FY 2020, assuming normal monsoon. The factors aiding growth in tractor sales during the fiscal are:

- The State and Central Governments have provided support of ₹ 2 lakh crore through farm loan waivers and direct farm income support.
- Farmers in major high crop output states of Uttar Pradesh, Punjab and Haryana have positive cash flow in their hands owing to normal monsoon and higher foodgrain crop output for Kharif season in FY 2019.
- Continued focus on rural road construction through higher allocation to Pradhan Mantri Gram Sadak Yojana (PMGSY) Scheme in Interim Budget 2019-20 is expected to support the non-farm demand of tractors.

However, the tractor industry may be affected in the short term given the possibility of deficient rainfall years, according to the report by CRISIL. Deficient rainfall is predicted in states such as Maharashtra, Gujarat (Western region), Andhra Pradesh (Southern region), Bihar and Jharkhand (Eastern region). In case of prolonged adverse conditions, the tractor industry might be looking at a marginal or no growth situation for FY 2020.



A large proportion of farmers in the country have switched to mechanical equipment to power their farming activities.

Construction Equipment Industry

The construction equipment industry is witnessing robust growth with the Government prioritising infrastructural development. The sector comprising Indian earthmoving, road construction and material handling equipment touched the peak of 90,000 units in FY 2018 with a favourable overall environment and strong push and momentum for infrastructure development. FY 2019 was another record year for the industry with the reduction in GST rates on construction equipment from 28% to 18% in late FY 2017 providing a major boost to equipment sales in FY 2018. Near-term market growth projections, too, remain robust with India to be the fastest growing economy in the world in FY 2019 & FY 2020, as per IMF's latest forecasts made in January 2019. This surge in demand is attributable to increased activity in construction and mining sectors, easy availability of finance, positive market sentiments and the rapid pace of equipment replacement.

With the Government's strong push on infrastructural development, Roads & Highways is envisaged to be key growth driver for the construction equipment industry, followed by Railways & Metros and Irrigation & Ports. Large projects in these areas are set to drive demand. Some of these projects are: Smart Cities, Bharatmala and Sagarmala programmes for modernisation of roads and ports, increasing connectivity and port-linked industrial hubs, airport development and upgradation, Jal Marg Vikas, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Housing for All and the Diamond Quadrilateral project for high-speed railways, river linkages and bullet trains.

Source: IBEF – Engineering and Capital Goods Industry Report, February 2019

Under these Government schemes, significant investment is expected in infrastructure and construction which in turn will give a big boost to construction equipment industry. A few investments are enlisted as under:

Smart Cities Mission: Total of 5,151 projects with an estimated cost of ₹ 2,05,018 Crores have been proposed by cities in their Smart City Proposals (SCP). As per Smart Cities Mission Statement and Guidelines, the Central government will provide financial support to the extent of ₹ 48,000 Crores over five years, an average of ₹ 500 Crores per city. An equal amount, on a matching basis, will be provided by the state/urban local body. Additionally, around ₹ 42,028 Crores is expected from convergence with other missions, ₹ 41,022 Crores from public-private partnerships, around ₹ 9,843 Crores from loans, ₹ 2,644 Crores from own resources and remaining from other sources.

Source: http://pib.nic.in/newsite/PrintRelease.aspx?relid=186827

Bharatmala Project: The project aims to optimise efficiency of freight and passenger movement across the country through highways. Total of 34,800 kms of road network to be developed at an estimated cost of ₹ 5,35,000 Crores over FY 2018 to FY 2022.

Sagarmala Project: The project aims to promote port-led direct and indirect development and to provide infrastructure to transport goods to and from ports quickly, efficiently and cost-effectively. Under this project, 577 ports have been identified for phase-wise development at an estimated investment of USD 120 billion over FY 2015 to FY 2035.

Jal Marg Vikas: Under this project, multi-modal terminals will be built to develop the stretch of the river

Ganga between Varanasi and Haldia for navigation of large vessels. This will promote inland waterways as a cheaper and more environment-friendly means of transport. It is being built at an estimated cost of ₹ 5,369.18 Crores equally funded by the Government of India and the World Bank.

AMRUT: In Union Budget 2019, an allocation of ₹ 7,300 Crores (14% more than previous year's budget allocation) was made for the AMRUT scheme that is targeted at upgrading urban infrastructure across 500 towns and cities.

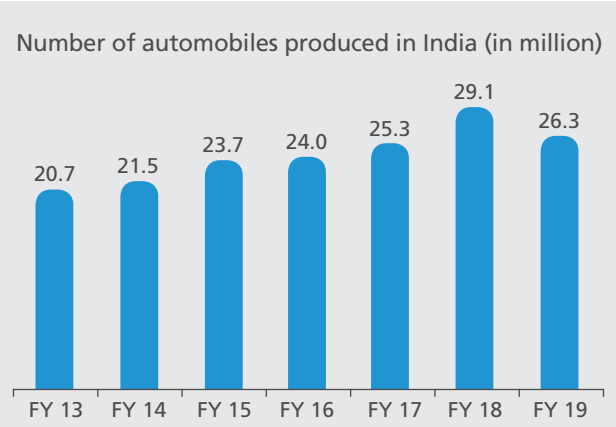
Housing for All: Pradhan Mantri Awas Yojna (PMAY) – Urban and Gramin aims to create houses for all by FY 2022 with a set target of constructing 2.95 Crores houses.

Diamond Quadrilateral Project: The project is estimated to cost around ₹ 2 lakh Crores and is aimed at establishing a high-speed rail network in India connecting the four mega cities of Delhi, Mumbai, Kolkata and Chennai.

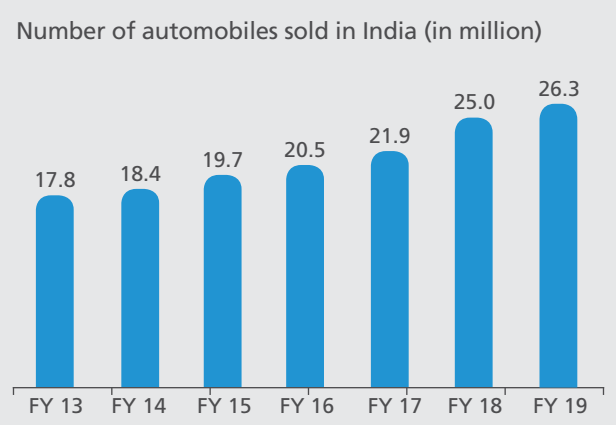
Off-Highway Research India forecasts the construction equipment market to witness an upward trend in the next five years, sparing dip in CY 2019 due to the upcoming general elections. It expects demand for construction equipment to decline 10% in CY 2019 to 89,065 units, as compared to CY 2018 on account of volatile market sentiments due to the impending elections. Post this, the sale of construction equipment is projected to increase by 8% during CY 2020 and CY 2021 each, and by 6% in CY 2022, to touch 1,10,000 units.

Domestic Automobile Industry

India is considered to be the world's 4th largest automobile industry, beating Germany. It is soon on its way to become the 3rd largest by FY 2021, riding on rapid economic development, rising urbanisation, burgeoning middle class, supportive regulations and the Government's strong push for growth. The Government's Automotive Mission Plan (AMP) FY 2016-26 envisions the industry to grow around four times by FY 2026 at 10% CAGR for vehicle sales volumes. The AMP is broadly focussed on five aspects – Economic growth, passenger comfort, sustainability, quality, and cost competitiveness. The industry is supported by factors such as the availability of low-cost skilled labour and low-cost steel production. India's automobile industry has the potential to generate upto USD 300 billion in revenue by FY 2026, generating 65 million additional jobs and contributing over 12% to India's GDP.



Source: SIAM



Source: SIAM

The Government aims to develop India as a global manufacturing as well as a research and development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) centres as well as a National Automotive Board to act as facilitator between the government and the industry. Under NATRiP, the Government of India is planning to set up R&D centres at a total cost of USD 388.5 million to enable the industry to be on par with global standards. Taking forward Government's Make in India initiative, the players in the industry invested in technology infusion from across the globe and contributed towards making India a manufacturing hub.

As per SIAM, the overall industry production including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle grew 6.26% in FY 2019, producing 3,09,15,420 vehicles as compared to 2,90,94,447 vehicles in FY 2018. Overall automobile exports during the period grew by 14.5%.

The Government's emphasis on the rural economy, infrastructure push, structural reforms and policy measures aiming at improving liquidity in the system were the key demand drivers. The Government's push to develop India as a global manufacturing and R&D hub is also lending heavy support to the automobile sector. *(Source: Scotiabank Global Auto Report)*

The country also has a thriving automotive component industry with revenues of USD 43.5 billion, including exports in excess of USD 11 billion in FY 2017, recording a CAGR of over 7%. Mega trends that have been transforming the automotive component industry are - rapidly increasing customer needs, disruptive impact of technology, dynamic regulatory environment, changing face of mobility infrastructure and global interconnectedness.

The domestic automotive industry has been adopting new technology and capabilities in order to keep pace with the changing global landscape. The diversified nature of the domestic automotive industry not only provides scale, but also the risk-hedging ability to face market vagaries. The automotive after-market in India too is on a higher growth trajectory. A CII report estimates suggest that the domestic automotive after-market recorded a growth of 14% CAGR in the last five years, and moving ahead, it is projected to touch ₹ 75,000 Crores by FY 2020.

India is fast being recognised as a hub for high-quality managerial talent. Domestic players have been leveraging local talent for driving innovation through R&D centres, driving growth in the medium to long-term. In the next few years, the automobile sector is expected to record robust growth, given the infrastructure push from the Government and schemes like PMGSY. Added to this, increased disposable income, favourable Government policies for rural growth, personal taxation rebates, easy availability of finance, implementation of BS-VI (from BS-IV) by FY 2020, and emerging concepts like light weighting and e-mobility have been driving growth. The automotive industry is on the cusp of a major change. The opportunities generated by the disruptions are changing the competitive game for players willing to step beyond their traditional roles and engage with customers in a new and digital environment.

Source: SIAM, https://economictimes.indiatimes.com/industry/auto/auto-news/indian-automotive-aftermarket-may-touch-rs-75000-crore-by-2020/articleshow/66814364.cms?from=mdr

The automotive after-market in India too is on a higher growth trajectory. A CII report estimates suggest that the domestic automotive after-market recorded a growth of 14% CAGR in the last five years, and moving ahead, it is projected to touch ₹ 75,000 Crores by FY 2020.

COMPANY REVIEW

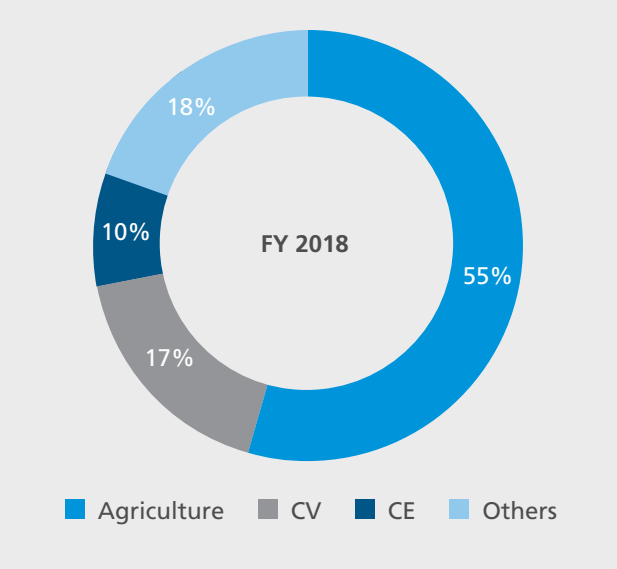
Operational Overview

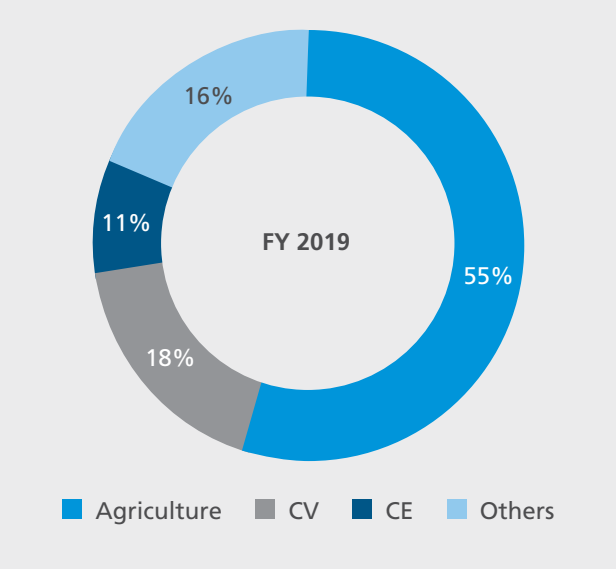
Bharat Gears Limited (the Company) (BGL) is one of the leading suppliers of automotive gears for heavy, medium and light trucks, utility vehicles, tractors and off-highway vehicles. It has emerged as one of the largest gear manufacturers for OEMs in India. While India remains its primary market, the Company has been steadily growing its exports to North American, European and Asian countries.

The Company primarily caters to tractor, commercial vehicle (CV) and the construction equipment industry. Its marquee customers include John Deere, Escorts, JCB, Spicer India, Eaton Corporation, TMA, Carraro India and VST. The Company's product range includes various Gears & Shafts, Ring Gears and Pinions, Gear Boxes, Spiral Bevel Gears, Differential Gears. During the year, the Company successfully added innovative and technologically advanced products to its existing product range. The Company manufactures over half a million transmission components annually.

Led by several cost control initiatives and expanding revenue streams, the Company had turned profitable in FY 2018. This growth momentum was sustained further during FY 2019 as the Company consolidated its gains, with all the three industry segments registering robust growth. The Company continued its strategic focus on enhancing process efficiency, product quality and customer connect. With an emphasis on manpower training, automation and product innovation, the Company strengthened its positioning in the marketplace.

Share of Revenue Break-up





The Company has an ongoing initiative to broaden its customer base. This was aimed with increasing the volumes of other players such as John Deere Mexico, Dana India and ZF Germany, among others. It expanded its reach further to new projects/components from existing clients. These strategic initiatives strengthened its brand equity and consolidated its position in the tractor market. Contribution from the customers in export markets, like ZF Germany & Eaton USA, too saw robust growth as an outcome of these initiatives. In the year under review, the Company also engaged into discussions with new customers to explore opportunities in newer segments like laser hydraulic parts and components of passenger cars.

Gear Business

BGL is a well-known exporter to the markets of US, Europe and Asia. It manufactures a wide range of ring gears and pinions, transmission gears and shafts, differential gears and assemblies.

Growth in the Gears division was led by robust demand from domestic and export markets. Net revenue in gear business registering 15.22% growth, with a pick-up in domestic and overseas markets.

Auto Components Distribution

The auto components division of BGL supplies a wide range of automotive products catering to the rapidly-evolving customer needs. The division makes, Turbo Chargers and Components, Driveline Products, Axle Shafts, Fly Wheel Assemblies & Rings, Propeller Shaft Components, U-J Cross, Steering Components, Differential Cages and Steel Wheel Rims, among other products. It is a reputed player in the replacement gear market, earning itself strong and unparalleled brand equity. Net revenue in the auto components division recorded a growth of 14.09% compared to FY 2018.

Furnace

BGL has over three decades of strong relationship and technical association with AFC – Holcroft at Michigan in USA. AFC is reputed for its innovative technology, quality and reliability. It continues to build batch and continuous heat-treating furnace systems. These furnaces have shown a wide acceptance as these are known as operator-friendly, easy and economic equipment under the Indian conditions. Net revenue in the furnace division stood at ₹ 11.56 Crores in FY 2019, up 650.65% compared to ₹ 1.54 Crores in FY 2018.

Business Operations

From its oldest facility (set up in 1972) in Mumbra, near Mumbai in Maharashtra, the Company has successfully expanded its operations. Today, it has two more facilities – at Lonand near Pune, Maharashtra; and at Faridabad in Haryana. The Company has received ISO/TS 16949 (quality) certification for all the three facilities. Faridabad and Lonand plants are also certified under ISO/14001 and OHSAS 18001. Additionally, all plants of the Company are IATF certified.

While the Company continued on its legacy of operational efficiency, factors such as technological

advancements and product innovation continued to be its key drivers of differentiation. Enhanced productivity through retrofitting and refurbishing of machines and optimising efficiencies at various levels helped the Company to achieve an improved performance and gain a competitive edge. The Company continued to implement global best practices in its day-to-day operations and took up significant capex programmes to strengthen its production base. It invested in improving its technology infrastructure, capacity addition and installation of balancing equipment. The Company has also achieved an improvement in productivity by altering its tooling, manufacturing techniques and reconditioning/automating the conventional machines. It has adequately upgraded its technology by adding the latest gear cutting/grinding machines to its existing portfolio of state-of-the-art machinery.

Mumbra Plant

Mumbra plant is equipped to manufacture bevel, transmission and differential gears. Implementation of a safe work environment, Kaizen and TQM at the facility led to a high level of employee engagement. As part of its process of implementing cost control, it continued to strive for optimum mix of manpower on shop floor.

Safety Measures

Being a safety conscious organisation, the Company imbibes safety across various functions of the entire plant operation. In order to protect the health of workforce at the shop floor level, it curtails the use of hazardous material inside the plant premises. The plant is completely free of kerosene and asbestos, ensuring prevention of chronic health hazards. All the employees are provided with personal protective equipment and uniform as part of additional safety. Recently, the Company implemented the 'My Machine' campaign and the '5S Activity' drive operation within the plant premises.

Energy Saving Measures

Being a responsible entity, the Company strongly believes in pursuing energy-efficient operations and regularly undertakes several audits to gain more efficiency. In the last couple of years, while implementing automation and process-related optimisation initiatives, the Company also replaced old conventional machines with those that are more energy-efficient. It also replaced the asbestos-roofing shed with MS galvanised sheets, enabling natural light to permeate into the building during the day, and also used polycarbonate sheets. Further, to facilitate better ventilation, turbo ventilators were fitted at these sheds.

Quality Improvement Measures

The plant has reported significant improvement in quality and delivery of products, which has been possible through the implementation of various measures and by paying attention to minute details. Periodic machine audits during machine health check-ups helped in assessing the need for modification and replacement of old and conventional machines. As a result, cycle time improvement was achieved by shifting parts to new-age machine. This was done by using Carbide blades in place of HSS blades and by developing chamfering on turning machine to reduce the deburring process.

Delivery Improvements

When the Company was faced with a sudden increased demand across the product mix, it undertook a series of measures to meet the same. While on one hand, it improved utilisation of available resources, on the other, it also added new resources. The Company also resorted to outsourcing on need basis.

Productivity Enhancement

The Company undertook an array of measures for productivity enhancement like retrofitting/ reconditioning and automation, improvement in use of high-speed cutting tools and cycle time improvement to improve productivity.

Resource Upgradation

The Company has undertaken retrofitting and reconditioning of old conventional machines. This has significantly improved efficiency and considerably enhanced throughput. Besides, investments have been made to replace certain machines with latest version machines to increase productivity and reduce downtime.

Faridabad Plant

The Company carried out several measures at the plant to achieve higher productivity and efficiency. Apart from generic initiatives such as low-cost automation and introduction of new generation tooling and machining, the plant continued to enhance its efficiency. For this, it implemented activities that promote a culture of

Mumbra plant is equipped to manufacture bevel, transmission and differential gears. Implementation of a safe work environment, Kaizen and TQM at the facility led to a high level of employee engagement.



safety, 5S, Kaizen, autonomous maintenance, visual management, standard work and lost time analysis.

The plant has achieved 10,819 kaizens during FY 2019 against 8,579 kaizens in the last FY 2018. In order to motivate and encourage the employees, kaizen ceremony is conducted every month to recognise and reward the initiatives taken by them for further improvements in the processes.

Safety Measures

The Company conducts various safety exercises at periodic intervals, such as safety training, mock fire drills, kaizens on safety, monthly safety audits, third-party inspection etc. This is aimed at promoting the culture of safety at the shop floor. The Company ensured that the facility remained a safe workplace for its employees.

Energy Conservation Measures

The facility has taken several initiatives to conserve energy. Some of these are: transitioning to more energy-efficient means of lighting, replacement of old office equipment, replacement of overcapacity motors of old machines, use of transparent roofing sheets to maximise natural day light and use of wind ventilators to aid energy saving. The Company also modified machine circuits and hydraulic systems to minimise power consumption during idle time.

Technology Upgradation

The Faridabad plant has carried out multiple measures to upgrade its technological base. In FY 2019, plant has commissioned new machines in key areas like gear cutting and heat treatment. These latest generation machines have helped to improve efficiency as well as quality of output.

Productivity Enhancement

Apart from bringing about technology upgradation, the Company has taken steps to improve cycle times by changing and modifying processes and using optimum tooling. It has undertaken modifications in tooling and also developed alternate processes, modification to HT fixtures, advanced TIN coating for tools. The conversion of existing conventional machines to CNC also contributed to productivity enhancement.

The Company has taken significant steps for reducing material handling on shop floor. Also, a number of additional checks have been introduced before the movement of material to the next process in order to monitor and reduce incidents of dents and damages. The Company also invested in machine/process maintenance by checking and repairing all the trolleys and using dryers to reduce moisture content.

Cycle time improvement was achieved by shifting to auto deburring from manual deburring, improving processes by reducing the line operations, increasing feed and speed developing underpass cutter, increasing loading quantity per charge in HT.

Process Automation

- As the Company gradually moves towards higher automation, it will achieve enhanced standardisation of its workflows and products.
- The plant has worked on the single line flow concept which has given a significant productivity improvement with improved quality with better material handling and reduced manpower.

Lonand Plant

The Lonand Plant is a greenfield plant commissioned in FY 2014. The plant primarily manufactures transmission gears.

Productivity and Efficiency Measures

The Company is exploring options to install key equipment in its premises by vendor(s) to cater to higher volumes.

Cycle time improvement has been achieved by applying CNC parameters to spindle orientation to reduce rejection. It has also been contributed by developing processes on alternative equipment to reduce set-up time and using batch marking and HT charge near shaving machine to reduce manpower and ease material movement.

Safety Measures

Being a new and modern plant, it is well equipped for safety in all its systems and processes. The plant is free from hazardous material such as kerosene and asbestos. A conducive work environment at the shop floor level is ensured through sustained and improved 5'S activities.

Quality Enhancement Measures

To bring about a substantial improvement in quality level and rationalise the cost of quality, the Company is strengthening the culture of quality circle at the plant. Moreover, the plant has recorded "zero customer complaints" for a key customer. Measures are also being undertaken to create a good Tier-2 supplier base around the plant, which will facilitate ramping up of production.

Energy Conservation Measures

In terms of energy conservation, the Company is replacing HPMV Lamps with LED in phases. This has not only ensured much better Lux levels, but also led to savings in energy consumption.

