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/AUGUST 2020-2021 **BGL/SEC/BSE/2/AUGUST 2020-2021**

August 24, 2020

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/Madam,

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, 2020.

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) and Company Secretary

Encl: As above

BHARAT GEARS LIMITED

Geared for Life

NOTICE

TO THE MEMBERS OF THE COMPANY

NOTICE is hereby given that the 48th Annual General Meeting (AGM) of the members of Bharat Gears Limited will be held as under through Video Conference ("VC")/Other Audio Visual Means ("OAVM") ("hereinafter referred to as "electronic mode"):

Day	:	Wednesday
Date	:	16 September, 2020
Time	:	11:30 A.M.

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, 2020 together with Reports of the Directors and Auditors thereon.

SPECIAL BUSINESS:

2. To consider the re-appointment of Mr. Rakesh Chopra 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 of 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, Mr. Rakesh Chopra (holding DIN 00032818), 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 Mr. Rakesh Chopra as a candidate for the office of Non-Executive Independent Director of the Company, be and is hereby re-appointed as a Non-Executive Independent Director of the Company to hold office for a further period of 5 (Five) consecutive years upto the 53rd Annual General Meeting of the Company in the calendar year 2025.

   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."

3. To consider the re-appointment of Mr. Virendra Kumar Pargal 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 of 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, Mr. Virendra Kumar Pargal (holding DIN 00076639), 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 Mr. Virendra Kumar Pargal as a candidate for the office of Non-Executive Independent Director of the Company, be and is hereby re-appointed as a Non-Executive Independent Director of the Company to hold office for a further period of 5 (Five) consecutive years upto the 53rd Annual General Meeting of the Company in the calendar year 2025.

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 re-appointment of Mr. Surinder Paul Kanwar as Chairman and Managing Director 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 under Section 196, 197, 198, 200, 201, 203, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") including any statutory amendment, modifications or re-enactment thereof and further subject to such other requisite approvals, as may be required in this regard, the consent of the members be and is hereby accorded for the re-appointment of Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company for a further period of 5 (Five) years with effect from 01 October, 2020 on the terms and conditions including payment of permissible remuneration to him as specified in Section II of Part II of Schedule V of the Companies Act, 2013 without obtaining the approval of the Central Government for a period of 2 (Two) years with effect from 01 October, 2020 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement forming part of this resolution notwithstanding that the remuneration may exceed the limits prescribed in the provisions of Section 197,198 and within the limits prescribed under Schedule V of the Companies Act, 2013 in case of no profits/inadequate profits.

RESOLVED FURTHER THAT the remuneration as set out in the explanatory statement forming part of this resolution, payable to Mr. Surinder Paul Kanwar, Chairman and Managing Director for a period of 2 (Two) years with effect from 01 October, 2020 is subject to the condition that:

a. the total remuneration payable in any financial year by way of salary, perquisites, commission and other allowances shall not exceed the overall limit of five percent (5%) of the net profits of the Company as applicable to each of the Managing/Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all Managing/ Whole-time Directors in accordance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V including any statutory amendment, modification or re-enactment thereof, as may be made thereto and for the time being in force or

b. if the remuneration exceeds the limits as prescribed in the provisions of Section 197, 198 and Schedule V of the Companies Act, 2013, the remuneration payable shall be within the permissible limits as specified under Section II of Part II of Schedule V of the Companies Act, 2013 without obtaining the approval of the Central Government in case of no profits/inadequate profits.

RESOLVED FURTHER THAT notwithstanding anything contained in Section 197, 198 and Schedule V of the Companies Act, 2013 or any amendment/re-enactment thereof or any revised/new schedule thereof, in the event of absence of profits or inadequacy of profits in any financial year, the salary, perquisites and statutory benefits as set out in the explanatory statement forming part of this resolution, be paid as minimum remuneration to Mr. Surinder Paul Kanwar, Chairman and Managing Director.

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 re-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 re-appointed as a Non-Executive Director of the Company liable to retire by rotation upto the conclusion of the 49th AGM of the Company in the Calendar year 2021.

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 ratification of the remuneration payable to M/s M.K. Kulshrestha & Associates, Cost Auditors of the Company for the Financial Year 2019-20 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 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s M.K. Kulshrestha & Associates, the Cost Auditors of the Company appointed by the Board of Directors of the Company in its meeting held on 06 August, 2019 upon recommendation of the Audit Committee, to conduct the audit of the cost records of the Financial Year ending 31 March, 2020, at a remuneration of ₹ 2,25,000/- for the Financial Year 2019-20 be and is hereby confirmed, ratified and approved.

7. To consider the ratification of the remuneration payable to M/s M.K. Kulshrestha & Associates, Cost Auditors of the Company for the Financial Year 2020-21 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 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s M.K. Kulshrestha & Associates, the Cost Auditors of the Company appointed by the Board of Directors of the Company in its meeting held on 28 June, 2020 upon recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the Financial Year ending 31 March, 2021, at a remuneration of ₹ 2,25,000/- for the Financial Year 2020-21 be and is hereby confirmed, ratified and approved.

By order of the Board



Prashant Khattry
Head (Legal) & Company Secretary

Date: 18 August, 2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20 dated 05 May, 2020 read with circulars dated 08 April, 2020 and 13 April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of Annual General Meeting through Video Conference ("VC")/Other Audio Visual Means ("OAVM") without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/OAVM.

2. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

3. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to csnitinrawat@gmail.com with copies marked to the Company at investor@bglindia.com and to the Registrar and Transfer Agent (RTA) at delhi@linkintime.co.in.

4. **Registration of email ID and Bank Account details:**

   In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

   In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and/or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

   (i) Kindly log in to the website of our RTA, Link Intime India Private Limited, www.linkintime.co.in under Investor Services > Email/Bank detail Registration- fill in the details and upload the required documents and submit. **OR**

(ii) In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

5. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated 12 May, 2020. Members may note that the Notice of 48th Annual General Meeting and Annual Report for the financial year 2019-20 will also be available on the Company's website at www.bharatgears.com; website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and the National Stock Exchange of India Limited at www.nseindia.com. Members are requested to download the Annual Report and Notice of the AGM from the website of the Company and the Exchange(s). Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.

6. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.

7. 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 48th Annual General Meeting by electronic means and the business may be transacted electronically 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).

   The facility for electronic voting system, shall also be made available at the 48th Annual General Meeting. The Members who have not cast their votes through remote e-voting shall be able to exercise their voting rights the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

8. Instructions for Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:

a) Members are entitled to attend the Annual General Meeting through VC/OAVM platform "InstaMeet" provided by the Registrar and Transfer Agent, Link Intime Private Limited by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.

   Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Members holding more than 2% equity shares, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join at 11:15 A.M. IST i.e. 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time. Participation is restricted upto 2000 members only.

b) <u>The details of the process to register and attend the AGM are as under:</u>

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in

➢ Select the "**Company**" and "**Event Date**" and register with your following details: -

A. Demat Account No. or Folio No.: Enter your 16 digit Demat Account No. or Folio No.

- Members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Members holding shares in **physical form shall provide** Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

c) Instructions for Members to Speak during the Annual General Meeting through InstaMeet:

1. Members who would like to speak during the meeting must register their request on or before 09 September, 2020 with the company on investor@bglindia.com created for the general meeting.
2. Members will get confirmation on first cum first basis.
3. Members will receive "speaking serial number" once they mark attendance for the meeting.
4. Other Members may ask questions to the panelist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.
6. Members are requested to speak only when moderator of the meeting/management will announce the name and serial number for speaking.

d) Instructions for Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/moderator during the meeting, members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No./Folio No. and OTP (received on the registered mobile number/registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.
4. 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'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

e) Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Members who have voted through remote e-voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

f) Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience.

g) Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

h) Please note that Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

i) For a smooth experience of viewing the AGM proceedings on InstaMEET, shareholders/members **who are registered as speakers for the event** are requested to download and install the Webex application.

j) In case shareholders/members have any queries regarding login/e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

9. Remote e-Voting Instructions for shareholders:

1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in

   Those who are first time users of LIIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

Click on "**Sign Up**" under "**SHARE HOLDER**" tab and register with your following details: -

A. User ID: Enter your User ID

- Members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Members holding shares in N**SDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. DOB/DOI: Enter the Date of Birth (DOB)/Date of Incorporation (DOI) (As recorded with your DP/ Company - in DD/MM/YYYY format).

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

- Members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
- Members holding shares in **NSDL demat account shall provide 'D', above**
- Members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

➢ Set the password of your choice (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).

➢ Click "confirm" (Your password is now generated).

Note: If members are holding shares in demat form and have registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under **'SHARE HOLDER'** tab.

3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.

4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.

5. E-voting page will appear.

6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour/Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).

7. After selecting the desired option i.e. Favour/ Against, 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.

8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at 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.

If you have forgotten the password:

- o Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password**?'
- o Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on '**Submit**'.
- In case members is having valid email address, Password will be sent to his/her registered e-mail address.
- Members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/ DOI, Bank Account Number (last four digits) etc. as mentioned above.
- 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.

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

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

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

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

In case shareholders/members have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manua**l available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022–4918 6000.

9. Brief profile & other details of the Directors proposed to be appointed, as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India is annexed to this Notice.

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

11. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under the provisions of Section 103 of the Companies Act, 2013.

12. All the documents referred to in the Notice will be available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. 16 September, 2020. Members seeking to inspect such documents can send an email to investor@bglindia.com.

13. 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 electronically for inspection by Members of the Company at the meeting.

14. Since the AGM will be held through VC/OAVM, the Route Map to reach to the venue of the 48th Annual General Meeting has not been annexed to this Notice.

15. 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 09 September, 2020 to enable the management to keep the information ready at the Meeting.

16. Members are requested to note that under Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account is required to be transferred to the Investor Education and Protection Fud ('IEPF') constituted by the Central Government of India. Further; all shares in respect of which dividends remain unclaimed/unpaid for seven consecutive years or more, are required to be transferred to designated Demat Account of the IEPF Authority.

    The Company during the financial year 2019-20 had accordingly, transferred the unpaid and unclaimed dividend amount pertaining to the financial year 2011-2012 along with relevant shares to the IEPF on 24 August, 2019.

    The Company has uploaded the information in respect of unpaid and unclaimed dividends for financial year 2011-12 onwards and details of shares transferred to IEPF on the website of the IEPF Authority viz. www.iepf.gov.in and under "Investors Section" on the website of the Company viz. www.bharatgears.com

    Members who have not encashed their dividend warrants/drafts since 2012-13 are advised to write to the Company or Registrar and Transfer Agent of the Company immediately (for dividend of Financial year 2012-13 on or before 29 August, 2020 since dividend of Financial Year 2012-13 being transferred to "IEPF" on even date), claiming dividends declared by the Company.

In terms of the Rule 6(3) of the 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 2020-21 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 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 29 August, 2020, the respective shares will be credited to the designated demat account of the Authority.

In terms of the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the detailed procedure for claim of Dividend/Shares transferred to the IEPF Authority along with the details of Nodal Officer appointed by the Company for the purposes of verification of claims and coordination with Investor Education and Protection Fund Authority (IEPF Authority) as communicated to the IEPF Authority has been provided in the Corporate Governance Report forming part of the Annual Report 2019-20.

Further, the necessary details of Nodal Officer are available on the website of the Company i.e. www.bharatgears.com.

17. The Shares of the Company are compulsorily traded in demat mode. Hence, the Members who are still holding physical Share Certificates are advised that it is in their own interest to dematerialize their shareholding to avail benefit of dematerialization viz. easy liquidity, electronic transfer, savings in stamp duty and prevention of forgery.

18. 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 and Transfer Agent for consolidation into a single folio.

19. 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 and Transfer Agent for shares held in physical form and with the respective Depository Participants for the shares held in dematerialized form.

20. 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 shares. Members holding shares in physical form and intending to transfer their shares are advised to open a demat account with the Depository viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) through respective Depository Participant(s)and transfer their shares after dematerialisation.

21. The members holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in demat form may contact their respective Depository Participants for availing this facility and the Registrar in respect of shares held in physical form.

General Guidelines for shareholders:

1. 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.

2. The remote e-voting period commences on **Sunday, 13 September, 2020 at 9.00 A.M. and ends on Tuesday, 15 September, 2020 at 5.00 P.M.** During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date** i.e. **Wednesday, 09 September, 2020** 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.

3. 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 i.e. Wednesday, 09 September, 2020. The person who is not a member as on the cut-off date should treat this Notice for information purpose only.

4. Any person, who acquire shares of the Company and become member of the Company after dispatch of the Notice of the AGM and holding shares as of the cut-off date i.e. Wednesday, 09 September, 2020, 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.

5. 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 evoting at the AGM.

6. The Company has appointed Mr. Nitin Rawat, B.com, FCS having his office at 5A/14, 2nd floor, B.P. NIT-5, Faridabad - 121001 as the Scrutinizer to scrutinize the remote e-voting process and evoting at the Annual General Meeting in a fair and transparent manner.

7. The Chairman shall, at the AGM, at the discussion on the resolutions on which voting is to be held, allow voting to be cast by use of evoting facility 'InstaMeet' of LIIPL for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

8. The Scrutinizer shall after the conclusion of voting at the AGM, will first download 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 result of the voting forthwith.

9. 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. The resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.

10. The Results declared along with 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 the National Stock Exchange of India (NSE) accordingly.

By order of the Board



Prashant Khattry
Head (Legal) & Company Secretary

Date: 18 August, 2020

EXPLANATORY STATEMENT

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

ITEM NO. 02

Mr. Rakesh Chopra aged 69 years is a Non-Executive Independent Director of the Company since 25 January, 2007. 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 Limited till September, 2006. He has experience of around 47 years. He is also Founder member and Chairman of Indraprastha Cancer Society.

The members of the Company in their Annual General Meeting held on 31 July, 2015 approved the appointment of Mr. Rakesh Chopra as a Non-Executive Independent Director of the Company for a period of 5 (Five) Years upto the conclusion of the 48th Annual General Meeting (AGM) of the Company in the Calendar Year 2020 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 Mr. Rakesh Chopra as a Non-Executive Independent Director of the Company expires at this Annual General Meeting (AGM).

In terms of the provisions of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of up to 5 (Five) consecutive years on the Board of the Company, but such Independent Director shall be eligible for re-appointment for another term of up to 5 (Five) consecutive years with the approval of members by way of a Special resolution.

The Board of Directors of the Company in its meeting held on 28 June, 2020, based on the outcome of performance evaluation process and in terms of recommendation of the Nomination and Remuneration Committee in its meeting held on even date considered and approved the re-appointment of Mr. Rakesh Chopra as a Non-Executive Independent Director of the Company in terms of the provisions of Section 149 of the Companies Act, 2013 for a second term of 5 (Five) consecutive years upto the conclusion of the 53rd Annual General Meeting (AGM) of the Company in the Calendar year 2025, subject to the approval of members by way of a Special resolution.

The necessary information/disclosure in compliance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India relating to Mr. Rakesh Chopra has been provided in a separate section of this Notice.

In terms of the provisions of the Companies Act, 2013, Mr. Rakesh Chopra has filed requisite consent(s)/disclosures before the Board.

The Company has also received an intimation from Mr. Rakesh Chopra in Form DIR-8 to the effect that he is not disqualified and further confirmed that he is not debarred by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority to be appointed as a Director in any Company.

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

The Company has received a declaration from Mr. Rakesh Chopra confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Rakesh Chopra fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as a Non-Executive Independent Director of the Company and is independent of the management.

Accordingly, the Board recommends the resolution in relation to re-appointment of Mr. Rakesh Chopra as a Non-Executive Independent Director of the Company, for the approval by the members of the Company, by way of a Special resolution.

Except Mr. Rakesh Chopra, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 02 of the Notice.

INSPECTION OF DOCUMENTS

All resolutions passed in this regard are available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. 16 September, 2020 and shall also be available at the meeting.

ITEM NO. 03

Mr. Virendra Kumar Pargal, aged 87 Years is a Non-Executive Independent Director of the Company since 24 January, 2002. 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.

The members of the Company in their Annual General Meeting held on 31 July, 2015 approved the appointment of Mr. Virendra Kumar Pargal as a Non-Executive Independent Director of the Company for a period of 5 (Five) Years upto the conclusion of the 48th Annual General Meeting (AGM) of the Company in the Calendar Year 2020 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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended effective 01 April, 2019, 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.

Therefore, the members of the Company vide their special resolution passed through Postal Ballot on 18 May, 2019 approved the continuation of Mr. Virendra Kumar Pargal as a Non-Executive Independent Director of the Company 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, the age of Mr. Virendra Kumar Pargal being more than seventy five years as on 01 April, 2019.

In terms of the above, the present tenure of Mr. Virendra Kumar Pargal as a Non-Executive Independent Director of the Company expires at this Annual General Meeting (AGM).

In terms of the provisions of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of up to 5 (Five) consecutive years on the Board of the Company, but such Independent Director shall be eligible for re-appointment for another term of up to 5 (Five) consecutive years with the approval of members by way of a Special resolution.

The Board of Directors of the Company in its meeting held on 28 June, 2020, based on the outcome of performance evaluation process and in terms of recommendation of the Nomination and Remuneration Committee in its meeting held on even date considered and approved the re-appointment of Mr. Virendra Kumar Pargal as a Non-Executive Independent Director of the Company in terms of the provisions of Section 149 of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended, for a second term of 5 (Five) consecutive years upto the conclusion of the 53rd Annual General Meeting (AGM) of the Company in the Calendar year 2025, subject to the approval of members by way of a Special resolution, the age of Mr. Virendra Kumar Pargal being more than seventy five years at the commencement of his proposed tenure.

The necessary information/disclosure in compliance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India relating to Mr. Virendra Kumar Pargal has been provided in a separate section of this Notice.

In terms of the provisions of the Companies Act, 2013, Mr. Virendra Kumar Pargal has filed requisite consent(s)/ disclosures before the Board.

The Company has also received an intimation from Mr. Virendra Kumar Pargal in Form DIR-8 to the effect that he is not disqualified and further confirmed that he is not debarred by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority to be appointed as a Director in any Company.

A notice has been received from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. Virendra Kumar Pargal as a candidate for the office of Non-Executive Independent Director of the Company.

Mr. Virendra Kumar Pargal has a vast experience on all aspects of Automobile and Auto Components Industry and the Company has been taking his guidance and supervision over a long period of years as a result of which the Company has sustained a growth pattern and has achieved success in creating a brand image in the Automotive Parts Industry. Mr. Virendra Kumar Pargal is one of the few veterans in the Automobile arena and is in good of health to continue further as an Independent Director. With the continuation of Mr. Virendra Kumar Pargal, 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 re-appoint Mr. Virendra Kumar Pargal as a Non-Executive Independent Director of the Company for a further period of 5 (Five) Years upto the conclusion of the 53rd Annual General Meeting (AGM) of the Company in the Calendar year 2025 in terms of the provisions of Section 149 of the Companies Act, 2013.

The Company has received a declaration from Mr. Virendra Kumar Pargal confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Virendra Kumar Pargal fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as a Non-Executive Independent Director of the Company and is independent of the management.

Accordingly, the Board recommends the resolution as set out at Item No. 03 of the Notice in relation to re-appointment of Mr. Virendra Kumar Pargal as a Non-Executive Independent Director, for the approval by the members of the Company, by way of a Special resolution.

Except Mr. Virendra Kumar Pargal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 03 of the Notice.

INSPECTION OF DOCUMENTS

All resolutions passed in this regard are available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. 16 September, 2020 and shall also be available at the meeting.

ITEM NO. 04

Mr. Surinder Paul Kanwar, aged 68 years is presently designated as Chairman and Managing Director of the Company since 29 October, 2002. He is a Commerce Graduate from University of Delhi. He has been affiliated with the Company as a member of the Board of Directors since 29 September, 1982 and the Company has been taking the advantage of his guidance and supervision. Because of his sustained efforts, the Company has sustained a growth pattern and has achieved success in creating a brand image in the Automotive Parts Industry. He has 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 Private Limited, to name a few.

He is also the Chairman and Managing Director of Raunaq EPC International Limited, a Company engaged in engineering and consulting business, from where he is drawing a token remuneration of Rupee One (Re. 1.00) per month only.

The appointment of Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company is expiring on 30 September, 2020.

For the period from 01 October, 2018 to 30 September, 2020 being last 2 years of his current tenure of 5 years, Mr. Surinder Paul Kanwar has drawn Rs. 2.40 Crores p.a. as the minimum remuneration as per Section II of Part II of Schedule V to the Companies Act, 2013 in reference to the shareholder's approval granted in the Annual General Meeting held on 03 August, 2018.

With effect from 01 April, 2020, Mr. Surinder Paul Kanwar, proposed for reduction in his remuneration to 50% from Rs. 2.40 Crores p.a. to Rs. 1.20 Crores p.a. exclusive of retiral benefits till the existing period up to 30 September, 2020. The Nomination and Remuneration Committee acknowledged the voluntary step teken by Mr. Surender Paul Kanwar for reduction in salary due to the unprecedented situation occured due to Coronavirus Pandemic and further approved and recommended to the Board for its approval and taking it on records. The Board accordingly appreciated and taken the reduction in salary on records.

In terms of the provisions of Section 196(3) of the Companies Act, 2013, no Company shall appoint or continue the employment of any person as Managing Director, Whole-Time Director or Manager who has attained the age of seventy years provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

In appreciation of contributions and continuing commendable leadership of Mr. Surinder Paul Kanwar, Chairman and Managing Director and pursuant to the provisions of Section 196,197,198, 200, 203, Schedule V as applicable and other applicable provisions, if any of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has proposed to re-appoint him as Chairman and Managing Director of the Company for a further period of 5 (Five) years with the remuneration as stated below for a period of 2 (Two) years w.e.f 01 October, 2020 on the terms and conditions as set out below as recommended by the Nomination and Remuneration Committee in its Meeting held on 28 June, 2020 and further approved by the Board of Directors in its meeting held on even date subject to the approval of members by way of Special resolution, as the age of Mr. Surinder Paul Kanwar will be more than seventy years during his proposed tenure in reference to the provisions of Section 196(3) of the Companies Act, 2013.

A) Salary and Perquisites:

Salary: ₹ 1,00,00,000/- (Rupees One Crore Only)

Perquisites: ₹ 20,00,000/- (Rupees Twenty Lakhs Only)

B) The Chairman and Managing Director shall also be eligible to the following perquisites which are not included in the computation of ceiling remuneration specified in the said Part II Section IV of Schedule V of the Companies Act, 2013:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

c) Encashment of the leave at the end of the tenure.

C) Other terms:

1. He shall be entitled to re-imbursement of actual out-of pocket expenses incurred in connection with the business of the Company.

2. He shall be entitled to re-imbursement of entertainment expenses incurred for the business of the Company.

3. As long as he functions as Chairman and Managing Director, he shall not be paid any sitting fees to attend any meeting of the Board and/or Committee thereof.

4. In the event of inadequacy or absence of profits in any financial year, he will be entitled to the payment of salary and perquisites, as set out under point (A) above, as minimum remuneration, subject to necessary approvals, if required notwithstanding the fact that it may exceed the limits prescribed under Section 196, 197 of the Companies Act, 2013, along with the perquisites stated under point (B) above which are not included in the computation of limits for the remuneration or perquisites aforesaid.