SUPPORT SYSTEMS

The Company is constantly focussing on enhancing its process efficiency, product quality and customer connect. These attributes, along with its emphasis on manpower training, automation and product innovation provide the Company with a distinct edge in the marketplace. It has a strong Human Resource team within the organisation to carry out manufacturing activities. There is also a robust IT system in place to support the entire operations, with a tailor-made ERP for managing the core operations. Moreover, different IT tools have been adopted for smoother functioning of processes and product development and for ensuring compliance and reporting purposes. The Company undertakes various training and development programmes regularly in order to upgrade its human resources and keep them abreast of the changing requirements.

The Company has a properly chalked out succession plan. As on 31 March, 2019, the Company had 1,423 people as its permanent workforce.

FINANCIAL HIGHLIGHTS

Post financial turnaround in FY 2018, the Company has continued its strong momentum in FY 2019, clocking revenue of ₹ 599.15 Crores as compared to ₹ 514.75 Crores in FY 2018, registering 16.40% growth. Backed by a series of initiatives across its operations as also demand surge in the market, Net profit for the year was ₹ 12.53 Crores, up 98.88% over FY 2018.

Key Financial Ratios

In accordance with the SEBI (Listing and Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to provide details of significant changes (changes of 25% or more as compared to immediately preceding financial year) in key sector specific ratios. The Company has identified following ratios as key financial ratios:

Particulars	FY 2019	FY 2018	Variation (%)
Debtors Turnover Ratio	5.12	3.95	29.62
Inventory Turnover Ratio	6.32	6.58	(3.95)
Interest Coverage Ratio	1.89	1.55	21.94
Current Ratio	1.11	1.26	(11.90)
Debt Equity Ratio	1.82	1.72	5.81
Operating Margin Ratio (%)	6.91	5.13	34.70
Net Profit Margin (%)	2.09	1.24	68.65

Further, the details of variation in Return on Net Worth (%) are as follows:

Particulars	FY 2019	FY 2018	Variation (%)
Return on Net Worth (%)	14.16	8.10	74.82

Demand for Company's products saw robust increase across segments/geographics. Volumes for the year increased by 16.40% over previous year. This resulted into higher contribution and better absorption of fixed costs. As a result, there was significant increase in profitability as well as return on net worth and debtors turnover ratio.

RISKS AND CONCERNS

Being a manufacturer of components for end-user industries, the Company is prone to market vagaries with rapid technological development and unique economic cycles. In addition, the regulatory and macro-

economic environments have a direct impact on the business. The Company has been quick to respond to any market challenges, thus making smart comebacks. The Company has in place a robust mechanism to pre-empt emerging risks and take meaningful corrective actions in a timely manner.

Some of the key risks that may emerge are enlisted below, with the corresponding mitigation measures that can be adopted by the Company.

Technology Risks: The Company supplies to reputed OEMs who are abreast with market changes on the technology front. These marquee players are constantly on the look-out for quality supplies with superior efficiency. The Company is challenged to promptly respond to the evolving demands and also needs to be prepared to face the risk of technological obsolescence.

Mitigation: While the Company keeps pace with the evolving technological advancements, it follows a balanced approach. It ensures not to over leverage any technological advancement.

Market Risks: The user industries of the Company's products are primarily automobile, agri-equipment and construction, which are highly sensitive to changes in the macro environment. Any market slowdown has the capability to impact the Company's business.

Mitigation: The Company has a well-diversified customer base supplying to multiple industries. Moreover, it caters to both domestic and international clients. Such diversification offers the Company a natural hedge against any down cycle.

Raw Material Risks: Input costs being a primary cost for the Company, they have a significant impact on the financials of the organisation.

Mitigation: Robust procurement policy, expertise in inventory management, understanding of price fluctuation and long-lasting relationships with suppliers including pass-through clauses enables the Company in ensuring timely, regular and adequate supply of raw materials.

The Company has continued its strong momentum in FY 2019, clocking revenue of ₹ 599.15 Crores as compared to ₹ 514.75 Crores in FY 2018, registering 16.40% growth.

Financial Risks: The Company faces the risk of untoward movement in forex, interest rates, credit availability and liquidity.

Mitigation: The Company has in place adequate hedging mechanisms and closely monitors macro policy changes to foresee any likely movements in interest rates.

Regulatory Risks: The Company is operating in industries that are highly regulated by State policies and regulations. It faces regulatory risks pertaining to its own processes and products, or to those of its clients.

Mitigation: The Company has a dedicated compliance team which foresees any regulatory changes and developments in laws that govern it and its clients. It takes course corrections in a timely fashion to avoid any such major disruption.

Product Risks: The Company supplies to leading brands which have strict norms and insist on adherence to compliance with quality and technical standards for auto components used as raw materials. The Company has to ensure superior precision and quality, as the product quality directly impacts the reputation and profitability.

Mitigation: The Company invests in maintenance and upgradation of its manufacturing facilities and in employee skill development. It also follows various quality and productivity enhancing initiatives to maintain competitiveness. Regular feedback from clients aids in mitigating product quality risk. Adequate product liability insurance is also in place to safeguard the interests of the Company.

Human Resource Risks: Human resource is a critical input for any manufacturing business. Dealing in precision components, skilled manpower is a precious resource. Non-availability or high rates of attrition may impact normal functioning of the Company.

Mitigation: The Company's robust HR policies lay a strong emphasis on internal assessment and regular and relevant training programmes. Skill upgradation, safe and conducive work environment and favourable employee policies ensure low attrition rates.

OUTLOOK

The automobile industry in India is the world's 4th largest. Besides, India forms world's 4th largest manufacturer of passenger cars and the 7th largest manufacturer of commercial vehicles. Availability of skilled labour at low cost, robust R&D centres and low-cost steel production



provide a big stimulus to industry growth. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour. By FY 2026, the Indian automotive industry (including component manufacturing) is projected to touch USD 251-282 billion. Coupled with robust growth of the overall economy and the Government's focus on infrastructure development, the Company is well placed to leverage the strong growth momentum in the markets it operates in.

The Company endeavours to up its ante to retain and reinforce its position as the leading Indian manufacturer of automotive gears. For this, it emphasises on achieving on-time zero defect supplies backed by responsive service, empowering its employees, building strong relationships with vendor partner and building strong brand equity and trust among the customers.

The Company is confident about significant growth avenues in the near-term, led by sound order forecast provided by its major clients. It is also optimistic about new business opportunities from customers.

Reducing dependency on the agricultural segment will continue to remain its key focus area to achieve sustainable growth. The Company is doing this by exploring opportunities in new segments of growth such as automotive and construction equipment. It is also working towards reducing its exposure to top 5 customers. BGL's relentless focus on innovation, improving quality and efficiency of products and processes and expanding its geographical footprint will provide a strong basis for a solid and sustainable future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is committed to good corporate governance practices and has well-defined systems and processes covering all the corporate functions and units. It also has an Internal Audit Process to provide reasonable assurance regarding the effectiveness and efficiency of operations, safe-guarding of assets, reliability of financial records and reports and compliance with applicable laws and regulations. The Company has an elaborate system of identifying key business risks and taking mitigating steps. Well-documented policies and procedures enable the Company to strictly adhere to all applicable procedures, laws, rules and statutes. Any variance from budgetary allocations are promptly reported and corrected to ensure strict compliance. The Audit Committee of the Board oversees the Audit function through regular reviews of audit findings and monitoring corrective actions taken on the same.

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

Board's Report

(Section 134 of the Companies Act, 2013)

TO THE MEMBERS

The Directors are pleased to present the 47th Annual Report and the Audited Financial Statements for the year ended 31 March, 2019.

(₹/Crores)

Financial Results	Financial year ended 31.03.2019	31.03.2018
Revenue from operations and other income (gross)	599.15	514.74
Profit before finance costs and depreciation and amortisation expense	63.18	44.36
Finance costs	21.97	16.84
Depreciation and amortisation expense	21.76	18.28
Profit before tax	19.45	9.24
Less: Tax expense	6.92	2.94
Profit after tax	12.53	6.30
Other comprehensive income	(1.86)	0.03
Total comprehensive income	10.67	6.33
Statement of other equity		
Opening balance	69.68	58.66
Add: Profit for the year (including other comprehensive income)	10.67	6.33
Add: Preferential issue of equity shares (net of share issue expenses)	-	4.69
Closing balance	80.35	69.68

DIVIDEND

Considering the Company's financial performance, the Directors have recommended a dividend of ₹ 1.00 per equity share (10%) on 93,06,095 equity shares of the Company, subject to the approval of the shareholders at the ensuing Annual General Meeting, for the year under review.

This will involve a cash outflow of ₹ 1.12 crores including dividend distribution tax of ₹ 0.19 crores.

FINANCIAL PERFORMANCE

Growth momentum in automobile sector witnessed in last couple of years slowed down in last four months of the year. Nevertheless, revenue from operations for the year has increased by 16% in comparison to the corresponding year.

EBIDTA margins are higher in comparison to last year mainly on account of better absorption of fixed costs as a result of higher volumes and better export realization.

Profit after tax for the year ended 31 March, 2019 was ₹ 12.53 crores against ₹ 6.30 crores in previous year.

During the year, outflow on account of VRS compensation was ₹ 0.71 crores.

During the year, the company has availed disbursement of the term loan of ₹ 23.00 Crores from KKR India Financial Services Private Limited (KKR) to part finance Company's existing capital expenditure programme. The company has repaid ₹ 5.35 Crores of existing borrowings to Lenders.

11,63,262 Equity shares were issued to existing shareholders on rights basis in the ratio of 1:7 at a price of ₹ 105 per share amounting to ₹ 12.21 crores. Issue opened on 15 April, 2019 and closed on 30 April, 2019. Issue was oversubscribed by 1.62 times. Allotment to the eligible applicants was done on 10 May, 2019.

INDIAN ACCOUNTING STANDARDS ("IND AS")

The financial statements for the year ended 31 March, 2019 have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as required under section 133 of the Companies Act, 2013 read with rules made there under, as amended.

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) read with 134(5) 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, 2019 and of the profit 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 contracts or arrangements of the Company with related parties during the period under review referred to in Section 188(1) of the Companies Act, 2013 were in ordinary course of business and on arm's length basis. During the year, the Company had not entered into the contract/arrangement/transaction with related parties which could be considered material in accordance with the related party transaction policy of the Company. The said policy as approved by the Board in terms of provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") is available on the website of the Company i.e. www.bharatgears.com under the link http://bharatgears.com/documents/related_party_transaction_policy.pdf

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT

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

DIRECTORS

During the year under review, Mr. Sameer Kanwar has been re-appointed as Joint Managing Director of the Company for a further period of 3 (Three) years w.e.f. 01 June, 2018.

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Nagar Venkatraman Srinivasan has been appointed as a Non Executive Director of the Company, liable to retire by rotation upto the conclusion of the ensuing Annual General Meeting (AGM) of the Company.

The members of the Company vide their special resolution(s) passed through Postal Ballot on 18 May, 2019 approved the:

- Continuation of Mr. Virendra Kumar Pargal as a Non Executive Independent Director w.e.f. 01 April, 2019 till the end of his current tenure upto the conclusion of the 48th Annual General Meeting (AGM) of the Company in the Calendar Year 2020 in terms of the provisions of Section 149 of the Companies Act, 2013;

- Continuation of Mr. Nagar Venkatraman Srinivasan as a Non Executive Director liable to retire by rotation w.e.f. 01 April, 2019 till the end of his current tenure upto the conclusion of the 47th Annual General Meeting (AGM) of the Company in the Calendar Year 2019 in terms of the provisions of Section 152 of the Companies Act, 2013;

in terms of Regulation 17 of the Regulations as amended, the age of the said Directors being more than seventy five years as on 01 April, 2019.

The tenure of Ms. Hiroo Suresh Advani as a Non Executive Independent Director in terms of provisions of Section 149 of the Companies Act, 2013 is expiring at the ensuing Annual General Meeting (AGM) of the Company.

Therefore, it has been proposed to appoint Ms. Hiroo Suresh Advani as a Non Executive Independent Director in terms of provisions of Section 149 of the Companies Act, 2013 at the ensuing Annual General Meeting (AGM) of the Company for a period of 5 (Five) Years upto the conclusion of the 52nd AGM of the Company in the Calendar year 2024, with the approval of members by way of special resolution as mandated under Regulation 17 of the Regulations, as amended, the age of the Ms. Hiroo Suresh Advani being more than seventy five years during her proposed tenure.

The Company has received notice under Section 160 of the Companies Act, 2013 from member of the Company, proposing the candidature for the office of Non Executive Independent Director for Ms. Hiroo Suresh Advani.

Further, it has been proposed to appoint Mr. Nagar Venkatraman Srinivasan as a Non Executive Director liable to retire by rotation in terms of provisions of Section 152 of the Companies Act, 2013 at the ensuing Annual General Meeting (AGM) of the Company upto the conclusion of the 48th AGM of the Company in the Calendar year 2019, with the approval of members by way of special resolution as mandated under Regulation 17 of the Regulations, as amended, the age of the Mr. Nagar Venkatraman Srinivasan being more than seventy five years at the commencement of his proposed tenure.

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

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2018-19, 6 (Six) Board Meetings were held on the following dates:-

- 30 May, 2018;
- 03 August, 2018;
- 09 October, 2018;
- 30 October, 2018;
- 22 January, 2019; and
- 22 March, 2019

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

INDEPENDENT DIRECTORS

In terms of provisions of Section 149(7) of the Companies Act, 2013 read with Regulation 25(8) of the Regulations, 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 30 May, 2019 stating that they fulfill the criteria of Independent Director as prescribed under Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Regulations, and are not being disqualified to act as an Independent Director. Further, they have declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

In terms of the Regulation 25(7) of the Regulations, the Company has adopted a familiarization programme for the Independent Directors to familiarize them with working of the Company, nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities and other relevant details. The details of familiarization programme during the Financial Year 2018-19 are available on the official website of the Company i.e. www.bharatgears.com under the link i.e. http://bharatgears.com/documents/details-of-familiarization-programme-for-independent-directors.pdf

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Regulations, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees has been adopted by the Board of Directors of the Company in pursuance of its formulation and recommendation by the Nomination and Remuneration Committee thereby analyzing the criteria for determining qualifications, positive attributes and independence of a Director. The said policy is available on the website of the Company i.e. www.bharatgears.com under the link https://www.bharatgears.com/documents/nomination_and_remuneration_policy_BGL.pdf

EVALUATION PROCESS

The Nomination and Remuneration Committee has established a framework for the evaluation process of performance of the Board, its Committees and Individual Directors and the same was adopted by the Board.

During the year under review, the Board of Directors at its meeting held on 22 March, 2019 have carried out the evaluation of the performance of Independent Directors and their independence criteria and the Independent Directors in their meeting held on even date have evaluated the performance of the Chairman and Non-Independent Directors and the Board as a whole and also assessed the quality, quantity and timeliness of flow of information between the Board and Company management.

KEY MANAGERIAL PERSONNEL

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

1. Mr. Surinder Paul 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, 2019.

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

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

RISK MANAGEMENT

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

The CSR Committee comprises of Mr. Surinder Paul Kanwar, Mr. Sameer Kanwar and Mr. Rakesh Chopra.

As per the provisions of the said section, an amount of ₹ 3,60,000/- (Rupees Three Lakhs Sixty Thousand Only) was required to be spent on CSR activities by the Company during the financial year 2018-19.

The said amount of expenditure being too nominal, the management formed the view to spend the said amount along with the amount to be spent on CSR activities in the Financial Year 2019-20.

Further, as a part of CSR initiatives, CSR Committee has approved the proposal in their meeting held on 22 March, 2019 to spend the amount attributable to CSR activities by providing patrolling vehicle(s) to the Local Police thereby creating awareness for traffic education management in the Financial Year 2019-20.

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

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Rakesh Chopra, Mr. V.K. Pargal, Ms. Hiroo Suresh Advani and Mr. Surinder Paul Kanwar.

Mr. Surinder Paul Kanwar has been inducted as memeber w.e.f. 01 April, 2019.

INTERNAL COMPLAINTS COMMITTEE FOR PREVENTION OF SEXUAL HARASSMENT

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

The Company has also adopted a policy on Prevention of Sexual Harassment at workplace. The objective of the policy is to provide its women employees, a workplace free from harassment/discrimination and every employee is treated with dignity and respect.

The said policy is available on the website of the Company i.e. www.bharatgears.com under the link http://bharatgears.com/documents/policy-for-prevention-of-sexual-harassment.pdf

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

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

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

DEPOSITS

During the year under review, the Company did not accept any deposits.

Investor Education and Protection Fund (IEPF)

In terms of provisions of Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Unclaimed Final Dividend pertaining to the Financial Year 2010-11 amount aggregating to ₹ 2,35,419.00 (Rupees Two Lakhs Thirty Five Thousand Four Hundred Nineteen Only) had been transferred to the "Investor Education and Protection Fund" established by the Central Government.

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

In pursuance of the above, pursuant to the transfer of the unclaimed dividend for the year 2010-11 to the IEPF on 24 August, 2018 i.e. upon completion of seven years from transfer of dividend into unclaimed dividend account, 46,165 (Forty Six Thousand One Hundred Sixty Five) Equity Shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2010-11 have been transferred into demat account of IEPF Authority. Pursuant to the transfer of aforesaid Equity Shares, 89,834 (Eighty Nine Thousand Eight Hundred Thirty Four) Equity Shares of the Company in aggregate are being held in demat account of IEPF Authority.

The unclaimed dividend for the year 2011-12 is proposed to be transferred to the Investor Education and Protection Fund (IEPF) on 24 August, 2019 i.e. upon completion of seven years from the transfer of said dividend into unclaimed dividend account. Subsequently, the equity shares on which the dividend has not been claimed for the consecutive seven years since 2011-12 (net of the shares already transferred) shall also be transferred into IEPF.

In terms of the Rules dated 05 September, 2016 and the Amended Rules dated 28 February, 2017, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF during the Financial Year 2019-20 so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF and further, the necessary information in this regard is available on the website of the Company i.e. www.bharatgears.com for the convenience of the shareholders.

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

RIGHTS ISSUE OF EQUITY SHARES

In terms of Letter of Offer dated 30 March, 2019, the Company has issued and allotted 11,63,262 (Eleven Lakhs Sixty Three Thousand Two Hundred Sixty Two) Equity Shares of face value of ₹ 10/- (Rupees Ten) each at a price of ₹ 105/- (Rupees One Hundred Five) each to the existing equity shareholders of the Company in the ratio of 1:7 i.e. 1 (One) Rights Equity Share for every 7 (Seven) fully paid up Equity Shares held as on record date i.e. 03 April, 2019. The proceeds of the said Issue shall be used to part finance the Identified Equipment.

CHANGES IN SHARE CAPITAL

In terms of provisions of Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, provisions of Articles of Association (AOA), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other rules/regulations as applicable, the members of the Company in their Annual General Meeting (AGM) held on 03 August, 2018 approved the re-classification of Share Capital of the Company as per the following details:

- Cancellation of 10,00,000 (Ten Lakhs) Cumulative Redeemable Convertible or Non-Convertible Preference Shares of ₹ 100/- (Rupees One Hundred) each and creation/addition of 1,00,00,000 (One Crore) Equity Shares of ₹ 10/- (Rupees Ten) each in lieu thereof.

Further to said approval, the Ministry of Corporate Affairs (MCA) stated that as per the directives of the Ministry, the re-classification of Share Capital could not be done in terms of the provisions of the Companies Act, 2013.

Therefore, with a view to raise further equity funds in the near future for the long term requirements of the Company, the Board of Directors of the Company in its meeting held on 30 May, 2019 has considered and approved the increase in Authorised Equity Share Capital of the Company as per the following details, subject to the approval of Shareholders in the ensuing Annual General Meeting in terms of provisions of Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, provisions of Articles of Association (AOA), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other rules/regulations as applicable:

- Creation/addition of 1,00,00,000 (One Crore) Equity Shares of ₹ 10/- (Rupees Ten) each.

Pursuant to said increase, the Authorised Share Capital of the Company shall be ₹ 35,00,00,000/- (Rupees Thirty Five Crores) divided into:

- 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- (Rupees Ten) each;

  and

- 15,00,000 (Fifteen Lakhs) Cumulative Redeemable Convertible or Non-Convertible Preference Shares of Rs. 100/- (Rupees Hundred) each.

AUDITORS

The Statutory Auditors, M/s S R B C & CO LLP (SRBC), Chartered Accountants (ICAI Registration No. 324982E/E300003) had been appointed as Statutory Auditors of the Company in the 45th Annual General Meeting held on 09 August, 2017 for a period of 5 (Five) years in terms of provisions of Section 139 of the Companies Act, 2013 to hold office from the 45th AGM to the 50th AGM in the calendar year 2022.

REPORT ON FINANCIAL STATEMENTS

The report of M/s S R B C & CO LLP (SRBC), Chartered Accountants (ICAI Registration No. 324982E/E300003), the Statutory Auditors of the Company on the financial statements of the Company for the year ended 31 March, 2019 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 2018-19 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, 2019 in the prescribed form MR-3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure -"E"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

COST AUDIT

During the year under review, the Company had not been mandatorily required to get its Cost Records audited in terms of provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014.

CORPORATE GOVERNANCE

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

The requisite Certificate of Compliance from Statutory Auditors, M/s S R B C & CO LLP (SRBC), 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 and the Regulations, the Company has established an effective mechanism called Vigil Mechanism (Whistle Blower Mechanism). The mechanism under the Policy has been appropriately communicated within the organisation. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees or by any other person who avails such mechanism. It protects employees or any other person who avails such mechanism wishing to raise a concern about serious irregularities, unethical behavior, actual or suspected fraud within the Company by reporting the same to the Audit Committee.

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

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

The policy on vigil mechanism is available on the website of the Company i.e. www.bharatgears.com 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 Report(s) as submitted by the Auditor on quarterly basis were filed with the National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre, where the original shares of the Company are listed.