5. He shall be entitled to earned/privileged leave as per the Rules of the Company.

6. He shall be entitled for telephone facility as per Company's policy.

Further, pursuant to the provisions of Sections 117(3), 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of appointment shall be placed for the approval of the members in the Annual General Meeting.

The necessary information/disclosure in compliance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India relating to Mr. Surinder Paul Kanwar has been provided in a separate section of this Notice.

Accordingly, the Board recommends the resolution as set out at Item No. 04 of the Notice in relation to the re-appointment of Mr. Surinder Paul Kanwar as Chairman and Managing Director, for the approval by the members of the Company, by way of a Special resolution.

Except Mr. Surinder Paul Kanwar, himself and his son Mr. Sameer Kanwar, Joint Managing Director of the Company, no other Director or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 04 of the Notice.

INSPECTION OF DOCUMENTS

All resolutions passed in this regard are available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. 16 September, 2020 and shall also be available at the meeting.

ITEM NO. 05

Mr. Nagar Venkatraman Srinivasan, aged 76 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 51 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 06 August, 2019 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 48th Annual General Meeting (AGM) of the Company in the Calendar Year 2020 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) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended which provides that 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 age of Mr. Nagar Venkatraman Srinivasan being more than seventy five years on the commencement of said tenure.

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

The Board of Directors of the Company in its meeting held on 28 June, 2020, 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 the provisions of Section 152 of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended, upto the conclusion of 49th Annual General Meeting of the Company in the Calendar year 2021, subject to the approval of members by way of Special resolution, the age of Mr. Nagar Venkatraman Srinivasan being more than seventy five years at the commencement of his proposed tenure.

The necessary information/disclosure in compliance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India relating to Mr. Nagar Venkatraman Srinivasan has been provided in a separate section of this Notice.

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 re-appoint Mr. Nagar Venkatraman Srinivasan as a Non-Executive Director of the Company liable to retire by rotation upto the conclusion of the 49th Annual General Meeting (AGM) of the Company in the Calendar year 2021 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. 05 of the Notice in relation to re-appointment of Mr. Nagar Venkatraman Srinivasan as a Non-Executive Director, for the approval by the members of the Company, by way of a Special resolution.

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. 05 of the Notice.

INSPECTION OF DOCUMENTS

All resolutions passed in this regard are available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. 16 September, 2020 and shall also be available at the meeting.

ITEM NO. 06 AND 07

The Board of Directors of the Company in its meeting(s) held on 06 August, 2019 and 28 June, 2020 respectively on the recommendation of the Audit Committee has approved the appointment of M/s M.K. Kulshrestha & Associates as Cost Auditors of the Company to conduct the audit of the cost records of all the 3 (Three) plants of the Company located at Mumbra (Maharashtra), Lonand (Maharashtra) and Faridabad (Haryana) for the Financial Year(s) ending 31 March, 2020 and 31 March, 2021 respectively at a remuneration of Rs. 2,25,000/- (Rupees Two Lakhs Twenty Five Thousand Only) yearly, pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and Rule 4 of the Companies (Cost Records and Audit) Rules, 2014.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company.

The consent of the members is sought by way of an Ordinary Resolution for ratification of the remuneration payable to M/s M.K. Kulshrestha & Associates as Cost Auditors of the Company for the Financial Year ending 31 March, 2020 and 31 March, 2021 respectively.

Accordingly, the Board recommends the resolution as set out at Item No(s). 06 and 07 of the Notice in relation to ratification of the remuneration payable to M/s M.K. Kulshrestha & Associates as Cost Auditors of the Company for the Financial Year(s) ending 31 March, 2020 and 31 March 2021 for the approval by the members of the Company, by way of an Ordinary resolution.

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(s). 06 and 07 of the Notice.

INSPECTION OF DOCUMENTS

All resolutions passed in this regard are available for electronic inspection without fees by the members from the date of circulation of this Notice up to the date of AGM i.e. 16 September, 2020 and shall also be available at the meeting.

By order of the Board



Prashant Khattry
Date: 18 August, 2020 Head (Legal) & Company Secretary

STATEMENT OF PARTICULARS
(PURSUANT TO SCHEDULE V OF THE COMPANIES ACT, 2013)
MR. SURINDER PAUL KANWAR, CHAIRMAN AND MANAGING DIRECTOR

I. GENERAL INFORMATION

Sl. No.	Particulars/Subject	Information
1.	Nature of industry	Manufacture of Automobile Gears
2.	Date or expected date of commencement of commercial Production	05 January, 1972
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4.	Financial performance based on given indicators	In the Financial Year 2019-20, the Company made a turnover of ₹ 467.99 Crores (including other income) and Loss of ₹ 18.77Crores after tax.
5.	Export performance and net foreign exchange collections	During the Financial Year 2019-20, Export of goods: ₹ 153.73 Crores (Previous Year ₹ 214.81 Crores).
6.	Foreign Investments or collaborators, if any.	No such investment or collaboration except minors shareholding of Non Resident Indians.

II. INFORMATION ABOUT THE APPOINTEE

1.	Background Details	Mr. Surinder Paul Kanwar is presently designated as Chairman and Managing Director of the Company since 29 October, 2002. He is a Commerce Graduate from University of Delhi. He has been affiliated with the Company as a member of the Board of Directors since 29 September, 1982 and the Company has been taking the advantage of his guidance and supervision. Because of his sustained efforts, the Company has sustained a growth pattern and has achieved success in creating a brand image in the Automotive Parts Industry. He has 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 Private Limited, to name a few. He is also the Chairman and Managing Director of Raunaq EPC International Limited, a Company engaged in engineering and consulting business, from where he is drawing a token remuneration of Rupee One (Re. 1.00) per month only.
2.	Past remuneration	During his present tenure as Chairman and Managing Director of the Company, Mr. Surinder Paul Kanwar has been drawing remuneration as per Section II of Part II of Schedule V to the Companies Act, 2013.

Sl. No.	Particulars/Subject	Information
3.	Recognition or awards	During the tenure of Mr. Surinder Paul Kanwar, the Company has received various recognition and awards, such as: • Eaton Corporation - One Eaton Supplier Premier Award • Transaxle Manufacturing of America - Supplier Excellence Award 2015, 2016, 2019 • Escorts Limited - Best Quality Award • Spicer India Private Limited - Appreciation for Quality improvement • JCB - Participation in JCB APQP/NPIP Training Programme • Certification under IATF 16949 awarded to Bharat Gears Limited for design and development of products and services PRODUCT(S) DELIVERED - Bevel and Transmission Gears • John Deere India - Commendable Performance Award • Toyota - Zero PPM Quality Certificate
4.	Job profile and his suitability	Mr. Surinder Paul Kanwar has been instrumental in pressing forward the art of gear manufacturing and keeping abreast with the latest technology for delivering the highest quality of products. He has inherited an enormous legacy and shouldered higher assignments during his tenure with the Company. His sincerity, commitment and ideas have resulted in opening up of new opportunities for the Company. In view of his enriched experience, appreciable contribution and enlarged leadership, the Board proposes for the re-appointment of Mr. Surinder Paul Kanwar as Chairman and Managing Director for a further period of 5 (Five) Years w.e.f. 01 October, 2020, as per the details stated in the explanatory statement of Item No. 04 of the Notice.
5.	Remuneration proposed	Salary, other perquisites and other terms as fully set out in the explanatory statement of Item No. 04 of the Notice. The remuneration proposed is within the permissible remuneration as per Schedule V of the Companies Act, 2013.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration proposed is within the permissible remuneration as per Schedule V of the Companies Act, 2013 which is comparable with the Companies of the same size and profitability.
7.	Pecuniary relationship directly or indirectly with the company personnel, if any	Mr. Surinder Paul Kanwar, Chairman and Managing Director and Mr. Sameer Kanwar, Joint Managing Director, are the two Whole time Directors (WTDs) in the Company and both are related as father and son. Except the WTDs, no other director or relative is having any material pecuniary relationships with the Company. During the period ended on 31 March, 2020, related party transactions amounted to ₹ 11.24 Crores (FY 2018-19: ₹ 4.32 Crores). The WTDs also drew their remuneration in the period amounting to ₹ 4.36 Crores (FY 2018-19: ₹ 3.66 Crores). The Company discloses the related party transactions annually in the books of accounts of the Company. The Audit Committee discusses and approves such transactions every quarter. The Board of Directors duly approves the related party transactions and in the opinion of Board of Directors of the Company, none of the transactions is prejudicial to the interest of the Company.

III. OTHER INFORMATION

Sl. No.	Particulars/Subject	Information
1.	Reason of loss or inadequate profits	In the Financial Year ended 31 March, 2020, the Company made Loss after Tax of ₹ 18.78 Crores and Cash Profit of ₹ 1.86 Crores. Profitability for the year was also adversely affected by lower volumes due as the automotive industry has witnessed some challenges in the fiscal year due to the economic slowdown, credit crunch, low consumer spending, higher purchase costs and transition to newer emission standards. The remuneration proposed is within the permissible remuneration as per Schedule V of the Companies Act, 2013.
2.	Steps taken or proposed to be taken for improvement	The Company has adopted the following measures to improve the profitability: • Modernisation of existing facilities to improve overall operating efficiency and gear up for catering to higher demand from OEMs. • Widening of customer base and better market penetration, especially in overseas market. • Conscious effort to develop products/customers base in alternate market segments. • Technology upgradation by way of investing in state of the art machinery to meet stringent quality requirements of customers. • Focus on significant improvements in operating costs. • Cost control in all areas. • Deeper penetration in the replacement market in India & abroad. • Improvement in OE & Export Sales. • Improving the quality to make products competitive in Indian & Overseas markets.
3.	Expected increase in the productivity and profits in measurable terms	It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.

By order of the Board



Prashant Khattry
Head (Legal) & Company Secretary

Date: 18 August, 2020

Details required under Section 102 of the Companies Act, 2013 in respect of the Directors proposed to be re-appointed at the ensuing Annual General Meeting (AGM) and their Brief Resume have been provided under the Explanatory Statement annexed to this Notice. The other Information/Disclosure in compliance with the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India have been provided herein below:

Particulars	Item No. 02	Item No. 03	Item No. 04	Item No. 05
Name of the Director	Mr. Rakesh Chopra	Mr. Virendra Kumar Pargal	Mr. Surinder Paul Kanwar	Mr. Nagar Venkatraman Srinivasan
DIN	00032818	00076639	00033524	00879414
Brief Resume	As detailed in Explanatory Statement above for Item 02 of the Notice	As detailed in Explanatory Statement above for Item 03 of the Notice	As detailed in Explanatory Statement above for Item 04 of the Notice	As detailed in Explanatory Statement above for Item 05 of the Notice
Category of Director	Non-Executive Independent Director	Non-Executive Independent Director	Chairman and Managing Director	Non-Executive Director
Date of Birth (Age in Years)	17 October, 1950 (69)	05 February, 1933 (87)	28 July, 1952 (68)	04 April, 1944 (76)
Date of Appointment on the Board	25 January, 2007	24 January, 2002	29 September, 1982	03 November, 2017
Qualifications	Qualified Chartered Accountant (England & Wales) and MBA	Qualified Chartered Engineer and Member of The Institution of Engineering and Technology, England	Commerce Graduate	Graduated in Mechanical Engineering, MS in Industrial Engineering and MBA
No. of years of Experience	47 Years	62 Years	45 Years	51 Years
Expertise in specific functional areas	Plant Management, Strategic Planning, Product Development and Marketing, Knowledge of Macro Environment vis-à-vis Industry, Financial Literacy, Ability to read Financial Statements	Plant Management, Strategic Planning, Knowledge of Macro Environment vis-à-vis Industry, Financial Literacy, Ability to read Financial Statements	Knowledge of Core Business i.e. Automotive Gears, Plant Management, Strategic Planning, Product Development and Marketing, Knowledge of Macro Environment vis-à-vis Industry, Financial Literacy, Ability to read Financial Statements	Knowledge of Core Business i.e. Automotive Gears, Plant Management, Strategic Planning, Product Development and Marketing, Knowledge of Macro Environment vis-à-vis Industry, Financial Literacy, Ability to read Financial Statements
Terms and conditions of appointment/ re-appointment	As detailed in Explanatory Statement above for Item 02 of the Notice The other terms and conditions are available at the website of the Company at www.bharatgears.com	As detailed in Explanatory Statement above for Item 03 of the Notice The other terms and conditions are available at the website of the Company at www.bharatgears.com	As detailed in Explanatory Statement above for Item 04 of the Notice The other terms and conditions are available at the website of the Company at www.bharatgears.com	As detailed in Explanatory Statement above for Item 05 of the Notice The other terms and conditions are available at the website of the Company at www.bharatgears.com
Chairmanship/Membership of Committees of the Company	Chairman - Audit Committee Member - Nomination and Remuneration Committee Chairman - Stakeholders' Relationship Committee Chairman - Finance Committee Member - Corporate Social Responsibility Committee	Member - Audit Committee Chairman - Nomination and Remuneration Committee Member - Finance Committee	Member - Nomination and Remuneration Committee Member - Finance Committee Chairman - Corporate Social Responsibility Committee Member - Stakeholders' Relationship Committee	Member - Nomination and Remuneration Committee Member - Stakeholders' Relationship Committee
Directorships held in other Companies	• Minda Corporation Limited# • Pragma Holdings Private Limited • Kempty Cottages Private Limited • GPR Enterprises Private Limited • Cleantec Infra Private Limited	Nil	• Raunaq EPC International Limited# • Xlerate Driveline India Limited • Ultra Consultants Private Limited • Vibrant Reality Infra Private Limited • Cliplok Simpak (India) Private Limited	Nil

Chairmanships/ Memberships of committees of other Companies	Minda Corporation Limited# • Chairman - Audit Committee • Member - Nomination and Remuneration Committee	Nil	Raunaq EPC International Limited# • Member - Nomination and Remuneration Committee • Member - Stakeholders' Relationship Committee • Member - Finance Committee • Chairman - Corporate Social Responsibility Committee • Member - Business Strategy Committee • Member - Share Issue Committee Xlerate Driveline India Limited • Member - Nomination and Remuneration Committee	Nil
Number of Board Meetings attended during the year	5	4	5	4
Relationships between Directors inter-se	None	None	Father of Mr. Sameer Kanwar, Joint Managing Director of the Company	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
Relationships with Manager and other Key Managerial Personnel of the Company	None	None	None	
Remuneration details (Including Sitting Fees & Commission) and last remuneration drawn	Please refer to the 'Report on Corporate Governance', forming part of the Annual Report 2019-20			
Number of shares held in the Company	Nil	100 (0.00%)	33,67,570 (36.19%)	Nil

#Indicates Listed Company

By order of the Board



Prashant Khattry
Head (Legal) & Company Secretary

Date: 18 August, 2020

Geared for Life

BHARAT GEARS LIMITED

Geared for Life

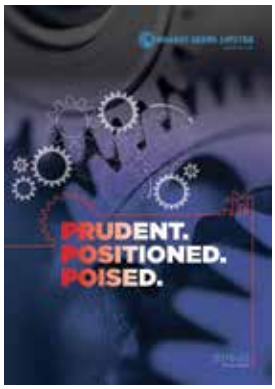


PRUDENT.
POSITIONED.
POISED.

2019-20
Annual Report

FORWARD-LOOKING STATEMENT

The information and opinion contained in this report do not constitute an offer to buy any of Bharat Gears Limited's securities, businesses, products or services. The report might contain forward-looking statements qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit' and 'anticipates', that we believe to be true at the time of preparation of the report. The actual events may differ from those anticipated in these statements because of risk and uncertainty of the validity of our assumptions. Bharat Gears Limited does not take any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



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

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For years, we have directed our energies in building a stronger and sustainable business. We have emerged as a leading player in our business space, with a satisfied and diversified customer base.

We are now prepping up to build a future-ready organisation. Exciting developments are shaping both within the Company and across the industry. These are unfolding new prospects and bringing mega opportunities. We are channelising our efforts to accelerate business growth by leveraging our core competencies.

We are making continual investments in technology upgradation and process innovations to advance the art of gear technology. At the same time, we are working towards capacity addition, cost optimisation, low-cost automation and enhancing equipment efficiency.

Our domain expertise and outstanding research and development capabilities support us in developing differentiated and competitive products suited to customer requirements. We are continuously enhancing the range of our high-technology products to strengthen presence in existing markets, while exploring newer ones across geographies.

Simply put, with our prudent strategy, we are ideally positioned to reap the benefits of multiple opportunities that lie ahead of us and remain poised to deliver sustained growth.

PRUDENT.
POSITIONED.
POISED.

ABOUT THE COMPANY

WE ARE ONE OF INDIA'S LARGEST COMMERCIAL GEARS MANUFACTURING COMPANY AND AMONGST THE LEADING GLOBAL SUPPLIERS OF AUTOMOTIVE GEARS AND AN ESTABLISHED HEAT TREATMENT FURNACES SUPPLIER. WE MANUFACTURE A WIDE RANGE OF HIGH-QUALITY AND HIGHLY ENGINEERED AUTOMOTIVE GEARS FOR HEAVY, MEDIUM AND LIGHT TRUCKS, UTILITY VEHICLES, TRACTORS AND OFF-HIGHWAY VEHICLES.

Having commenced our operations in 1972, today we have emerged as the preferred partner for leading Original Equipment Manufacturers (OEMs) in India. We also enjoy a significant presence overseas and continue to be a major exporter to North American, European and Asian countries.

Our R&D expertise, collaborations with global technology leaders, and most of all, our relentless focus on excellence leads to manufacture reliable and quality products that meet our customers' requirements.

Our state-of-the-art manufacturing facilities are located at Mumbra near Mumbai; Faridabad near Delhi; and Lonand near Pune.



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 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 partners and satisfied investors.

OUR BUSINESS SEGMENTS

GEARS

We manufacture a wide spectrum of transmission gears, bevel gears, differential gears and assemblies which find application in variety of vehicles. Our manufacturing facilities are equipped with state-of-the-art machinery, which enables us to produce the finest gear and transmission products.

FURNACES

With our core competency in heat treatment technology, we ventured into the construction of furnaces for captive use initially and thereafter, moved into its commercial production. We continue to build batch and continuous heat-treating furnaces in collaboration with technology major AFC – Holcroft of Michigan, USA. These furnaces are time-tested for reliability and are known to be operator-friendly, easy and economical for use in Indian conditions.

AUTOMOTIVE COMPONENTS

Our automotive components division includes automotive products such as 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 air suspension. Our manufacturing capabilities coupled with our excellence in customer responsiveness have led us to become a reputed player in the replacement market.



OUR CUSTOMER PORTFOLIO

We primarily cater to tractors, utility vehicles, commercial vehicles and construction equipment industries. Our customers are some of the most distinguished and esteemed automobile players in India and overseas.

CUSTOMERS FOR GEARS

Agriking Tractors & Equipments (P) Ltd. | Ashok Leyland Limited | Carraro India, Italy, China | CLAAS Tractor SAS France, Hungary | EATON Corporation - India, USA, Mexico, Poland, Brazil | JCB-India, UK | John Deere - India, USA, Spain, Mexico, Brazil, Germany

KION, India | Mahindra & Mahindra Ltd. | CNH Industrial India Pvt Ltd | Paharpur Cooling Towers Ltd. | Spicer India Pvt. Ltd. DANA India Ltd. | SML ISUZU Ltd. | Transaxle Manufacturing of America (TMA) USA

Tractors and Farm Equipment Ltd. | Tuff Torq | Toyota Kirloskar Auto Parts Ltd. | VST Tillers & Tractors | Escorts Ltd. | ZF India, USA, Germany | Schafer Driveline LLC, USA

TATA Motors Ltd. | Mahindra & Mahindra Ltd., Swaraj Division | Parker | Kubota | TürkTraktör

CUSTOMERS FOR FURNACE

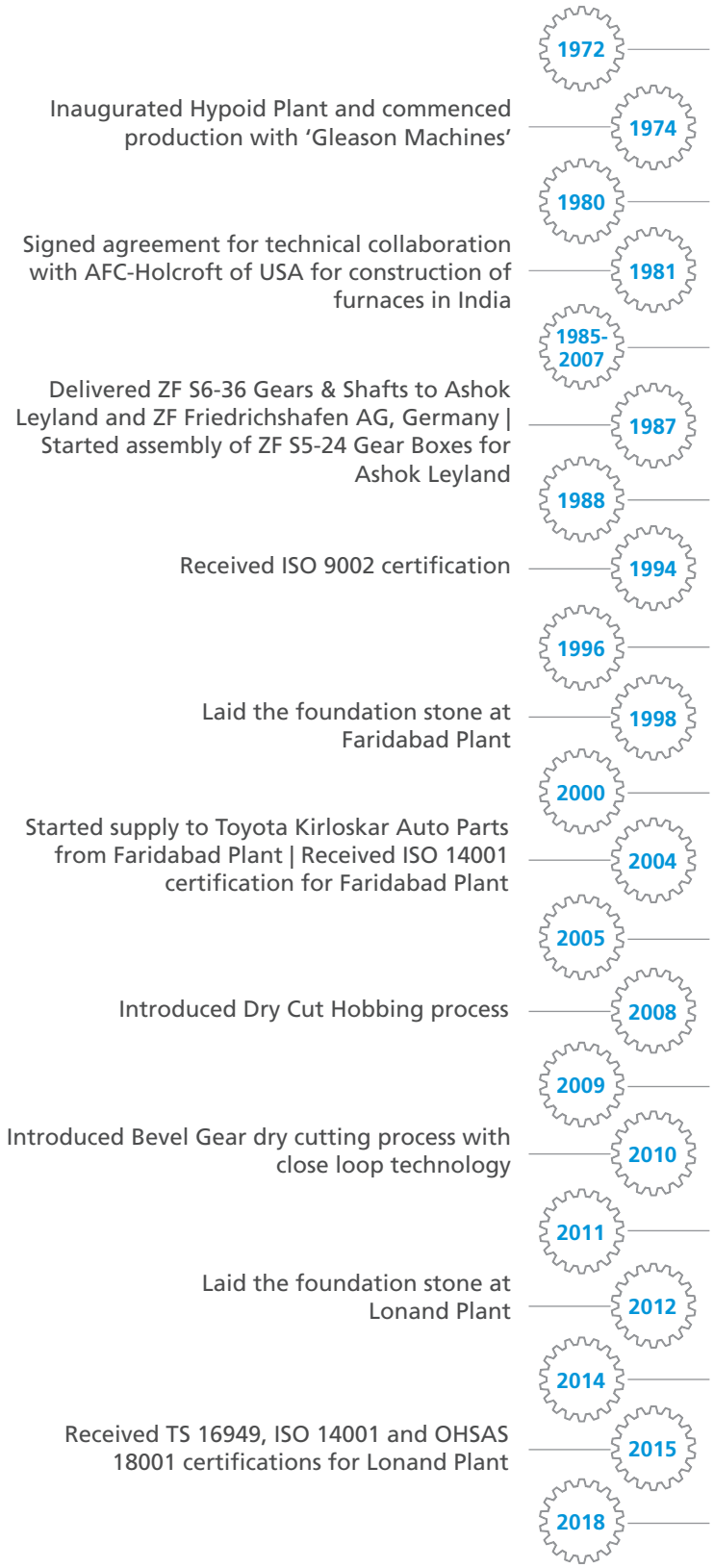
AAM India Manufacturing (American Axles) | Oerlikon Drive Systems | Varroc | Automotive Axles Ltd. | Timken India | Mahindra & Mahindra Ltd. | AVDHOOT

DEALERS NETWORK

The Company has a strong Dealers network of 72 dealers in 26 states covering the entire domestic geography and 3 sales office at Delhi, Mumbai & Kolkata.



MILESTONE MOMENTS IN OUR JOURNEY



CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

It is my privilege to present to you the Annual Report of your Company for FY 2019-20 and share the key highlights and the strategic roadmap going forward. As a Company, we have always strived to better our performance by continually deepening our domain expertise, strengthening capabilities and expanding our product portfolio. Also, our unwavering focus on technology and R&D has made us a highly trusted partner for leading global companies.

MACRO-ECONOMIC SCENARIO

In global macro-economic terms, 2019 was a challenging year. Factors including concerns over trade wars, geopolitical tensions, tight financial conditions and macroeconomic strain in several emerging economies weighed down the outlook. The widespread outbreak of COVID-19 pandemic in the fourth quarter of FY 2020 forced the entire world into a lockdown and has inflicted a global economic recession. Societies, business and economies have all suffered as people have sequestered themselves from others to prevent the spread of the virus.



Today, we are the preferred supplier of automotive gears to a wide range of industries and leading OEMs across the world. Our diverse product basket, technology competence, talented team and zeal to make a difference for our customers give us the confidence of embracing the headwinds and moving ahead.

In India, slowdown in consumption, decline in private investment and liquidity constraints in the non-banking finance sector combined with global trade slowdown compressed growth. Stringent restrictions imposed to curtail the spread of the virus and the subsequent nationwide lockdown have disrupted livelihoods, supply chains and overall economic activity in the country. The crisis has dimmed the growth outlook for the global economy for the coming year, including for India.

SUPPORT MEASURES

A series of stimulus packages have been enforced by major economies and financial institutions to limit the economic fallout from the global pandemic. Particularly, in India, a mammoth ₹ 20 lakh crores economic package has been announced under the 'Atmanirbhar Bharat Abhiyan' to help the economy tide over the crisis. Being one of the biggest relief packages, it focusses on making India self-reliant and places special emphasis on medium and small businesses, agriculture, labourers, urban and rural poor. Along with this, the Reserve Bank of India (RBI) has also announced a couple of measures including rate cuts, loan repayment moratorium, additional liquidity support etc. to maintain financial stability.

INDUSTRY REVIEW

The automotive sector is one of India's core industry and plays a vital role in the growth of the Indian economy. Increasing consumption demand, mass urbanisation, burgeoning working population and easy accessibility of finance are the key drivers for growth of this industry. However, the sector witnessed some challenges during the year due to overall economic slowdown, credit crunch, low consumer spending, higher purchase costs and transition to newer emission standards.

Further, the rapid spread of COVID-19 pandemic has significantly impacted the automotive sector in India. Economic slowdown, supply chain disruptions and shutdown of manufacturing units have crippled production and import of automotive components. Further, consumer sentiment is seen plummeting on account of growing uncertainty surrounding the pandemic. On the positive side, however, the Indian auto component industry could emerge as an alternative source of supply for key markets.

GROWTH PROSPECTS

India is fast emerging global hub for automobile and automotive component manufacturing owing to its cost-effective manufacturing, availability of skilled labour and raw materials and being geographically closer to key automotive markets. Growth in commercial vehicles is expected to pick up, driven by increased infrastructure spending, proposed vehicle scrappage policy and fleet replacement demand. Government's ambitious infrastructure programmes and fast-tracking of ongoing projects will contribute to demand growth of construction equipment.

PERFORMANCE REVIEW FOR THE YEAR

FY 2019-20 was a challenging year for your Company. During the year, our gross revenue fell ₹ 131.15 crores to ₹ 468.00 crores from ₹ 599.15 crores in the previous year. There is a net loss of ₹ 18.78 crores as compared to net profit of ₹ 12.53 crores in FY 2018-19.

The gears business saw a slump of ₹ 115.95 crores to ₹ 408.04 crores, down from ₹ 523.99 crores in FY 2018-19.

Even though our results were affected by external conditions, we did not pause in our commitment to invest in our business. This ensures that we are strongly positioned to strengthen our business over the coming years and move to a high growth trajectory.

STRENGTHENING DYNAMICS

Over the years, we have worked hard to maintain our position as one of the prominent industry leaders. Today, we are the preferred supplier of automotive gears to a wide range of industries and leading OEMs across the world. Our diverse product basket, technology competence, talented team and zeal to make a difference for our customers give us the confidence of embracing the headwinds and moving ahead.

Innovation is a key differentiator for us. We have always strived to derive an edge by enhancing our manufacturing capabilities and creating technological breakthroughs for our customers. In line with this strategy, we continue to leverage our existing competencies in technology and engineering to explore new growth opportunities. Technology upgradation and process innovations are the major focus areas for your Company. Through retrofitting and refurbishing of machines, we aim to continuously enhance our productivity and efficiency.

Robotics in furnace division, highly automated operations and installation of finest equipment and machinery are some of the other salient highlights. I believe that these will contribute towards cost reduction, productivity improvement, new product development, quality enhancement and faster time-to-market.

Having incurred significant investments over the last two years, we are controlling our capital expenditure spends. We continue to pursue with consolidation of capex and modernisation of existing capacities, with a strategic focus on cost controls and increasing margins.

ACCELERATING PORTFOLIO EXPANSION

We are expanding our business to include new and innovative market leading products that are aligned with customer needs. Our product mix comprises a range of gears and shafts, along with spiral bevel gears and differential gears. We have also developed multiple CW&P ratios for a new HCV model for one of our major customer. You would be delighted to know that your Company is also exploring opportunities in laser hydraulic parts and components for passenger cars. This will help us to attract new business opportunities and grow our portfolio.

EXPANDING CUSTOMER BASE

We are working towards increasing our customer base by way of tapping newer segments and strengthening our export business, particularly in North American and European markets. We continue to focus on reducing our dependence on agricultural segment and increase volumes in automotive and construction equipment industries. Our aim is to minimise the risk of segment concentration. With the replacement market continuing to show abundant opportunities, we intend to bolster our share in the aftermarket segment.

At the same time, we are augmenting our global footprint across major markets of North America and Europe. Our endeavour is to become a global player with presence across countries and growing our domestic business. I am quite confident that our team has the will and the skills to drive our business forward.

BUSINESS OUTLOOK

Though the short-term economic outlook may appear gloomier in the wake of the pandemic, government stimulus package and gradual resumption of economic activities are expected to revive consumer sentiment. Sustained spending on infrastructure and thrust on domestic manufacturing will lead to a rise in business activity. Measures such as reduced tax rates for individuals and greater allocations to agriculture and allied sectors will invigorate consumption and boost the rural economy.

With the rapidly changing landscape in the automotive market, it is exciting to see what opportunities it holds for the business. Electric vehicles and stricter emission norms are the trends shaping the direction of the industry. Extensive R&D will be required to bring the right technology solution. This will involve huge investments in people, products, capital, technology and newer markets. For us, this scale of change is a boost to our growth strategy. Further, there is a positive focus towards agriculture and infrastructure segments, which will benefit the respective business divisions and drive momentum for your Company.

As we prepare ourselves for the next phase of growth, we are taking strategic steps to achieve strength and scale. We are leveraging pioneer technologies, maximising operational efficiencies, developing world-class products to expand presence, reducing costs and enhancing equipment efficiency to achieve economies of scale. We are progressing with our focus on tomorrow's need while gearing up for it today.

ACKNOWLEDGEMENT

I would like to extend my sincerest gratitude to our employees, customers, partners, business associates and our stakeholders for their undying faith and support. Each one has been a part of our exciting and enriching journey. We continue to seek value creation for our stakeholders and persevere in building a sustainable business. Here is hoping for a brighter and stronger future together.

Warm Regards,

Surinder Paul Kanwar
Chairman & Managing Director

POSITIONING OURSELVES FOR GROWTH

JUST MEETING EXPECTATIONS – THAT'S NOT ENOUGH FOR US. WE ARE FOCUSSED ON DELIVERING UNMATCHED SOLUTIONS TO OUR CUSTOMERS AND SCALING NEW HEIGHTS. FOR THIS REASON, WE ARE STRENGTHENING OUR CAPABILITIES BY LEVERAGING OUR OPERATIONAL STRATEGY. WE ARE IN AN ADVANTAGEOUS POSITION TO BENEFIT FROM THE UNFOLDING OPPORTUNITIES, WITH A DIVERSIFIED REVENUE BASE IN PRODUCTS, CUSTOMERS AND GEOGRAPHIES.

ENHANCING CAPABILITIES

Technology is a key differentiator and the cornerstone for progress at Bharat Gears. Our R&D capabilities enable us to develop high-tech and competitive products suited to customer requirements. While our technological expertise helps us develop products with upgraded quality solutions, we also leverage technology in our processes, people and components. Our aim is to scale up performance through value engineering and deliver sustained growth.

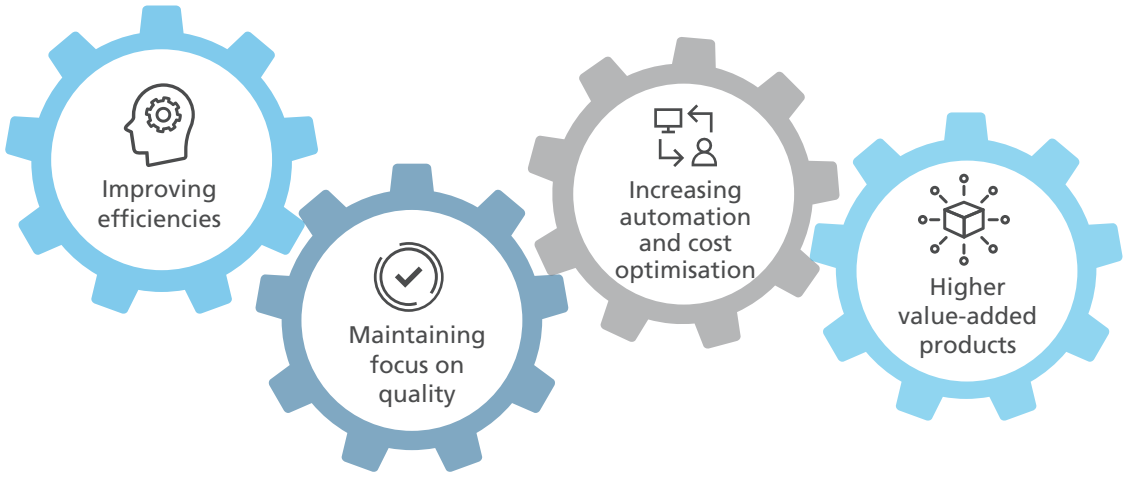
Further, we are constantly working towards enhancing process efficiency for higher productivity. To illustrate, we are implementing low-cost automation solutions, upgrading gear cutting and grinding machines and altering our tooling and manufacturing techniques and equipment. Our aim is to become a global leader in transmission and bevel gear manufacturing with focus on technology and quality. Also, in-house retrofitting and rebuilding of capital equipment reduces the time for product development and increases proficiency.

To illustrate, we are implementing low-cost automation solutions, upgrading gear cutting and grinding machines and altering our tooling and manufacturing techniques and equipment.



ACHIEVING SUSTAINABLE GROWTH

During the year, we continued with best-in-class operational practices and upped production by way of technological improvement, capacity addition and installation of balancing equipment. Adoption of robotics in furnace enables us to reduce manual intervention in operations, thereby achieving improved quality. Also, we have developed software solutions to optimise various parameters of gears. Our indigenously developed state-of-the-art crown wheels and pinions find application in a wide range of segments. Our R&D experts dedicatedly work towards optimising the gear profile in order to maximise power density. With leaner production being the key focus, our constant endeavour is to optimise production, consolidate our plants and improve process efficiency.



ADDING NEW CUSTOMERS

We are leveraging our relationships with existing customers in India and overseas to increase our product range with each of the customers. At the same time, we are engaging with newer customers to expand our presence and increase our share of business. Our deep understanding of products and our strong technological capabilities has made us a highly endorsed partner in the automotive industry.

We are now adding more customers across diverse segments. Our intent is to mitigate the risk of client concentration and garner new business. Focussed on this, we intend to capitalise on the growing opportunities, including electric and hybrid vehicles by leveraging our domain expertise. With these evolving norms in the backdrop coupled with the fact that India is amongst the world's fastest growing market for automobiles, we can foresee countless opportunities in this space. We are exporting to North American and European markets and focus on growing exports to other parts of the world, in addition to stepping up our domestic footprint.

The aftermarket business is also a significant area that we are eyeing for growth. We are exploring opportunities in laser hydraulic parts and components for passenger cars as well as tapping the replacement market. Towards this, we have already initiated discussions with leading automotive players. We are excited about all the new business coming our way, and remain confident of driving sustained profitable growth.



BOARD OF DIRECTORS



Mr. Surinder Paul Kanwar
Chairman and Managing Director



Mr. Sameer Kanwar
Joint Managing Director



Mr. Wolfgang Rudolf Schilha
Non-Executive Independent Director



Mr. Rakesh Chopra
Non-Executive Independent Director



Mr. Virendra Kumar Pargal
Non-Executive Independent Director



Ms. Hiroo Suresh Advani
Non-Executive Independent Director



Mr. Nagar Venkatraman Srinivasan
Non-Executive Director

SENIOR MANAGEMENT



Mr. Naresh Verma
Corporate Head - HR & Operations



Mr. Milind Pujari
Chief Financial Officer



Mr. Jagdeep Singh
Business Head - After Market



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



Mr. Prashant Khattry
Head - Legal & Company Secretary

CREATING VALUE FOR COMMUNITIES

AT BHARAT GEARS, WE BELIEVE THAT BUSINESSES CAN SUCCEED ONLY IF THEIR SURROUNDINGS FLOURISH WITH THEM. FOR US, ACHIEVEMENTS GO BEYOND NUMBERS TOWARDS BUILDING AN INCLUSIVE SOCIETY. WE ARE COMMITTED TO CREATE MAXIMUM POSITIVE IMPACT FOR THE COMMUNITY WE OPERATE IN AND PROVIDE SUPPORT FOR THEIR ECONOMIC AND SOCIAL DEVELOPMENT.

Empowering people at the bottom of the pyramid is ingrained in the culture of our Company. Our efforts in the areas of healthcare, environment and infrastructure development manifest our approach towards engineering sustainable community development.

Our Corporate Social Responsibility (CSR) initiatives are implemented through partnerships with reputed NGOs as per the Company's CSR Policy under the guidance of the Board.

HEALTH

Our health programme is aimed at providing quality and affordable healthcare to the economically weaker sections of the society. We strive to promote healthy living practices through a range of healthcare services.

During the year, we undertook awareness programmes and health camps in collaboration with Medihelp Foundation, a non-profit organisation engaged in providing healthcare to the urban and supported by the Volunteers of Robin Hood Army. We conducted six multispecialty health camps across the district of Faridabad, Haryana. The camps were based on Allopathy medicine science along with multispecialty teams from New Delhi.

KEY FOCUS AREAS:

- Raising awareness and educating people on healthcare challenges, particularly Non-Communicable Diseases (NCDs)
- Improving access to health services in slum colonies and generating awareness on good health
- Supporting slum dwellers across the district in improving their health and wellness practices

Under this programme, we distributed eye frames, medicines, sanitary napkins and conducted a wide range of blood tests for the district inhabitants. We also organised awareness sessions on lifestyle, nutrition, personal health and hygiene for women participants. Our efforts and intervention strategy were much lauded by the local communities.

Patients examined

1,430

Patients identified and Referred to Hospitals

619










भारत गियर्स लिमिटेड द्वारा
नि:शुल्क स्वास्थ्य जांच शिवि
सामान्य रोग विज्ञेषज्ञ, कम्प्यूटराईज्ड नेत्र जां
बी.पी., ई.सी.जी., खून जांच, शुगर जांच
एवं जेनेरी दवाफिन और मुफ्त दवाईयों




र्स लिमिटेड द्वारा
ास्थ्य जांच शिविर
ज्ञ, कम्प्यूटराईज्ड नेत्र जांच,
, खून जांच, शुगर जांच
कैन और मुफ्त दवाईयों
Doctor Consultation

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

Mr. Rakesh Chopra, Chairman
Mr. Virendra Kumar Pargal
Mr. Nagar Venkatraman Srinivasan
Mr. Surinder Paul Kanwar

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

Registered Address:
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 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

G-6, Ground Floor 1, Crooked Lane,
Kolkata – 700 069

MANAGEMENT DISCUSSION AND ANALYSIS

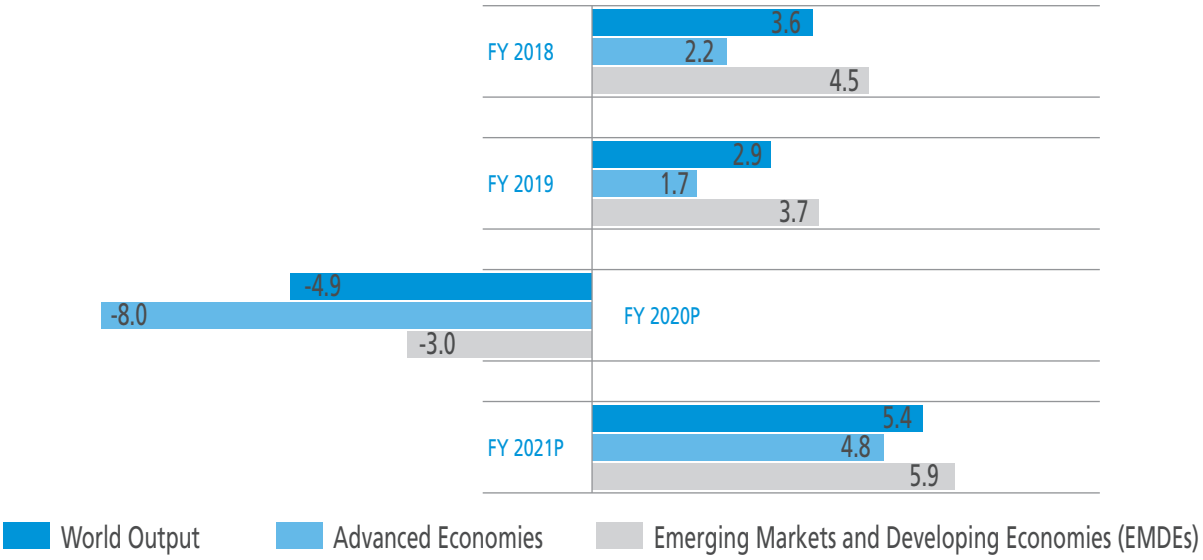


ECONOMIC REVIEW

Global Economy

The global economy saw the slowest GDP growth in 2019, since last recession in 2009, driven by a drastic fall in manufacturing and trade in a few emerging economies. Brexit-related uncertainties and a continuous trade war between the U.S. and China put further pressure on the growth parameters. The International Monetary Fund (IMF), in its World Economic Outlook, June 2020, calculated a global economic growth of 2.9% in 2019, a significant fall from 3.6% in 2018.

Global Economic Growth (in %)



Source: IMF World Economic Outlook, June 2020
P = Projections

Economic experts were projecting a growth pick-up in the next fiscal, supported by monetary easing in a number of countries and a positive trade environment. However, the earlier growth forecasts for the next fiscal were suddenly turned upside down by the worldwide outbreak of the Novel Coronavirus (COVID-19) pandemic in the fourth quarter of FY 2020. The unexpected global health crisis and the measures to contain its spread, such as the lockdown, quarantine and the ban on travel brought the economy to a standstill. World Trade Organisation has projected a fall in world trade between 13% and 32% in 2020 as the pandemic disrupts normal economic activities. With the virus trajectory rolling well into 2020, a rebound seemed almost impossible. The further intensification of the pandemic in a number of emerging markets and the developing economies in Q2 2020 and a more severe impact on consumption, service output and investment compelled the global experts to revise their growth projection for next fiscals.

IMF revised its earlier forecast of -3.0% for 2020 in its June Economic Outlook, and projected a deeper negative growth of 4.9%, attributed to severe demand shock, trade disruptions and labour market drop. However, policy counter measures have kept the hope of a rebound in the long run alive. A number of European countries have passed the peak contamination stage and are slowly getting into normalisation of economic activities. Based on optimistic assumptions, global GDP growth for 2021 is projected at 5.4%.

Source:

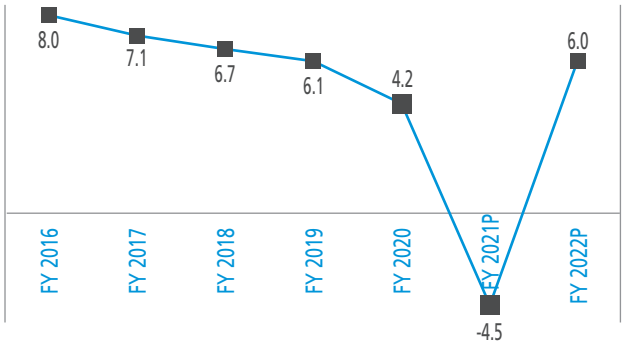
https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020,
https://www.wto.org/english/news_e/pres20_e/pr855_e.htm,
https://hbr.org/2020/03/what-coronavirus-could-mean-for-the global-economy

INDIAN ECONOMY

The global pessimism, some country specific deterrents and the outbreak of COVID-19 in the fourth quarter of FY 2020 brought the Indian economy to the lowest growth since 2009. The pandemic sped up the fall that was being attributed to slower than expected demand growth owing to stress in the non-banking financial sector and decline in credit growth. The contraction in real investment and consumption growth, weak rural income growth and higher inflation rate culminated in a pandemic-induced force majeure in the last quarter of FY 2020. According to National Statistical Office (NSO) and IMF, India's GDP grew by 4.2% in FY 2020, much lower than 6.1% in the previous fiscal year.

The Government initiated a number of fiscal reforms and monetary stimulus in the year under review in order to boost consumption, investment and trade in the next fiscal.

Actual and Projected GDP Growth in India (%)



Source: https://www.imf.org/en/publications/weo

All India Inflation rates (Consumer Price Index (CPI) and Consumer Food Price Index (CFPI))

Indices	March 2020 (Final)	March 2019
CPI	5.84	2.86
CFPI	8.76	0.30

Source:

http://www.mospi.gov.in/sites/default/files/press_release/CPI_PR_120502020.pdf

The Government initiated a number of fiscal reforms and monetary stimulus in the year under review in order to boost consumption, investment and trade in the next fiscal. India's jump to 63rd position in World Bank's 2020 ranking of 'Ease of Doing Business' and a good flow of FDI into the country kept the positive outlook intact. Government's National Infrastructure Pipeline (NIP) with a budget of ₹ 102 lakh crores and the Budget 2020, with targeted allocations signalled a clear cut roadmap for economic growth. Unfortunately, the sudden outbreak of COVID-19 Pandemic and the huge healthcare ramp-up cost, followed by a complete halt to all economic activities put fresh challenges to all growth initiatives. Asian Development Bank estimated a loss up to USD 29.9 billion to Indian economy because of the virus spread. Notwithstanding that, the Government continued with its fiscal and monetary stimulus with recalibrated strategies towards crisis management and a support to all key sectors.