LISTING OF SHARES

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

DISCLOSURES UNDER SECTION 134 OF THE COMPANIES ACT, 2013

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

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

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

ANNUAL RETURN

In terms of provisions of Section 134(3)(a) read with 92(3) of the Companies Act, 2013 and the relevant rules made thereunder, a copy of the Annual return as prescribed under Section 92 of the Companies Act, 2013, as amended shall be made available on the website of the Company www.bharatgears.com under the link http://bharatgears.com/documents/annual-returns-2018-19.pdf

COMPLIANCE OF SECRETARIAL STANDARDS

During the period under review, the Company has duly complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

COURT/TRIBUNAL ORDERS

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors



Surinder Paul Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Date: 30 May, 2019

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

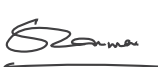
1. Details of contracts or arrangements or transactions not at arm's length basis:

   NIL

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

S. no.	Names(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Vibrant Finance and Investment Private Limited (VFIPL), Company within the Group	Lease Agreement between the Company and VFIPL for official premises of the Company, situated at A-3, Greater Kailash-I, New Delhi - 110048 with area aggregated to 963 Sq. Ft. (Nine Hundred Sixty Three Square feet)	3 (Three) years with effect from 01 April, 2018 till 31 March, 2021	• The monthly lease rent in respect of said premises is ₹ 53,000/- (Rupees Fifty Three Thousand Only) • Security Deposit of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only)	NA	-
2.	Xlerate Driveline India Limited (XDIL), Company within the Group	Lease Agreement between the Company and XDIL for unused portion of Leasehold Industrial Shed No. 2 of XDIL situated at Gurukul Industrial Estate, Sarai Khwaja, Faridabad - 121003, Haryana area aggregated to 7393 Sq. Ft. (Seven Thousand Three Hundred Ninety Three Square feet)	3 (Three) years with effect from 01 April, 2018 till 31 March, 2021	The monthly lease rent in respect of said premises is ₹ 97,957/- (Rupees Ninety Seven Thousand Nine Hundred Fifty Seven Only i.e ₹ 13.25 per Sq. Ft.)	NA	-
3.	Clip-Lok (Simpak) India Private Limited (CSIPL), Company within the Group	Agreement between the Company and CSIPL for purchase of reusable collapsible plywood boxes/clips etc.	1 (One) year with effect from 01 April, 2018 till 31 March, 2019	Transaction value not exceeding ₹ 50,00,000/- (Rupees Fifty Lakhs only) either in one transaction singly or multiple transactions collectively	NA	-
4.	Mr. Nagar Venkatraman Srinivasan, Director	Contract/arrangement between the Company and Mr. Nagar Venkatraman Srinivasan, Director for availing of technical advisory services	1 (One) year with effect from 01 July, 2018 till 30 June, 2019	Retainership fees of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) Per month. In addition to the retainership fees, he shall be entitled to re-imbursement of travelling, vehicle maintenance expenses (including driver salary etc.) and telephone expenses	NA	-
5.	Mr. Surinder Paul Kanwar (SPK), Chairman and Managing Director	License Agreement between the Company and Mr. Surinder Paul Kanwar, Chairman and Managing Director for premises owned by Mr. Surinder Paul Kanwar situated at 501/A, 501/B, 501/C & 501/D, EVITA Building, Hiranandani Gardens, Powai, Mumbai - 400076, Maharashtra with area aggregated to 4775 Sq. Ft. (Four Thousand Seven Hundred Seventy Five Square Feet)	5 (Five) years with effect from 01 September, 2018 till 31 August, 2023	• The monthly licence fees in respect of said premises is ₹ 5,00,000/- (Rupees Five Lakhs Only) • Security Deposit of ₹ 50,00,000/- (Rupees Fifty Lakhs Only)	NA	-

For and on behalf of the Board of Directors



Surinder Paul Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Date: 30 May, 2019

Annexure -"B"

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 2018-19:

S.No.	Name of the Director	Ratio of Remuneration of each Director/to median remuneration of employees
1.	Mr. Surinder Paul Kanwar Chairman and Managing Director	54.95
2.	Mr. Sameer Kanwar Joint Managing Director	46.84

Other directors are being paid sitting fees, fees for technical advisory services (wherever applicable) only, details of which are mentioned in the Corporate Governance 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 2018-19
1.	Mr. Surinder Paul Kanwar Chairman and Managing Director	50.00
2.	Mr. Sameer Kanwar Joint Managing Director	28.00
3.	Mr. Milind Pujari Chief Financial Officer	8.00
4.	Mr. Prashant Khattry Head (Legal) and Company Secretary	(14.00)

3. Percentage increase in the remuneration of the median employee is 5% in the Financial Year 2018-19.

4. There were 1423 permanent employees on the rolls of the Company as on 31 March, 2019.

5. The average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2018-19 was 5% whereas percentage increase in the managerial remuneration was 29% for the same financial year.

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

For and on behalf of the Board of Directors



Surinder Paul Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Date: 30 May, 2019

Annexure -"C"

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, 2019

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.	**Top Ten Employees of the Company in terms of remuneration drawn for the year ended 31 March, 2019.**								
1.	Mr. Surinder Paul Kanwar	66	B.Com.	Chairman & Managing Director	01.10.1990	44	197.82	BST Mfg. Ltd.	32.29
2.	Mr. Sameer Kanwar	41	B.A. (Eco.)	Joint Managing Director	01.02.2002	19	168.63	ZF (AG) Germany	Nil
3.	Mr. Jagdeep Singh	62	B.A.	Business Head - After Market	09.12.1991	42	83.70	Escorts Limited	Nil
4.	Mr. Naresh Verma	58	B.Com, M.Com, PG-PM&IR, DIP-HR	Corporate Head - HR & Operations	04.02.2004	37	64.84	Daikin Shriram Airconditioning India Private Limited	Nil
5.	Mr. Milind Pujari	49	B.Com, FCA	Chief Financial Officer	01.06.1995	25	61.68	Caprihans India Limited	Nil
6.	Mr. Kiran Deshpande	60	LME, BE, DMS	Head- OE Marketing & Business Development	02.08.1982	37	53.78	-	Nil
7.	Mr. Vivek Pai	61	B. TECH., DMS	Head - Furnace Division	11.06.1984	36	41.43	Blue Star Limited	Nil
8.	Mr. Shivaji Patil	58	DME	Head - Operations, Mumbra Plant	03.06.2002	37	36.37	M G Auto Profile Private Limited, Zahirabad	Nil
9.	Mr. Sandeep Gandre	59	DEE, DBM, IMME	Head - Operations, Lonand Plant	10.04.1981	40	34.65	Mukund Iron and Steel Works Limited	Nil
10.	Mr. Prashant Khattry	41	FCS, LLB, MBA (Finance)	Head - Legal and Company Secretary	07.06.2010	18	26.40	Fortis Healthcare Limited	Nil
B.	**Employed throughout the year ended 31 March, 2019 & were in receipt of Remuneration aggregating not less than ₹ 1,02,00,000/- per annum.**								
1.	Mr. Surinder Paul Kanwar	66	B.Com.	Chairman & Managing Director	01.10.1990	44	197.82	BST Mfg. Ltd.	32.29
2.	Mr. Sameer Kanwar	41	B.A. (Eco.)	Joint Managing Director	01.02.2002	19	168.63	ZF (AG) Germany	Nil
C.	**Employed for the part of the year ended 31 March, 2019 & were in receipt of Remuneration aggregating not less than ₹ 8,50,000/- per month.**								
	NIL								
D.	if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.								
	NIL								

NOTES :

01. Remuneration includes Salary, Allowances, Co's Contribution to Provident Fund & Superannuation Fund and Value of other perquisites.

02. Except Mr. Sameer Kanwar, Joint Managing Director, who is a relative of Mr. Surinder Paul 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 Paul Kanwar & Mr. Sameer Kanwar are Non-Contractual.

For and on behalf of the Board of Directors

Surinder Paul Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Date: 30 May, 2019

Annexure -"D"

Annual Report on CSR activities for the Financial Year 2018-19

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 "Our Approach to CSR" section under the Annual Report
2.	The Composition of the CSR Committee:-	
	Mr. Surinder Paul Kanwar — Chairman	
	Mr. Sameer Kanwar — Member	
	Mr. Rakesh Chopra — Member	
3.	Average net profit of the company for last three financial years	₹ 180.17 Lacs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 3.60 Lacs
5.	Details of CSR spent during the financial year:	
	(a) Total amount to be spent for the financial year	₹ 3.60 Lacs
	(b) Amount unspent, if any	₹ 3.60 Lacs
	(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 2018-19, the management of the Company formed the view that since the amount of expenditure is too nominal, the said amount shall be spent along with the amount to be spent on CSR activities in the Financial Year 2019-20.

   Further, as a part of CSR initiatives, CSR Committee decided to spend the amount attributable to CSR activities by providing patrolling vehicle(s) to the Local Police thereby creating awareness for traffic education management in the Financial Year 2019-20.

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 Paul Kanwar
Chairman of CSR Committee
DIN: 00033524

Sameer Kanwar
Joint Managing Director
DIN: 00033622

Place: Mumbai
Date: 30 May, 2019

Annexure -"E"

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

CIN-L29130HR1971PLC034365

Our Secretarial Audit Report of even date, for the financial year 2018-19 is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

1. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

2. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

1. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

2. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For AGB & Associates
Company Secretaries



(Nitin Rawat)
Partner
FCS No.9050
CP No. 10554

Date: 14 May, 2019
Place: Faridabad

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 March, 2019

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 March, 2019

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

Dear Sirs,

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

Based on our verification and as per documents, information and explanations provided to us by the Company and on the basis of verification 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, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2019 according to the provisions of:

I. The Companies Act, 2013 ("the Act") and the Companies Act, 1956 to the extent applicable and rules made there under;

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

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

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

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

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

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;

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

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable as the Company has not issued any debt securities;**

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

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable as the Company has not delisted/propose to delist its Equity Shares from any Stock Exchange during the financial year under review;** and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not applicable as the Company has not bought back/propose to buy back any of its Securities during the financial year under review**.

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

- **Taxation Laws-** Income Tax Act, 1961; Service Tax Act, 1994; the Customs Act, 1962; Central Sales Tax Act, 1956; Central Excise Act, 1944, Haryana Value Added Tax Act, 2003, Goods and Services Tax Act, 2017, Maharashtra Value Added Tax Act, 2002; Maharashtra State Tax on Professionals, Trades, Callings and Employments Act, 1975.

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

- **Labour and Social Security Laws-** Apprentices Act, 1961; Employees State Insurance Act, 1948; Factories Act, 1948; Payment of Wages Act, 1936; Minimum Wages Act, 1948; Industrial Disputes Act, 1947; Payment of Bonus Act, 1965; Payment of Gratuity Act, 1972; Workmen's Compensation Act, 1923; Punjab Labour Welfare Fund Act, 1965; The Trade Unions Act, 1926; Contract Labour (Regulation and Abolition) Act, 1970; Bombay Labour Welfare Fund Act, 1953; Maternity Benefit Act, 1961; Employment Exchanges (Compulsory Notification of vacancies) Act, 1956; Industrial Employment (Standing Orders) Act, 1946; Punjab Industrial Establishment (Holidays and Sick Leave) Act,1965; The Equal Remuneration Act, 1976; Employees Provident Funds And Miscellaneous Act, 1952.

- **Safety Laws-** Indian Explosive Act, 1884; Petroleum Act, 1934; Public Liability Insurance Act, 1991;Hazardous Material Transportation Act, 1975; Maharashtra Fire Prevention and Life Safety Measures Act, 2006; Hazardous Waste (Management, Handling and Trans boundary Movement) Rules, 2008.

- **Foreign Business-Related Laws-** FTDR Act, 1992.

- **IPR Laws-** Copyright Act, 1957; Trademark Act, 1999; Patent Act, 1957.

- **IT Related Laws–** Information Technology Act, 2000.

- **Miscellaneous Laws-** Electricity Act, 2003; Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; Private Security Agencies (Regulation) Act, 2005; Legal Metrology Act, 2009; Motor Vehicles Act, 1988.

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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

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

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

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

Annexure 1, 2 and 3 form part of this Secretarial Audit Report for the year 2018-19.

For AGB & Associates
Company Secretaries



(Nitin Rawat)
Partner
FCS No.9050
CP No. 10554

Date: 14 May, 2019
Place: Faridabad

ANNEXURE 1

Forming part of Secretarial Audit Report for the year ending on 31 March, 2019

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/Postal Ballot, 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; Corporate Social Responsibility 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 exists 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) Promoters;

5. During the period under review, the Company has passed a special resolution for re-classification of Share Capital in Annual General meeting held on 03 August, 2018 by altering capital clause of Memorandum of Association; the same has been marked as "not taken on record" by the Registrar of Companies, Ministry of Corporate Affairs by citing the reason that re-classification of share capital is not permitted under the Act.

6. During the period under review, the Board of Directors of the Company in its meeting held on 09 October, 2018 approved the Rights Issue of Equity Shares to the existing members of the Company for an aggregating amount upto Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) which had been subsequently reduced by the Finance Committee in its meeting held on 01 March, 2019 from upto Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) to Rs. 13,00,00,000/- (Rupees Thirteen Crores Only).

7. In terms of the Letter of Offer dated 30 March, 2019 for the aforesaid Rights Issue, 11,63,262 (Eleven Lakhs Sixty Three Thousand Two Hundred Sixty Two) Equity Shares of face value of Rs. 10/- (Rupees Ten) each at a price of Rs. 105/- (Rupees One Hundred Five) per equity share (including a premium of Rs. 95/- (Rupees Ninety Five) per equity share for an amount aggregating to Rs. 12,21,42,510/- (Rupees Twelve Crores Twenty One Lakhs Forty Two Thousand Five Hundred Ten Only) have been allotted on 10 May, 2019 to the eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 7 (Seven) fully paid-up Equity Shares (i.e. 1:7) held by the existing Equity Shareholders on the Record Date **(03.04.2019)**. The issue price is 10.5 times of the face value of the Equity Shares.

8. During the period under review, it has been observed that in the previous financial year i.e. 2017-18, the Company did not fall under the conditions necessary for complying with the CSR provisions. Nevertheless, the Company continued to

voluntarily work towards enhancing the standard of living of its stakeholder communities through initiatives in the areas of health and environment which it has been undertaking over the past few decades. The Company had already constituted Corporate Social Responsibility (CSR) Committee as per the provisions of Section 135 of the Companies Act, 2013 and also framed the policy for the same. However, the provisions of Section 135 are applicable on the Company for financial year 2018-19.

Observation & Recommendation:

As per the provisions of Section 135 of the Companies Act, 2013 and applicable provisions read with the rules made thereunder, the Company should Spend 2% of its average Net Profits for the last three years (Calculated as Per Section 198 of the Companies Act, 2013 and rules made thereunder) during the Financial Year 2018-19 as Net profit of the Company for the immediately preceding Financial Year i.e. 2017-18 has crossed the prescribed threshold limit of Rs. 5.00 Crores thereby making it mandatory for the Company to comply with the CSR provisions.

Spending on CSR Activities:

It has been decided by the Corporate Social Responsibility Committee in its meeting held on 22 March, 2019 that since the amount to be spent on CSR activities in the Financial Year 2018-19 i.e. Rs. 3,60,000/- (Rupees Three Lakhs Sixty Thousand Only) is too nominal, the said amount shall be spent along with the amount to be spent on CSR activities in the Financial Year 2019-20.

Further, the Committee decided that as a part of CSR initiatives, the Company shall spend the amount attributable to CSR activities by providing patrolling vehicle(s) to the Local Police thereby creating awareness for traffic education management in the Financial Year 2019-20.

9. During the period under review, there are Related Party Transactions but reportedly in the Ordinary Course of Business at Arm's Length Price and same were reportedly disclosed in Audit Committee meetings and requisite approvals obtained and proper method has been adopted for entering into those transactions, even if they are out of the purview of provisions of Section 188 of the Companies Act, 2013.

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

11. During the period under review, the Company has altered the Objects Clause of its Memorandum of Association (MOA) to re-align the Objects with the provisions of Companies Act, 2013 and rules made thereunder.

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

13. Updating website of the Company in reference to Stakeholders (more particularly investors/ shareholders) is outsourced to Smartech Interactive Private Limited and is being regularly updated. Website updation is being regularly monitored by dedicated officials of the Company in reference to various provisions of the above laws.

For AGB & Associates
Company Secretaries



(Nitin Rawat)
Partner
FCS No.9050
CP No. 10554

Date:14 May, 2019
Place: Faridabad

ANNEXURE 2

Forming part of Secretarial Audit Report for the year ending on 31 March, 2019

SEBI

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

a) Time bound and Event based filing;

b) Reporting before Board Meeting;

c) Reporting after the meeting;

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

e) Forms, returns, documents and resolutions required to be filed with the Stock 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
FCS No.9050
CP No. 10554

Date: 14 May, 2019
Place: Faridabad

ANNEXURE 3

Forming part of Secretarial Audit Report for the year ending on 31 March, 2019

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 as and when required;

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.

For AGB & Associates
Company Secretaries



(Nitin Rawat)
Partner
FCS No.9050
CP No. 10554

Date: 14 May, 2019
Place: Faridabad

Annexure -"F"

Report on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo and forming part of Board's Report for the year ended 31 March, 2019

(A) Conservation of energy:

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

- Transparent sheets have been installed which increases the overall illumination level and saves energy consumption.
- Conversion of conventional lighting to LED lights.
- Reduction in power consumption of machines by providing interlocking to switch off the control of machines during idle conditions.
- Old conventional machines have been removed which consumed more power.
- Installed new air compressors having high efficiency, reduced power consumption.
- Maintaining unity power factor.
- Turbo ventilators were fitted at plant sheds for better ventilation

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

- Transparent sheet is installed on the plant roofing to use natural day light.
- Wind ventilators are installed.

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

NIL

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

- The result of above initiatives is reduction in the energy costs.

(B) Technology Absorption:

1.	The efforts made towards technology absorption	1.	Cluster type Hobs are successfully introduced on Gleason Genesis Hobber.
		2.	Hydraulic deburring attachment used on machine.
		3.	QR coding with laser marking in Eaton Input shaft cell.
		4.	Robotic Automation in press quenching operations on CGCF4 is in process.
2.	The benefits derived like product improvement, cost reduction, product development or import substitution	1.	Increase in production, improved quality and machine utilization.
		2.	Reduction in PPM levels and reduction in manufacturing costs and release of capacity for addition of new business.
		3.	Reduction in Manpower costs.
3.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):		



a)	The details of technology imported	**Grinding Lead measuring instruments (Shafts Twist Tester)**	**-Klingelnberg C-30 Hypoid Gear Cutting Machine** **-Klingelnberg BC 12 Blade checking Machine** **-Klingelnberg P-40 LP Tester** **-Klingelnberg Viper 500W Gear Grinder**	**-Klingelnberg C27, C15, C30 & C60 Hypoid Gear Cutting Machines** **-Vertical machining centre MCV 450, MCV 400, PMK MC3/400,** **-Hobbing LC252** **-Hobbing Kashifuji KN150** **- Shaper Lorenz 154** **-Lapper L50 from Klingelnberg**
b)	the year of import	**2016-17**	**2017-18**	**2018-19**
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)

	2018-2019	2017-2018
Foreign Exchange earned	21471.43	16947.55
Foreign Exchange used	2436.23	1876.53
Net Foreign Exchange earnings	19035.20	15071.02

For and on behalf of the Board of Directors

Surinder Paul Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Date: 30 May, 2019



Corporate Governance Report

For the Year ended 31 March, 2019

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

The Board of Directors ("the Board") is committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our corporate governance practices, under which we strive to maintain an effective, informed and Independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices.

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. GOVERNANCE STRUCTURE

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

3. BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties.

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board which includes one Woman Director in compliance of Regulation 17(1) of the Regulations. As on 31 March, 2019, the Board consists of 7 (Seven) members, the Chairman of the Board is an Executive Director and more than half of the strength of the Board consists of Non-Executive Independent Directors. The composition of the Board represents an optimal mix of professionalism, knowledge, expertise and experience that enables the Board to discharge its responsibilities efficiently and provide effective leadership to the business in line with the Company's present requirements.

There is no Nominee Director in the Company.

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

A. Board's definition of Independent Director

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

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

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

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

c. who, apart from receiving Director's remuneration, has or had no pecuniary relationship or having transaction not exceeding ten per cent of his total income or such amount as may be prescribed, 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. none of whose relatives—

(i) is holding any security of or interest in the Company, its holding, subsidiary or associate Company during the two immediately preceding financial years or during the current financial year;

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent of the paid-up capital of the Company, its holding, subsidiary or associate Company or such higher sum as may be prescribed;

(ii) is indebted to the Company, its holding, subsidiary or associate Company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate Company or their promoters, or directors of such holding Company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate Company amounting to two per cent or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

f. 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;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

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

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

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

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

(iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more

of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company;

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

g. who is not less than 21 years of age.

h. who is not a Non-Independent Director of another Company on the Board of which any Non-Independent Director of the Company is an Independent Director.

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, 2019, they fulfill the criteria of being "Independent Director" as stipulated under Regulation 16 of the Regulations and are independent of the management. Further, the Independent Director(s) have declared that he/she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/her duties with an objective independent judgment and without any external influence.

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 Paul Kanwar	Chairman and Managing Director	6/6	Present	2	[C]3	-
2.	[C]Mr. Sameer Kanwar	Joint Managing Director	6/6	Present	-	1	-
3.	Mr. W.R. Schilha	Non-Executive Independent Director	6/4	Present	-	-	-
4.	[D]Mr. V.K. Pargal	Non-Executive Independent Director	6/6	Present	-	1	-
5.	[E]Mr. N.V. Srinivasan	Non-Executive Director	6/5	Present	-	1	-
6.	Mr. Rakesh Chopra	Non-Executive Independent Director	6/6	Present	1	0	3
7.	Ms. Hiroo Suresh Advani	Non-Executive Independent Director	6/6	Present	-	1	-

The Table-2 gives the details of Directorships of the aforesaid Directors in other listed Companies and the category of directorship.

Table-2

S.No.	Name of Director(s)	Category	Name of other Listed Company	Category of directorship in other Listed Company
1.	Mr. Surinder Paul Kanwar	Chairman and Managing Director	Raunaq EPC International Limited	Chairman and Managing Director
2.	Mr. Sameer Kanwar	Joint Managing Director	NIL	N.A.
3.	Mr. W.R. Schilha	Non-Executive Independent Director	NIL	N.A.
4.	Mr. V.K. Pargal	Non-Executive Independent Director	Raunaq EPC International Limited[#]	Non-Executive Independent Director
5.	Mr. N.V. Srinivasan	Non-Executive Director	Raunaq EPC International Limited[#]	Non-Executive Director
6.	Mr. Rakesh Chopra	Non-Executive Independent Director	Minda Corporation Limited	Non-Executive Independent Director
7.	Ms. Hiroo Suresh Advani	Non-Executive Independent Director	NIL	N.A.

[#] Ceased w.e.f. 19 April, 2019.

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

[C]Mr. Surinder Paul Kanwar is father of Mr. Sameer Kanwar. Mr. Sameer Kanwar has been re-appointed as Joint Managing Director of the Company with effect from 01 June, 2018 for a period of 3 (Three) years. He is a member of Stakeholders' Relationship Committee of Raunaq EPC International Limited as on 31 March, 2019. Further, he has been inducted as a Member of the Audit Committee and Stakeholders' Relationship Committee of the Company w.e.f. 01 April, 2019.