COVID-19 and Aatmanirbhar Bharat

As an umbrella support to the economy battling with the pandemic and the lockdown, a ₹ 20 lakh crores all-inclusive stimulus package called "Aatmanirbhar Bharat" has been announced by the Government. Equating to 10% of the GDP, this is one of the biggest relief packages ever announced. The package is focussed on land, labour, liquidity and laws and will cater to the industries, MSMEs, labourers, middle class, urban and rural poor. It has offered tax breaks for small businesses as well as incentives for domestic manufacturing

including collateral-free loans to businesses and MSMEs. As a relief to the citizens, the Government has also deferred income tax returns by three months and reduced EPF contribution to 10% from 12% for private sector employers and employees, and public sector employees till August, 2020. Under the package, the Reserve Bank of India (RBI) further, reduced the repo rate and the reverse repo rate to 4.0% and 3.75% respectively. This was intended to make loans easily available to banks and discourage commercial banks to park cash with RBI. Further, to inject liquidity into the economy and boost consumption, RBI offered a loan repayment moratorium for three months till 31 May 2020. Later, with the intensification of the virus, RBI announced an extension of the moratorium till 31 August, 2020. This has provided a much-needed liquidity support to consumers. RBI and the Government may consider further support measures in order to facilitate revival of economic activities in H2 FY 2021.

Despite all the strategies and support, under the current environment, a mid-term growth forecast is completely dependent on the movement of the virus curve and the time it takes to flatten the curve. IMF revised its forecast for India in its June WEO, and projected a negative growth of 4.5% for FY 2021. It, however, projects the Indian economy to grow by 6.0% in FY 2022, backed by Government's policy reforms.

Source:

https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020

INDUSTRY OVERVIEW

- **Tractor Industry**

  The Agriculture sector in India has been one of the largest employers in the country employing almost 45% of the population and contributing to almost 16% of the Gross Value Added (GVA). Indian tractor industry, a key component of agricultural equipment sector, is the largest in the world, accounting for one-third of the total global production. Considering the significance of this sector, the Government introduced the Sub-Mission on Agricultural Mechanisation (SMAM) in FY 2015, to cut down manual labour, increase farm yield and enhance manpower productivity. The overall farm mechanisation rate in India has been lower at 40-45% and has tremendous potential to grow.

Industry Growth Trend

According to India's Economic Survey FY 2020, Farm mechanisation market in India has been growing at a CAGR of 7.53% during the period FY 2016 to FY 2018 driven by various government policies. The farm equipment market is expected to reach ₹ 9 lakh crores by FY 2022. During the past four decades, the Indian tractor industry witnessed a significant growth at a CAGR of 10% to reach a sales number of 8.78 lakh units in FY 2019. The growth pace, however, was halted in FY 2020 as the industry sold 7.8 lakh units of tractor in FY 2020. Falling sales also squeesed the production volume to 7.6 lakh units in FY 2020 from 8.9 lakh units in FY 2019.

Tractor sales in India (Units)

Year	Sales	% Growth
FY 2017	6,61,195	16%
FY 2018	7,96,873	21%
FY 2019	8,78,476	10%
FY 2020	7,81,065	-11%

Source:

The Tractor and Mechanization Association (TMA)(http://www.tmaindia.in/consolidated-monthly-reports-2019.php)

According to National Bulk Handling Corporation (NBHC) report, tractor sales were affected due to inadequate rainfall, delayed sowing and low production of rabi crops, which led to negative rural sentiment and drop in farmer income resulting in less investment on farm machinery and equipment. The already slow growth in the market was worsened by about 50% drop in sales in the month of March because of COVID-19 outbreak.

Future Growth Drivers and Outlook

The agricultural equipment as well as the tractor industry is expected to pick up in next fiscal catapulted by Government's efforts towards farm mechanisation along with credit and insurance support to the farmers. A few key growth drivers for the agriculture and agriculture equipment sector are:

- A 16-point agenda in Budget 2020-21 to revive agricultural sector and double farmers' income by 2022
- The agricultural credit flow target for FY 2021 has been increased to ₹ 15 lakh crores from ₹ 13.5 lakh crores in FY 2020
- Farmers to get coverage of risks against natural causes through Pradhan Mantri Fasal Bima Yojana (PMFBY)
- The budget allocated ₹ 2.83 lakh crores for agriculture, irrigation & allied activities
- The Aatmanirbhar package allotted ₹ 40,000 crores to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in order to help migrant workers, who returned to their villages during COVID-19 lockdown. This will ensure jobs in rural areas, while boosting the rural economy
- ₹ One lakh crore Agri Infrastructure Fund was announced for funding farm-gate agriculture infrastructure projects

Notwithstanding the support packages from the Government, the COVID-19 pandemic created a stir in the market with an almost complete halt to the economic activities. Tractor production and sales reached rock bottom in the month of April, 2020. The industry will take considerable time to bounce back. Industry experts project a positive outlook for tractors in the medium and long term, despite the ongoing slowdown in economic activities. The growth will be driven by extensive Government support to agriculture, strong rabi output, good water reservoir levels and expectation of good monsoon in CY 2020. The tractor industry is expected to bounce back ahead of passenger vehicles. This is likely to be followed by two-wheelers and commercial vehicles.

Source:

https://pib.gov.in/newsite/PrintRelease.aspx?relid=197837, http://164.100.117.97/WriteReadData/userfiles/Aatmanirbhar%20Presentation%20Part-1%20Business%20including%20MSMEs%2013-5-2020.pdf, https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap07_vol2.pdf, https://auto.economictimes.indiatimes.com/news/automotive/farm-equipment/tractor-sales-growth-pace-hits-three-year-low-in-fy19/69093089, https://economictimes.indiatimes.com/markets/stocks/news/coronavirus-whats-its-impact-on-indias-auto-sector/articleshow/75078607.cms

- **Construction Equipment Industry**

  The Construction industry in India is the 2nd largest employer in India, after agriculture, and contributes 8.0% to India's GVA according to the latest estimate. There is a linear relationship between the growth in infrastructure sector and the construction equipment industry as the largest part of construction demand comes from infrastructure projects. Construction equipment industry's revenue is estimated to reach USD 5 billion by FY 2021. The growth curve for the industry started shrinking in early 2019, attributed to a lag in road projects due to general elections and negative growth in investment. This was further impacted by a credit crunch and the COVID-19 outbreak in the last quarter of the financial year.

Source:

https://www.investindia.gov.in/sector/construction, http://mospi.nic.in/press-release?field_press_release_category_tid=All&date_filter%5Bmin%5D&date_filter%5Bmax%5D&page=1

Key Growth Drivers

A few initiatives and projects in the infrastructure sector which are likely to drive the growth in construction and construction equipment sector are as follows :

- **National Infrastructure Pipeline (NIP FY 2020-25)**

  Infrastructure development is a crucial indicator of growth. The Government of India is boosting both public and private investment in all key sectors to reach a GDP target of USD 5 trillion over the next five years. The National Infrastructure Pipeline, which was announced to boost investment and job creation, has already lined up 6,500 projects across 23 key sectors in India.

Share of Centre, States and the Private Sector investment in the NIP

Centre	39%
States	40%
Private Sector	21%

Construction-related sectors such as urban and housing (16%), railways (13%), roads (19%) and rural infrastructure (8%) account for a major share of NIP investment. As this ambitious programme unfolds, the actual expenditure may vary from the estimates/ projections. However, the NIP remains a critical endeavour towards construction development.

- **Roads and highways projects**

  Roads have been the primary growth engine for construction equipment demand in the past three years since CY 2016. Under the Government's Bharatmala Phase-II, 34,800 kms of highways will be constructed and upgraded during the period FY 2017-22. According to the latest development, the allocation for road transport and highways has been raised to ₹ 91,823.22 crores in Union Budget 2020-21. The National Highways Authority of India (NHAI) plans to complete construction of 2,00,000 kms of national highways by 2022. The Phase III of Pradhan Mantri Gram Sadak Yojana, which was approved in July 2019, has proposed to construct 1,25,000 kms of rural roads by FY 2025.

- **Real estate and housing development**

  Indian Real Estate sector has been boosted by a series of reforms such as enforcement of the Real Estate Regulatory Authority (RERA), introduction of the Goods and Services Tax (GST), roll-out of the Insolvency and Bankruptcy Code and a relaxation of FDI norms. Further to this, the Government's plan to expand urban infrastructure and Smart Cities Mission is expected to drive large-scale growth in construction activities and equipment sector. Heritage City Development and Augmentation Yojana (HRIDAY), Pradhan Mantri Awas Yojana and Atal Mission for Rejuvenation and Urban Transformation (AMRUT) are some projects that are boosting private investment in housing sector. The Government targets building

five crore homes in the next five years and proposes to develop five new smart cities in collaboration with States in Public Private Partnership mode in Budget 2020-21.

- **Port development**

  With an aim to develop a global standard port network across the Indian coastline, the Government has set up an ambitious goal of developing 10 coastal economic regions and six new mega ports under Sagarmala scheme. Shipping sector has been a key beneficiary in 2020-21 Budget, with an allocation of ₹ 1.01 lakh crore. To encourage investments in the port sector, the Government has allowed FDI up to 100% under the automatic route and facilitated a 10-year tax exemption for construction and maintenance of ports.

- **Diamond Quadrilateral Project**

  The Diamond Quadrilateral high speed rail network project connecting major metros and growth centres of the country was announced in the Railway Budget 2014-15. The Mumbai-Ahmedabad High Speed Rail (MAHSR) Project construction is underway under this scheme, in collaboration with Japan International Cooperation Agency (JICA).

  The project is ambitious, involving high capital investment and other issues related to regulatory approvals and land acquisition. The Railway Ministry has also directed National High Speed Rail Corporation Limited (NHSRCL) to prepare a detailed project report (DPR) for six more high-speed train corridors across India.

  Despite the line of projects and growth strategies, like any other sectors, construction sector is also reeling under pressure because of the after-effects of COVID-19 pandemic. The already slowing sector was hit by a sudden halt to all construction activities because of the COVID-19 lockdown. The real estate and construction market is expected to stabilise in the second half of the year, with a 'U-shaped' improvement in the economy. Demand pickup, combined with pricing and Government monetary support is likely to lift the sector in the long run.

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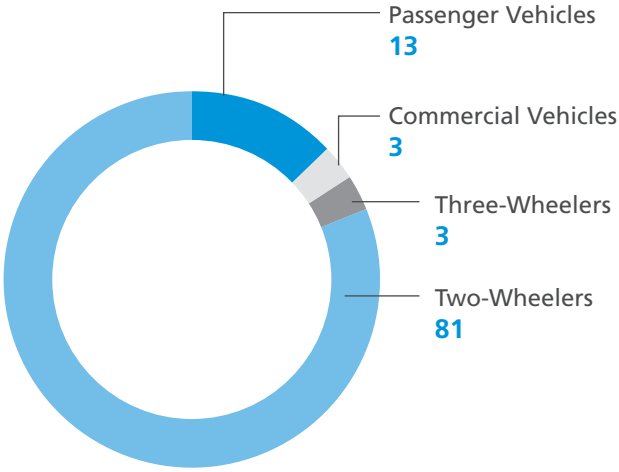
https://pib.gov.in/newsite/PrintRelease.aspx?relid=195193, https://www.urbantransportnews.com/dpr-sought-for-six-new-high-speed-rail-corridors-in-india/

The Indian automobile sector is the world's fourth largest auto market in terms of sales and production

- **Domestic Automobile Industry**

  The Indian automobile sector is comprised of Passenger Vehicles, Commercial Vehicles, Three-Wheelers, Two-Wheelers and others. The Indian automobile sector is the world's fourth largest auto market in terms of sales and production. The Gross Turnover of the Automobile Manufacturers in India stood at about US$ 70 billion in FY 2019. The industry has registered healthy growth rate over the last one decade driven by robust economic activity and infrastructure development; growing middle class population with increasing income and availability of easy finance. Availability of low cost skilled labours, research and development support and easy availability of raw materials are other factors that supported the industry growth. The industry also provides great investment opportunities and creates jobs. It has received FDI worth USD 23.89 billion between April, 2000 and December, 2019.

Domestic Market Share for FY 2020 (By production volume (In %))



Source:

http://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=12



The industry had a bearish year in FY 2020 in terms of production and sales. India produced a total of 26.3 million vehicles in FY 2020 as against 30.9 million in FY 2019, registering a drop of about 15%. Total sales also dropped to 21.5 million vehicles in FY 2020 as against 26.3 million vehicles in FY 2019.

Domestic Automobile Production Trends (Units)

Category	FY 2019	FY 2020	Change (%)
Passenger Vehicles	40,28,471	34,34,013	-14.7
Commercial Vehicles	11,12,405	7,52,022	-32.3
Three-Wheelers	12,68,833	11,33,858	-10.6
Two-Wheelers	2,44,99,777	2,10,36,294	-14.1
Quadricycle*	5,388	6,095	13.1
Grand Total	**3,09,14,874**	**2,63,62,282**	**-14.7**

Source: Society of Indian Automobile Manufacturers (SIAM) http://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=9
**The Government approved the quadricycle segment with necessary standards for both commercial and private use in 2018.*

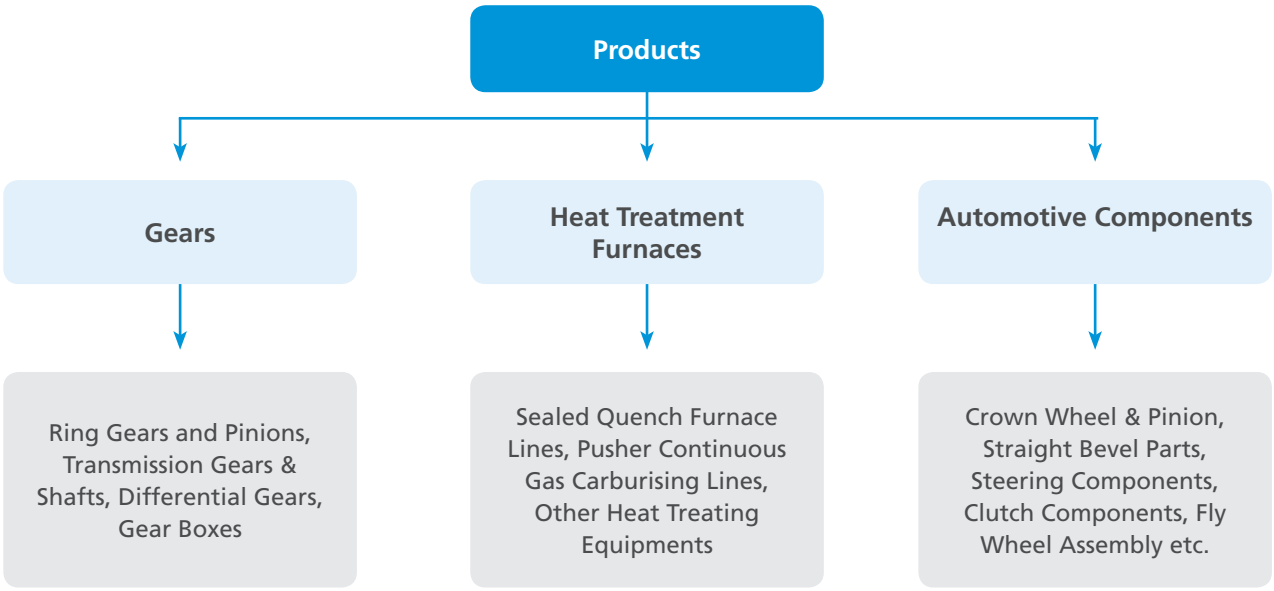
The lower production was attributed to falling domestic demand, mostly driven by economic slump in the domestic markets, financing difficulties and a negative buying sentiment. The COVID-19 pandemic put further pressure on India's automotive sector creating supply chain disruptions. Because of the closure of auto parts factories in China, there have been a delay in the production and delivery of BS-IV compliant vehicles. This, followed by the virus outbreak in India in March, led to a plunge in sales on account of BS-VI transition, lockdown and the manufacturing shutdown. With a slow restart of production in April, the first half of the year will be extremely challenging for the industry. Even if the COVID-19 pandemic is controlled in the second half of the year, the consumer sentiments are expected to remain negative for a considerable time because of the stress in the entire economy.

The automobile industry has been discussing with the Government on policy measures which can minimise the impact of COVID-19 on the industry. The Government has assured that an incentive-based Scrappage Policy will be implement that in order to support the industry in future. While there will be challenges on the supply side, many OEMs may consider localising their supply chain. This could be an opportunity for Indian auto component manufacturers. As a positive development, the new social distancing norms are likely to drive demand for entry level passenger vehicles and two-wheelers as people will tend to prefer individual vehicles rather than shared transport after the COVID-19 outbreak. A 'V' shaped recovery is expected with the normalisation of economic activities.

COMPANY REVIEW

Bharat Gears Limited (hereinafter referred to as "BGL" or "the Company") is a leader in gear technology and one of the largest gear manufacturer in India. The Company supplies automotive gears for heavy, medium and light trucks, utility vehicles, tractors and off-highway vehicles in India and exports to North American, European and Asian countries. BGL is also a key supplier of heat treatment furnaces and a manufacturer of other automotive components. The Company's range of products can be segregated as below:

Product Portfolio



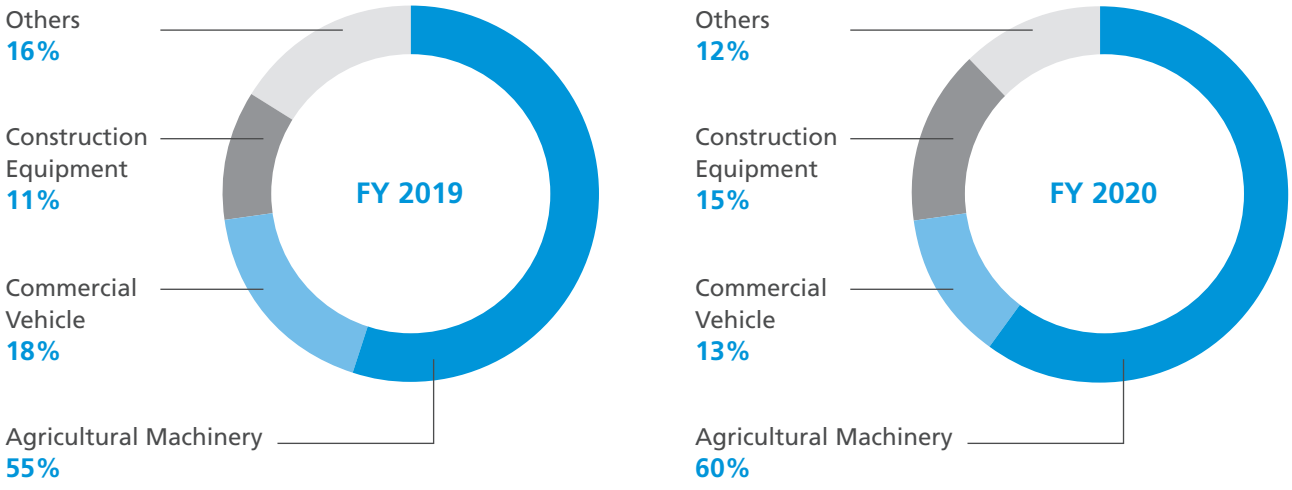
Industry Segments

Industry segment-wise revenue is segregated under the following heads:

- Agricultural Machinery
- Commercial Vehicle
- Construction Equipment
- Others

Agriculture machinery segment remains the major revenue driver for the Company, with tractors being the key end user sector for its products.

Revenue Break-up



Gear Business

The Company supplies automotive gears to a number of Tractor OEMs from India and abroad. The business has been under pressure because of falling end user demand driven by slow economic growth, lacklustre festive sales and export drop, which bottomed out in Q3 FY 2020. Furthermore, the vehicle industry is getting cautious on FY 2021 outlook after the implementation of Bharat Stage-VI (BS-VI) emission standards. The gear business registered 22% drop in sales across all segments (AE, CE, CV) and customers. The business registered 28% drop in exports, 17% drop in domestic sales and 33% drop in aftermarket sales.

Auto Components

The auto components division of BGL supplies a wide range of automotive products catering to a diversified auto market comprising commercial, agricultural and utility vehicles according to changing customer demands. The Company is also a reputed player in the replacement gear market with the most trusted brand name among the peers. Net revenue in the auto components division recorded a drop of 34% compared with FY 2019.

Heat Treatment Furnaces

BGL has over three decades of strong relationship and technical association with AFC – Holcroft at Michigan in USA for its furnace business. AFC is reputed for its innovative technology, quality and reliability. The Company continues to build batch and continuous heat-treating furnace systems. These furnaces have been widely accepted because of their operator-friendly design, easy and economic maintenance under the Indian conditions. Net revenue in the furnace division stood at ₹ 15.17 crores in FY 2020, up 31% compared with ₹ 11.56 crores in FY 2019.

Manufacturing Capabilities

The Company currently operates three manufacturing locations with state-of-the-art equipment and facilities – two in the state Maharashtra at Mumbra and Lonand and one in the state of Haryana at Faridabad. All plants of the Company have received IATF certification.

The auto components division of BGL supplies a wide range of automotive products catering to a diversified auto market comprising commercial, agricultural and utility vehicles according to changing customer demands.

PLANT OPERATIONS

BGL's three manufacturing locations at Mumbra, Lonand and Faridabad are well equipped with state-of-the-art manufacturing facilities and safe work environment. Further, the Company has implemented Kaizen philosophy ("constant, continuous improvement") and Total Quality Management (TQM) system for a high level of employee engagement and for efficiency and productivity. Both Mumbra plant and the Faridabad plant continue to enhance their efficiency through productivity enhancement, safety culture, 5S, Kaizen, autonomous maintenance, visual management and other measures. The Lonand Plant is a high-tech Greenfield project designed to manufacture transmission gears. To be completed in three phases, the first phase was commissioned in FY 2014.

Key Focus Areas

- **Productivity and efficiency**

  BGL undertakes an array of measures like retrofitting/reconditioning and automation, use of high-speed cutting tools and cycle time enhancement to improve productivity and efficiency in the plants. Besides, the Company invests on upgrading machines with latest versions in order to reduce downtime and improve output quality. Machines/processes are maintained with regular checkups and repair work for better results.

  The Company strives for optimum mix of manpower on shop floor to enhance productivity and better material handling during process shift in order to avoid dents and damages. Further, specific steps are undertaken to improve productivity and efficiency in the plants. The plants have improved cycle times by changing and modifying a number of processes and using latest tooling. Modification of HT fixtures, replacement of HSS blades with carbide blades in the new-age machines and use of advanced coating for tools are a few measures that have significantly improved efficiency in the plants. The conversion of the conventional machines to computer numerical control (CNC) has also contributed towards set up time reduction, error control and increased productivity. Further, cycle time has been improved by shifting to auto deburring from manual deburring and increasing loading quantity and reducing the line operations.

  The Company is working with its vendors to install key equipment in Lonand premises to be able to cater to higher volume orders. Adoption of cluster hobbing, batch marking and optimisation of

HT charge are some other ways that have improved throughput while reducing manpower and facilitating safe material handling.

- **Technology upgradation and automation**

  Technology upgradation becomes an integral part of every plant operation in order to maintain safety, energy efficiency and optimal productivity. In the last couple of years, the Company has taken up measures to upgrade the plant operations according to the latest digital technology and implemented automation and process-optimisation initiatives. It has introduced low-cost automation for gear hobbing machines and gear shaping machines. New machines for gear cutting and heat treatment have significantly improved output quality and efficiency. Further, latest software solutions are used in the plants to optimise various parameters of gears.

  As the Company gradually moves towards higher automation, it will achieve enhanced standardisation of its workflows and products. In the year under review, Robotics was implemented in press quenching operations, making BGL one of the few auto ancillary manufacturers in India to do that.

- **Total Quality Management**

  Total quality management (TQM) refers to a continuous process of detecting and reducing errors in manufacturing, managing a smooth supply chain, improving customer experience and training of employees. The Company has implemented a number of measures in the plants towards improving product quality and delivery processes. Periodic machine audits are undertaken to assess the need for modification and replacement of old machines and employees are trained regularly for better handling of processes.

  To bring about a substantial improvement in product quality and rationalise the cost of quality, the Company is strengthening the culture of quality circle at the plants. Multi gauging check units have been installed in Lonand plant towards this goal. Quality circles with participation of working level executives are operational, which help further strengthening of quality culture. In order to ramp-up production in fast pace, measures are undertaken to strengthen Tier – 2 suppliers. The Lonand plant has recorded a culture of "Zero defect" & "Zero customer complaints" for a key customer.

- **Energy efficiency**

  Being a sustainable organisation, energy efficiency remains a key focus for BGL. The plants not only pursue energy-efficient operations but also undertake periodical audits for better energy performance. Replacing old machines with new energy-efficient ones and implementing automation improves the plants' energy efficiency. The Company also replaced the asbestos-roofing shed with MS galvanised sheets, enabling natural light to permeate into the building during the day. Furthermore, turbo ventilators were fitted at the sheds for better ventilation. Besides, to economise power consumption during idle time, BGL modified machine circuits and hydraulic systems. In the Lonand plant, HPMV Lamps were replaced with LEDs in phases to achieve energy efficiency. This has improved the Lux levels significantly.

- **Safety management**

  The Company has implemented safety measures in various stages of the plant operations and all its plants are well equipped with safety parameters in the systems and processes. The use of hazardous material is barred inside all plant premises in order to maintain safety for the workforce. The plants are completely free of kerosene and asbestos to prevent any kind of health hazards. All the employees are provided with personal protective gear and uniform as part of safety rules. The 'My Machine' campaign and the '5S Activity' drive within the plant premises were undertaken to create awareness on safety measures and maintain absolute safety within the plants.

  As the Company operates on Kaizen principle, it conducts various safety exercises at periodic intervals. Safety training, mock fire drills, kaizens on safety, monthly safety audits and third-party inspection etc. are a part of the total process. The plants promote a safety culture at the shop floor through sustained and improved 5's activities.

Support Systems

Process efficiency, product quality and customer relations have been the key focus for BGL. These attributes, along with the efforts on skill development, employee training, automation and product innovation provide it with an edge in the market. It has a strong Human Resource team within the organisation to evaluate and support the manpower engaged in manufacturing activities. The Company has a robust IT system in place to support the entire operations, with a tailor-made Enterprise resource planning (ERP) for managing the core operations. BGL uses latest IT tools

for smoother functioning of processes and product development, customer relations and for ensuring compliance and reporting purposes. The Company believes in upgrading its human resources and keeping them abreast of the changing requirements.

As on 31 March, 2020, the Company had 1,478 people as its permanent workforce.

Key Operational Highlights

FY 2020 has been challenging for BGL for a number of external factors including the auto and agricultural sector slowdown and the worldwide spread of COVID-19. However, the Company managed to stay afloat leveraging on its strong long-term relationships with customers. It did not lose any customer despite the industry headwinds and continued to explore new markets and new customers keeping in view its future growth. BGL has invested a total of ₹ 110 crores over the last three fiscals in various plants for technology and process upgradation.

Robotics Automation in Heat Treatment Process

Bharat Gears has been recognised all along as one of the most technically advanced companies among its peers. The Company has implemented automation and robotics in its manufacturing plant at Faridabad for improving efficiency, safety and to cut down manpower in the high risk operations. Traditionally, heat treatment processing of crown wheels (ring gears) in BGL has been done manually. Manual operations have its own share of challenges such as finite timing during quenching, production constraints due to number of presses and stacks and push time interval. Additionally, manual operations also cause some amount of variability in the process, leading to quality variation in final components. Hence, the Company decided to implement robotic automation for the new CGC-4 furnace to boost production and reduce variation in quality.

Financial Review

FY 2020 has turned out to be a bearish year for BGL, due to the slump in the end user sectors it caters to. The Company registered revenue of ₹ 468.00 crores as compared to ₹ 599.15 crores in FY 2019, registering a drop of 22%. Net loss for the year stood at ₹ 18.78 crores, down 250% over net profit of ₹ 12.53 crores in FY 2019.

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. BGL has identified following ratios as key financial ratios in FY 2020:

Category	FY 2018-19	FY 2019-20	Variation (%)
Debtors Turnover Ratio	5.12	4.53	-12
Inventory Turnover Ratio	6.32	5.93	-6
Interest Coverage Ratio	1.89	-0.15	-108
Current Ratio	1.11	1.12	1
Debt Equity Ratio	1.82	1.86	2
Operating Margin Ratio (%)	6.91%	-0.68%	-110
Net Profit/Loss Margin (%)	2.09%	-4.01%	-292
Return on Net Worth (%)	14.16%	-23.60%	-267

Explanation for the variation

The Indian automotive sector was adversely affected in FY 2020 because of a weak macro environment and tough regulatory framework. This, coupled with poor buying sentiments, saw an overall volume de-growth of nearly 18%. EBITDA margins for the current year have been impacted on account of lower absorption of fixed costs due to drop in volumes. Substantial capital expenditure in last couple of years and incremental borrowings for the same resulted in higher interest and depreciation charge. As a result, the Company incurred a loss of ₹ 18.78 crores for the year. This led to significant deterioration in ratios related to profitability, interest coverage and return on net worth.



OUTLOOK

During the current situation, when BGL's business has already been impacted by a slump in the auto sector, construction as well as the agriculture, the spread of COVID-19 pandemic and the related nationwide lockdown have made operations more difficult for the Company. Surviving this crucial time and strategising the future remains a prime focus for the Company in this fiscal year. BGL has undertaken cost optimisation programmes in FY 2020 to survive the negative industry impact. The Company has the conviction in its manufacturing and operational abilities to deliver results and will be ready to seize opportunities when the market rebounds. The Company intends to complete its plant upgradation process depending on positive market dynamics and leverage on the opportunities.

RISK AND CONCERNS

Bharat Gears Limited is a manufacturer and supplier of components for a number of related end user industries and hence, is exposed to market volatilities which are driven by changing industry dynamics, rapid technological development and unique economic cycles. Additionally, the regulatory changes and macro-economic environment has a direct impact on their business. The Company has a strong and integrated enterprise risk management framework that has the responsibility of identifying the common prevailing enterprise risks. Their work is reviewed by the Audit Committee periodically. The Board approves a risk management policy prepared by the risk management framework which is then adopted by the Company. This helps the Company to prepare ahead for market challenges and respond quickly,

Some of the possible key risks for the Company are given below with corresponding mitigation measures:

Technology risks: The OEMs to whom the Company supplies are updated with market changes on the technology front and keep updating their products with the changing needs. These major players rely on quality supplies with superior efficiency and technical knowhow. The Company is exposed to the risk of being technologically obsolete and may lose customers if it fails to respond to changing technology demand.

Mitigation: The Company stays updated with the evolving technological advancements and invests in R&D for product and process upgradation. However, it keeps a balanced attitude and does not over leverage any technological advancement.

Market risks: The Company supplies its products to three end-user industries mainly automobile, farm-equipment and construction, which are highly sensitive to macro-economic changes. Any market slowdown/ shutdown may impact its business.

Mitigation: The Company has a diversified group of customer base supplying to multiple industries and operating in India as well as overseas. Such diversification insures BGL against a down cycle.

Raw material risks: Input costs for raw materials like alloy steel is a primary cost for BGL. Any supply concern and price volatility for raw material may have a significant impact on the business of the Company.

Mitigation: BGL keeps track of price fluctuations and follows a calculated procurement policy to mitigate this risk. It has expertise in inventory management and maintain a long-lasting business relationship with suppliers to ensure regular and optimum supply of raw materials. The pass-through clauses further ensures the Company against price volatility of raw materials.

Financial risks: The Company faces the risk of unpredictable forex movement, interest rates, credit availability and liquidity.

Mitigation: BGL follows adequate hedging mechanisms and closely monitors macro policy changes to foresee possible interest rate and currency movements.

Regulatory risks: The Company caters to industries that are highly exposed to national and state policy changes and change in regulations. Such risks may cover its own processes and products, or to those of its clients.

Mitigation: The Company has a team to keep track of any regulatory and policy changes that govern it and its clients. It takes corrective measures in time to avoid any major disruption in business.

Product quality risks: The Company supplies to leading OEMs with strict norms, who have to adhere to strict compliance with quality and technical standards for components used as raw materials. The Company has to ensure superior precision and quality in their products to protect their reputation and profitability.

Mitigation: BGL regularly invests in upgradation of its manufacturing facilities and in developing employee skills. Quality and productivity enhancement remains a focus for the Company in order to stay competitive. It takes regular feedback from clients on product quality and undertakes product liability insurance to safeguard its interests.



Natural calamity/pandemic risks: Natural calamity or any other global and country-wide pandemic, like the recent outbreak of COVID-19 can have a negative impact on the market the Company caters to, leading to supply chain disruption, production cuts and shutdown.

Mitigation: Since these are not predictable risks, BGL makes future strategies to bounce back during such risks. The Company takes up measures like deferring capex, liquidity management and cost cutting during such crisis. It is well supported by an experienced management in its crisis management measures.

Human Resource risks: Recruiting and retaining skilled manpower remains a prime focus for manufacturing companies dealing in precision components. Non-availability of human resource or high rates of attrition may impact operations of the Company.

Mitigation: The Company's robust HR policies lay a strong emphasis on internal assessment and training programmes for employees. It ensures against attrition risk by skill upgradation, safe and employee friendly work environment and HR policies.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

BGL has well defined systems and processes to control and monitor all the corporate operations and various units. The Company follows the best practices in corporate governance. It has an internal audit process to oversee the effectiveness and efficiency of operations, safe-guarding of assets, accuracy of financial reporting and compliance with applicable laws and regulations. The Company has a risk mitigation framework for identifying key business risks and taking mitigation measures. Well-documented policies and procedures enable it to strictly adhere to all applicable procedures, laws, rules and statutes. The Audit Committee of the Board oversees the Audit function through regular reviews of and monitoring of corrective actions.

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 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 48th Annual Report and the Audited Financial Statements for the year ended 31 March, 2020.

(₹/Crores)

Financial Results	Financial year ended 31.03.2020	31.03.2019
Revenue from operations and other income (gross)	**468.00**	599.15
Profit before finance costs and depreciation and amortisation expense	**23.51**	63.18
Finance costs	**21.65**	21.97
Depreciation and amortisation expense	**26.68**	21.76
Profit/(Loss) before tax	**(24.82)**	19.45
Less: Tax expense/(benefit)	**(6.04)**	6.92
Profit/(Loss) after tax	**(18.78)**	12.53
Other comprehensive income	**(0.72)**	(1.86)
Total comprehensive income	**(19.50)**	10.67
Statement of other equity		
Opening balance	**80.35**	69.68
Add: Total comprehensive income	**(19.50)**	10.67
Add: Share premium on rights issue	**10.54**	-
Less: Dividend	**(1.12)**	-
Closing balance	**70.27**	80.35

DIVIDEND

In view of losses for the year, the directors of the Company have decided not to recommend any dividend on equity shares of the Company for the year ended 31 March, 2020.

FINANCIAL PERFORMANCE

Indian automotive industry witnessed unprecedented slowdown with a lowest growth rate in last two decades. Demand was affected across segments in F20. As a result, revenue from operations for the year has decreased by 22% in comparison to the corresponding year.

EBITDA margins for the year have been impacted on account of lower absorption of fixed costs due to drop in volumes. Higher capital investment led to higher depreciation and resultant incremental borrowings have led to higher interest costs.

Loss after tax for year ended 31 March, 2020 was ₹ 18.78 crores against profit after tax of ₹ 12.53 crores in previous year.

During the year, the Company has availed disbursement of the term loan of ₹ 25.00 crores from KKR India Financial Services Limited (KKR) to part finance Company's existing capital expenditure programme. The company has repaid ₹ 21.16 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 1.61 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, 2020 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, 2020 and of the Profit and Loss of the Company for the period ended on that date;

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

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

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

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

RELATED PARTY CONTRACTS AND ARRANGEMENTS

The 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. Thus, there are no transactions which are required to be reported in the prescribed Form AOC-2 of the Companies (Accounts) Rules, 2014.

Further, during the Financial Year 2019-20, there were no materially significant related party transactions entered into by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large.

As all the related party transactions are at arm's length price and in the ordinary course of business, the same are placed before the Audit Committee for its approval. There was no related party transaction which requires approval of the Board. During the Financial Year under review, the Audit Committee has approved the related party transactions through the omnibus mode in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Related party transactions were disclosed to the Board on regular basis as per Ind AS-24. Details of related party transactions as per Ind AS-24 may be referred to in the Notes forming part of the Financial Statements.

The policy on Related Party transactions asapproved 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

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 Financial Year 2019-20, the members of the Company vide their special resolution(s) passed through Postal Ballot on 18 May, 2019 approved the:

- Continuation of Mr. V.K. Pargal as a Non-Executive Independent Director w.e.f. 01 April, 2019 till the end of his current tenure upto the conclusion of 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. N.V. 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.

Further, the members of the Company vide their special resolution(s) passed at their Annual General Meeting held on 06 August, 2019 approved the:

- Re-appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director on the Board of the Company 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.

- Re-appointment of Mr. N.V. Srinivasan as a Non-Executive Director on the Board 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 2020.

in terms of the applicable provisions of the Companies Act, 2013 and the Regulations, in read with Regulation 17 of the Regulations as amended, the age of the said Directors being more than seventy five years at the commencement of/during their respective tenure.

The tenure of Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company is expiring on 30 September, 2020. The Board of Directors of the Company in its meeting held on 28 June, 2020 through audio visual means has re-appointed Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company for a further period of 5 (Five) years w.e.f. 01 October, 2020 subject to the approval of shareholders at the ensuing Annual Meeting of the Company by way of special resolution in terms of the applicable provisions of the Companies Act, 2013 and the Regulations, in read with the provisions of Section 196(3) of the Companies Act, 2013, as the age of Mr. Surinder Paul Kanwar will be more than seventy years during his proposed tenure.

In terms of the provisions of Section 149 of the Companies Act, 2013, Mr. V.K. Pargal and Mr. Rakesh Chopra had been appointed as Non-Executive Independent Director at the Annual General Meeting (AGM) of the Company held on 31 July, 2015 for a period of 5 (Five) Years upto the conclusion of the 48th AGM of the Company in the Calendar year 2020.

Therefore, in terms of the provisions of Section 149 of the Companies Act, 2013, it has been proposed to re-appoint Mr. V.K. Pargal and Mr. Rakesh Chopra as Non-Executive Independent Director at the ensuing Annual General Meeting (AGM) of the Company for second term for a period of 5 (Five) Years upto the conclusion of the 53rd AGM of the Company in the Calendar year 2025 by way of special resolution pursuant to the applicable provisions of the Companies Act, 2013 and the Regulations, in read with Regulation 17 of the Regulations as amended, the age of Mr. V.K. Pargal being more than seventy five years at the commencement of his proposed tenure.

A notice has been received from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. V.K. Pargal and Mr. Rakesh Chopra as candidate for the office of Non-Executive Independent Director of the Company.

Further, in terms of the provisions of Section 152 of the Companies Act, 2013, it has been proposed to re-appoint Mr. N.V. Srinivasan as a 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 Calender Year 2021 by way of special resolution pursuant to the applicable provisions of the Companies Act, 2013 and the Regulations, in read with Regulation 17 of the Regulations as amended, the age of Mr. N.V. Srinivasan being be more than seventy five years at the commencement of his proposed tenure.

BOARD'S OPINION REGARDING INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

The Board is of the opinion that the Independent Directors appointed during the year under review are person(s) of integrity and possess core skills/expertise/ competencies (including the proficiency) as identified by the Board of Directors as required in the context of Company's business(es) and sector(s) for the Company to function effectively.

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2019-20, 5 (Five) Board Meetings were held on the following dates:-

- 30 May, 2019;
- 02 July, 2019;
- 06 August, 2019;
- 14 November, 2019; and
- 29 January, 2020

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 the 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 28 June, 2020 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 the opinion of the Board, all the Independent Directors fulfill the conditions specified in the Companies Act, 2013 read with the Rules made thereunder and the Regulations, and are independent of the management.

In terms of 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 2019-20 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-FY-19-20.pdf

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT PERSONNEL

In terms of the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Regulations, Nomination and Remuneration Committee ('NRC') has formulated a policy relating to appointment and determination of the remuneration for the Directors, Key Managerial Personnel and Senior Management Personnel which has been adopted by the Board of Directors of the Company. The NRC has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to the Executive and Non-Executive Directors of the Company.

Your Directors affirm that the remuneration paid to the Directors, Key Managerial Personnel, Senior Management Personnel and other employees is as per the Nomination and Remuneration Policy of your Company.

During the year under review, additions have been made in the Role of the NRC in the NRC Policy in reference to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The salient features of the Nomination and Remuneration Policy are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director.
- Identification of persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in the Nomination and Remuneration policy.
- Recommendation to the Board for appointment and removal of Director, KMP and Senior Management Personnel.
- Formulation of the criteria for devising a policy on diversity of Board of Directors.
- Deciding that whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Recommendation to the Board, all remuneration, in whatever form, payable to senior management.

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

EVALUATION PROCESS

The 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 29 January, 2020 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 the provisions of Section 203 of the Companies Act, 2013 and the Regulations:

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

No Key Managerial Personnel (KMP) of the Company has resigned during the financial year ended 31 March, 2020.

DISCLOSURES UNDER THE COMPANIES (APPOINTMENT AND 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 -"A"** 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- "B"** 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.

CORPORATE SOCIAL RESPONSIBILITY

In terms of the 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 under the link http://bharatgears.com/documents/CSR_Policy_BGL.pdf.

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

The role of the Corporate Social Responsibility Committee includes:

(a) Formulation and recommendation to the Board, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 ("the Act").

(b) Monitoring the Corporate Social Responsibility Policy of the Company from time to time.

(c) Recommendation of the amount of expenditure to be incurred on the activities referred to in clause (a) above.

(d) Instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

During the Financial Year 2019-20, CSR policy has been modified by adding area of activities to be undertaken as CSR activities with regard to the amendments to Schedule VII of the Companies Act, 2013.

Your Company has spent ₹ 3,59,750/- (Rupees Three Lakhs Fifty Nine Thousand Seven Hundred Fifty Only) during the Financial Year 2019-20 out of the required CSR amount of ₹ 11,94,000/- (Rupees Eleven Lakhs Ninety Four Thousand Only) for the Financial Year 2019-20 and ₹ 3,60,000/- (Rupees Three Lakhs Sixty Thousand Only) which remained unspent for the Financial Year 2018-19 and recommended by the CSR committee to be spent in the Financial Year 2019-20.

The Current year has witnessed an unprecedented slowdown with a lowest growth rate in last two decades in the Indian automotive industry which has badly impacted your Company's turnover and profits also. Therefore, the CSR committee in its meeting held on 29 January, 2020 has deferred spending on patrolling vehicles to the Local Police for creating awareness in traffic management and has approved spending over preventive health camp project, involving provision of health camp(s) for the benefit of community residing in the region of District of Faridabad (Haryana) and other nearby areas in alignment with its CSR Policy for "Promotion of Education, Health and Rural Development" so as to benefit a larger part of the society in partnership with Medihelp Foundation, a Non Government Organization providing assistance to underprivileged in healthcare.

The report on CSR activities with other details in terms of the provisions of Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 for the Financial Year 2019-20 is enclosed as **Annexure-"C"** to this report.

Further, the balance unspent amount may be spent in the next financial year on the CSR activities as required under Schedule VII of the Companies Act, 2013, in case the financial condition permits.

AUDIT COMMITTEE

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

During the year under review, Mr. Surinder Paul Kanwar had been inducted as a member of the Audit Committee on 01 April, 2019 and ceased to be a member of the Committee w.e.f. 06 August, 2019. Accordingly, the Audit Committee had been reconstituted.

Further, the details on the Audit Committee and its terms of reference etc. have been furnished in the Corporate Governance Report forming part of this Report. During the year under review, all recommendations of the Audit Committee were accepted by the Board of Directors of the Company unanimously.

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 the 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 and further amendments thereto, the Unclaimed Final Dividend pertaining to the Financial Year 2011-12 amount aggregating to ₹ 2,99,751.00 (Rupees Two Lakhs Ninety Nine Thousand Seven Hundred Fifty One Only) and 8922 (Eight Thousand Nine Hundred Twenty Two) Equity Shares had been transferred to the "Investor Education and Protection Fund" established by the Central Government. For detailed information, please refer the Corporate Governance Report forming part of this report.

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 on 10 May, 2019 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 have been used to part finance the Identified Equipment.

Pursuant to the said Issue, the paid-up Equity Share Capital of the Company stands at ₹ 9,30,60,950/-(Rupees Nine Crores Thirty Lakhs Sixty Thousand Nine Hundred Fifty Only) comprising of 93,06,095 (Ninety Three Lakhs Six Thousand Ninety Five) Equity Shares of face value of ₹ 10/- (Rupees Ten) each.

INCREASE IN AUTHORISED SHARE CAPITAL

With a view to raise further equity funds in the near future for the long term requirements of the Company, the Authorised Equity Share Capital of the Company has been increased as per the following details pursuant to the approval of the Shareholders of the Company at the Annual General Meeting of the Company held on 06 August, 2019 in terms of 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 the Articles of Association (AOA) of the Company, 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 has been increased to 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 Hundred) each.

PROPOSAL FOR AQUISITION OF XLERATE DRIVELINE INDIA LIMITED (XDIL)

During the year under review, as a part of the growth strategy of the Company both by means of organic and inorganic approach, the Shareholders of the Company in their Annual General Meeting held on 06 August, 2019 considered and approved the proposal of acquisition of Xlerate Driveline India Limited (XDIL) from Raunaq EPC International Limited (REIL), a Company within the Group for a total consideration of ₹ 9,42,00,000/- (Rupees Nine Crores Forty Two Lakhs Only) in one or more tranches.