[D]Mr. V.K. Pargal holds directorship in Raunaq EPC International Limited and Xlerate Driveline India Limited as on 31 March, 2019 along with the membership of Audit Committee of both Companies. He ceased to be a Director in Raunaq EPC International Limited w.e.f. 19 April, 2019 and Xlerate Driveline India Limited w.e.f. 08 May, 2019 respectively pursuant to his resignation.

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

[E]Mr. N.V. Srinivasan holds directorship in Raunaq EPC International Limited as on 31 March, 2019. He ceased to be a Director in Raunaq EPC International Limited w.e.f. 19 April, 2019 pursuant to his resignation.

Mr. N.V. Srinivasan is also providing technical advisory services to the Company in his individual capacity. Professional fees paid to him for Financial Year 2018-19 is ₹ 32,74,000/- (Rupees Thirty Two Lakhs Seventy Four Thousand Only). The Board is of the opinion that such payments in the context of overall expenditure by the Company is not significant.

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

The terms of appointment of the Directors appointed at the Annual General Meeting of the Company held on 03 August, 2018 are available on the website of the Company i.e. www.bharatgears.com.

In terms of Regulation 17(1A) of the Regulations, the consent of the members has been obtained for continuation of Non Executive Directors who have attained the age of Seventy Five Years, upto their respective present tenure.

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

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

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

The details of familiarization programme during the Financial Year 2018-19 are available on the official website of the Company i.e. www.bharatgears.com under the link i.e. http://bharatgears.com/documents/details-of-familiarization-programme-for-independent-directors.pdf

The Table-3 gives the details of core skills/expertise/ competencies identified by the Board of Directors as required in the context of Company's business(es) and sector(s) for Company to function effectively and those actually available with the Board.

Table-3

S.No.	Core skills/expertise/ competencies	Available with the Board (YES/NO)
1.	Knowledge of Core Business i.e. Automotive Gears	YES
2.	Plant Management	YES
3.	Strategic Planning	YES
4.	Product Development and Marketing	YES
5.	Knowledge of Macro Environment vis-à-vis Industry	YES
6.	Financial Literacy	YES
7.	Ability to read Financial Statements	YES

B. Board Meetings

During the financial year 2018-19, 6 (Six) Board Meetings were held on the following dates. The gap between any two meetings was not more than 120 (one hundred and twenty) days as mandated in Regulation 17(2) of the Regulations:-

- 30 May, 2018;
- 03 August, 2018;
- 09 October, 2018;
- 30 October, 2018;
- 22 January, 2019;and
- 22 March, 2019

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

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

C. Information supplied to the Board

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

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

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

4. BOARD COMMITTEES

A. Audit Committee

I. Constitution and Composition

In terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the Regulations, the "Audit Committee" comprises of the following 3 (Three) Non-Executive and Independent Directors as on 31 March, 2019, 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-4 gives the composition of the Audit Committee and attendance record of members of the Committee:

Table-4

S.No.	Name of Member	Designation	No. of meetings Held/ Attended
1.	Mr. Rakesh Chopra	Chairman	5/5
2.	Mr. V.K. Pargal	Member	5/5
3.	Ms. Hiroo Suresh Advani	Member	5/5

Mr. Surinder Paul Kanwar has been inducted as a member of the Audit Committee w.e.f. 01 April, 2019. Accordingly, the Audit Committee has been reconstituted.

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

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

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

II. Audit Committee Meetings

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

- 29 May, 2018;
- 02 August, 2018;
- 30 October, 2018;
- 22 January, 2019; and
- 22 March, 2019

III. Powers of Audit Committee

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

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

IV. Role of Audit Committee

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

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

f. disclosure of any related party transactions.

g. modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the Company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the whistle blower mechanism;

19. Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;

2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;

3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;

4. Internal Audit Reports relating to internal control weaknesses;

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

6. Statement of deviations, if required.

B. Nomination and Remuneration Committee

I. Constitution and Composition

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the Regulations, the Nomination and Remuneration Committee constitutes of following 4 (Four) Directors as members as on 31 March, 2019. **Table-5** gives the composition of the Nomination and Remuneration Committee and the attendance record of the members of the Committee.

Table-5

S.No.	Name of Member	Designation	No. of meetings Held/ Attended
1.	Mr. V.K. Pargal	Chairman	2/2
2.	Mr. Rakesh Chopra	Member	2/2
3.	Mr. N.V. Srinivasan	Member	2/1
4.	Mr. Surinder Paul Kanwar	Member	2/2

Mr. V.K. Pargal and Mr. Rakesh Chopra are the Non-Executive Independent Directors, Mr. N.V. Srinivasan is a Non-Executive Director and Mr. Surinder Paul Kanwar is Chairman and Managing Director of the Company.

Mr. W.R. Schilha and Ms. Hiroo Suresh Advani have been inducted as member of the Committee and Mr. Rakesh Chopra (the erstwhile member of Committee) has been designated as the Chairman of the Committee w.e.f. 01 April, 2019. Accordingly, the Nomination and Remuneration Committee has been reconstituted.

II. Nomination and Remuneration Committee Meetings

In terms of Regulation 19 of the Regulations, at least 1 (One) meeting of the Nomination and Remuneration Committee is held in each Financial Year.

During the Financial Year 2018-19, 2 (Two) meetings of the Nomination and Remuneration Committee were held. **Table-6** gives the details of the date and purpose of the meetings of Nomination and Remuneration Committee:-

Table-6

S.No.	Date of Meeting	Purpose
1.	29 May, 2018	Consideration and recommendation of revision in the sitting fees payable to the Non Executive Directors of the Company for attending the meetings of the Board and its Committees
		Consideration and recommendation of the payment of remuneration to Mr. Surinder Paul Kanwar, Chairman and Managing Director for a period of 2(Two) years w.e.f. 01 October, 2018 of his present tenure
		Consideration and recommendation of the re-appointment of Mr. Sameer Kanwar, Joint Managing Director for a further period of 3(Three) years w.e.f 01 June, 2018 along with the proposed remuneration
		Consideration and recommendation of the appraisal of Key Managerial Personnel (KMP) and Senior Management Personnel of the Company
2.	22 March, 2019	Noting of the performance evaluation of Independent Directors carried on by Board of Directors and performance evaluation by the Independent Directors in their separate meeting

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

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

III. Role of Nomination and Remuneration Committee

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

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

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

IV. Nomination and Remuneration Policy

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

The objectives and purpose of the said policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Auto Component industry.

- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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

V. Policy on Board Diversity

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

VI. Performance Evaluation

In terms of Regulation 17 of the Regulations, the Board of Directors in its meeting held on 22 March, 2019 evaluated the performance of Independent Directors in terms of criteria of performance evaluation as laid down by Nomination and Remuneration Committee which covers the area relevant to their role as Independent Director in the Company.

During the Financial Year 2018-19, a separate meeting of the Independent Directors of the Company was held on 22 March, 2019 in terms of Regulation 25 of the Regulations.

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.

VII. Remuneration of Directors for 2018-19

Table-7

(₹ In lacs)

Name of Director	Sitting Fees#		Salaries and Perquisites		Total
	Board Meetings	Committee Meetings			
NON-EXECUTIVE DIRECTORS					
Mr. V.K. Pargal	1.50	1.65	Nil		3.15
Mr. W.R. Schilha	1.00	0.00	Nil		1.00
Mr. Rakesh Chopra	1.50	1.85	Nil		3.35
Mr. N.V. Srinivasan	1.25	0.10	Nil		1.35
Ms. Hiroo Suresh Advani	1.50	1.25	Nil		2.75
				Sub-Total (A)	**11.60**
EXECUTIVE DIRECTORS					
Mr. Surinder Paul Kanwar ($)			• Salary	145.00	
			• Contribution to provident and other funds (*)	18.90	
			• Monetary value of perquisites (**)	33.92	197.82
Mr. Sameer Kanwar ($)			• Salary	115.00	
			• Contribution to provident and other funds (*)	15.30	
			• Monetary value of perquisites (**)	38.33	168.63
				Sub-Total (B)	**366.45**
				Grand Total	**378.05**

GST as applicable paid directly by the Company.

*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 Paul 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 Directors by way of sitting fees at the rate of ₹ 25,000/- (Rupees Twenty Five Thousand Only) for attending each meeting of the Board and Audit Committee and ₹ 10,000/- (Rupees Ten Thousand Only) for other Committees of the Board of Directors of the Company.

$ The remuneration payable to Mr. Surinder Paul Kanwar, Chairman and Managing Director and Mr. Sameer Kanwar, Joint Managing Director is subject to the approval of the shareholders by special resolution in general meeting, if the aggregate remuneration payable to them exceeds 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 and fresh approval of the shareholders is sought at the beginning of each tenure of their appointment.

C. Stakeholders' Relationship Committee

I. Constitution and Composition

In terms of the provisions of the Companies Act, 2013 and Regulation 20 of the Regulations, the "Stakeholders' Relationship Committee" constitutes of following 3 (Three) Directors as members as on 31 March, 2019. The **Table-8** gives the composition of the Stakeholders' Relationship Committee and the attendance record of Members of the Stakeholders' Relationship Committee:

Table-8

S.No.	Name of Member	Designation	No. of meetings Held/ Attended
1.	Mr. Rakesh Chopra	Chairman	1/1
2.	Mr. Sameer Kanwar	Member	1/1
3.	Mr. N.V. Srinivasan	Member	1/0

Mr. Rakesh Chopra is a Non-Executive Independent Director, Mr. N.V. Srinivasan is a Non-Executive Director and Mr. Sameer Kanwar is Joint Managing Director of the Company.

Mr. Surinder Paul Kanwar has been inducted as member of the Committee w.e.f. 01 April, 2019. Accordingly, the Stakeholders' Relationship Committee has been reconstituted.

The "Stakeholders' Relationship Committee" has been empowered to consider and resolve the grievances of shareholders of the Company including grievances related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and other miscellaneous grievances. 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.

II. Stakeholders' Relationship Committee Meetings

In terms of Regulation 20 of the Regulations, at least 1 (One) meeting of the Stakeholders' Relationship Committee is held in each Financial Year.

During the Financial Year 2018-19, 1 (One) meeting of the Stakeholders' Relationship Committee was held. **Table-9** gives the details of the date and purpose of the meeting of Stakeholders' Relationship Committee:-

Table-9

S.No.	Date of Meeting	Purpose
1.	30 May, 2018	Noting of status of requests received from the Shareholders for Dematerialisation, Rematerialisation, non- receipt of annual report, non-receipt of declared dividend, Transfers and Transmissions of Shares as on 31 March, 2018

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

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

III. 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 Paul Kanwar, Chairman and Managing Director

b. Mr. Sameer Kanwar, Joint Managing Director

c. Mr. Prashant Khattry, Head (Legal) and Company Secretary

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

IV. Status of Investor Complaints/Requests

No. of Complaints received during financial year 2018-19	NIL
No. of Complaints resolved to the satisfaction of stakeholders during financial year 2018-19	NOT APPLICABLE

No. of pending requests for share transfers, transmissions, dematerialisations and rematerialisations as on 31 March, 2019.

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

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

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

I. Constitution and Composition

In terms of provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee ("CSR Committee") constitutes of following 3 (Three) Directors as members to monitor the Corporate Social Responsibility Policy of the Company as approved by the Board and the said policy is available on website of the Company i.e. www.bharatgears.com.

The **Table-10** gives the composition and the attendance record of Members of the CSR Committee:

Table-10

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

Mr. Surinder Paul Kanwar is Chairman and Managing Director, Mr. Sameer Kanwar is Joint Managing Director and Mr. Rakesh Chopra is a Non-Executive Independent Director of the Company.

II. CSR Committee Meetings

During the Financial Year 2018-19, 1 (One) meeting of CSR Committee was held. **Table-11** gives the details of the date and purpose of the meeting of CSR Committee:-

Table-11

S.No.	Date of Meeting	Purpose
1.	22 March, 2019	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-12** gives the composition and the attendance record of Members of the Finance Committee:

Table-12

S.No.	Name of Member	Designation	No. of meetings Held/ Attended
1.	Mr. Rakesh Chopra	Chairman	2/2
2.	Mr. Surinder Paul Kanwar	Member	2/2
3.	Mr. Sameer Kanwar	Member	2/2
4.	Mr. V.K. Pargal	Member	2/2

Mr. Rakesh Chopra and Mr. V.K. Pargal are the Non-Executive Independent Directors, Mr. Surinder Paul Kanwar is Chairman and Managing Director and Mr. Sameer Kanwar is Joint Managing Director of the Company.

During the Financial Year 2018-19, 2 (Two) meetings of Finance Committee were held on 30 October, 2018 and 01 March, 2019 respectively to discharge the functions delegated to the Committee.

Each of these Committees of the Board have requisite expertise to handle the issues relevant to their field and spend considerable time and give focused attention to the various issues placed before it and guidance by these Committees lend immense values and enhances the decision making process of the Board. The Board reviews the functioning of these Committees from time to time. The Meetings of each of the Committee are convened by the respective Chairman, who also informs the Board about the summary of discussion held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all the Directors individually and tabled at the respective Board/Committee Meeting.

5. COMPLIANCE OFFICER

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

6. DIRECTORS

Appointment/Re-appointment of existing Executive Director/Non-Executive Director

During the Financial Year 2018-19, the members of the Company at their Annual General Meeting held on 03 August, 2018 approved:

- Re-appointment of Mr. Sameer Kanwar as Joint Managing Director of the Company for a further period of 3(Three) years w.e.f. 01 June, 2018.
- Appointment of Mr. N.V. Srinivasan as Non – Executive Director of the Company liable to retire by rotation upto the conclusion of the next Annual General Meeting (AGM) of the Company in the Calendar year 2019.

The members of the Company vide their special resolution(s) passed through Postal Ballot on 18 May, 2019 approved the:

- Continuation of Mr. Virendra Kumar Pargal as a Non Executive Independent Director w.e.f. 01 April, 2019 till the end of his current tenure upto the conclusion of the 48th Annual General Meeting (AGM) of the Company in the Calendar Year 2020 in terms of the provisions of Section 149 of the Companies Act, 2013;
- Continuation of Mr. Nagar Venkatraman Srinivasan as a Non Executive Director liable to retire by rotation w.e.f. 01 April, 2019 till the end of his current tenure upto the conclusion of the 47th Annual General Meeting (AGM) of the Company in the Calendar Year 2019 in terms of the provisions of Section 152 of the Companies Act, 2013;

in terms of Regulation 17 of the Regulations as amended, the age of the said Directors being more than seventy five years as on 01 April, 2019.

In terms of the provisions of Section 149 of the Companies Act, 2013, Ms. Hiroo Suresh Advani had been appointed as a Non Executive Independent Director at the Annual General Meeting (AGM) of the Company held on 01 August, 2014 for a period of 5 (Five) Years upto the conclusion of the 47th AGM of the Company in the Calendar year 2019.

Therefore, in terms of provisions of Section 149 of the Companies Act, 2013, it has been proposed to appoint Ms. Hiroo Suresh Advani as Non Executive Independent Director at the ensuing Annual General Meeting (AGM) of the Company for a further period of 5 (Five) Years upto the conclusion of the 52nd AGM of the Company in the Calendar year 2024.

Further, in terms of Section 152 of the Companies Act, 2013, it has been proposed to appoint Mr. N.V. Srinivasan as Non Executive Director liable to retire by rotation at the ensuing Annual General Meeting (AGM) of the Company upto the conclusion of the next Annual General Meeting (AGM) of the Company in the Calendar year 2020.

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

The Table-13 gives the information pertaining to the Directors who are to be appointed/re-appointed in terms of provisions of Companies Act, 2013 as applicable.

Table-13

S.No.	Particulars
1.	**Ms. Hiroo Suresh Advani, Director**
	Brief Resume: Ms. Hiroo Suresh Advani, aged 74 years is a Non-Executive Independent Director of the Company since 30 January, 2014. She is a post graduate in Arts. She has over 46 years of work experience in the field of Trade Finance, Project Finance, Corporate Banking, Technology Upgradation Programme (TUF) etc. in the organisations viz. Reserve Bank of India, Industrial Development Bank of India, Export Import Bank of India (EXIM Bank) etc. She has also served as Nodal officer of EXIM Bank for CDR Cell and represented EXIM Bank for TUF meetings Ministry of Textiles, GOI. She worked as Chief General Manager with EXIM Bank till 2005 and subsequently upon retirement, she served as Adviser in EXIM Bank till March 2009.
	Ms. Hiroo Suresh Advani does not hold the position of Chairman of any of the Committee of Board of the Company. She is a Member of Audit Committee & Nomination and Remuneration Committee of the Company.
	As on March 31, 2019, she does not hold any Share in the Company.
2.	**Mr. N.V. Srinivasan, Director**
	Brief Resume: Mr. N.V. Srinivasan, aged 75 years is a Non-Executive Director of the Company since 03 November, 2017. He is a graduate in Mechanical Engineering. He has done MS in Industrial Engineering from University of Illinois and he is an MBA from Graduate School of Business from the University of Pittsburgh in USA. He has rich experience of 50 years. Having started his career with Larsen & Toubro Limited, Mr. Srinivasan joined Bharat Gears Limited in the year 1976. Over the years he served at various senior level positions in materials, manufacturing and general management. He retired from the company, after a long stint of 33 years, as Corporate Business Head having overall responsibility of all the operations of the Company. He continues to be associated with the company as Technical and Management Advisor.
	Mr. N.V. Srinivasan does not hold the position of Chairman of any of the Committee of Board of the Company. He is a Member of Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Company.
	As on 31 March, 2019, he does not hold any Share in the Company.

7. GENERAL BODY MEETINGS

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

Annual General Meetings

Table-14

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2017-18	Gulmohar Hall, Vibe By The LaLiT Traveller, 12/7, Mathura Road, Just After Toll Plaza, Faridabad-121003, Haryana	03 August, 2018 11:30 A.M.	Yes
			1. Consideration and approval of re–appointment of Mr. Sameer Kanwar as Joint Managing Director of the Company.
			2. Consideration and approval of payment of remuneration to Mr. Surinder Paul Kanwar, Chairman and Managing Director of the Company for a further period of 2 (Two) years w.e.f. 01 October, 2018 of his present tenure.
			3. Consideration and approval of re-classification of Share Capital and alteration in the Capital Clause of Memorandum of Association (MOA) of the Company.
			4 Consideration and approval of alteration in the Objects Clause of Memorandum of Association (MOA) of the Company.
2016-17	Ark Hall, Hotel Saffron Kiran, 12/6, NH-2, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad–121003, Haryana	09 August, 2017 03:00 P.M.	No
2015-16	Huda Convention Centre Sector-12 Faridabad-121007 (Haryana)	04 August, 2016 11:30 A.M.	Yes
			Consideration and approval of the payment of remuneration to Mr. Sameer Kanwar, Joint Managing Director of the Company for a further period of 2(Two) years w.e.f. 01 June, 2016 of his present tenure.

Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31 March, 2019.

Postal Ballot

There are no special resolutions passed during 2018-19 through postal ballot.

Further, during the Financial Year 2019-20, 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, as amended and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on following resolution(s):

1. Consideration and approval of continuation of Mr. V.K Pargal as a Non-Executive Independent Director on the Board of the Company.

2. Consideration and approval of continuation of Mr. N.V. Srinivasan as a Non-Executive Director on the Board of the Company.

Mr. Nitin Rawat, Practicing Company Secretary 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 20 May, 2019 as reproduced below:

Resolution No. 01: To consider and approve the continuation of Mr. V.K Pargal as a Non-Executive Independent Director on the Board of the Company.

Type of Resolution: (Special)

Category	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	44,66,738	44,66,133	99.99	44,66,133	0	100.00	0.00
Public – Institutions	0	0	0.00	0	0	0.00	0.00
Public – Non Institutions	36,76,095	21,427	0.58	20,418	1,009	95.29	4.71
Total	**81,42,833**	**44,87,560**	**55.11**	**44,86,551**	**1,009**	**99.98**	**0.02**

The above special resolution was passed with requisite majority.

Resolution No. 02: To consider and approve the continuation of Mr. N.V. Srinivasan as a Non-Executive Director on the Board of the Company.

Category	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	44,66,738	44,66,133	99.99	44,66,133	0	100.00	0.00
Public – Institutions	0	0	0.00	0	0	0.00	0.00
Public – Non Institutions	36,76,095	21,321	0.58	20,312	1,009	95.27	4.73
Total	**81,42,833**	**44,87,454**	**55.11**	**44,86,445**	**1,009**	**99.98**	**0.02**

The above special resolution was passed with requisite majority.

8. MEANS OF COMMUNICATION

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

Table-15

Financial Results	Name(s) of Newspapers	Date(s) of Publication
Quarter/Year ended 31 March, 2018	Financial Express# Jansatta(Hindi)##	31 May, 2018
Quarter ended 30 June, 2018	Financial Express# Jansatta(Hindi)##	04 August, 2018
Quarter/Half Year ended 30 September, 2018	Financial Express# Jansatta(Hindi)##	31 October, 2018
Quarter/Nine Months ended 31 December, 2018	Financial Express# Jansatta(Hindi)##	23 January, 2019

Financial Express- Delhi, Mumbai, Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Pune Editions.

Jansatta (Hindi)- Delhi Edition.

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

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

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

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 2017-18 to all those shareholders whose e-mail addresses were made available to the depositories or the Registrar and Transfer Agents (RTA). Physical copies were sent to only those shareholders whose e-mail addresses were not available and for the bounced e-mail cases.

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

9. GENERAL SHAREHOLDERS' INFORMATION

A. Company Registration Details:

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

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

B. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 11:30 A.M. on Tuesday, the 06 August, 2019 at ARK Hall, Hotel Saffron Kiran, 12/6, NH-2, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad – 121003, Haryana.

C. Financial Year:

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

D. Dividend Payment Date:

The dividend, if declared, will be paid on or before 05 September, 2019.

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 2019-20 has been paid in advance to the aforesaid Stock Exchanges.

F. Market Price Data:

High and Low prices during each month of Financial Year 2018-19 on National Stock Exchange of India Limited and BSE Limited are as under:

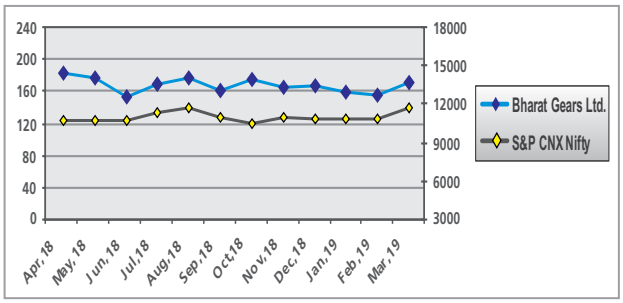
The Closing Price represents the price on the last trading day of each month of Financial Year 2018-19.

Table-16

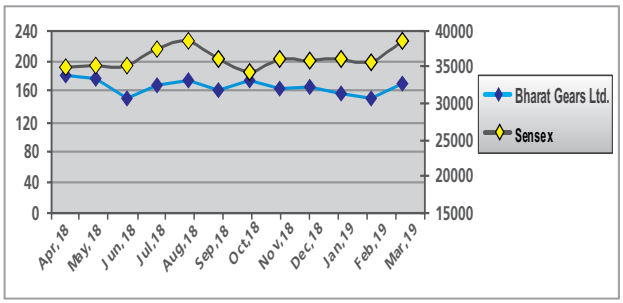
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	192.00	193.00	168.25	166.65	182.40	181.85
May	195.50	195.00	161.10	161.10	176.85	176.85
June	183.95	184.55	148.10	149.15	153.55	152.70
July	171.60	173.40	143.20	142.10	169.15	170.10
August	198.00	199.00	164.20	164.70	176.45	175.60
September	206.90	220.00	155.55	156.65	160.15	161.90
October	191.50	193.00	145.00	145.00	174.65	175.20
November	188.50	188.50	162.00	154.00	165.35	165.35
December	175.00	174.90	147.10	149.00	166.95	167.60
January	185.85	184.80	150.20	152.20	157.85	157.80
February	162.45	162.85	143.00	142.15	154.50	153.05
March	174.80	175.00	155.00	154.15	170.30	171.40

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

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



b. BHARAT GEARS' PRICES VERSUS SENSITIVITY AT BSE



G. Registrar and Transfer Agent:

Link Intime India Private 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
Noble Heights, 1st Floor,
Plot No NH-2, C-1 Block, LSC,
Near Savitri Market,
Janakpuri,
New Delhi - 110058
Tel Nos.: 011-41410592-94
Fax No.: 011-41410591
Email: delhi@linkintime.co.in

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

In terms of Regulation 7 of the Regulations, the Company has filed a compliance certificate with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS)

and with BSE Limited (BSE) through BSE Listing Centre duly signed by Mr. Prashant Khattry, Compliance Officer of the Company and the authorized representative of Registrar & Transfer Agent of the Company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by the Registrar & Transfer Agent of the Company.

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 transfers and transmissions, 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 Paul Kanwar, Chairman and Managing Director

b. Mr. Sameer Kanwar, Joint Managing Director

c. Mr. Prashant Khattry, Head(Legal) and Company Secretary

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

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

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

I. Shareholding pattern of the Company as per category of shareholders as on 31 March, 2019:

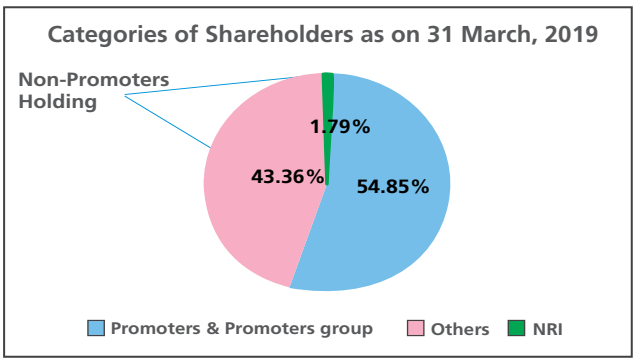


Table-17

Category	No. of Shares Held	%age of Share Holding
A Promoters' holding		
1. Promoters		
- Indian Promoters	2629525	32.29
- Foreign Promoters	-	
2. Persons acting in Concert	1837213	22.56
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and Unit Trust of India	2900	0.04
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	11439	0.14
c. Foreign Institutional Investor	-	-
4. Others		
a. Private Corporate Bodies	330379	4.06
b. Indian Public	3031843	37.23
c. Non Resident Indians/Overseas	145525	1.79
d. NBFCs registered with RBI	1500	0.02
e. Any Other	152509	1.87
Total	**8142833**	**100.00**

J. Distribution of Shareholding as on 31 March, 2019:

Table-18

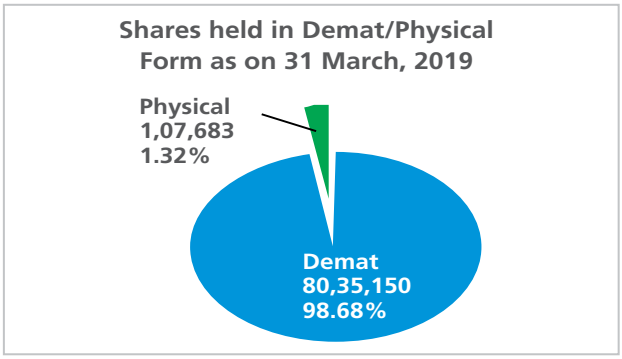
No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 500	12969	1110331	13.64
501 to 1000	518	410762	5.05
1001 to 2000	259	388590	4.77
2001 to 3000	106	279574	3.43
3001 to 4000	32	113911	1.40
4001 to 5000	45	210288	2.58
5001 to 10000	54	399056	4.90
10001 and above	34	5230321	64.23
Total	**14017**	**8142833**	**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, 2019, a total of 80,35,150 equity shares of the Company of ₹ 10/- each, which form 98.68% of the paid up Equity Share Capital, stand dematerialized.

Table-19

PARTICULARS					
DEMAT				PHYSICAL	
NSDL		CDSL			
No. of shares	%	No. of shares	%	No. of shares	%
66,77,072	82.00	13,58,078	16.68	1,07,683	1.32

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

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

In terms of above, pursuant to the transfer of the unclaimed dividend for the year 2010-11 to the IEPF on 24 August, 2018 i.e. upon completion of seven years from transfer of dividend into unclaimed dividend account, 46,165 (Forty Six Thousand One Hundred Sixty Five) Equity Shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2010-11 have been transferred into demat account of IEPF Authority.

Pursuant to the transfer of aforesaid Equity Shares, 89,834 (Eighty Nine Thousand Eight Hundred Thirty Four) Equity Shares of the Company in aggregate are being held in demat account of IEPF Authority. No such Shareholder whose Equity Shares are held in the demat account of IEPF Authority has approached the Company or IEPF Authority to claim their respective Shares during the Financial Year 2018-19.

During the Financial Year 2019-20, 2 (Two) requests for claim of shares have been received and the same are under process.

Further, upon transfer of the unclaimed dividend for the year 2011-12 to the Investor Education and Protection Fund (IEPF) on 24 August, 2019 i.e. upon completion of seven years from the transfer of dividend into unclaimed dividend account, the equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2011-12 (net of the shares already transferred) shall also be transferred into IEPF.

In terms of the Rule 6(3) of Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF during the Financial Year 2019-20 and further, the necessary information in this regard is available on the website of the Company i.e. www.bharatgears.com for the convenience of the shareholders.

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

N. Corporate Benefits:

Dividend History:

Table-20

Financial Year	Rate (%)	Amount(₹ in Lacs)
2018-19	**10**	**93.06***
2017-18	NIL	NIL
2016-17	NIL	NIL
2015-16	NIL	NIL
2014-15	NIL	NIL

*Includes dividend on shares allotted on 10 May, 2019 under Rights Issue.

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: 415 521

P. Addresses for Correspondence:

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

Link Intime India Private Limited, Noble Heights, 1st Floor, Plot No NH-2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi – 110058, Tel Nos.: 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.

10. OTHER DISCLOSURES

A. Related Party Transactions:

During the year 2018–19, there were no material individual transactions with related parties, which are not in normal course of business or are not on an Arm's Length basis in terms of Regulation 23 of the Regulations. The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and approval. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board and the interested Directors neither participated in the discussion nor did they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes forming part of the financial statements.

Further, the Company has formulated a policy on materiality of Related Party Transactions in accordance with the Regulation 23 of the Regulations and the same is available on the website of the Company i.e. www.bharatgears.com under the link http://bharatgears.com/documents/related_party_transaction_policy.pdf

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

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

C. Risk Management Framework:

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

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

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

D. Management:

Management Discussion and Analysis forms part of the Annual Report to the Shareholders for the Financial Year 2018-19.

E. Compliance by the Company:

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

F. Whistle Blower Policy/Vigil Mechanism:

The Whistle Blower Policy/Vigil Mechanism of the Company has been formulated as per Regulation 22 of the Regulations and Section 177 of the Companies Act, 2013. The policy provides a channel to the employees, Directors and any other person who avails such mechanism to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or Policy. The mechanism of policy provides for adequate safeguards against victimization of employees, Directors and any other person who avails such mechanism and also provide for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The said policy has been communicated to all the personnel of the Company and is available on the website of the Company i.e www.bharatgears.com. Protected disclosure can be made by the whistle blower in a closed and secured envelope or sent through e-mail to the Compliance Officer.

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

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

The Policy on Preservation of Documents/Archival Policy on Website Disclosure in accordance with Regulation 9 and Regulation 30(8) of the Regulations is in existence which provides the framework for preservation of documents and records of the Company for a specified period and the records of the Company which are no longer needed or are of no value are discarded after following the due process for discarding the same. This Policy aids the employees of the Company in understanding their obligations in retaining and preserving the documents and records which are

required to be maintained as per the applicable statutory and regulatory requirements. The said policy is available on the website of the Company i.e. www.bharatgears.com.

H. Policy on criteria for Determining Materiality of Events:

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

I. CEO/CFO certification:

Certificate from Mr. Surinder Paul Kanwar, Chairman and Managing Director and Mr. Milind Pujari, Chief Financial Officer in terms of Regulation 17(8) of the Regulations for the Financial Year ended 31 March, 2019 was placed before the Board of Directors of the Company in its meeting held on 30 May, 2019.

J. Code of Conduct and Corporate Ethics:

Code of Business Conduct and Ethics

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

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 Company's official website i.e. www.bharatgears.com.

K. Legal Compliance Reporting:

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

L. Disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

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

During the Financial Year 2018-19, ICC of all units of the Company has not received any complaint pertaining to sexual harassment of women at workplace.

Status of Complaints as on 31 March, 2019:

Table-21

No. of Complaints filed during Financial Year 2018-19	NIL
No. of Complaints disposed of during Financial Year 2018-19	NOT APPLICABLE
No. of Complaints pending as on 31 March, 2019	NOT APPLICABLE

M. Certificate on Non-disqualification of Directors:

Certificate from a Company Secretary in practice to the effect that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by SEBI/Ministry of Corporate Affairs or any such statutory authority is annexed to this report.

N. Fees paid to Statutory Auditors:

The details of fees paid by the Company to the Statutory Auditors of the Company and all entities in the network firm/network entity of which the statutory auditors are a part for the Financial Year 2018-19 are as follows:

Table-22

₹ lacs

Particulars	For the year ended 31 March, 2019
Fees for audit and related services paid to S R B C & CO LLP	36.23
Other fees paid to the network firm of which the statutory auditor is a part	1.00
Total	**37.23**

O. Mandatory Requirements:

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

Table-23

I. Disclosure on website in terms of Listing Regulations	Compliance status (Yes/No/NA)
Item	
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/Whistle Blower policy	Yes
Criteria of making payments to non-executive directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	NA
Details of familiarization programmes imparted to independent directors	Yes
Contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances	Yes
Email address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	NA
New name and the old name of the listed entity	NA

II. Annual Affirmations		
Particulars	**Regulation Number**	**Compliance status (Yes/No/NA)**
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration committee	19(1) & (2)	Yes

II. Annual Affirmations.... Contd.

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Composition of Stakeholders' Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all Related Party Transactions	23(2),(3)	Yes
Approval for material Related Party transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of Company	24(2),(3),(4),(5) & (6)	NA
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of Directors and Senior Management	26(2) & 26(5)	Yes

P. Non-Mandatory Requirements:

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

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

SEBI has commenced processing of investor complaints in a centralised web based complaints redressal 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 Company's RTA which can be obtained from the Company's RTA or downloaded from the Company's Website http://bharatgears.com/documents/form-sh-14-validation-or-cancellation.pdf

Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility or further change in nominations.

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 under the link 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.

For and on behalf of the Board of Directors



Surinder Paul Kanwar
Chairman and Managing Director
DIN: 00033524

Place: Mumbai
Dated: 30 May, 2019

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

We have reviewed financial statements and the cash flow statement for the year 2018-19 and that to the best of our knowledge and belief:

1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

3) No transaction have been entered into by the Company during the above said period, which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;

2) Significant changes in internal control over financial reporting during the year 2018-19;

3) Significant changes in accounting policies during the year 2018-19 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: 30 May, 2019

Milind Pujari
Chief Financial Officer

Surinder Paul Kanwar
Chairman and Managing Director

COMPLIANCE WITH CODE OF CONDUCT

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

In terms of the Regulations, it is hereby affirmed that during the year 2018-19, 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: 30 May, 2019

Prashant Khattry
Head (Legal) and Company Secretary

Surinder Paul Kanwar
Chairman and Managing Director

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Bharat Gears Limited having CIN: L29130HR1971PLC034365 and having registered office at 20 K.M. Mathura Road, P. O. Amar Nagar, Faridabad – 121003, Haryana (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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 AGB & Associates
Company Secretaries



(Nitin Rawat)
Partner
FCS No.9050
CP No. 10554

Place: Faridabad
Dated: 24 May, 2019

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of Bharat Gears Limited

1. The Corporate Governance Report prepared by Bharat Gears Limited (hereinafter referred to as "the Company"), contains details as required by the provisions of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended 31 March, 2019.This report is required by the Company for annual submission to the Stock Exchanges and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
   i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
   ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
   iii. Obtained and read the Directors Register as on 31 March, 2019 and verified that atleast one women director was on the Board during the year;
   iv. Obtained and read the minutes of the following meetings held between 30 May, 2018 to 22 March, 2019
      (a) Board of Directors meeting;
      (b) Audit Committee meeting;
      (c) Annual General meeting;
      (d) Nomination and Remuneration Committee meeting;
      (e) Stakeholders' Relationship Committee meeting;
      (f) Corporate Social Responsibility Committee meeting;
      (g) Independent Directors meeting; and
      (h) Finance Committee meeting
   v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and
   vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

   The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31 March, 2019, referred to in paragraph 2 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Pramod Kumar Bapna
Partner
Membership Number: 105497
UDIN: 19105497AAAAAN9455

Place: Mumbai
Dated: 30 May, 2019

Independent Auditor's Report

To the Members of Bharat Gears Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Bharat Gears Limited ("the Company"), which comprise the Balance sheet as at 31 March 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended 31 March, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matter **Compulsory acquisition of land by Government Authorities** (as described in note 14 & 41 of the Ind AS financial statements)	**How our audit addressed the key audit matter**
A certain portion of Company's land at Mumbra is in the process of being acquired by Thane Municipal Corporation (TMC) and Mumbai Metropolitan Region Development Authority (MMRDA) for proposed widening of road. The Company will receive compensation in the form of Transferable Development Rights (TDRs) against the transfer of abovementioned land. The Company has also lodged a compensation claim for cost relating to shifting /re-locating/reconstruction of the facilities/structures/utilities, set up on that land. The aforesaid compensation claims are yet to be finalized by the Government Authorities. Pending finalisation of the compensation claim, the Company has not recognized the same in the financial statements. However, the Company has written off the related assets/utilities impacted by the aforesaid acquisition in the statement of profit and loss. The aforesaid matter has been considered as key audit matter in our audit of the Ind AS financial statements.	Our audit procedures included the following: - Reading the correspondences with the Government Authorities relating to land acquisition matters and compensation claims filed by the Company. - Reading the contractual documentation and resolutions associated with the transaction, as well as the corresponding minutes of the meetings with the governing bodies. - Testing the accuracy of the amounts written off during the year relating to assets/utilities impacted by the acquisition of land. - We assessed the disclosures made in the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charge With Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged With Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended 31 March, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended 31 March, 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 30.1(i)(a) to the Ind AS financial statements;

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

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place: Mumbai
Date: 30 May, 2019

Annexure 1 referred to in paragraph 1 to Report on Other Legal and Regulatory Requirements of our report of even date

Re: Bharat Gears Limited ('the Company')

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

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans taken by the Company are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable property of land that has been taken on lease and building constructed thereon, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement. However, in case of freehold land at one of the locations, the Company observed that the area and name mentioned in the records of the Government does not match with the Indenture of Conveyance, for which the Company has initiated necessary action for correction.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of certain products of the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and based on explanations provided to us, the Company has not defaulted in repayment of dues to a financial institution or banks. The Company has not taken any loan or borrowing from the government or by way of debentures.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of initial public offer, further public offer or debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place: Mumbai
Date: 30 May, 2019

Annexure 2 to the Independent auditor's report of even date on the Ind AS Financial Statements of Bharat Gears Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bharat Gears Limited ("the Company") as of 31 March, 2019 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at 31 March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place: Mumbai
Date: 30 May, 2019

Balance Sheet

as at 31 March, 2019

₹ lacs

Particulars	Notes	As at 31 March, 2019	As at 31 March, 2018
A. ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	5(A)	14382.11	11210.68
(b) Capital work-in-progress		1006.54	236.32
(c) Intangible assets	5(B)	150.01	100.23
(d) Financial assets			
(i) Loans	6(A)	138.09	128.66
(ii) Others	7(A)	180.19	157.81
(e) Deferred tax assets (net)	31(C)	305.07	208.14
(f) Other non-current assets	8	526.64	450.93
Total non-current assets		**16688.65**	**12492.77**
2. Current assets			
(a) Inventories	9	9406.80	7702.76
(b) Financial assets			
(i) Trade receivables	10	11616.34	12817.78
(ii) Cash and cash equivalents	11(A)	56.87	24.65
(iii) Bank balances other than (ii) above	11(B)	677.11	509.15
(iv) Loans	6(B)	74.60	52.16
(v) Others	7(B)	680.30	356.93
(c) Current tax assets (net)	12	66.02	58.72
(d) Other current assets	13	2692.16	2558.26
Total current assets		**25270.20**	**24080.41**
Non-current asset held for sale	14	**12.30**	-
		25282.50	**24080.41**
Total assets		**41971.15**	**36573.18**
B. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity share capital	15(A)	814.28	814.28
(b) Other equity	15(B)	8035.19	6967.92
Total equity		**8849.47**	**7782.20**
LIABILITIES			
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	8089.77	7867.70
(ii) Other financial liabilities	17(A)	-	114.72
(b) Provisions	18(A)	538.61	449.57
(c) Other non-current liabilities	19	1710.10	1256.32
Total non-current liabilities		**10338.48**	**9688.31**
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	5934.94	4982.51
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	21	410.28	132.23
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	21	11233.12	11574.57
(iii) Other financial liabilities	17(B)	3903.49	1772.88
(b) Provisions	18(B)	139.93	91.42
(c) Current tax liabilities (net)	18(C)	108.52	241.38
(d) Other current liabilities	22	1052.92	307.68
Total current liabilities		**22783.20**	**19102.67**
Total equity and liabilities		**41971.15**	**36573.18**
See accompanying notes to the Financial Statements			

As per our report of even date

For **S R B C & CO LLP**
ICAI Firm Registration Number:- 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership No: 105497

For and on behalf of the Board of Directors of Bharat Gears Limited

Surinder Paul Kanwar
Chairman and Managing Director
(DIN : 00033524)

Sameer Kanwar
Joint Managing Director
(DIN : 00033622)

V.K. Pargal (DIN : 00076639)
W.R. Schilha (DIN : 00374415)
Rakesh Chopra (DIN : 00032818)
N.V. Srinivasan (DIN : 00879414)
Hiroo Suresh Advani (DIN : 00265233)
Directors

Place: Mumbai
Date: 30 May, 2019

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Statement of Profit and Loss

for the year ended 31 March, 2019

₹ lacs

	Particulars	Notes	For the year ended 31 March, 2019	For the year ended 31 March, 2018
1.	Revenue from operations	23	59439.64	51316.30
2.	Other income	24	475.04	157.96
3.	**Total income (1+2)**		**59914.68**	**51474.26**
4.	**Expenses**			
	(a) Cost of materials and components consumed	25(A)	28840.31	24347.81
	(b) Changes in inventories of finished goods and work-in-progress	25(B)	(1429.07)	(743.93)
	(c) Excise duty on sale of goods (including scrap sale)		-	645.41
	(d) Employee benefits expense	26	9839.34	8726.34
	(e) Finance costs	27	2196.89	1684.24
	(f) Depreciation and amortisation expense	28	2176.14	1828.11
	(g) Other expenses	29	16346.20	14061.98
	Total expenses		**57969.81**	**50549.96**
5.	**Profit before tax (3-4)**		1944.87	924.30
6.	**Tax expense/(credit) (net)**			
	(a) Current tax	31(A)	692.50	425.00
	(b) (Excess)/Short provision for tax relating to prior years		(3.24)	-
	(c) Deferred tax	31(C)	2.63	(131.00)
7.	**Profit for the year (5-6)**		**1252.98**	**630.30**
8.	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Re-measurement (loss)/gain on defined benefits obligations		(285.27)	3.95
	- Income tax effect	31(C)	99.56	(1.37)
	Other comprehensive income for the year (net of tax)		(185.71)	2.58
9.	**Total comprehensive income for the year (7+8)**		**1067.27**	**632.88**
10.	**Earnings per share (Face value of ₹ 10/- each):**			
	Basic and Diluted - in ₹	35	**15.39**	**7.93**

See accompanying notes to the Financial Statements

As per our report of even date

For **S R B C & CO LLP**
ICAI Firm Registration Number:- 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership No: 105497

For and on behalf of the Board of Directors of Bharat Gears Limited

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(DIN : 00033524)

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Rakesh Chopra (DIN : 00032818)
N.V. Srinivasan (DIN : 00879414)
Hiroo Suresh Advani (DIN : 00265233)
Directors

Place: Mumbai
Date: 30 May, 2019

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Statement of Changes in Equity

for the year ended 31 March, 2019

(A) Equity share capital

Particulars	₹ lacs
Balance as at 01 April, 2017	781.78
Change in equity during the year: Preferential issue of equity shares (Refer Footnote (iii) of Note 15(A))	32.50
Balance as at 31 March, 2018	814.28
Balance as at 31 March, 2019	**814.28**

(B) Other equity

₹ lacs

Particulars	Reserve and Surplus				Other comprehensive income	Total
	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Remeasurements of the defined benefit obligations	
Balance as at 01 April, 2017	**588.50**	**924.60**	**1756.45**	**2573.54**	**22.65**	**5865.74**
Profit for the year	-	-	-	630.30	-	630.30
Other comprehensive income (net of tax)	-	-	-	-	2.58	2.58
Change in equity during the year: Preferential issue of equity shares (net of share issue expenses of ₹ 9.49 lacs) (Refer Footnote (iii) of Note 15(A))	-	469.30	-	-	-	469.30
Balance as at 31 March, 2018	**588.50**	**1393.90**	**1756.45**	**3203.84**	**25.23**	**6967.92**
Profit for the year	-	-	-	1252.98	-	1252.98
Other comprehensive income (net of tax)	-	-	-	-	(185.71)	(185.71)
Balance as at 31 March, 2019	**588.50**	**1393.90**	**1756.45**	**4456.82**	**(160.48)**	**8035.19**

See accompanying notes to the Financial Statements

As per our report of even date

For **S R B C & CO LLP**
ICAI Firm Registration Number:- 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership No: 105497

For and on behalf of the Board of Directors of Bharat Gears Limited

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Directors

Place: Mumbai
Date: 30 May, 2019

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Statement of Cash Flows

for the year ended 31 March, 2019

₹ lacs

	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
A.	**Cash flows from operating activities:**		
	Net profit before tax	1944.87	924.30
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	2176.14	1828.11
	Loss on disposal of property, plant and equipment (net)	24.60	0.65
	Finance costs	1937.64	1375.71
	Interest income	(68.21)	(70.35)
	Rent expenses	4.71	8.10
	Employee benefits expense	7.15	7.65
	Liabilities/provisions no longer required written back	(34.73)	(28.53)
	Allowance for doubtful debts	9.27	23.17
	Bad debts written off	3.34	9.08
	Provision for slow and non-moving inventory	-	46.00
	Other amounts written off	0.62	0.99
	Unrealised exchange (gain)/loss (net)	(76.22)	10.50
	Operating profit before working capital changes	**5929.18**	**4135.38**
	Changes in working capital		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	(1704.04)	(1505.81)
	Trade receivables	1162.09	(3517.86)
	Financial assets - loans	(23.32)	(26.30)
	Financial assets - others	(421.72)	(98.86)
	Other Assets	(92.72)	(1079.44)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	(40.67)	2816.75
	Other financial liabilities	9.81	(70.96)
	Other current and non-current liabilities	914.01	(16.98)
	Provisions	137.29	36.91
	Cash generated from operations	**5869.91**	**672.83**
	Income tax (paid)/refund (net)	(858.04)	(59.64)
	Net cash flows from operating activities (A)	**5011.87**	**613.19**
B.	**Cash flows from investing activities:**		
	Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital advances)	(5567.49)	(2141.22)
	Proceeds from sale of property, plant and equipment	9.70	17.67
	Bank balances (including non-current) not considered as cash and cash equivalents (net)	(107.78)	3.69
	Interest received	53.11	48.27
	Net cash flows used in investing activities (B)	**(5612.46)**	**(2071.59)**

Statement of Cash Flows for the year ended 31 March, 2019 .... Contd.