Subsequently, the Board of Directors of the Company in its meeting held on 14 November, 2019 decided to defer the proposal of acquisition of XDIL from REIL due to adverse market conditions and further concentrating on cost cutting measures to overcome the prolong subdued automotive market and further not moving ahead with the acquisition.

The Board had informed REIL that it may re-consider the said proposal in future as and when the market conditions gets improved, as it may deem fit in the best interest of the Company.

Further, due to sustaining slowdown in the Automotive Components Industry, the Board deffered the said proposal and informed REIL for the same.

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 the 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, 2020 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 TVA & Co. LLP, Practicing Company Secretaries as Secretarial Auditor for the Financial Year 2019-20 in terms of the provisions of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Reguirements) Regulations, 2015. The Secretarial Audit Report of the Company for the Financial Year ended 31 March, 2020 in the prescribed form MR-3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure-"D"** 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 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. During the year, such controls were tested and no material weakness in the design or operations were observed.

COST RECORDS AND AUDIT

During the year under review, the Company has been mandatorily required to maintain the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended, M/s M.K. Kulshrestha & Associates, Cost Accountants, Ghaziabad has conducted the audit of the cost records of all the 3 (Three) plants of the Company viz. Mumbra (Maharashtra), Lonand (Maharashtra) and Faridabad (Haryana) for the year ended 31 March, 2020.

Further, on recommendation of the Audit Committee, the Board of Directors of the Company in its meeting held on 28 June, 2020 has approved the appointment of M/s M.K. Kulshrestha & Associates, Cost Accountants, Ghaziabad as Cost Auditors of the Company to conduct the audit of the cost records of all the 3 (Three) plants of the Company viz. Mumbra (Maharashtra), Lonand (Maharashtra) and Faridabad (Haryana) for the year ending 31 March, 2021.

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/WHISTLE BLOWER MECHANISM

In terms of the 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 compliant has been received and no employee was denied access to the Audit Committee.

The functioning of the Whistle Blower Mechanism/Vigil Mechanism existing in the Company is reviewed by the Audit Committee on Annual basis.

The policy on vigil mechanism is available onthe 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

In terms of Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, 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 the 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.

ESTIMATION OF UNCERTAINTIES RELATING TO THE GLOBAL HEALTH PANDEMIC FROM COVID-19

The Company's operations have been impacted by the unprecedented COVID-19 pandemic which resulted in an interruption to the production due to the shutdown of all its plant facilities and offices due to the nationwide lockdown. The Company has since obtained requisite permissions and restarted its manufacturing plants and its offices.

The Company has incurred loss before tax during the current year amounting to ₹ 2482.25 lacs, primarily owing to the lower volumes due to continuing slowdown in the automotive industry, finance costs and depreciation. The Company has a positive net worth of ₹ 7957.41 lacs and a net current asset position of ₹ 2198.18 lacs. The Company has outstanding term loans amounting to ₹ 10542.20 lacs as at 31 March, 2020, out of which ₹ 2311.61 lacs is due for repayment in next year.

The Company is adopting several cost reduction measures to address the liquidity crunch which may arise due to the impact of the slowdown in industry and pandemic and to maintain sufficient operational cashflows to ensure uninterrupted fulfilment of its orders from customers. The Company has sought moratorium from lenders, and is also in discussions with lenders for the restructuring of term loans.

The Company had made an assessment of the impact of the pandemic on its operations and the carrying value of current and non-current assets, based on the internal and external sources of information and indicators of economic forecasts existing as at the date of approval of these financial statements. Based on such assessment, the Company is confident of recovering the carrying value of these assets as at 31 March, 2020.

The estimates used for assessing the carrying value of assets and liabilities at 31 March, 2020 during the COVID-19 pandemic may undergo a change as these are dependent on the improvement in the economy and automotive sector. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

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 Rule 8 of the Companies (Accounts) Rules, 2014 is given in **Annexure-"E"** to this Report.

ANNUAL RETURN

In terms of the provisions of Section 134(3)(a) read with Section 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/bgl-annual-return-2019-20.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
Dated: 28 June, 2020 DIN: 00033524

Annexure-"A"

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 2019-20:

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	80.14
2.	Mr. Sameer Kanwar Joint Managing Director	52.85

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 2019-20
1.	Mr. Surinder Paul Kanwar Chairman and Managing Director	33
2.	Mr. Sameer Kanwar Joint Managing Director	3
3.	Mr. Milind Pujari Chief Financial Officer	(10)
4.	Mr. Prashant Khattry Head (Legal) and Company Secretary	(8)

3. Percentage increase in the remuneration of the median employee is (9)% in the Financial Year 2019-20.

4. There were 1478 permanent employees on the rolls of the Company as on 31 March, 2020.

5. The average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2019-20 was (7)% whereas percentage increase in the managerial remuneration was 15% 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

Dated: 28 June, 2020

Annexure-"B"

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, 2020

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, 2020.								
1.	Mr. Surinder Paul Kanwar	67	B.Com.	Chairman & Managing Director	01.10.1990	45	262.87	BST Mfg. Ltd.	36.19
2.	Mr. Sameer Kanwar	42	B.A. (Eco.)	Joint Managing Director	01.02.2002	20	173.35	ZF (AG) Germany	Nil
3.	Mr. Jagdeep Singh	63	B.A.	Business Head - After Market	09.12.1991	43	77.18	Escorts Limited	Nil
4.	Mr. Naresh Verma	60	B.Com,M.Com, PG-PM&IR,DIP-HR	Corporate Head - HR & Operations	04.02.2004	38	60.64	Daikin Shriram Air conditioning India Private Limited	Nil
5.	Mr. Milind Pujari	50	B.Com,FCA	Chief Financial Officer	01.06.1995	26	55.32	Caprihans India Limited	Nil
6.	Mr. Kiran Deshpande	61	LME,BE,DMS	Head- OE Marketing & Business Development	02.08.1982	38	50.79	-	Nil
7.	Mr. Vivek Pai	62	B.TECH.,DMS	Head - Furnace Division	11.06.1984	37	38.70	Blue Star Limited	Nil
8.	Mr. Shivaji Patil	59	DME	Head - Operations, Mumbra Plant	03.06.2002	38	31.36	M G Auto Profile Private Limited, Zahirabad	Nil
9.	Mr. Sandeep Gandre	60	DEE,DBM,IMME	Head - Operations, Lonand Plant	10.04.1981	41	29.76	Mukund Iron and Steel Works Limited	Nil
10.	Mr. Prashant Khattry	42	FCS, LL.B, MBA (Finance)	Head - Legal and Company Secretary	07.06.2010	19	24.40	Fortis Healthcare Limited	Nil
B.	Employed throughout the year ended 31 March, 2020 & were in receipt of Remuneration aggregating not less than ₹ 1,02,00,000/- per annum.								
1.	Mr. Surinder Paul Kanwar	67	B.Com.	Chairman & Managing Director	01.10.1990	45	262.87	BST Mfg. Ltd.	36.19
2.	Mr. Sameer Kanwar	42	B.A. (Eco.)	Joint Managing Director	01.02.2002	20	173.35	ZF (AG) Germany	Nil
C.	Employed for the part of the year ended 31 March, 2020 & 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

Dated: 28 June, 2020

Annexure-"C"

Annual Report on CSR activities for the Financial Year 2019-20

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 "Creating value for Communities" 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	₹ 597.16 lacs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 11.94 lacs
5.	Details of CSR spent during the financial year:	
	(a) Total amount to be spent for the financial year (including ₹ 3.60 lacs being amount unspent for the Financial year 2018-19)	₹ 15.54 lacs
	(b) Amount unspent, if any	₹ 11.94 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.	Preventive Health Check-Up Camps	Promotion of Education, Health and Rural Development	District of Faridabad (Haryana) and other nearby areas	₹ 3.60 lacs	1. ₹ 3.60 lacs 2. Nil	₹ 3.60 lacs	Implementation Agency Medihelp Foundation, a Non Government Organization providing assistance to underprivileged in healthcare
TOTAL				₹ 3.60 lacs	₹ 3.60 lacs	₹ 3.60 lacs	

* Give details of implementing agency.

6. During the Financial Year 2019-20, the Company commenced a preventive health camp project involving provision of health camp(s) for the benefit of community residing in the region of District of Faridabad (Haryana) and other nearby areas, thereby uplifting the underprivileged and contributing for a noble cause in order to achieve its CSR vision of technology-enabled preventive healthcare in alignment with its CSR Policy for "Promotion of Education, Health and Rural Development" so as to benefit a larger part of the society in partnership with Medihelp Foundation, a Non Government Organization providing assistance to underprivileged in healthcare.

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

Dated: 28 June, 2020

Annexure-"D"

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 MARCH, 2020

[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 read with Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Bharat Gears Limited
CIN: L29130HR1971PLC034365
20 K.M. Mathura Road
P.O. Amar Nagar
Faridabad- 121003
Haryana

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 our opinion thereon.

Based on our verification of the Company's 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, 2020 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, 2020 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

(iv) The 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, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with the client;

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

(h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).

(iii) Codes and Policies adopted by the Company.

We report that during the period under review the following Regulations and Guidelines were not applicable to the Company:

(i) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder with respect to the Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

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

(v) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

We further report that 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. No change in the composition of the Board of Directors took place during the period under review. However, the re-appointment of Directors made during the period under review is in compliance with the provisions of the Act.

We further report that 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. Decisions carried through by the Board do not have any dissenting views and hence no relevant recordings were made in the minutes book maintained for the purpose.

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 the applicable laws, rules, regulations and guidelines framed thereunder.

We further report that during the audit period there were following events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, having a major bearing on the Company's affairs.

(i) Increase in Authorised Share Capital

During the period under review, the Company has increased its Authorised Share Capital by creation of 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each, ranking pari passu with the existing Equity Shares of the Company.

The aforesaid increase in Authorised Share Capital and consequent amendment in Memorandum of Association (MOA) of the Company was approved by the shareholders in the 47th Annual General Meeting held on 06 August, 2019.

(ii) Issue of equity shares on Rights Basis

During the period under review, the Finance Committee of the Board of Directors of the Company in its meeting held on 10 May, 2019 has allotted 11,63,262 (Eleven Lakhs Sixty Three Thousand Two Hundred Sixty Two) Equity Shares of Rs. 10/- (Rupees Ten Only) each on rights basis to the existing shareholders of the Company at a price of Rs. 105/- (Rupees One Hundred Five Only) per equity share in the ratio of 1:7 i.e. 1 (One) Equity share for every 7 (Seven) Equity shares held as on record date i.e. 03 April, 2019, in terms of Letter of Offer dated 30 March, 2019.

(iii) Continuation/Appointment/Re-appointment of Directors

During the period under review, on recommendation of the Board, the shareholders had approved 2 (Two) resolutions by Postal Ballot on 18 May, 2019 as special resolutions for Continuation of Mr. Virendra Kumar Pargal as a Non-Executive Independent Director on the Board 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 and Continuation of Mr. Nagar Venkatraman Srinivasan as a Non-Executive Director on the Board 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.

Further, in the 47th Annual General Meeting of the Company held on 06 August, 2019, Mr. Nagar Venkatraman Srinivasan was re-appointed as Non-Executive Director of the Company, liable to retire by rotation, to hold office upto the conclusion of 48th Annual General Meeting (AGM) of the Company and Ms. Hiroo Suresh Advani, Non-Executive Independent Director, was re-appointed as Non-Executive Independent Director of the Company for a second term of 5 (Five) consecutive years to hold office from the conclusion of the 47th Annual General Meeting to the conclusion of the 52nd Annual General Meeting (AGM) of the Company.

(iv) Acquisition of shares of Xlerate Driveline India Limited (XDIL)

The Board of Directors of the Company, in its meeting held on 02 July, 2019 had approved the acquisition of 1,48,77,038 (One Crore Forty Eight Lakhs Seventy Seven Thousand Thirty Eight) equity shares, constituting 100% equity shares of Xlerate Driveline India Limited (XDIL), a group company of the Company. The said acquisition was also approved by the shareholders at 47th Annual General Meeting of the Company held on 06 August, 2019. However, the Board in its meeting held on 14 November, 2019 had decided to defer the proposal of acquisition due to adverse market conditions and further concentrating on cost cutting measures to overcome the prolong subdued market.

(v) Amalgamation of Promoter Group Companies

During the period under review, the Hon'ble National Company Law Tribunal, Principal Bench, New Delhi had approved the amalgamation of promoter group companies of the Company, i.e. amalgamation of Future Consultants Private Limited with Ultra Consultants Private Limited, vide its order dated 26 September, 2019 and pursuant to this order Future Consultants Private Limited stands amalgamated with Ultra Consultants Private Limited w.e.f. 18 December, 2019 and 6,45,071 (Six Lakhs Forty Five Thousand Seventy One) Equity Shares of the Company held by Future Consultants Private Limited have been transferred to Ultra Consultants Private Limited by way of an off market transfer subsequent to which Ultra Consultants Private Limited now holds 14,11,109 (Fourteen Lakhs Eleven Thousand One Hundred Nine) Equity Shares in the Company and shareholding of Ultra Consultants Private Limited in the Company has increased to 15.16% of total paid up share capital of the Company.

For TVA & Co. LLP
Company Secretaries

Tanuj Vohra
Partner
M. No.: F5621, C.P. No.: 5253
UDIN: F005621B000358446
PR 708/2020

Dated: 19 June, 2020
Place: Delhi

Note: This report is to be read with our letter of even date which is annexed as **'Annexure A'** and forms an integral part of our report.

To,
The Members
Bharat Gears Limited
CIN: L29130HR1971PLC034365
20 K.M. Mathura Road
P.O. Amar Nagar
Faridabad- 121003, Haryana

1 Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the various compliances but the maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2 We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion and the compliance of the provisions of Corporate and other applicable laws, rules and regulations is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.

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

4 We have obtained necessary management representation about the compliance of various laws, correctness of information shared and happening of events, wherever required.

5 Compliance with respect to the filings of various reports, returns, forms, certificates and documents under the various statutes as mentioned in our report is the responsibility of the management of the Company. Our examination was limited to checking the execution and timeliness of filing and we have not verified the contents of such reports, returns, forms, certificates etc.

6 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.

For TVA & Co. LLP
Company Secretaries

Tanuj Vohra
Partner
M. No.: F5621, C.P. No.: 5253
UDIN: F005621B000358446
PR 708/2020

Dated: 19 June, 2020
Place: Delhi

Annexure-"E"

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, 2020

(A) Conservation of energy:

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

- Conversion of conventional lighting to LED lights.
- Reduction in power consumptions 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 these 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 and other CNC Hobbers.
		2.	QR coding with laser marking in John Deere and ZF Crown/ Pinion cells.
		3.	Robotic Automation in press quenching operations on CGCF4 is completed and implemented for various crown wheels.
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	**-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**	**Robotic Automation in press quenching operations on CGCF4 is completed and implemented for various crown wheels**
	b) the year of import	**2017-18**	**2018-19**	**2019-20**
	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)

	2019-2020	2018-2019
Foreign Exchange earned	15781.41	21471.43
Foreign Exchange used	387.37	2436.23
Net Foreign Exchange earnings	15394.04	19035.20

For and on behalf of the Board of Directors

Surinder Paul Kanwar
Chairman and Managing Director
DIN: 00033524

Dated: 28 June, 2020

Corporate Governance Report

For the Year ended 31 March, 2020

[Pursuant to Schedule V(C) of the 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 the 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, 2020, 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.

It has been confirmed by all the Independent Directors of the Company that as on 31 March, 2020, 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 - Promoter	5/5	Present	2	[C]2	-
2.	[C]Mr. Sameer Kanwar	Joint Managing Director - Promoter	5/4	Present	1	1	-
3.	Mr. W.R. Schilha	Non-Executive Independent Director	5/2	Present	-	-	-
4.	[D]Mr. V.K. Pargal	Non-Executive Independent Director	5/4	Present	-	1	-
5.	[E]Mr. N.V. Srinivasan	Non-Executive Director	5/4	Present	-	1	-
6.	Mr. Rakesh Chopra	Non-Executive Independent Director	5/5	Present	1	-	3
7.	Ms. Hiroo Suresh Advani	Non-Executive Independent Director	5/5	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	Raunaq EPC International Limited	Non-Executive Director
3.	Mr. W.R. Schilha	Non-Executive Independent Director	NIL	N.A.
4.	Mr. V.K. Pargal	Non-Executive Independent Director	NIL	N.A.
5.	Mr. N.V. Srinivasan	Non-Executive Director	NIL	N.A.
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.

[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 the 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 Stakeholders' Relationship Committee of the Company w.e.f. 01 April, 2019.

[D]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 is also providing technical advisory services to the Company in his individual capacity. Professional fees paid to him for Financial Year 2019-20 is ₹ 23,04,000/- (Rupees Twenty Three Lakhs 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 via-a-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 06August, 2019 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 vide special resolution(s) for the appointment and 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 2019-20 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-FY-19-20.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)	Name of Directors who have such Core skills/expertise/ competencies
1.	Knowledge of Core Business i.e. Automotive Gears	YES	Mr. Surinder Paul Kanwar
			Mr. Sameer Kanwar
			Mr. W.R. Schilha
			Mr. N.V. Srinivasan
2.	Plant Management	YES	Mr. Surinder Paul Kanwar
			Mr. Sameer Kanwar
			Mr. V.K. Pargal
			Mr. N.V. Srinivasan
			Mr. Rakesh Chopra
3.	Strategic Planning	YES	Mr. Surinder Paul Kanwar
			Mr. Sameer Kanwar
			Mr. W.R. Schilha
			Mr. V.K. Pargal
			Mr. N.V. Srinivasan
			Mr. Rakesh Chopra
4.	Product Development and Marketing	YES	Mr. Surinder Paul Kanwar
			Mr. Sameer Kanwar
			Mr. W.R. Schilha
			Mr. N.V. Srinivasan
			Mr. Rakesh Chopra
5.	Knowledge of Macro Environment vis-à-vis Industry	YES	Mr. Surinder Paul Kanwar
			Mr. Sameer Kanwar
			Mr. W.R. Schilha
			Mr. V.K. Pargal
			Mr. N.V. Srinivasan
			Mr. Rakesh Chopra
			Ms. Hiroo Suresh Advani
6.	Financial Literacy	YES	Mr. Surinder Paul Kanwar
			Mr. Sameer Kanwar
			Mr. V.K. Pargal
			Mr. N.V. Srinivasan
			Mr. Rakesh Chopra
			Ms. Hiroo Suresh Advani
7.	Ability to read Financial Statements	YES	Mr. Surinder Paul Kanwar
			Mr. Sameer Kanwar
			Mr. W.R. Schilha
			Mr. V.K. Pargal
			Mr. N.V. Srinivasan
			Mr. Rakesh Chopra
			Ms. Hiroo Suresh Advani

B. Board Meetings

During the financial year 2019-20, 5 (Five) Board Meetings were held on the following dates. The gap between any two meetings was not more than 120 (one hundred and twenty) days as mandated in Regulation 17(2) of the Regulations:-

- 30 May, 2019;
- 02 July, 2019;
- 06 August, 2019;
- 14 November, 2019; and
- 29 January, 2020

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. Wherever it is not possible to convene a Board Meeting, resolutions are passed by circulation in order to meet the business exigencies. 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 is 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.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

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 Independent Directors, who have financial/accounting acumen to specifically look into internal controls and audit procedures. All the members are financially literate and have accounting and financial management expertise. The Table-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	5/4
3.	Ms. Hiroo Suresh Advani	Member	5/5
4.	*Mr. Surinder Paul Kanwar	Member	5/3*

*Mr. Surinder Paul Kanwar had been inducted as a member of the Audit Committee on 01 April, 2019 and ceased to be a member of the Committee w.e.f. 06 August, 2019. Accordingly, the Audit Committee had been reconstituted. During his tenure, 3 (Three) meetings of the Audit Committee had been held and he attended all the meetings.

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 the 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 and evaluated the internal control systems, Enterprise Risk Management system 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, 2019;
- 02 July, 2019;
- 05 August, 2019;
- 14 November, 2019; and
- 29 January, 2020

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. **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	2/2
4.	Mr. Surinder Paul Kanwar	Member	2/2
5.	*Mr. W.R. Schilha	Member	2/1*
6.	*Ms. Hiroo Suresh Advani	Member	2/1*

*Mr. W.R. Schilha and Ms. Hiroo Suresh Advani had been inducted as member(s) of the Committee on 01 April, 2019 and ceased to be member(s) of the Committee w.e.f. 06 August, 2019. During the tenure of Mr. W.R. Schilha and Ms. Hiroo Suresh Advani, 1 (One) meeting of the Nomination and Remuneration had been held and they attended the said meeting.

@Mr. Rakesh Chopra had been designated as the chairman of the Committee on 01 April, 2019 and stepped down as the chairman on 06 August, 2019.

$Mr. V.K. Pargal was the chairman of the Committee upto 31 March, 2019 and member of the Committee from 01 April 2019 to 06 August, 2019, re-designated as chairman of the Committee w.e.f. 06 August, 2019.

On 06 August, 2019, the Nomination and Remuneration Committee had been reconstituted.

Existing members of the Committee consist of Mr. V.K. Pargal and Mr. Rakesh Chopra, Non-Executive Independent Directors, Mr. N.V. Srinivasan, Non-Executive Director and Mr. Surinder Paul Kanwar, Chairman and Managing Director of the Company.

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 2019-20, 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.	30 May, 2019	Consideration and recommendation of the appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director of the Company in terms of the provisions of Section 149 of the Companies Act, 2013.
		Consideration and recommendation of the appointment of Mr. N.V. Srinivasan as a Non-Executive Director of the Company liable to retire by rotation in terms of the provisions of Section 152 of the Companies Act, 2013.
		Consideration and recommendation of the appraisal of Key Managerial Personnel (KMP) and Senior Management Personnel of the Company.
2.	29 January, 2020	Noting of the performance evaluation of Independent Directors carried on by the Board of Directors and performance evaluation by the Independent Directors in their separate meeting.

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

The respective 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. Succession Plans for Board, KMPs and Senior Management

The Nomination and Remuneration Committee has a diligence process to determine the suitability of every person who is being considered for appointment or re-appointment as a Director, KMP or Senior Management Personnel of the Company as the case may be based on his/her educational qualifications, experience and track record.

The Committee has formed a Nomination and Remuneration Policy in accordance with the applicable provisions of the Companies Act, the Listing Regulations and other laws as applicable to the Company to guide the Board in relation to the appointment, re-appointment or removal of the person at the Board, KMP and Senior Management level.

The Committee carries out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

Further, Audit Committee under the Risk Management frame work evaluates and reviews the succession planning, skill development process and training requirements for the Senior Management Personnel and KMPs on quarterly basis.

VII. Performance Evaluation

In terms of Regulation 17 of the Regulations, the Board of Directors in its meeting held on 29 June, 2020 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, including but not limited to:

(a) Performance of the Directors; and

(b) Fulfillment of the independence criteria as specified in the regulations and their independence from the management.

In the above evaluation, the director(s) who were subject to evaluation did not participated respectively.

During the Financial Year 2019-20, a separate meeting of the Independent Directors of the Company was held on 29 January, 2020 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.

VIII. Remuneration of Directors for 2019-20

Table-7

(₹ In lacs)

Name of Director	Sitting Fees#		Salaries and Perquisites		Total
	Board Meetings	Committee Meetings			
NON-EXECUTIVE DIRECTORS					
Mr. V.K. Pargal	1.00	1.30	Nil		2.30
Mr. W.R. Schilha	0.50	0.10	Nil		0.60
Mr. Rakesh Chopra	1.25	1.75	Nil		3.00
Mr. N.V. Srinivasan	1.00	0.30	Nil		1.30
Ms. Hiroo Suresh Advani	1.25	1.35	Nil		2.60
				Sub-Total (A)	**9.80**
EXECUTIVE DIRECTORS					
Mr. Surinder Paul Kanwar ($)			• Salary	200.00	
			• Contribution to provident and other funds (*)	24.04	
			• Monetary value of perquisites (**)	38.83	262.87
Mr. Sameer Kanwar ($)			• Salary	120.00	
			• Contribution to provident and other funds (*)	14.45	
			• Monetary value of perquisites (**)	38.90	173.35
				Sub-Total (B)	**436.22**
				Grand Total	**446.02**

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 4 (Four) Directors as members. 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. Surinder Paul Kanwar	Member	1/1
3.	Mr. Sameer Kanwar	Member	1/1
4.	Mr. N.V. Srinivasan	Member	1/1

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

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

II. Role of Stakeholders' Relationship Committee

The role of the Stakeholders' Relationship Committee in terms of the Regulations includes the following:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

III. 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 2019-20, 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.	29 May, 2019	Noting of status of grievances of the Shareholders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc. during the Financial Year 2018-19.
		Review of measures taken for effective exercise of voting rights by shareholders.
		Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent i.e. Link Intime India Private Limited.
		Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company.

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.

IV. Sub-Committee

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.

However, the Securities and Exchange Board of India (SEBI) has prohibited the transfer of shares in physical form w.e.f. 01 April, 2019 except in case of transmission or transposition of securities. Therefore, the Sub-Committee addresses and disposes the aforesaid requests other than those prohibited by SEBI.

V. Status of Investor Complaints/Requests

No. of Complaints received during financial year 2019-20	5 Non Receipt of offer for Rights Issue: 1 Non Receipt of Share Certificate for Rights Issue and rejection for Dematerialisation: 2 Non Receipt of Annual Report: 1 Request wrongly filed as Complaint: 1
No. of Complaints resolved to the satisfaction of stakeholders during financial year 2019-20	5

No. of pending requests for share transfers, transmissions (under permissible mode(s)), dematerialisations and rematerialisations as on 31 March, 2020.

Particulars	No. of Requests	No. of Securities
Transfers and Transmissions(Under Permissible Mode(s))	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. Role of Corporate Social Responsibility Committee

The role of the Corporate Social Responsibility Committee in terms of the the Companies Act, 2013 includes the following:

(a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 ("the Act").

(b) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

(c) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above.

(d) Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

III. CSR Committee Meetings

During the Financial Year 2019-20, 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.	29 January, 2020	Consideration and recommendation 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	1/1
2.	Mr. Surinder Paul Kanwar	Member	1/1
3.	Mr. Sameer Kanwar	Member	1/1
4.	Mr. V.K. Pargal	Member	1/1

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 2019-20, 1 (One) meeting of Finance Committee was held on 10 May, 2019 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 2019-20, the members of the Company vide their special resolution(s) passed through Postal Ballot on 18 May, 2019 approved the:

- Continuation of Mr. V.K. Pargal as a Non-Executive Independent Director w.e.f. 01 April, 2019 till the end of his current tenure upto the conclusion of 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. N.V. 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.

Further, the members of the Company vide their special resolution(s) passed at their Annual General Meeting held on 06 August, 2019 approved the:

- Appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director on the Board of the Company 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;

- Appointment of Mr. N.V. Srinivasan as a Non-Executive Director on the Board 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 2020;

in terms of the applicable provisions of the Companies Act, 2013 and the Regulations, in read with Regulation 17 of the Regulations as amended, the age of the said Directors being more than seventy five years at the commencement of/during their respective tenure.

The tenure of Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company is expiring on 30 September, 2020. The Board of Directors of the Company in its meeting held on 28 June, 2020 has re-appointed Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company for a further period of 5 (Five) years w.e.f. 01 October, 2020 subject to the approval of shareholders at the ensuing Annual General Meeting of the Company by way of special resolution in terms of the applicable provisions of the Companies Act, 2013 and the Regulations, in read with the provisions of Section 196(3) of the Companies Act, 2013, as the age of Mr. Surinder Paul Kanwar will be more than seventy years during his proposed tenure.

In terms of the provisions of Section 149 of the Companies Act, 2013, Mr. V.K. Pargal and Mr. Rakesh Chopra had been appointed as Non-Executive Independent Director at the Annual General Meeting (AGM) of the Company held on 31 July, 2015 for a period of 5 (Five) Years upto the conclusion of the 48th AGM of the Company in the Calendar year 2020.

Therefore, in terms of provisions of Section 149 of the Companies Act, 2013, it has been proposed to appoint Mr. V.K. Pargal and Mr. Rakesh Chopra as Non-Executive Independent Director at the ensuing Annual General Meeting (AGM) of the Company for a period of 5 (Five) Years upto the conclusion of the 53rd AGM of the Company in the Calendar year 2025 by way of special resolution pursuant to the applicable provisions of the Companies Act, 2013 and the Regulations, in read with Regulation 17 of the Regulations as amended, the age of Mr. V.K. Pargal being more than seventy five years at the commencement of his proposed tenure.

Further, in terms of the provisions of Section 152 of the Companies Act, 2013, it has been proposed to appoint Mr. N.V. Srinivasan as a 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 Calender Year 2021 by way of special resolution pursuant to the applicable provisions of the Companies Act, 2013 and the Regulations, in read with Regulation 17 of the Regulations as amended, the age of Mr. N.V. Srinivasan being more than seventy five years at the commencement of his proposed tenure.

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 have been furnished in the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

7. GENERAL BODY MEETINGS

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

Annual General Meetings

Table-13

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2018-19	ARK Hall, Hotel Saffron Kiran, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad-121003, Haryana	06 August, 2019 11:30 A.M.	Yes
			1. Consideration and approval of the appointment of Ms. Hiroo Suresh Advani as a Non-Executive Independent Director on the Board of the Company.
			2. Consideration and approval of the appointment of Mr. N.V. Srinivasan as a Non-Executive Director on the Board of the Company.
			3. Consideration and approval of the increase in the Authorised Share Capital of the Company.
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

Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31 March, 2020.

Postal Ballot

During the Financial Year 2019-20, the Company has obtained the approval of its members through Postal Ballot (including voting by electronic means) on 18 May, 2019 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 the 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.

Members holding shares either in physical form or in dematerialized form, as on the cut-off date of 12 April, 2019 casted their vote on the business(es) as set out in the Notice of the Postal Ballot. The period of voting commenced on 19 April, 2019 and ended on 18 May, 2019.

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.

As on date, no special resolution is proposed to be conducted through postal ballot.

8. MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Financial Results during the year were duly furnished to both the stock exchanges i.e. NSE and BSE and the same were published by the Company as under:

Table-14

Financial Results	Name(s) of Newspapers	Date(s) of Publication
Quarter/Year ended 31 March, 2019	Financial Express# Jansatta(Hindi)##	31 May, 2019
Quarter ended 30 June, 2019	Financial Express# Jansatta(Hindi)##	07 August, 2019
Quarter/Half Year ended 30 September, 2019	Financial Express# Jansatta(Hindi)##	15 November, 2019
Quarter/Nine Months ended 31 December, 2019	Financial Express# Jansatta(Hindi)##	30 January, 2020

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

Jansatta (Hindi)-Delhi Edition.

COMPANY WEBSITE

Pursuant to Regulation 46 of the Regulations, the Company's website i.e. www.bharatgears.com contains a dedicated functional segment, named 'INVESTORS' where all the information meant for the shareholders is available, including information on Directors, shareholding pattern, quarterly reports, financial results, annual reports, press releases, details of unpaid/unclaimed dividends and various policies of the Company.

NSE ELECTRONIC APPLICATION PROCESSING SYSTEM ('NEAPS')

NEAPS is a web-based application designed by the National Stock Exchange of India Limited (NSE) for corporate filings. All periodical compliance related filings, like shareholding

pattern, corporate governance report, media releases and corporate actions are filed electronically on NEAPS.

BSE CORPORATE COMPLIANCE AND LISTING CENTRE ('LISTING CENTRE')

The Listing Centre of BSE Limited is a web-based application designed for corporate filings. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on the 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.

ANNUAL REPORT

The Annual Report containing, inter-alia, the Audited Financial Statements, Board's Report, Auditors' Report, the Management Discussion and Analysis (MDA) Report and other important information is circulated to the shareholders and other stakeholders and is also available on the Company's website i.e. www.bharatgears.com.

REMINDER TO INVESTORS

Periodical reminders for unclaimed shares and unpaid dividends are sent to shareholders as per records of the Company. These details are also uploaded on website of the Company at www.bharatgears.com.

Green Initiative:

In support of the "Green Initiative" undertaken by the Ministry of Corporate Affairs (MCA), the Company had sent soft copies of Annual Report for the year 2018-19 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 Wednesday, the 16 September, 2020 at Faridabad.

C. Financial Year:

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

D. Listing on Stock Exchanges and Stock Code:

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

1. BSE Limited [BSE]
   [Stock Code: 505688]
   Phiroze Jeejeebhoy Towers
   Dalal Street
   Mumbai- 400 001

2. National Stock Exchange of India Limited [NSE]
   [Symbol: BHARATGEAR]
   Exchange Plaza, C-1, Block G
   Bandra Kurla Complex
   Bandra (E)
   Mumbai – 400 051

The Annual Listing Fees for the year 2020-21 has been paid in advance to the aforesaid Stock Exchanges.

E. Market Price Data:

High and Low prices during each month of Financial Year 2019-20 on National Stock Exchange of India Limited and BSE Limited are as under:

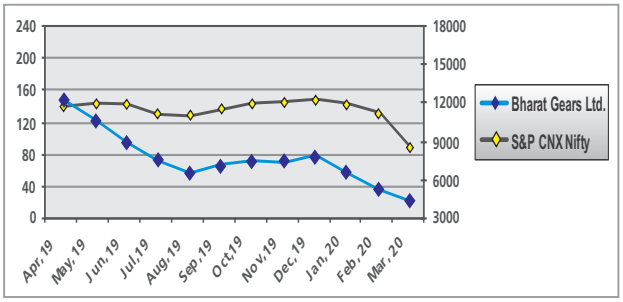
The Closing Price represents the price on the last trading day of each month of Financial Year 2019-20.

Table-15

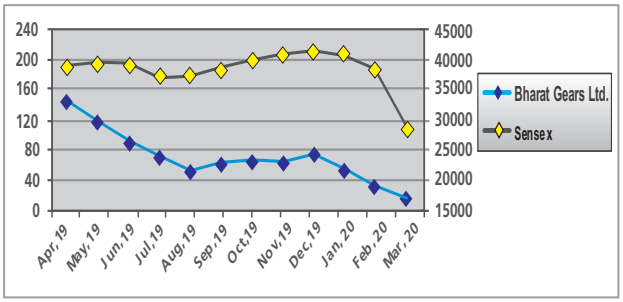
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	176.00	173.30	143.00	142.50	147.05	146.90
May	149.75	157.40	115.90	116.10	122.70	121.50
June	125.90	126.60	85.70	85.70	95.90	95.95
July	104.00	109.95	75.00	74.80	75.45	75.80
August	75.00	73.90	55.00	54.15	59.50	59.40
September	78.85	82.00	60.40	59.90	68.35	68.45
October	78.90	79.95	56.15	54.80	73.05	73.10
November	88.90	89.50	64.25	64.50	71.35	70.90
December	88.00	88.15	59.85	60.00	79.95	79.80
January	80.30	80.15	59.20	60.40	60.40	60.50
February	64.45	65.00	39.60	41.35	39.60	41.35
March	39.00	40.50	21.75	23.25	25.50	25.55

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

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



b. BHARAT GEARS' PRICES VERSUS SENSITIVITY AT BSE



F. Registrar and Transfer Agent:

Link Intime India Private Limited 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, LSC, C-1 Block,
Near Savitri Market,
Janakpuri,
New Delhi - 110058
Tel Nos.: 011-41410592-94
Fax No.: 011-41410591, 49411000
Email: delhi@linkintime.co.in

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

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

G. Share Transfer System:

The Securities and Exchange Board of India (SEBI) has prohibited the transfer of shares in physical form w.e.f. 01 April, 2019 except in case of transmission or transposition of securities.

The requests for the transfers of Shares under the aforesaid permissible mode(s) are accepted for registration 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.

The Sub-Committee addresses and disposes the aforesaid requests other than those prohibited by SEBI.

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.

H. Shareholding pattern of the Company as per category of shareholders as on 31 March, 2020:

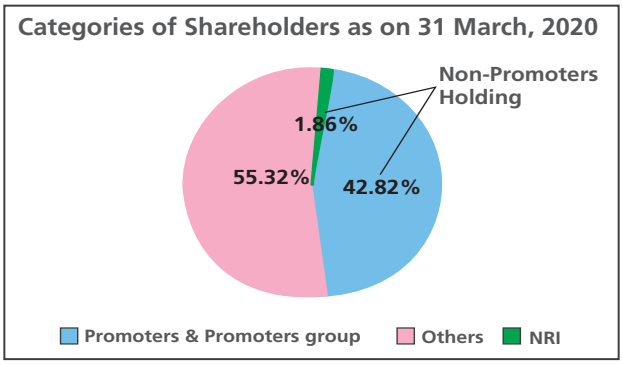


Table-16

Category		No. of Shares Held	%age of Share Holding
A	Promoters' holding		
1.	Promoters		
-	Indian Promoters	3368175	36.19
-	Foreign Promoters	0	0.00
2.	Persons acting in Concert	1780010	19.13
B.	Non-Promoters' Holding		
3.	Institutional Investors		
a.	Mutual Funds and Unit Trust of India	1700	0.02
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	1428	0.02
c.	Foreign Institutional Investor	0	0.00
4.	Others		
a.	Private Corporate Bodies	329671	3.54
b.	Indian Public	3527861	37.91
c.	Non Resident Indians/Overseas	173094	1.86
d.	NBFCs registered with RBI	0	0.00
e.	Any Other	124156	1.33
	Total	9306095	100.00

I. Distribution of Shareholding as on 31 March, 2020:

Table-17

No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 500	14032	1152042	12.38
501 to 1000	643	474282	5.10
1001 to 2000	345	504369	5.42
2001 to 3000	102	256814	2.76
3001 to 4000	53	190989	2.05
4001 to 5000	25	116265	1.25
5001 to 10000	65	457384	4.91
10001 and above	42	6153950	66.13
Total	**15307**	**9306095**	**100.00**

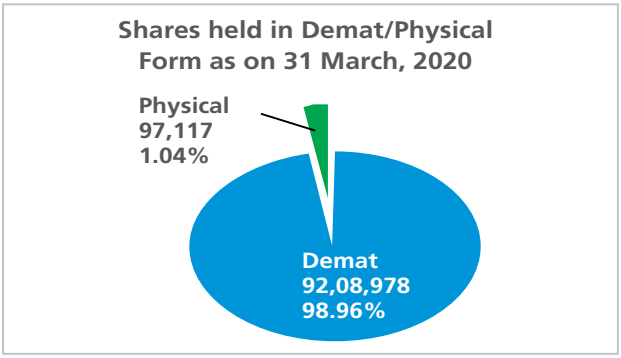
J. Share Dematerialisation System:

The requests for dematerialisation of shares are processed by Registrar and 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.

In terms of Regulation 74(5) of the SEBI (Depositories and Participants) Regulations 2018, the Company has filed a compliance certificate with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS), with BSE Limited (BSE) through BSE Listing Centre and the Depositories concerned duly signed by the authorized representative of Registrar and Transfer Agent of the Company confirming that the securities received from the depository participants for dematerialization were confirmed (accepted/rejected) to the depositories by them and that securities comprised in the said certificates have been listed on the stock exchanges where the earlier issued securities are listed and further confirming that the securities certificates received for dematerialization have been mutilated and cancelled after due verification by the depository participant and the name of the depositories have been substituted in register of members as the registered owner within 15 days.

K. Dematerialization of Shares and Liquidity:

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



As on 31 March, 2020, a total of 92,08,978 equity shares of the Company of ₹ 10/- each, which form 98.96% of the paid up Equity Share Capital, stand dematerialized.

Table-18

PARTICULARS					
DEMAT				PHYSICAL	
NSDL		CDSL			
No. of shares	%	No. of shares	%	No. of shares	%
7712224	82.87	1496754	16.09	97117	1.04

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

L. Transfer of Unclaimed Shares to Investor Education and Protection Fund:

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 further amendments thereto, 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 2011-12 to the IEPF on 24 August, 2019 i.e. upon completion of seven years from transfer of dividend into unclaimed dividend account, 8,922 (Eight Thousand Nine Hundred Twenty Two) equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2011-12 have been transferred into demat account of IEPF Authority.

During the Financial Year 2019-20, 2 (Two) request(s) covering 300 (Three Hundred) equity shares have been received by the Company from shareholders whose equity shares are held in the demat account of IEPF Authority. The verification report clear in all aspects for the release of said shares has been forwarded by the Nodal Officer of the Company to the IEPF Authority pursuant to the due verification of the claims(s) so received. Subsequently, the said claims have been approved by the IEPF Authority and such shares have been transferred into the Demat Account of the respective shareholders by the IEPF Authority.

Pursuant to the transfer of aforesaid equity shares into the Demat Account of the respective shareholders by the IEPF Authority, 98,456 (Ninety Eight Thousand Four Hundred Fifty Six) equity shares of the Company in aggregate are held in demat account of IEPF Authority.

Further, upon transfer of the unclaimed dividend for the year 2012-13 to the Investor Education and Protection Fund (IEPF) on 29 August, 2020 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 2012-13 (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 2020-21 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.

Investor Education and Protection Fund claim Guidelines

With reference to Rule 7 of the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Investors/Depositors whose unpaid dividends and shares have been transferred to IEPF under the Companies Act, 2013 can claim the amounts and shares from the IEPF authority as per the procedures/guidelines stated below:

a. Download the Form IEPF-5 from the website of the IEPF Authority (http://www.iepf.gov.in) for filing the claim for the refund of dividend/shares. Read the instructions provided on the website/ instruction kit alongwith the e-form carefully before filling the form.

b. After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the IEPF website. On successful uploading, an acknowledgement challan will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.

c. Take a print out of the duly filled Form IEPF-5 and the acknowledgement challan issued after uploading the form.

d. Submit an indemnity bond in original, copy of the acknowledgement and self attested copy of e-form IEPF-5 alongwith other necessary documents as mentioned in the Form IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked "Claim for refund from IEPF Authority"/ "Claim for shares from IEPF" as the case maybe. Kindly note that submission of documents to the Company is necessary to initiate the refund process.

e. Claim form completed in all respects will be verified and submitted online by the Company along with the Verification Report and other necessary documents to the IEPF Authority. Subsequently, on the basis of Company's Verification Report and other documents submitted by the Company with the IEPF Authority, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be.

In terms of the Rule 2 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of Nodal Officer and Deputy Nodal Officer appointed by the Company for the purposes of verification of claims and coordination with Investor Education and Protection Fund Authority (IEPF Authority) as communicated to the IEPF Authority are as follows:

Nodal Officer:

Mr. Prashant Khattry, Head (Legal) and Company Secretary
Bharat Gears Limited
20 K.M. Mathura Road
Faridabad - 121003
Phone: 0129-4288888
Fax: 0129-4288822
Email: prashant.khattry@bglindia.com

Deputy Nodal Officer:
Mr. Kaushal Narula, Manager (Secretarial)
Bharat Gears Limited
20 K.M. Mathura Road
Faridabad - 121003
Phone: 0129-4288888
Fax: 0129-4288822
Email: kaushal.narula@bglindia.com

Further, the necessary details of Nodal Officer and Deputy Nodal Officer are available on the website of the Company i.e. www.bharatgears.com.

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

M. Corporate Benefits:

Dividend History:

Table-19

Financial Year	Rate (%)	Amount(₹ in Lacs)
2019-20	**NIL**	**NIL**
2018-19	10	93.06
2017-18	NIL	NIL
2016-17	NIL	NIL
2015-16	NIL	NIL

N. Plant locations:

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

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

O. 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, LSC,C-1 Block, Near Savitri Market, Janakpuri, New Delhi – 110058, Tel Nos.: 011-41410592-94, 49411000, 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

P. Credit Ratings:

The details of the Credit Ratings assigned to the Company for its Banking Facilities by various rating agency(ies) as on 31 March, 2020 and changes thereof during the Financial Year 2019-20 are as per following details:

Table-20

Instrument Description	Rating Agency(ies)	Rating Assigned as on 31 March, 2020	Changes in Rating during the Financial Year 2019-20
Banking Facilities-Long-Term	CRISIL	BB+/ Stable	Downgraded from BBB-/ Stable
Banking Facilities-Short-Term	CRISIL	A4+	Downgraded from A3

10. OTHER DISCLOSURES

A. Related Party Transactions:

During the year 2019-20, 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

In terms of Regulation 23(9) of the Regulations, the Company has filed the disclosures of related party transactions on a consolidated basis with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre on a half yearly basis.

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 2019-20.

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 compliant has been received and 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.

Further, the Audit Committee, in its meeting held on 29 January, 2020 reviewed the functioning of the Whistle Blower Mechanism/Vigil Mechanism existing in the Company and found the same satisfactory and recommended few changes in the Whistle Blower Policy to the Board which had been approved by the Board in their meeting on the even date.

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, 2020 was placed before the Board of Directors of the Company in its meeting held on 28 June, 2020.

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 the 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.

Further, in terms of provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements as stipulated in the said regulations. During the year under review, the Audit Committee, in its meeting held on 29 January, 2020 reviewed the same and verified that the systems for internal control for prevention of Insider Trading are adequate and are operating effectively.