₹ lacs

	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
C.	**Cash flows from financing activities:**		
	Proceeds from long-term borrowings	2300.00	8000.00
	Preferential issue of equity shares (net of share issue expenses of ₹ 9.49 lacs)	-	501.80
	Unsecured loan from Director	-	(500.00)
	Repayment of long-term borrowings	(535.02)	(4978.33)
	Net increase/(decrease) in short-term borrowings	(178.94)	1007.94
	Interest paid	(2084.91)	(1332.93)
	Dividends paid (net of reversal of unencashed instruments)	1.80	(5.86)
	Payment of finance lease liabilities	(1.19)	-
	Net cash flows from/(used in) financing activities (C)	**(498.26)**	**2692.62**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(1098.85)**	**1234.22**
	Cash and cash equivalents at the beginning of the year	(1553.00)	(2794.45)
	Add: Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.30)	7.23
	Cash and cash equivalents at the end of the year (Refer Note 11(C))	**(2652.15)**	**(1553.00)**
	The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Indian Accounting Standard 7 'Statement of Cash Flows'.		
	See accompanying notes to the Financial Statements		

As per our report of even date

For **S R B C & CO LLP**
ICAI Firm Registration Number:- 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership No: 105497

For and on behalf of the Board of Directors of Bharat Gears Limited

Surinder Paul Kanwar
Chairman and Managing Director
(DIN : 00033524)

Sameer Kanwar
Joint Managing Director
(DIN : 00033622)

V.K. Pargal (DIN : 00076639)
W.R. Schilha (DIN : 00374415)
Rakesh Chopra (DIN : 00032818)
N.V. Srinivasan (DIN : 00879414)
Hiroo Suresh Advani (DIN : 00265233)
Directors

Place: Mumbai
Date: 30 May, 2019

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Notes to the Financial Statements

for the year ended 31 March, 2019

Note 1 : Corporate information

Bharat Gears Limited is a public limited company domiciled in India and is incorporated under the provisions of Companies Act, 1956 on 23 December, 1971. The registered office of the Company is located at 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad, Haryana -121003. The Company has three manufacturing locations; two in the state Maharashtra at Mumbra, Thane and Lonand, Satara and one in the state of Haryana at Faridabad. Its shares are listed on two recognised stock exchanges in India. The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same.

The financial statements were approved by the Board of Directors and authorised for issue on 30 May, 2019.

Note 2 : Significant accounting policies

2.1 Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. All values are rounded to nearest lacs with two decimal except when otherwise indicated.

2.2 Current versus non-current classification:

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 twelve months for the purpose of classification of its assets and liabilities as current and non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.3 Foreign currencies:

Transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.4 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure in these financial statements is determined on such a basis.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which are described as follows:

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Note 2: Significant accounting policies ... contd.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Property, plant and equipment:

Capital work in progress, Property, plant and equipment is stated at cost of acquistion or construction, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

For Property, plant and equipment and Intangible assets existing as at 01 April, 2016 i.e date of transition to Ind AS, the Company has used previous GAAP carrying values as deemed cost as permitted by Ind AS 101- First time adoption. Accordingly, the net written down value as per previous GAAP as at 01 April, 2016 has been considered as deemed cost under Ind AS.

When an item of property, plant and equipment is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Estimated useful lives of the the assests are as follows:

Buildings	:	3 - 60 years
Plant and equipment (owned/on lease)	:	15 years
Office equipments	:	3 - 6 years
Furniture and fixtures	:	8 -10 years
Vehicles	:	8 years

Assets acquired under finance lease are depreciated over the lease term.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.6 Intangible assets:

Intangible assets (i.e computer software) are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Computer software are amortised on straight line basis over the estimated useful life of 6 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Note 2: Significant accounting policies ... contd.

2.7 Inventories:

Inventories are valued at the lower of cost and net realisable value, except for scrap which is valued at net realisable value.

Cost comprises of material cost and expenditure incurred in normal course of business in bringing inventories to its location and includes, where applicable, appropriate overheads.

Material cost is arrived at on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Impairment of non-financial assets:

At the end of each reporting period, the Company assesses whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Profit and Loss.

2.9 Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. The criteria for held for sale classification is regarded met only when the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for such sale and its sale is highly probable.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the Balance Sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.10 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.11 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

(i) Initial recognition and measurement:

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

Note 2: Significant accounting policies ... contd.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

(ii) Subsequent measurement of financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(iii) Derecognition of financial assets:

The Company derecognises a financial asset when and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

(iv) Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(v) Subsequent measurement of financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

(vi) Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

2.12 Provisions and contingencies:

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Note 2: Significant accounting policies ... contd.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

A contingent asset is disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

A contingent asset is disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.13 Revenue recognition:

Revenue from contracts with customers:

The Company derives revenues primarily from sale of automotive gears, automotive components, construction of industrial furnaces and tooling development.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

(a) Sale of goods and rendering of services:

Revenue from sale of goods and rendering of services including export benefits thereon are recognised at the point in time when control of the goods or services are transferred to the customer, generally on delivery of goods or rendering of services.

(b) Construction contracts:

Revenue from contracts for construction of furnaces, where performance obligation is satisfied over a period of time, 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. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(c) Tooling development income:

Net income, if any, from development of tools is recognised at the point of time when performance obligation i.e. development of tool, is complete.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any.

The Company disaggregates revenues from contracts with customers based on the type of goods or services provided to customers, the geographical region and the timing of transfer of goods and services.

Contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as contract asset. Revenues in excess of invoicing are classified as contract assets while invoicing in excess of revenue are classified as contract liabilities. A receivable is a right to consideration that is unconditional upon passage of time.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised.

Trade receivables and contract assets are presented net of impairment.

Interest income

Interest income is recorded on time proportion basis using the effective interest rate (EIR).

Note 2: Significant accounting policies ... contd.

2.14 Retirement and other employee benefits:

(i) Retirement benefit costs and long term compensated absences

Payment to defined contribution retirement benefit plans i.e recognised provident fund and superannuation fund are recognised as an expense when employees have rendered service entitling them to the contributions.

Company's liability towards gratuity, compensated absences and terminal ex-gratia is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income (OCI) in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(ii) Other employee benefits

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Voluntary retirement scheme payouts are recognised as an expense in the period in which they are incurred.

2.15 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.16 Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

Note 2: Significant accounting policies ... contd.

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 of leased assets 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 lease liability and the finance 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. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.17 Taxes on income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current income tax:

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Current income tax relating to items recognised outside the Statement of Profit or Loss are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant taxpaying units intend to settle the asset and liability on a net basis.

(b) Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit and loss (either in other comprehensive income or in equity).

2.18 Earnings per share:

Basic earnings per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares

Note 2: Significant accounting policies ... contd.

outstanding during the year is adjusted for events such as bonus issue that have changed the number of shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit/(loss) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Note 3 : Use of estimates and judgements

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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

(i) Property, plant and equipment - Refer Notes 2.5 & 5(A)

(ii) Intangible assets - Refer Notes 2.6 & 5(B)

(iii) Revenue from Contracts with customers - Refer Notes 2.13 & 23

(iv) Retirement and other employee benefits - Refer Notes 2.14 & 33

(v) Taxes on income - Refer Notes 2.17 & 31

Note 4 : Changes in accounting policies and disclosure and Standards issued but not effective

4.1 Changes in accounting policies and disclosure:

Issue of Ind AS 115 - Revenue from contracts with customers:

Effective 01 April, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 - Revenue and Ind AS 11 - Construction Contracts. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at 01 April, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statements.

The results for the reporting periods beginning after 01 April, 2018 are presented under Ind AS 115. While comparative information has not been restated due to adoption of this standard, the separate presentation of contract assets and contract liabilities in the Balance Sheet resulted in a reclassification of certain previously presented amounts.

4.2 Standards issued but not effective:

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 01 April, 2019.

(a) Issue of Ind AS 116 - Leases:

Ind AS 116 - Leases was notified by MCA on 30 March, 2019 and it replaces Ind AS 17 - Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 01 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Note 4: Changes in accounting policies and disclosure and Standards issued but not effective ... contd.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt the above standard from 01 April 2019. The Company is analyzing potential changes to the current accounting practices and is in the process of implementing the same in connection with the adoption of Ind AS 116.

(b) Amendment to existing issued Ind AS:

(i) Appendix C to Ind AS 12: Uncertainty over Income Tax Treatment

(ii) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

(iii) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

(iv) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

(v) Annual improvement to Ind AS (2018) : These improvements include :

- Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation
- Amendments to Ind AS 111: Joint Arrangements
- Amendments to Ind AS 12: Income Taxes
- Amendments to Ind AS 23: Borrowing Costs

Application of the above standards is not expected to have any significant impact on the Company's Financial Statements.

Note 5(A) : Property, plant and equipment

₹ lacs

Description of assets	Land - freehold @	Buildings **	Plant and equipment - owned	Plant and equipment - on lease $	Office equipment - owned $$	Office equipment - Lease @@	Furniture and fixtures	Vehicles	Leasehold improvement	Total
I. At cost or deemed cost										
Balance as at 01 April, 2017	672.11	2622.65	7720.60	176.18	241.33	-	354.37	0.86	0.09	11788.19
Additions	-	86.26	2672.06	-	72.58	-	22.51	-	-	2853.41
Disposals	-	-	(22.83)	-	(0.55)	-	(0.25)	-	-	(23.63)
Balance as at 31 March, 2018	**672.11**	**2708.91**	**10369.83**	**176.18**	**313.36**	**-**	**376.63**	**0.86**	**0.09**	**14617.97**
Additions	-	54.87	5120.01	-	62.80	55.74	38.53	12.24	-	5344.19
Disposals	-	(10.35)	(29.92)	-	(1.28)	-	(0.23)	-	-	(41.78)
Adjustments (Refer Note 14)	(12.30)	-	-	-	-	-	-	-	-	(12.30)
Balance as at 31 March, 2019	**659.81**	**2753.43**	**15459.92**	**176.18**	**374.88**	**55.74**	**414.93**	**13.10**	**0.09**	**19908.08**
II. Depreciation/impairment										
Balance as at 01 April, 2017	-	119.28	1351.53	40.47	61.07	-	53.56	0.22	-	1626.13
Depreciation charge for the year	-	121.42	1507.93	40.47	61.97	-	54.49	0.21	-	1786.49
Eliminated on disposal of assets	-	-	(5.13)	-	(0.12)	-	(0.08)	-	-	(5.33)
Balance as at 31 March, 2018	**-**	**240.70**	**2854.33**	**80.94**	**122.92**	**-**	**107.97**	**0.43**	**-**	**3407.29**
Depreciation charge for the year	-	122.94	1849.20	40.15	59.14	0.90	52.51	1.32	-	2126.16
Eliminated on disposal of assets	-	(1.07)	(5.82)	-	(0.57)	-	(0.02)	-	-	(7.48)
Balance as at 31 March, 2019	**-**	**362.57**	**4697.71**	**121.09**	**181.49**	**0.90**	**160.46**	**1.75**	**-**	**5525.97**
Net book value (I-II)										
Balance as at 31 March, 2019	**659.81**	**2390.86**	**10762.21**	**55.09**	**193.39**	**54.84**	**254.47**	**11.35**	**0.09**	**14382.11**
Balance as at 31 March, 2018	672.11	2468.21	7515.50	95.24	190.44	-	268.66	0.43	0.09	11210.68

(@) Includes certain area of freehold land, where the name mentioned in the records of the Government do not match with the indenture of conveyance available with the Company in respect of such land. The Company has initiated necessary action for correction.

** Buildings include 10 shares of ₹ 50/- each in Venkatesh Premises Co-operative Society Ltd. - Total ₹ 500/- (As at 31 March, 2018: ₹ 500/-).

($) Includes items of Plant and equipment having Net book value of ₹ 55.09 lacs (As at 31 March, 2018: ₹ 95.24 lacs) in respect of which lease periods have expired, the transfer in the name of Company is under process.

($$) Includes Computers and miscellaneous equipment.

@@ Refer note 32(A)

Note 5(B) : Intangible assets

₹ lacs

Description of assets	Computer software acquired
I. At cost or deemed cost	
Balance as at 01 April, 2017	159.76
Additions	25.22
Disposals	-
Balance as at 31 March, 2018	**184.98**
Additions	99.76
Disposals	-
Balance as at 31 March, 2019	**284.74**
II. Amortisation	
Balance as at 01 April, 2017	43.13
Amortisation expense for the year	41.62
Balance as at 31 March, 2018	**84.75**
Amortisation expense for the year	49.98
Balance as at 31 March, 2019	**134.73**
Net book value (I-II)	
Balance as at 31 March, 2019	**150.01**
Balance as at 31 March, 2018	100.23

Footnote:

For details of Property, plant and equipment charged as security for borrowings Refer Note 16.

Note 6 : Financial assets - Loans

(A) Non-current

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Loans and advances to employees		
Unsecured, considered good	138.09	128.66
Total	**138.09**	**128.66**

(B) Current

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Loans and advances to employees		
Unsecured, considered good	74.60	52.16
Total	**74.60**	**52.16**

Note 7 : Financial assets - Others

(A) Non-current

₹ lacs

	Particulars	As at 31 March, 2019	As at 31 March, 2018
(a)	Security deposits (Refer Footnote (i) below) Unsecured, considered good	180.19	97.36
(b)	Balances with banks In fixed deposits (Refer Footnote (ii) below)	-	60.18
(c)	Interest accrued and receivable Unsecured, considered good	-	0.27
	Total	**180.19**	**157.81**

Footnotes:

(i) Security deposits include ₹ 38.49 lacs (As at 31 March, 2018: ₹ 7.26 lacs) due from directors and ₹ 1.99 lacs (As at 31 March, 2018: ₹ 2.23 lacs) due from a private limited company, in which directors of the Company are directors.

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

(B) Current

₹ lacs

	Particulars	As at 31 March, 2019	As at 31 March, 2018
Unsecured, considered good			
(a)	Security deposits (Refer Footnote below)	57.26	139.40
(b)	Interest accrued on deposits	5.71	3.34
(c)	Contract assets (Refer Note 36(A)) (Includes amount due from a related party ₹ 48.66 lacs (As at 31 March, 2018 : ₹ 41.96 lacs) - Services rendered to Xlerate Driveline India Limited (XDIL)) (Refer Note 34(C))	451.21	41.96
(d)	Other recoveries	-	8.22
(e)	Others (includes benefits receivable under Package Scheme of Incentives (PSI - 2007) ₹ 69.02 lacs (As at 31 March, 2018: ₹ 61.84 lacs))	166.12	164.01
	Total	**680.30**	**356.93**

Footnote:

Security deposits include ₹ Nil (As at 31 March, 2018: ₹ 60.00 lacs) due from a director and ₹ 2.50 lacs (As at 31 March, 2018: ₹ 2.50 lacs) due from a private limited company, in which directors of the Company are directors.

Note 8 : Other non-current assets

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Unsecured, considered good		
(a) Capital advances	290.31	187.41
(b) Prepaid expenses	54.95	50.12
(c) Contract Assets - Prepaid tooling expenses (Refer Note 36(A))	141.12	153.12
(d) Others	40.26	60.28
Total	**526.64**	**450.93**

Note 9 : Inventories

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Raw materials and components:		
- Automotive gears	1278.85	1232.69
- Automotive components	58.16	81.27
	1337.01	**1313.96**
(b) Work-in-progress:		
- Automotive gears	3155.58	3626.55
(c) Finished goods:		
- Automotive gears	2825.70	1008.44
- Automotive components	273.76	190.98
	3099.46	**1199.42**
(d) Stores and spares	615.54	499.37
(e) Loose tools	1192.59	1056.51
(f) Scrap	6.62	6.95
Total	**9406.80**	**7702.76**

Footnotes:

(i) The cost of inventories recognised as an expense during the year ₹ 27411.24 lacs (Year ended 31 March, 2018: ₹ 23603.88 lacs).

(ii) The cost of inventories recognized as an expense includes ₹ 172.32 lacs (Year ended 31 March, 2018: ₹ 62.72 lacs) in respect of write-down (net) of inventory to net realisable value and provision for slow and non moving inventory.

(iii) The mode of valuation of inventories has been stated in Note 2.7.

(iv) For details of inventories provided as security for borrowings Refer Note 20.

Note 10 : Trade receivables

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	25.34	56.43
Credit impaired	18.63	22.28
	43.97	78.71
Less: Impairment for trade receivable	18.63	22.28
	25.34	56.43
Other trade receivables		
Unsecured, considered good	11610.18	12779.75
Less: Impairment for trade receivable	19.18	18.40
Total	**11616.34**	**12817.78**

Footnotes:

(i) Trade receivables outstanding for a period exceeding six months from the date they were due for payment include ₹ 4.63 lacs (As at 31 March, 2018: ₹ Nil) and Other trade receivables include ₹ 54.67 lacs (As at 31 March, 2018: ₹ 53.24 lacs) due from Companies, in which directors of the Company are directors (Refer Note 34(C)).

(ii) The Company is primarily engaged in manufacturing and selling of Automotive Gears and Components. Credit period varies from customer to customer. Average credit period is 30 - 90 days in respect of export customers and 30 - 60 days from the date of receipt of goods in respect of domestic customers. No interest is recovered on trade receivables for payments received after due date.

(iii) As at 31 March, 2019, the Company had 5 customers (As at 31 March 2018: 5 customers) that owed the Company more than ₹ 500 lacs each and accounted for approximately 52.30% of all the receivables outstanding (As at 31 March, 2018: 56.93%).

(iv) The Company maintains an allowance for impairment of receivables accounts based on aging of customer receivables, overdues and historical experience of collections from customer(s).

Movement of impairment of trade receivable (including allowance for doubtful debts):

Particulars	₹ lacs
Balance as at 31 March, 2017	**28.41**
Add: Created during the year	28.59
Less: Released during the year	16.32
Balance as at 31 March, 2018	**40.68**
Add: Created during the year	9.27
Less: Released during the year	12.14
Balance as at 31 March, 2019	**37.81**

Note 11 : Cash and cash equivalents and other bank balances

(A) Cash and cash equivalents

₹ lacs

	Particulars	As at 31 March, 2019	As at 31 March, 2018
(a)	Cash on hand	5.72	5.62
(b)	Balances with banks		
	In current accounts	51.15	19.03
	Total	**56.87**	**24.65**

Note 11 : Cash and cash equivalents and other bank balances....Contd.

(B) Other bank balances

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) In earmarked accounts (Refer Footnote (i) below)		
- Unpaid dividend accounts	8.30	6.50
(b) Balances held as margin money or security against borrowings, guarantees and other commitments in fixed deposits (Refer Footnote (ii) below)	668.81	502.65
Total	**677.11**	**509.15**

Footnotes:

(i) Balances with banks which have restrictions on utilisation.

(ii) Includes deposits of ₹ 65.26 lacs, the receipts for which are held by Tata Capital Financial Services Limited towards security deposit for availing operating lease facility.

(C) For the purpose of Statement of Cash flows, cash and cash equivalents comprise of the following:

Particulars	As at 31 March, 2019	As at 31 March, 2018
Cash and cash equivalents as above	56.87	24.65
Loans repayable on demand - from banks (Refer Note 20)	(2709.02)	(1577.65)
Total	**(2652.15)**	**(1553.00)**

(D) Changes in liabilities arising from financing activities:

Particulars	Lease liabilities (Refer Note 16)	Borrowing - Non current (Refer Note 16)	Borrowing - current (Refer Note 20)
Balance as at 01 April, 2017	**-**	**5959.00**	**2396.92**
Cash Flow	-	2521.67	1007.94
Others	-	(77.95)	-
Balance as at 31 March, 2018	**-**	**8402.72**	**3404.86**
Acquisition	55.74	-	-
Cash Flow	(0.71)	1764.98	(178.94)
Others	-	(7.91)	-
Balance as at 31 March, 2019	**55.03**	**10159.79**	**3225.92**

Note 12 : Current tax assets

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Advance income tax (net of provisions ₹ 35.00 lacs (As at 31 March, 2018: ₹ 35.00 lacs)) Unsecured, considered good	66.02	58.72
Total	**66.02**	**58.72**

Note 13 : Other current assets

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Unsecured, considered good		
(a) Prepaid expenses	140.84	122.55
(b) Advances to suppliers (Refer Footnote (i) below)	272.93	55.34
(c) Balances with government authorities		
(i) CENVAT credit receivable	45.13	80.14
(ii) Goods and Services Tax receivable	1518.75	1630.94
(d) Export incentives receivable	642.90	574.24
(e) Others (Refer Footnote (ii) below)	71.61	95.05
Total	**2692.16**	**2558.26**

Footnotes:

(i) Advances to suppliers includes ₹ 1.81 lacs (As at 31 March, 2018: ₹ Nil) paid to a private limited company, in which directors of the Company are directors (Refer Note 34(C) (ii)).

(ii) Includes ₹ 34.26 lacs being expenses incurred in respect of proposed rights issue of equity shares (Refer Footnote (v) of Note 15(A)).

Note 14 : Non-current asset held for sale

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Freehold Land (Refer Note 41)	12.30	-
Total	**12.30**	**-**

Note 15 (A) : Equity share capital

₹ lacs

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	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
Total	**11500000**	**2500.00**	**11500000**	**2500.00**
(b) Issued, Subscribed and paid up				
Equity shares of ₹ 10 each, fully paid up, outstanding at the end of the year	8142833	814.28	8142833	814.28
Total	**8142833**	**814.28**	**8142833**	**814.28**
(c) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:				
Opening balance	8142833	814.28	7817833	781.78
Add: Preferential issue of equity shares (Refer Footnote (iii) below)	-	-	325000	32.50
Closing balance	**8142833**	**814.28**	**8142833**	**814.28**

Footnotes:

(i) 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.

(ii) 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.

(iii) In terms of shareholders approval obtained by way of a postal ballot on 21 October, 2017, the Company, on 03 November, 2017 allotted 3,25,000 equity shares of face value of ₹ 10/- each to a promoter at a price of ₹ 157.32 per share (including a premium of ₹ 147.32 per share), aggregating to ₹ 511.29 lacs on Preferential Allotment basis. Pursuant to this allotment, the securities premium stands increased by ₹ 469.30 lacs net of share issue expenses of ₹ 9.49 lacs.

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Equity shares				
Surinder Paul Kanwar	**2628920**	**32.29**	2628920	32.29
Ultra Consultants Private Limited	**766038**	**9.41**	766038	9.41
Future Consultants Private Limited	**645071**	**7.92**	645071	7.92

(v) In terms of approval of Board of Directors at their meeting held on 09 October, 2018, the Company on 10 May, 2019 allotted 11,63,262 equity shares at a Price of ₹ 105 per share (including premium of ₹ 95 per share) to existing shareholders on rights basis. Right Issue expenses incurred upto 31 March, 2019 of ₹ 34.26 lacs has been included as part of Other current assets (Refer Footnote (ii) of Note 13), which shall be debited to securities premium on completion of the rights issue.

Note 15 (B) : Other equity

₹ lacs

	Particulars	As at 31 March, 2019	As at 31 March, 2018
(a)	Capital redemption reserve	588.50	588.50
(b)	Securities premium account (Refer Footnote (iii) of Note 15(A))	1393.90	1393.90
(c)	General reserve	1756.45	1756.45
(d)	Retained earnings	4456.82	3203.84
(e)	Other comprehensive income	(160.48)	25.23
	Total	**8035.19**	**6967.92**

Footnotes:

(i) Description of nature and purpose of reserve

(a) Capital redemption reserve:

Capital redemption reserve was created pursuant to the redemption of preference shares issued in earlier years.

The capital redemption reserve may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares.

(b) Securities premium account:

Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities premium". The Company may issue fully paid-up bonus shares to its members out of balance lying in securities premium and the Company can also use this reserve for buy-back of shares.

(c) General reserve:

General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid-up shares.

(ii) The disaggregation of changes in each type of reserve, retained earnings and other comprehensive income are disclosed in Statement of Changes in Equity.

(iii) The details of dividend proposed are as under:

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Proposed dividend on equity shares *		
Proposed Dividend @ ₹ 1.00 per share (31 March, 2018: ₹ Nil per share)**	93.06	-
Dividend distribution tax thereon @ 20.555%	19.13	-
Total	**112.19**	**-**

* Under Ind AS dividend is recognised as liability in the period in which it is declared by the Company in Annual General Meeting. Accordingly, the above dividend and dividend distribution tax has not been recognised in the financial statements as at 31 March, 2019.

** Includes dividend on shares issued on rights basis. (Refer Note: 15A(v))

Note 16 : Non current borrowings

₹ lacs

Particulars		As at 31 March, 2019	As at 31 March, 2018
(a)	Term loans - Secured (Refer Footnotes (i) and (ii))		
	From banks	294.84	497.72
	Less: Current maturities of long-term debts (Refer Note 17(B) (a))	213.01	205.02
		81.83	**292.70**
	From others	9864.95	7905.00
	Less: Current maturities of long-term debts (Refer Note 17(B) (a))	1903.00	330.00
		7961.95	**7575.00**
(b)	Long-term maturities of finance lease obligations - Secured	55.03	-
	Less: Current maturities of finance lease obligations (Refer Note 17(B) (b)) (Refer Footnote (iii) and Note 32(A) (ii))	9.04	-
		45.99	-
	Total	**8089.77**	**7867.70**

Footnotes:

(i) Term loans from banks:

Rupee loan from HDFC Bank Limited:

₹ **294.84 lacs** (As at 31 March, 2018: ₹ 497.72 lacs): Secured by exclusive charge on office premises situated at Nariman Point, Mumbai. Repayable in forty eight monthly installments by 20 March, 2021 and carries an interest rate of 12.60% p.a.

(ii) Term loans from others:

Rupee loan from KKR India Financial Services Private Limited:

₹ **9864.95 lacs** (As at 31 March, 2018: ₹ 7905 lacs): Secured by first pari passu charge created on Fixed Assets of the Company located at Mumbra plant, Faridabad plant and Lonand plant. Repayable in quarterly installments commencing from 31 March, 2019 and carries an interest rate of 12% p.a.p.m.

(iii) Finance leases are secured by the lessor's title to the leased assets and are repayable in monthly installments.

Note 17 : Other financial liabilities

(A) Non-current

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Interest accrued but not due on borrowings	-	114.72
Total	**-**	**114.72**

(B) Current

₹ lacs

Particulars		As at 31 March, 2019	As at 31 March, 2018
(a)	Current maturities of long-term debts (Refer Note 16):		
	From banks	213.01	205.02
	From others	1903.00	330.00
(b)	Current maturities of finance lease obligations (Refer Note 16 and Note 32(A) (ii))	9.04	-
(c)	Interest accrued but not due on borrowings	4.23	26.30
(d)	Unpaid dividends (Refer Footnote below)	8.30	6.50
(e)	Other payables:		
	(i) Payables on purchase of property, plant and equipment	1688.47	1108.66
	(ii) Interest accrued on others	7.00	28.00
	(iii) Others	70.44	68.40
	Total	**3903.49**	**1772.88**

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 18 : Provisions

(A) Non-current

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Employee benefits:		
(i) Compensated absences	510.00	419.93
(ii) Other employee benefits (Terminal Ex-gratia) (Refer Note 33(B))	28.61	29.64
Total	**538.61**	**449.57**

(B) Current

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Employee benefits:		
(i) Compensated absences	124.07	82.78
(ii) Other employee benefits (Terminal Ex-gratia) (Refer Note 33(B))	5.76	4.93
	129.83	**87.71**
(b) Provision for warranty (Refer Note 36(B))	10.10	3.71
	10.10	**3.71**
Total	**139.93**	**91.42**

(C) Current tax liabilities (net)

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Provision for tax (net of advance tax ₹ 1737.97 lacs (As at 31 March, 2018: ₹ 1429.72 lacs))	108.52	241.38
Total	**108.52**	**241.38**

Note 19 : Other non-current liabilities

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Contract liabilities	124.13	94.61
(b) Provision for gratuity (net) (Refer Note 33(B))	1585.97	1161.71
Total	**1710.10**	**1256.32**

Note 20 : Current borrowings

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Loans repayable on demand		
From banks - Secured (Refer Footnote below)	2709.02	1577.65
From others - Unsecured	3225.92	3404.86
Total	**5934.94**	**4982.51**

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, and by joint mortgage created/to be created for all immoveable properties of the Company located at Mumbra, Faridabad and Lonand 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 footnote (ii) of Note 16.

Note 21 : Trade Payables

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Total outstanding dues of micro enterprises and small enterprises (including acceptances) (Refer Note 30.2)	410.28	132.23
Total outstanding dues of trade payables other than micro enterprises and small enterprises (including acceptances):		
Others	11226.08	11567.48
Related parties (Refer Note 34(C) (i))	7.04	7.09
Total	**11643.40**	**11706.80**

Footnote:

Trade payables are non-interest bearing and generally have a payment terms of 30 to 120 days.

Note 22 : Other current liabilities

₹ lacs

	Particulars	As at 31 March, 2019	As at 31 March, 2018
(a)	Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Goods and Services Tax etc.)	210.91	182.09
(b)	Contract liabilities	741.89	15.26
(c)	Trade/security deposits received	22.75	22.75
(d)	Provision for gratuity (net) (Refer Note 33(B))	76.55	87.58
(e)	Others	0.82	-
	Total	**1052.92**	**307.68**

Note 23 : Revenue from operations

₹ lacs

	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
I.	**Revenue from contracts with customers:**		
	(a) Sale of products (including excise duty ₹ Nil (Year ended 31 March, 2018: ₹ 645.41 lacs)) (Refer Footnotes (i)(a), (ii)(a) & (v) below)	57177.29	49743.76
	(b) Services rendered (Refer Footnotes (i)(b) & (ii)(b) below)	338.93	150.13
	Total - Revenue from contracts with customers	**57516.22**	**49893.89**
II.	**Other operating revenues (Refer Footnote (iii) below)**	**1923.42**	**1422.41**
	Revenue from operations (I+II)	**59439.64**	**51316.30**

Note 23 : Revenue from operations...Contd.

Footnotes:

	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(i)	**Goods and services transferred at a point in time**		
	(a) Sale of products comprises:		
	- Automotive gears (Includes processing charges ₹ 341.17 lacs (Year ended 31 March, 2018: ₹ 385.73 lacs))	52399.39	46121.61
	- Automotive components	3563.79	3123.72
	- Tooling development	220.76	356.80
	(b) Services rendered	176.12	138.03
(ii)	**Goods and services transferred over time**		
	(a) Sale of products comprises:		
	- Industrial furnaces (Refer Footnote (iv) below)	993.35	141.63
	(b) Services rendered	162.81	12.10
	Total - Revenue from contracts with customers	**57516.22**	**49893.89**
(iii)	**Other operating revenues comprises:**		
	- Sale of scrap	598.47	430.13
	- Export incentives	1020.78	794.67
	- Liabilities/provisions no longer required written back	34.73	27.96
	- Miscellaneous income	269.44	169.65
	Total - Other operating revenues	**1923.42**	**1422.41**

(iv) Revenue from contracts is recognized as stated in Note 2.13(b)

(v) Consequent to the introduction of Goods and Services Tax (GST) with effect from 01 July, 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. Revenue from operations for previous year up to 30 June, 2017 is reported inclusive of excise duty and corresponding excise duty on sale of goods (including scrap sale) is disclosed as a part of expenses. The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for year ended 31 March, 2019 is not comparable with 31 March, 2018.

(vi) For disaggregation of revenue by geography Refer Note 37(b) - Segment information

(vii) Reconciliation of revenue recognised with contracted price:

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Revenue as per contracted price	58329.90	50140.58
Adjustments for:		
Sales return, volume discount, price incentive, price variation, others	813.68	246.69
Revenue from contracts with customers	57516.22	49893.89

Note 24 : Other income

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Interest income (Refer Footnote (i) below)	68.21	70.35
(b) Net gain on foreign currency transactions and translations	391.09	73.14
(c) Other non-operating income (Refer Footnote (ii) below)	15.74	14.47
Total	**475.04**	**157.96**

Footnotes:

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(i) Interest income comprises:		
Interest on financial assets at amortised cost:		
- On bank deposits	5.67	5.38
- On margin money with banks	35.40	32.40
- On security deposits and loans to employees	13.00	19.53
Others	5.63	1.65
Interest on income tax refund	8.51	11.39
Total - Interest income	**68.21**	**70.35**
(ii) Other non-operating income comprises:		
Rent	12.32	12.32
Profit on sale of property, plant and equipment	3.42	1.58
Liabilities/provisions no longer required written back	-	0.57
Total - Other non-operating income	**15.74**	**14.47**

Note 25 (A) : Cost of material and components consumed

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Opening stock	1313.96	655.89
Add: Purchases	28863.36	25005.88
	30177.32	25661.77
Less: Closing stock	1337.01	1313.96
Cost of materials and components consumed	**28840.31**	**24347.81**
Material and components consumed comprises:		
Forgings	25515.85	22101.66
Automotive components	2534.35	2173.52
Others	790.11	72.63
Total	**28840.31**	**24347.81**

Note 25 (B) : Changes in inventories of finished goods and work-in-progress

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Inventories at the end of the year:		
Finished goods	3099.46	1199.42
Work-in-progress	3155.58	3626.55
	6255.04	4825.97
Inventories at the beginning of the year:		
Finished goods	1199.42	1617.95
Work-in-progress	3626.55	2464.09
	4825.97	4082.04
Net (increase)/decrease	**(1429.07)**	**(743.93)**

Note 26 : Employee benefits expense

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Salaries and wages (Refer Footnote (i) below)	8300.59	7227.99
Contributions to provident and other funds	536.16	506.41
Gratuity expenses (Refer Footnote (ii) below)	198.34	239.91
Staff welfare expenses	804.25	752.03
Total	**9839.34**	**8726.34**

Footnote:

(i) Includes Voluntary retirement scheme expense of ₹ 70.56 lacs (for the year ended 31 March, 2018: ₹ 115.56 lacs).

(ii) Pursuant to amendment to The Payment of Gratuity Act, 1972, notifying the increase in limit of maximum gratuity, the gratuity expenses for the year ended 31 March, 2018 were increased by ₹ 84.56 lacs on account of past service costs.

Note 27 : Finance costs

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Interest expense on:		
(i) Borrowings	1585.29	1083.00
(ii) Others		
- Discounting charges	345.35	264.71
- Interest on delayed/deferred payment of income tax	7.00	28.00
(b) Other borrowing costs (Bank and other financing charges)	259.25	308.53
Total	**2196.89**	**1684.24**

Note 28 : Depreciation and amortisation expense

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Depreciation of tangible assets	2126.16	1786.49
Amortisation of intangible assets	49.98	41.62
Total	2176.14	1828.11

Note 29 : Other expenses

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Consumption of stores and spare parts	1650.14	1336.40
Consumption of loose tools	1625.33	1519.47
Consumption of packing materials	1313.67	1084.14
Excise duty on changes in inventory	-	(142.66)
Processing charges	2891.19	2431.73
Power and fuel	4078.10	3484.30
Rent including lease rentals (Refer Note 32 (B) (i))	487.82	487.41
Repairs and maintenance:		
- Buildings	130.57	98.25
- Machinery	487.61	418.28
- Others	916.21	699.04
Travelling, conveyance and car expenses	539.13	475.13
Freight, forwarding and other charges	1082.69	1053.65
Auditors' remuneration (Refer Footnote below)	31.10	34.61
Bad debts written off	3.34	9.08
Loss on disposal of property, plant and equipment	28.02	2.23
Allowance for doubtful debts	9.27	23.17
Miscellaneous expenses	1072.01	1047.75
Total	16346.20	14061.98

Footnote:

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Auditors' remuneration (net of service tax /GST):		
As auditors:		
- Statutory audit	17.00	14.50
- Limited review	12.00	11.75
In other capacity:		
- For certification (Refer Note (i) below)	0.40	2.40
- For other services	-	5.00
Reimbursement of expenses	1.70	0.96
Total	31.10	34.61

(i) Excludes certification charges paid to statutory auditors in relation to issue of equity shares ₹ 5.13 lacs - included in other current assets (for the year ended 31 March, 2018: ₹ 1.00 lac - debited to securities premium).

Note 30 : Additional information to the financial statements

₹ lacs

Note	Particulars	As at 31 March, 2019	As at 31 March, 2018
30.1	**Contingent liabilities and commitments (to the extent not provided for)**		
(i)	**Contingent liabilities:**		
	(a) Claims against the Company not acknowledged as debt:		
	1. In respect of Employees:		
	(i) The Company has filed an appeal in the Bombay High Court against the order passed by Third Labour Court on issue of back wages and reinstatement of 11 employees.	40.26	40.26
	(ii) In respect of claim of permanency of services and/or back wages (less subsistence allowance paid, if any) filed by set of temporary/permanent workmen before the Industrial Court, Thane/Labour Court.	Not ascertainable	Not ascertainable
	2. Others:		
	(i) The Company's appeal is pending before Central Government Industrial Tribunal against the order passed by Regional Provident Fund Commissioner, on issue of provident fund dues on subsistence allowance.	1.27	1.27
	(ii) The Company's appeal is pending before Central Government Industrial Tribunal against the order passed by Regional Provident Fund Commissioner, on issue of provident fund dues on difference of wages of certain employees.	0.87	0.87
	(b) Others:		
	There are numerous interpretative issues relating to the Supreme Court (SC) judgement on provident fund dated 28 February, 2019. The Company will update its provision, on receiving further clarity on the subject.	-	-
	Future ultimate outflow of resources embodying economic benefits in respect of these matters is uncertain as it depends on financial outcome of judgements/decisions on the matters involved.		
(ii)	**Commitments:**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):		
	Property, plant and equipment	1067.69	2733.22
	Intangible assets	0.11	0.84
		1067.80	**2734.06**

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

₹ lacs

	Particulars	As at 31 March, 2019	As at 31 March, 2018
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	209.28	70.28
(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	2053.17	257.25
(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/informations 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 31: Income Tax

(A) Major components of income tax expense:

₹ lacs

Note	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a)	**Statement of Profit and Loss:**		
	(i) Current income tax:		
	- In respect of current year	692.50	425.00
	- In respect of prior years	(3.24)	-
	(ii) Deferred tax:		
	Relating to origination and reversal of temporary differences	2.63	(131.00)
	Total tax expense recognised in Statement of Profit and Loss	**691.89**	**294.00**
(b)	**Other comprehensive income (OCI):**		
	Deferred tax - Remeasurement of the defined benefits obligations	(99.56)	1.37
	Total tax expense recognised in other comprehensive income	**(99.56)**	**1.37**

(B) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Profit before tax	1944.87	924.30
Applicable tax rate	34.944%	34.608%
Computed tax expense	679.62	319.88
Effect of expenses that is non-deductible in determining taxable profit	2.44	9.69
Effect of concession (deduction for employment of new employees)	(7.79)	-
Adjustments in respect of current income tax of previous years	(3.24)	-
Others	20.86	(35.57)
Income tax expense recognised in Statement of Profit or Loss	**691.89**	**294.00**
Effective tax rate	**35.575%**	**31.808%**

Note 31 (C) : Deferred tax

₹ lacs

Particulars	For the year ended 31 March, 2019			
	Balance as at 31 March, 2018	Recognised in Profit and loss	Recognised in OCI	Balance as at 31 March, 2019
Tax effect of items constituting deferred tax liabilities:				
Property, plant and equipment & intangible assets	513.49	111.44	-	624.93
Lease rent	69.40	(43.99)	-	25.41
Others	34.04	3.09	-	37.13
(A)	**616.93**	**70.54**	**-**	**687.47**
Tax effect of items constituting deferred tax assets:				
Provision for compensated absences, gratuity and other employee benefits	629.79	97.74	-	727.53
Other disallowances under Section 43B of the Income-tax Act, 1961	71.84	12.83	-	84.67
Payments made under Voluntary Retirement Scheme	102.23	(22.17)	-	80.06
Minimum alternate tax credit	-	-	-	-
Remeasurement of defined benefits obligations	(12.56)	-	99.56	87.00
Lease	-	0.07	-	0.07
Others	33.77	(20.56)	-	13.21
(B)	**825.07**	**67.91**	**99.56**	**992.54**
Deferred tax liabilities/(assets) (net)	**(208.14)**	**2.63**	**(99.56)**	**(305.07)**

₹ lacs

Particulars	For the year ended 31 March, 2018			
	Balance as at 31 March, 2017	Recognised in Profit and loss	Recognised in OCI	Balance as at 31 March, 2018
Tax effect of items constituting deferred tax liabilities:				
Property, plant and equipment & intangible assets	598.38	(84.89)	-	513.49
Lease rent	113.50	(44.10)	-	69.40
Others	6.75	27.29	-	34.04
(A)	**718.63**	**(101.70)**	**-**	**616.93**
Tax effect of items constituting deferred tax assets:				
Provision for compensated absences, gratuity and other employee benefits	531.65	98.14	-	629.79
Other disallowances under Section 43B of the Income-tax Act, 1961	70.34	1.50	-	71.84
Unabsorbed depreciation	69.23	(69.23)	-	-
Payments made under Voluntary Retirement Scheme	101.72	0.51	-	102.23
Minimum alternate tax credit	26.00	(26.00)	-	-
Remeasurement of defined benefits obligations	(11.19)	-	(1.37)	(12.56)
Others	9.39	24.38	-	33.77
(B)	**797.14**	**29.30**	**(1.37)**	**825.07**
Deferred tax liabilities/(assets) (net)	**(78.51)**	**(131.00)**	**1.37**	**(208.14)**

Note 32 : Details of Leasing arrangements

(A) Finance Lease: Company as a lessee

(i) For net carrying amount as at 31 March, 2019 for assets acquired under finance lease. (Refer Note 5(A) Property, plant and equipment)

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

₹ lacs

Particulars		Total minimum lease payments outstanding	Interest not due	Present value of minimum lease payments
Not later than one year	As at 31 March, 2019	14.34	5.30	9.04
	As at 31 March, 2018	-	-	-
Later than one year but not later than five years	As at 31 March, 2019	56.19	10.20	45.99
	As at 31 March, 2018	-	-	-
Total	As at 31 March, 2019	70.53	15.50	55.03
	As at 31 March, 2018	-	-	-

(iii) General description of these agreements:

- The agreement pertains to warehousing services. The lease term is for a period of five years.
- The agreement provides for transfer of asset to the Company on expiry of lease term.
- 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: Company as a lessee

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

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Residential flats/offices/godowns	239.25	258.40
Vehicle/plant and machinery/air conditioner/returnable packaging	248.57	229.01

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

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Not later than one year	-	107.45
Later than one year and not later than five years	-	46.22
Later than five years	-	-

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

Note 33 : Employee benefits

Note	Particulars

(A) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss:

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
- Employers' contribution to Provident Fund and Family Pension Fund	335.45	287.10
- Employers' contribution to Superannuation Fund	115.88	113.43

The above amounts are included in Contributions to provident and other funds under Note 26 Employee benefits expense.

(B) Defined Benefit Plans

A general description of the Employees Benefit Plans:

(i) Gratuity (Funded)

The Company operates a defined benefit final salary gratuity plan which covers qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972 or maximum gratuity payable under the said Act, which ever is lower. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

The Company has set up an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan. There are no minimum funding requirements.The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act and Rules.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

(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. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet:

Note 33 : Employee benefits....Contd.

Note	Particulars

(a) Expense recognised in the Statement of Profit and Loss:

₹ lacs

Particulars	Year ended 31 March, 2019		Year ended 31 March, 2018	
	Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
(i) Under Statement of Profit and Loss				
Current service cost	100.96	1.39	77.50	1.47
Interest on net defined benefit liability/(asset)	97.38	2.70	77.86	2.78
Past service cost	-	-	84.55	-
Total expense recognised in the Statement of Profit and Loss	***198.34**	****4.09**	***239.91**	****4.25**
(ii) Under other comprehensive income				
Acturial (gains)/losses				
Due to change in financial assumptions	82.65	0.17	(6.06)	(1.03)
Due to change in experience adjustments	194.94	0.09	(8.27)	0.11
Actual return on plan assets in excess of the expected return	7.42	-	11.30	-
Sub-total - Included in Other comprehensive income	**285.01**	**0.26**	**(3.03)**	**(0.92)**
Total expense	**483.35**	**4.35**	**236.88**	**3.33**

(* Included in Gratuity expense under Employee benefits expense in Note 26).

(** Included in 'Salaries and wages' under Employee benefits expense in Note 26).

₹ lacs

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
(b) Net liability recognised in the Balance Sheet:				
Present value of defined benefit obligation	1888.52	34.37	1528.33	34.57
Fair value of plan assets	226.00	-	279.04	-
Funded status (deficit)	(1662.52)	(34.37)	(1249.29)	(34.57)
Net liability recognised in the Balance Sheet accounted as below:	**(1662.52)**	**(34.37)**	**(1249.29)**	**(34.57)**
- Other non-current liabilities (Refer Note 19(b))	(1585.97)	-	(1161.71)	-
- Other current liabilities (Refer Note 22(d))	(76.55)	-	(87.58)	-
- Provisions non-current (Refer Note 18(A)(a)(ii))	-	(28.61)	-	(29.64)
- Provisions current (Refer Note 18(B)(a)(ii))	-	(5.76)	-	(4.93)

Note 33 : Employee benefits....Contd.

₹ lacs

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
(c) Present value of defined benefit obligation:				
Present value of defined benefit obligation at beginning of the year	1528.33	34.57	1441.30	38.39
Current service cost	100.96	1.39	77.50	1.47
Interest on defined benefit obligation	119.13	2.70	104.42	2.78
Remeasurements due to:				
Actuarial loss/(gain) arising from change in financial assumptions	82.65	0.17	(6.06)	(1.03)
Actuarial loss/(gain) arising on account of experience changes	194.94	0.09	(8.27)	0.11
Past service cost	-	-	84.55	-
Benefits paid	(137.49)	(4.55)	(165.11)	(7.15)
Present value of defined benefit obligation at the end of the year	**1888.52**	**34.37**	**1528.33**	**34.57**
(d) Fair value of plan assets:				
Opening fair value of plan assets	279.04	-	366.64	-
Employer contributions	70.11	-	62.25	-
Interest on plan assets	21.76	-	26.56	-
Actual return on plan assets in excess of the expected return	(7.42)	-	(11.30)	-
Benefits paid	(137.49)	-	(165.11)	-
Closing fair value of plan assets	**226.00**	**-**	**279.04**	**-**
(e) Movement of net liability recognised in the Balance Sheet:				
Opening net defined benefit liability/(asset)	1249.29	34.57	1074.66	38.39
Expense charged to Statement of Profit and Loss	198.34	4.09	239.91	4.25
Amount recognised in other comprehensive income	285.01	0.26	(3.03)	(0.92)
Employer contributions	(70.11)	(4.55)	(62.25)	(7.15)
Closing net defined benefit liability/(asset)	**1662.53**	**34.37**	**1249.29**	**34.57**
(f) The major categories of plan assets as a percentage of the fair value of total plan assets:				
Insurer managed funds	100%	-	100%	-
The plan does not invest directly in any property occupied by the Company nor in any financial securities issued by the Company.				
(g) The principal assumptions used in determining defined benefits obligations:				
(i) Financial assumptions:				
Discount rate	7.70%	7.70%	7.80%	7.80%
Salary escalation	7.00%		6.50%	

Note 33 : Employee benefits....Contd.

₹ lacs

Note	Particulars	As at 31 March, 2019		As at 31 March, 2018	
		Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
	(ii) Demographic assumptions:				
	Retirement age:				
	For Mumbra employees	60 years		60 years	
	For Faridabad and Lonand employees	58 years		58 years	
	Attrition rate:				
	Age Banks - 21 - 44	2.00%		2.00%	
	Age Banks - 44 & above	1.00%		1.00%	
	Mortality tables	Indian Assured Lives Mortality (2006-08) Ult table		Indian Assured Lives Mortality (2006-08) Ult table	

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.

(h) Sensitivity analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	Year ended 31 March, 2019		Year ended 31 March, 2018	
	Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
Discount rate				
Impact of increase in 50 bps on defined benefits obligations	-3.70%	-2.47%	-3.62%	-2.60%
Impact of decrease in 50 bps on defined benefits obligations	3.98%	2.59%	3.89%	2.70%
Salary escalation				
Impact of increase in 50 bps on defined benefits obligations	3.90%	-	3.84%	-
Impact of decrease in 50 bps on defined benefits obligations	-3.67%	-	-3.61%	-

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

(i) Funding arragements & policy:

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 76,55,365/-.

Note 33 : Employee benefits....Contd.

₹ lacs

Note	Particulars	As at 31 March, 2019		As at 31 March, 2018	
		Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
(j)	**Maturity profile**				
	Expected benefits for year 1	302.55	5.76	217.26	4.93
	Expected benefits for year 2	138.08	4.25	161.63	4.88
	Expected benefits for year 3	159.20	4.61	116.89	4.05
	Expected benefits for year 4	162.10	4.50	142.51	4.72
	Expected benefits for year 5	236.25	5.33	131.75	4.28
	Expected benefits for year 6	253.79	5.57	191.75	5.06
	Expected benefits for year 7	219.58	4.48	207.24	5.32
	Expected benefits for year 8	231.12	4.60	179.44	4.36
	Expected benefits for year 9	121.53	1.95	194.70	4.53
	Expected benefits for year 10 and above	2399.44	14.20	1801.77	14.93
	The weighted average duration to the payment (years)	7.74	4.92	7.55	5.19

Note 34 : Related party transactions

Note	Particulars

(A) As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

Description of relationship		Names of related parties
Key Management Personnel (KMP)	(i)	Mr. Surinder Paul Kanwar - Chairman and Managing Director (who also has ability to exercise 'significant influence' over the Company)
	(ii)	Mr. Sameer Kanwar – Joint Managing Director (Son of Chairman and Managing Director of the Company)
	(iii)	Mr. Rakesh Chopra - Non Executive Independent Director
	(iv)	Mr. Virendra Kumar Pargal - Non Executive Independent Director
	(v)	Mr. Wolfgang Rudolf Schilha - Non Executive Independent Director
	(vi)	Mr. Shiv Gopal Awasthi - Non Executive Independent Director (upto 09 August, 2017)
	(vii)	Mrs. Hiroo Suresh Advani - Non Executive Independent Director
	(viii)	Mr. N.V. Srinivasan - Non Executive Director (w.e.f. 03 November, 2017)
Enterprises over which KMP is able to exercise significant influence	(i)	Cliplok Simpak (India) Private Limited (CSIPL)
	(ii)	Raunaq EPC International Limited (REIL)
	(iii)	Vibrant Finance & Investment Private Limited (VFIPL)
	(iv)	Xlerate Driveline India Limited (XDIL)

Note: Related parties have been identified by the Management.

Note 34 : Related party transactions....Contd.

Note	Particulars

(B) Details of related party transactions during the year ended 31 March, 2019:

(i) Key Management Personnel (KMP):

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Mr. Surinder Paul Kanwar		
- Compensation - Short term employee benefits	197.82	132.23
- Rent paid for premises taken on lease	65.00	72.00
- Reimbursement of maintenance charges paid for premises taken on lease	3.51	3.73
- Refund of security deposit received	10.00	-
- Repayment of unsecured loan	-	500.00
- Equity allotment - Preferential issue of equity shares	-	511.29
(b) Mr. Sameer Kanwar		
- Compensation - Short term employee benefits	168.63	132.12
- Rent paid for premises taken on lease	34.85	34.89
- Reimbursement of maintenance charges paid for premises taken on lease	1.70	1.60
(c) Mr. N.V. Srinivasan		
- Fees for technical advisory services	32.74	13.72
- Director's sitting fees	1.35	0.35
(d) Mr. Rakesh Chopra		
- Director's sitting fees	3.35	1.95
(e) Mr. Virendra Kumar Pargal		
- Director's sitting fees	3.15	1.85
(f) Mr. Wolfgang Rudolf Schilha		
- Director's sitting fees	1.00	0.45
(g) Mr. Shiv Gopal Awasthi		
- Director's sitting fees	-	0.35
(h) Mrs. Hiroo Suresh Advani		
- Director's sitting fees	2.75	1.35

(ii) Enterprises over which KMP is able to exercise significant influence:

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
(a) Cliplok Simpak (India) Private Limited		
- Purchase of packing material	44.61	28.68
- Rent income	0.55	0.55
(b) Vibrant Finance & Investment Private Limited		
- Rent and other expenses	17.85	17.78
(c) Raunaq EPC International Limited		
- Rent income	11.77	11.77
(d) Xlerate Driveline India Limited		
- Marketing service income	171.63	135.31
- Rent expense	11.75	-
- Recovery of business promotion expenses	14.11	10.86

Note 34 : Related party transactions....Contd.

Note	Particulars

(C) Outstanding balances:

(i) Key Management Personnel (KMP):

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Mr. Surinder Paul Kanwar		
Receivable	50.00	60.00
(b) Mr. Sameer Kanwar		
Receivable	10.00	10.00
Payable (Refer Note 21)	4.11	4.13
(c) Mr. N.V. Srinivasan		
Payable (Refer Note 21)	2.93	2.96

(ii) Enterprises over which KMP is able to exercise significant influence:

₹ lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
(a) Vibrant Finance & Investment Private Limited		
Receivable	5.00	5.00
(b) Cliplok Simpak (India) Private Limited		
Receivable (Refer footnote (i) of Note 13)	1.81	-
(c) Raunaq EPC International Limited		
Receivable (Refer footnote (i) of Note 10)	12.73	3.47
(d) Xlerate Driveline India Limited		
Receivable (Refer footnote (i) of Note 10 and Note 7(B)(c))	95.23	91.73

(D) Notes:

(i) Key Management Personnel compensation does not include provision for gratuity and leave encashment, which is determined for the Company as a whole.

(ii) All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for receivables, payables are unsecured, interest free and settlement occurs in cash. The Company has not recorded any impairment of balances relating to amounts owed by related parties during the year ended 31 March, 2019 (31 March, 2018: ₹ Nil). The assessment is undertaken at each financial year through evaluating the financial position of the related party and the market in which the related party operates.

Note 35 : Earnings per share

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Basic and diluted:		
Net profit after tax for the year attributable to the equity shareholders	1252.98	630.30
Weighted average number of equity shares (Nos.)	8142833	7950504
Face value per share (In ₹)	10.00	10.00
Earnings per share - Basic and diluted (In ₹)	15.39	7.93

Note 36 (A) : Disclosure under Ind AS 115 "Revenue from Contracts with Customers"

₹ lacs

Note	Particulars	As at 31 March, 2019	As at 31 March, 2018
	Contract Balances:		
	Contract assets balance at the beginning of the year	195.08	265.15
	Revenue recognised during the year	1327.79	289.04
	Invoices raised during the year	918.54	327.20
	Created/(consumed) during the year	(12.00)	(31.91)
	Contract assets balance at the end of the year (Refer Note 7(B)(c) and Note 8(c))	**592.33**	**195.08**

₹ lacs

Note	Particulars	As at 31 March, 2019	As at 31 March, 2018
	Contract liabilities balance at the beginning of the year	109.87	203.40
	Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	-	-
	Advance received during the year	1355.35	166.30
	Adjusted against invoices during the year	599.20	259.83
	Contract liabilities balance at the end of the year (Refer Note 19 (a) and Note 22(b))	**866.02**	**109.87**

Note 36 (B) : Disclosures in pursuance of the Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":

Provision for Warranties	As at 31 March, 2019	As at 31 March, 2018
Opening balance	3.71	4.56
Additional provision	10.10	0.73
Amount used	2.93	-
Unused amount reversed	0.78	1.58
Closing balance (Refer Note 18(B)(b))	**10.10**	**3.71**

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

Note 37 : Segment information

Particulars

(a) The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Chairman and Managing Director for the purpose of resource allocation and assessing performance focuses on the business as a whole. Accordingly, there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

(b) Disaggregation of revenue by geography:

The revenue of the Company from the external customers are attributed to (i) the Company's country of domicile i.e. India and (ii) all foreign countries in total from which the Company derives revenue. Details are as follows:

(i) Revenue from contracts with customers:

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
India	36035.24	32545.23
Outside India:		
USA	11528.02	10349.56
Mexico	3090.19	2131.87
Spain	3856.04	2789.59
Other countries	3006.73	2077.64
Total	**57516.22**	**49893.89**

(ii) Other operating revenue:

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
India	1923.42	1422.41
Outside India	-	-
Total	**1923.42**	**1422.41**

(c) All the non-current assets of the Company are located in India.

(d) Information about major customers having revenue amounting to 10% or more of the Company's revenue from contracts with customers

₹ lacs

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Customer A	14132.72	11956.58
Customer B	5816.44	5412.47

No other customer individually contributed 10% or more to the Company's revenue from contracts with customers for the current year ended 31 March, 2019 and previous year ended 31 March, 2018.

Note 38 : Financial Instruments

Particulars

I. Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financials covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The capital structure is monitored on the basis of net debt to equity and maturity profile of the overall debt portfolio of the Company.

₹ lacs

		31 March, 2019	31 March, 2018
Short term borrowing and current portion of long term borrowing		8059.99	5517.53
Long term borrowing		8089.77	7867.70
Total borrowing		16149.76	13385.23
Less:- Cash and cash equivalents including other bank balances		725.68	527.30
Net debt	A	15424.08	12857.93
Total shareholders' equity as reported in Balance Sheet	B	8849.47	7782.20
Total capital and debt	**(A+B)**	**24273.55**	**20640.13**

In order to achieve the overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the banks/ lenders to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current year.

No changes were made in the objectives, policies and processes for managing capital during the year(s) ended 31 March, 2019 and 31 March, 2018.

II. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and wherever required a detailed financial analysis. Outstanding customer receivables are regularly monitored. As at 31 March, 2019, the Company had 5 customers (As at 31 March, 2018: 5 customers) that owed the Company more than ₹ 500 lacs each and accounted for approximately 52.30% of all the receivables outstanding (As at 31 March, 2018: 56.93%).

An impairment analysis is performed at each reporting date. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. The credit risk is limited because counter parties are banks/ institutions with high credit ratings.

Note 38 : Financial Instruments....Contd.

Particulars

(B) Liquidity risk

(i) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities/borrowings and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows.

₹ lacs

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
31 March, 2019						
Variable interest rate instruments	8071.22	4636.22	3559.83	-	16267.27	16160.99
Non-interest bearing	13410.61	-	-	-	13410.61	13410.61
Total	**21481.83**	**4636.22**	**3559.83**	**-**	**29677.88**	**29571.60**
31 March, 2018						
Variable interest rate instruments	5569.83	3820.79	3520.00	740.00	13650.62	13554.25
Non-interest bearing	12890.36	-	-	-	12890.36	12890.36
Total	**18460.19**	**3820.79**	**3520.00**	**740.00**	**26540.98**	**26444.61**

Interest rate sensitivity:

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating variable rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used for the purpose of sensitivity analysis.

If interest rates had been 100 basis points higher/lower and all other variables held constant, the Company's profit for the year ended 31 March, 2019 would decrease/increase by ₹ 161.61 lacs (profit for the year ended 31 March, 2018: decrease/increase by ₹ 135.52 lacs). This is mainly attributable to the Company's exposure to interest rate on its variable rate borrowings.

The amounts included above for variable interest rate instruments for both non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Note 38 : Financial Instruments....Contd.

Particulars

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

₹ lacs

	As at 31 March, 2019	As at 31 March, 2018
From banks:		
Fund based:		
Cash Credit/packing credit	1790.98	1922.35
- Expiring within one year	1790.98	1922.35
- Expiring beyond one year	-	-
Sales invoice financing	398.45	393.23
- Expiring within one year	398.45	393.23
- Expiring beyond one year	-	-
Non - fund based - letter of credit/bank guarantees	290.26	370.41
- Expiring within one year	290.26	370.41
- Expiring beyond one year	-	-
From others:		
Term loan	4200.00	3000.00
- Expiring within one year	4200.00	3000.00
- Expiring beyond one year	-	-
Factoring facilities	175.64	1.90
- Expiring within one year	175.64	1.90
- Expiring beyond one year	-	-

(C) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by effective monitoring movement in foreign currency rates and seeks to minimize the effect of currency risk by using non derivative financing instrument to hedge risk exposures.

The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	In foreign currency		₹ lacs	
		As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
Receivable	USD	3909778.44	4339262.92	2702.83	2821.82
	EURO	1227884.98	1089637.35	953.08	878.25
	JPY	-	1788242.40	-	11.01
Payables	USD	1713820.63	1585359.89	1184.76	1031.12
	EURO	1014651.12	1076522.00	787.57	868.11

Note 38 : Financial Instruments....Contd.

Particulars

Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD, Euro and other currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of the monetary assets and liabilities including currency derivatives.

₹ lacs

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended 31 March, 2019	For the year ended 31 March, 2018	For the year ended 31 March, 2019	For the year ended 31 March, 2018
USD	+ 5%	75.90	89.53	49.38	59.93
	- 5%	(75.90)	(89.53)	(49.38)	(59.93)
EURO	+ 5%	8.28	0.51	5.39	0.34
	- 5%	(8.28)	(0.51)	(5.39)	(0.34)
JPY	+ 5%	-	0.55	-	0.37
	- 5%	-	(0.55)	-	(0.37)

(ii) Interest rate risk

Refer comment given above in maturities of financial liabilities under liquidity risk.

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price, the same is passed on to customers through appropriate adjustment to selling prices.

Note 39 : Fair value

Particulars

A Fair value measurement:

All the financial assets and financial liabilities of the Company are carried at amortised cost.

The management assessed that the fair value of financial instruments such as trade receivables, cash and cash equivalents, other bank balances, other financial assets (except security deposits and loans and advances to employees), trade payables, other financial liabilities (except current maturities of long term debts) approximate their carrying value largely due to the short-term maturities of these instruments.

B Fair value hierarchy:

Quantitative disclosure fair value measurement hierarchy:

₹ lacs

Particulars	As at 31 March, 2019		As at 31 March, 2018		Fair value hierarchy
	Carrying value	Fair value	Carrying value	Fair value	
Assets for which fair values are disclosed:					
Loans and advances to employees	212.69	212.69	180.82	180.82	Level 2
Security deposits	237.45	237.45	236.76	236.76	Level 2
Liabilities for which fair values are disclosed:					
Borrowings	10214.82	10214.82	8402.72	8402.72	Level 2

Fair value of loans and advances to employees, security deposits and borrowings are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and maturities.

Note 40 : Corporate social responsibilty

Particulars

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013, on Corporate Social Responsibility (CSR) with effect from 01 April, 2014. As per the provisions of the said Section, the amount of ₹ 3.60 lacs was required to be spent on CSR activities by the Company during the year. However, the Company has not spent the required funds on CSR activities.

Note 41 : Acquisition of land by Government authorities

Particulars

Thane Municipal Corporation (TMC) is in the process of acquiring certain portion of Company's land at Mumbra plant for proposed road widening project(s). The exact area of such acquisition shall be determined after actual survey of land; which is still pending. The said acquisition does not impact the operations of the Company adversely. Meanwhile, the Company has taken up the matter with TMC for suitable compensation in lieu of such acquisition. The impacted land has been classified as non-current asset held for sale.

The Company has also lodged a compensation claim for cost relating to shifting/re-locating/reconstruction of the facilities/structures/utilities, set up on that land. The aforesaid compensation claims are yet to be finalized by the Government Authorities. Pending finalisation of the compensation claim, the Company has not recognized the same in the financial statements. However, the Company has written off the related assets/utilities impacted by the aforesaid acquisition in the Statement of Profit and Loss.

Note 42 : Previous year's figures

Particulars

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date

For **S R B C & CO LLP**
ICAI Firm Registration Number:- 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership No: 105497

For and on behalf of the Board of Directors of Bharat Gears Limited

Surinder Paul Kanwar
Chairman and Managing Director
(DIN : 00033524)

Sameer Kanwar
Joint Managing Director
(DIN : 00033622)

V.K. Pargal (DIN : 00076639)
W.R. Schilha (DIN : 00374415)
Rakesh Chopra (DIN : 00032818)
N.V. Srinivasan (DIN : 00879414)
Hiroo Suresh Advani (DIN : 00265233)
Directors

Place: Mumbai
Date: 30 May, 2019

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

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 | | | | | | | | | | | | | | | | |

_____

Occupation | | | | | | | | | | | | | | |

Jt. Holder 1 | | | | | | | | | | | | | | | | |

_____

Jt. Holder 2 | | | | | | | | | | | | | | | | |

_____

Address | | | | | | | | | | | | | | | | |

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

| | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | |

Pin Code | | | | | | |

E-mail Id _____

	FROM	TO
Cert. Nos.												
Dist. Nos.														

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

Geared for Life

ELECTRONIC CLEARING SERVICES(ECS) MANDATE FORM

To
Link Intime India Private Limited
(Unit : Bharat Gears Limited)
Noble Heights, 1st Floor,
Plot No NH-2, C-1 Block, LSC,
Near Savitri Market,
Janakpuri,
New Delhi - 110058

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

PAN/E-mail information

Income Tax Permanent Account Number (PAN) (Please attach a photocopy of PAN Card)	
E-mail ID	

ECS Mandate Form (for shares held in physical mode)

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

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

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

Signature of First / Sole Holder

Place :
Date :

BHARAT GEARS LIMITED

Geared for Life

REGISTERED OFFICE
20 K.M. Mathura Road, P.O. Amar Nagar,
Faridabad - 121 003, Haryana
CIN: L29130HR1971PLC034365
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