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 2019-20, 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, 2020:

Table-21

No. of Complaints filed during Financial Year 2019-20	NIL
No. of Complaints disposed of during Financial Year 2019-20	NOT APPLICABLE
No. of Complaints pending as on 31March, 2020	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 2019-20 are as follows:

Table-22

₹ lacs

Particulars	For the year ended 31 March, 2020
Fees for audit and related services paid to S R B C & CO LLP	35.84
Other fees paid to the network firm of which the statutory auditor is a part	2.60
Total	**38.44**

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
Schedule of analyst or institutional investor meet and presentations made by the Company to analysts or institutional investors simultaneously with submission to stock exchange	Yes
New name and the old name of the Company	NA
Advertisements as per regulation 47(1)	Yes
Credit rating or revision in credit rating obtained	Yes
Separate audited financial statements of each subsidiary of the Company in respect of a relevant financial year	NA
Whether Company has provided information under separate section on its website as per Regulation 46(2)	Yes
Materiality Policy as per Regulation 30	Yes
Dividend Distribution policy as per Regulation 43A (as applicable)	NA
It is certified that these contents on the website of the Company are correct	Yes

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), 17(1A) & 17(1B)	Yes
Meeting of Board of directors	17(2)	Yes
Quorum of Board meeting	17(2A)	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
Recommendation of Board	17(11)	Yes
Maximum number of Directorships	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination and Remuneration Committee	19(1) & (2)	Yes
Quorum of Nomination and Remuneration Committee meeting	19(2A)	Yes
Meeting of Nomination and Remuneration Committee	19(3A)	Yes
Composition of Stakeholders' Relationship Committee	20(1),20(2)& 20(2A)	Yes
Meeting of Stakeholders' Relationship Committee	20(3A)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA
Meeting of Risk Management Committee	21(3A)	NA
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(1A),(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
Disclosure of related party transactions on consolidated basis	23(9)	Yes
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
Annual Secretarial Compliance Report	24(A)	Yes
Alternate Director to Independent Director	25(1)	NA
Maximum Tenure	25(2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Declaration from Independent Director	25(8) & (9)	Yes
D & O Insurance for Independent Directors	25(10)	NA
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

Dated: 28 June, 2020

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 2019-20 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 has been entered into by the Company during the above said period, which is fraudulent, illegal or violative of the Company's Code of Conduct.

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

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

2) Significant changes in internal control over financial reporting during the year 2019-20;

3) Significant changes in accounting policies during the year 2019-20 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

	Milind Pujari	**Surinder Paul Kanwar**
Dated: 28 June, 2020	Chief Financial Officer	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 2019-20, 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

	Prashant Khattry	**Surinder Paul Kanwar**
Dated: 28 June, 2020	Head (Legal) and Company Secretary	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, Haryana - 121003

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 KM, Mathura Road, P. O. Amar Nagar, Faridabad, Haryana - 121003 (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 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 for the Financial Year ending on 31 March, 2020 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 Affairsor 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.

CS Nitin Rawat
Partner
AGB & Associates
Membership No.: F9050
CP No. 10554
UDIN: F009050B000307634

Place: Faridabad
Dated: 01 June, 2020

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, as amended

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 specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C,D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended 31 March, 2020 as 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 control 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 provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
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 Institute of Chartered Accountants of India.

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 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 with respect to executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Register of Directors as on 31 March, 2020 and verified that atleast one independent woman director was on the Board of Directors throughout the year;

   iv. Obtained and read the minutes of the following meetings held 01 April, 2019 to 31 March, 2020:

      (a) Board of Directors Meeting;

      (b) Audit Committee Meeting;

      (c) Annual General Meeting (AGM);

      (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;

   vi. Obtained and read the policy adopted by the Company for related party transactions.

   vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the Audit Committee meeting where in such related party transactions have been pre-approved by the Audit Committee.

   viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. 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

9. 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 specified in the Listing Regulations, as applicable for the year ended 31 March, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. 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.

11. 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: 20105497AAAAB02615

Place: Mumbai
Dated: 28 June, 2020

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, 2020, 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 Ind AS 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, 2020, its loss including other comprehensive loss, 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.

Emphasis of Matter

We draw attention to Note 43 to the Ind AS Financial Statements, which describes the uncertainties and the impact of continuing slowdown in the automotive industry and COVID-19 pandemic on the Company's operations and financial performance as assessed by the Management of the Company. The estimates as at the date of approval of these Ind AS Financial Statements may differ based on the ongoing impact of the pandemic, improvement in the economy and the automotive sector.

Our opinion is not modified in respect of this matter.

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, 2020. 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 each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters 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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
A. Assessment of recoverability of deferred tax asset *(as described in note 2.17 and 32C to the Ind AS financial statements)*	
As at 31 March, 2020, the Company has recognized deferred tax asset (net) of Rs. 850.81 lakhs, primarily on unabsorbed depreciation and other deductible temporary differences. The deferred tax asset is recognized to the extent it is reasonably certain that sufficient taxable profits will be available in the future against which unabsorbed depreciation and other deductible temporary differences can be utilized. This involves significant management judgment and estimation given that recognition is based on assumptions such as likely timing and level of future taxable profits which are affected by expected future market and economic conditions. Accordingly, the same has been considered as a key audit matter.	Our audit procedures, amongst others, included the following: - We obtained management's assessment of recognition of deferred tax asset and the assumptions made in determining the likelihood of recoverability of deferred tax asset through generation of sufficient future taxable profits; - We tested the computation of the amounts recognized as deferred tax asset; - We evaluated management's assumptions by comparing them with the profit forecasts along with the Company's tax position, the timing of forecast taxable profits. We considered our knowledge and experience of the application of relevant tax legislation to validate the recoverability assumptions; - We assessed the disclosures made in the Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
B. Compensation claim filed with the Government Authorities as regards to compulsory acquisition of land *(as described in note 14 and 42 of the Ind AS financial statements)*	
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 the proposed widening of road. The Company is entitled to receive compensation in the form of Transferable Development Rights (TDRs) against the transfer of abovementioned land and has filed compensation claim with respect to cost of 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 Ind AS financial statements. However, the Company had written off the related assets/ utilities impacted by the aforesaid acquisition in the statement of profit and loss of previous year. Considering the uncertainty involved in the determination of the compensation amount and timing of such receipt, 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: - Read the correspondences with the Government Authorities relating to land acquisition matter and compensation claims filed by the Company. - Enquired with management regarding any further developments during the year in this regard. - 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 Charged 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 with reference to financial statements 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, 2020 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 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, 2020 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 31.1(i) 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
UDIN: 20105497AAAABN5567

Place: Mumbai
Date: 28 June, 2020

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 have not been physically verified by the management during the year but there is a regular programme of verification 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, customs duty, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, customs duty, 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, money raised by way of rights issue of equity shares during the year and term loans have been applied by the Company for the purposes for which they were raised.

(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
UDIN: 20105497AAAABN5567

Place: Mumbai
Date: 28 June, 2020

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, 2020 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 Ind AS 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 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 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, 2020, 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
UDIN: 20105497AAAABN5567

Place: Mumbai
Date: 28 June, 2020

Balance Sheet

as at 31 March, 2020

₹ lacs

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
A. ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	5(A)	14450.42	14382.11
(b) Capital work-in-progress		217.22	1006.54
(c) Intangible assets	5(B)	127.27	150.01
(d) Right-of-use assets	5(C)	376.14	-
(e) Financial assets			
(i) Loans	6(A)	164.26	138.09
(ii) Others	7(A)	207.03	180.19
(f) Deferred tax assets (net)	32(C)	850.81	305.07
(g) Other non-current assets	8	360.70	526.64
Total non-current assets		**16753.85**	**16688.65**
2. Current assets			
(a) Inventories	9	7814.76	9406.80
(b) Financial assets			
(i) Trade receivables	10	10219.27	11603.61
(ii) Cash and cash equivalents	11(A)	69.20	56.87
(iii) Bank balances other than (ii) above	11(B)	651.11	677.11
(iv) Loans	6(B)	61.12	74.60
(v) Others	7(B)	273.92	693.03
(c) Current tax assets (net)	12	55.47	66.02
(d) Other current assets	13	1503.03	2692.16
Total current assets		**20647.88**	**25270.20**
Non-current asset held for sale	14	**12.30**	**12.30**
		20660.18	**25282.50**
Total assets		**37414.03**	**41971.15**
B. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity share capital	15(A)	930.61	814.28
(b) Other equity	15(B)	7026.80	8035.19
Total equity		**7957.41**	**8849.47**
LIABILITIES			
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	8230.59	8127.73
(ii) Other financial liabilities	17(A)	129.77	-
(iii) Lease liabilities	18(A)	255.20	-
(b) Provisions	19(A)	461.32	538.61
(c) Other non-current liabilities	20	1930.04	1710.10
Total non-current liabilities		**11006.92**	**10376.45**
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	4224.38	5934.94
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	22	280.57	410.28
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	22	10625.89	11233.12
(iii) Other financial liabilities	17(B)	2597.99	3865.52
(iv) Lease liabilities	18(B)	139.49	-
(b) Provisions	19(B)	114.26	139.93
(c) Current tax liabilities (net)	19(C)	40.15	108.52
(d) Other current liabilities	23	426.97	1052.92
Total current liabilities		**18449.70**	**22745.24**
Total equity and liabilities		**37414.03**	**41971.15**

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

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Date: 28 June, 2020

Statement of Profit and Loss

for the year ended 31 March, 2020

₹ lacs

	Particulars	Notes	For the year ended 31 March, 2020	For the year ended 31 March, 2019
1.	Revenue from operations	24	46311.98	59439.64
2.	Other income	25	487.58	475.04
3.	**Total income (1+2)**		**46799.56**	**59914.68**
4.	**Expenses**			
	(a) Cost of materials and components consumed	26(A)	22244.83	28840.31
	(b) Changes in inventories of finished goods and work-in-progress	26(B)	1596.53	(1429.07)
	(c) Employee benefits expense	27	8980.36	9839.34
	(d) Finance costs	28	2164.82	2196.89
	(e) Depreciation and amortisation expense	29	2668.73	2176.14
	(f) Other expenses	30	11626.54	16346.20
	Total expenses		**49281.81**	**57969.81**
5.	**Profit/(Loss) before tax (3-4)**		(2482.25)	1944.87
6.	**Tax expense/(credit) (net)**			
	(a) Current tax	32(A)	-	692.50
	(b) (Excess)/Short provision for tax relating to prior years		(49.86)	(3.24)
	(c) Deferred tax (credit)/charge	32(C)	(554.61)	2.63
7.	**Profit/(Loss) for the year (5-6)**		**(1877.78)**	**1252.98**
8.	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Re-measurement (loss) on defined benefits obligations		(63.53)	(285.27)
	- Income tax effect	32(C)	(8.88)	99.56
	Other comprehensive income for the year (net of tax)		(72.41)	(185.71)
9.	**Total comprehensive income for the year (7+8)**		**(1950.19)**	**1067.27**
10.	**Earnings per share (Face value of ₹ 10/- each):**			
	Basic and Diluted - in ₹	36	**(20.38)**	**14.84**
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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Directors

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Date: 28 June, 2020

Statement of Changes in Equity

for the year ended 31 March, 2020

(A) Equity share capital

Particulars	₹ lacs
Balance as at 01 April, 2018	814.28
Balance as at 31 March, 2019	814.28
Change in equity during the year: Rights issue of equity shares (Refer Footnote (iv) of Note 15(A))	116.33
Balance as at 31 March, 2020	**930.61**

(B) Other equity

₹ lacs

Particulars	Reserve and Surplus				Other comprehensive income	Total
	Capital redemption reserve	Securities premium account	General reserve	Retained earnings	Remeasurements of the defined benefit obligations	
Balance as at 01 April, 2018	**588.50**	**1393.90**	**1756.45**	**3203.84**	**25.23**	**6967.92**
Profit for the year	-	-	-	1252.98	-	1252.98
Other comprehensive loss (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**
Loss for the year	-	-	-	(1877.78)	-	(1877.78)
Other comprehensive loss (net of tax)	-	-	-	-	(72.41)	(72.41)
Change in equity during the year: Rights issue of equity shares (net of share issue expenses of ₹ 51.13 lacs) (Refer Footnote (iv) of Note 15(A))	-	1053.97	-	-	-	1053.97
Dividend paid (Re. 1 per share) (Refer Footnote (iii) of Note 15(B))	-	-	-	(93.06)	-	(93.06)
Dividend distribution tax (Refer Footnote (iii) of Note 15(B))	-	-	-	(19.13)	-	(19.13)
Balance as at 31 March, 2020	**588.50**	**2447.87**	**1756.45**	**2466.86**	**(232.89)**	**7026.79**

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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(PAN : AAAPP3554C)

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

Date: 28 June, 2020

Statement of Cash Flows

for the year ended 31 March, 2020

₹ lacs

	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
A.	**Cash flows from operating activities:**		
	Net profit/(loss) before tax	(2482.24)	1944.87
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expense	2668.73	2176.14
	Loss on disposal of property, plant and equipment (net)	0.51	24.60
	Finance costs	1967.32	1937.64
	Interest income	(74.97)	(68.21)
	Rent expenses	6.49	4.71
	Employee benefits expense	7.08	7.15
	Liabilities/provisions no longer required written back	(35.92)	(34.73)
	Allowance for doubtful debts	-	9.27
	Bad debts written off	-	3.34
	Other amounts written off	58.48	0.62
	Unrealised exchange gain (net)	(189.73)	(76.22)
	Operating profit before working capital changes	**1925.75**	**5929.18**
	Changes in working capital		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	1534.04	(1704.04)
	Trade receivables	1591.17	1162.09
	Financial assets - loans	(13.40)	(23.32)
	Financial assets - others	396.14	(421.72)
	Other Assets	1044.50	(92.72)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	(722.22)	(40.67)
	Other financial liabilities	184.30	9.81
	Other current and non-current liabilities	(469.54)	914.01
	Provisions	(102.96)	137.29
	Cash generated from operations	**5367.78**	**5869.91**
	Income tax paid (net)	(11.53)	(858.04)
	Net cash flows from operating activities (A)	**5356.25**	**5011.87**
B.	**Cash flows from investing activities:**		
	Purchase of property, plant and equipments and intangible assets (including capital work-in-progress, capital advances)	(3049.30)	(5567.49)
	Proceeds from sale of property, plant and equipments	14.84	9.70
	Bank balances not considered as cash and cash equivalents (net)	26.00	(107.78)
	Interest received	60.80	53.11
	Net cash flows used in investing activities (B)	**(2947.66)**	**(5612.46)**

Statement of Cash Flows for the year ended 31 March, 2020 .... Contd.

₹ lacs

	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
C.	**Cash flows from financing activities:**		
	Proceeds from rights issue of equity shares (net of share issue expenses of ₹ 51 lacs)	1170.30	-
	Proceeds from long-term borrowings	2500.00	2300.00
	Repayment of long-term borrowings	(2116.01)	(535.02)
	Repayment of short-term borrowings	(1305.67)	(178.94)
	Interest paid	(1875.93)	(2084.91)
	Dividends paid	(95.20)	1.80
	Dividend distribution tax paid	(19.13)	-
	Payment of lease liabilities	(249.73)	(1.19)
	Net cash flows from/(used in) financing activities (C)	**(1991.37)**	**(498.26)**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**417.22**	**(1098.85)**
	Cash and cash equivalents at the beginning of the year	(2652.15)	(1553.00)
	Add: Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	(0.30)
	Cash and cash equivalents at the end of the year (Refer Note 11(C))	**(2234.93)**	**(2652.15)**
	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
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Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Date: 28 June, 2020

Notes to the Financial Statements

for the year ended 31 March, 2020

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 28 June, 2020.

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.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

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.

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 acquisition 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 assets are as follows:

Buildings	:	3 - 60 years
Plant and equipments (owned/on lease)	:	15 years
Office equipments	:	3 - 6 years
Furniture and fixtures	:	8 -10 years
Vehicles	:	8 years

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.

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, that are readily convertible to a known amount of cash and 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. 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.

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).

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 Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use Assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.8 Impairment of non-financial assets.

ii) Lease Liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets:

The Company applies the short-term lease recognition exemption to its short-term leases of property, plant & equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 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:

Note 3: Use of estimates and judgements ... contd.

(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 & 24

(iv) Retirement and other employee benefits - Refer Notes 2.14 & 34

(v) Taxes on income - Refer Notes 2.17 & 32

(vi) Leases - Refer Note 33

(vii) Estimation of uncertainties relating to the global health pandemic from COVID-19 and slowdown in automotive industry - Refer Note 43

Note 4 : Changes in accounting policies and disclosure

4.1 Changes in accounting policies and disclosure:

New and amended standards:

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments apply for the first time for the year ending 31 March 2020, but do not have a material impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 Leases:

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 01 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 01 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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, 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)
Adjustment (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**
Additions	-	1099.95	1356.39	-	52.90	-	47.12	5.71	-	2562.07
Disposals	-	(4.64)	(13.19)	-	(0.54)	-	(0.94)	-	-	(19.31)
Adjustment (Refer Note 33)	-	-	-	-	-	(55.74)	-	-	-	(55.74)
Balance as at 31 March, 2020	**659.81**	**3848.74**	**16803.12**	**176.18**	**427.24**	**-**	**461.11**	**18.81**	**0.09**	**22395.10**
II. Depreciation/impairment										
Balance as at 01 April, 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**
Depreciation charge for the year	-	134.89	2135.31	37.61	59.12	-	54.88	1.88	-	2423.69
Eliminated on disposal of assets	-	(0.68)	(2.56)	-	(0.12)	-	(0.59)	-	-	(3.95)
Adjustment (Refer Note 33)	-	-	-	-	-	(0.90)	-	-	-	(0.90)
Balance as at 31 March, 2020	**-**	**496.78**	**6830.33**	**158.70**	**240.49**	**-**	**214.75**	**3.63**	**-**	**7944.68**
Net book value (I-II)										
Balance as at 31 March, 2020	**659.81**	**3351.96**	**9972.79**	**17.48**	**186.75**	**-**	**246.36**	**15.18**	**0.09**	**14450.42**
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

(@) 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, 2019: ₹ 500/-).

($) Includes items of Plant and equipment having Net book value of ₹ 17.48 lacs (As at 31 March, 2019: ₹ 55.09 lacs) in respect of which lease periods have expired, the transfer in the name of Company is under process.

($$) Includes Computers and miscellaneous equipment.

Note 5(B) : Intangible assets

₹ lacs

	Description of assets	Computer software acquired
I.	**At Cost or deemed cost:**	
	Balance as on 01 April, 2018	184.98
	Additions	99.76
	Disposals	-
	Balance as at 31 March, 2019	**284.74**
	Additions	10.78
	Disposals	-
	Balance as at 31 March, 2020	**295.52**
II.	**Amortisation**	
	Balance as on 01 April, 2018	84.75
	Amortisation expense for the year	49.98
	Balance as at 31 March, 2019	**134.73**
	Amortisation expense for the year	33.37
	Balance as at 31 March, 2020	**168.25**
	Net book value (I-II)	
	Balance as at 31 March, 2020	**127.27**
	Balance as at 31 March, 2019	150.01

Note 5(C) : Right-of-use assets

₹ lacs

Description of assets	Land	Buildings	Vehicles	Office equipment@	Total
I. At present value of lease liability					
Balance as at 01 April, 2019 (present value of lease liability)	2.91	394.18	88.30	55.74	541.13
Additions	-	90.32	-	-	90.32
Termination	-	(57.09)	-	-	(57.09)
Balance as at 31 March, 2020	**2.91**	**427.41**	**88.30**	**55.74**	**574.36**
II. Depreciation/impairment					
Balance as at 01 April, 2019	**-**	**-**	**-**	**0.90**	**0.90**
Depreciation charge for the year	0.06	150.14	50.85	10.62	211.67
Eliminated on termination	-	(14.35)	-	-	(14.35)
Balance as at 31 March, 2020	**0.06**	**135.79**	**50.85**	**11.52**	**198.22**
Net book value (I-II)					
Balance as at 31 March, 2020	**2.85**	**291.62**	**37.45**	**44.22**	**376.14**
Balance as at 31 March, 2019	-	-	-	-	-

@The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases under Ind AS 17. The requirements of Ind AS 116 were applied to these leases from 01 April, 2019.

Footnote:

(i) For details of Property, plant and equipment charged as security for borrowings Refer Note 16 & Note 21.

(ii) For details of Right-of-use assets Refer Note 33.

Note 6 : Financial assets - Loans

(A) Non-current

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Loans and advances to employees		
Unsecured, considered good	164.26	138.09
Total	**164.26**	**138.09**

(B) Current

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Loans and advances to employees		
Unsecured, considered good	61.12	74.60
Total	**61.12**	**74.60**

Note 7 : Financial assets - Others

(A) Non-current

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Security deposits (Refer Footnote below)		
Unsecured, considered good	207.03	180.19
Total	**207.03**	**180.19**

Security deposits include ₹ 44.42 lacs (As at 31 March, 2019: ₹ 38.49 lacs) due from directors and ₹ 1.90 lacs (As at 31 March, 2019: ₹ 1.99 lacs) due from a private limited company, in which directors of the Company are directors.

Note 7 : Financial assets - Others ... Contd.

(B) Current

₹ lacs

	Particulars	As at 31 March, 2020	As at 31 March, 2019
	Unsecured, considered good		
(a)	Security deposit (Refer Footnote (i) below)	52.51	57.26
(b)	Interest accrued on deposits	4.05	5.71
(c)	Contract assets (Refer Note 37(A)) (Includes amount due from a related party ₹ 38.52 lacs (As at 31 March, 2019 : ₹ 48.66 lacs) - Services rendered to Xlerate Driveline India Limited (XDIL)) (Refer Note 35(C))	38.52	451.21
(d)	Others (includes benefits receivable under Package Scheme of Incentives (PSI - 2007) ₹ 15.75 lacs (As at 31 March, 2019: ₹ 69.02 lacs)) (Refer Footnote (ii) below)	178.84	178.85
	Total	**273.92**	**693.03**

Footnote:

(i) Security deposits include ₹ 2.26 lacs (As at 31 March, 2019: ₹ 2.50 lacs) due from a private limited company, in which directors of the Company are directors.

(ii) Others include ₹ 22.23 lacs (As at 31 March, 2019: ₹ 12.73 lacs) due from private limited companies, in which directors of the Company are directors (Refer Note 35(C)).

Note 8 : Other non-current assets

₹ lacs

	Particulars	As at 31 March, 2020	As at 31 March, 2019
	Unsecured, considered good		
(a)	Capital advances	27.92	290.31
(b)	Prepaid expenses	50.64	54.95
(c)	Contract Assets - Prepaid tooling expenses (Refer Note 37(A))	241.88	141.12
(d)	Others	40.26	40.26
	Total	**360.70**	**526.64**

Note 9 : Inventories

₹ lacs

	Particulars	As at 31 March, 2020	As at 31 March, 2019
(a)	Raw materials and components:		
	- Automotive gears	1249.08	1278.85
	- Automotive components	71.15	58.16
		1320.23	**1337.01**
(b)	Work-in-progress:		
	- Automotive gears	2792.90	3155.58
(c)	Finished goods:		
	- Automotive gears	1663.43	2825.70
	- Automotive components	202.18	273.76
		1865.61	**3099.46**
(d)	Stores and spares	551.25	615.54
(e)	Loose tools	1275.52	1192.59
(f)	Scrap	9.25	6.62
	Total	**7814.76**	**9406.80**

Footnotes:

(i) The cost of inventories recognized as an expense includes ₹ 313.37 lacs (Year ended 31 March, 2019: ₹ 373.77 lacs) in respect of write-down (net) of inventory to net realisable value and provision for slow and non moving inventory.

(ii) The mode of valuation of inventories has been stated in Note 2.7.

(iii) For details of inventories provided as security for borrowings Refer Note 21.

Note 10 : Trade receivables

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good	10239.62	11641.42
Less: Provision for expected credit loss	20.35	37.81
Total	**10219.27**	**11603.61**

Footnotes:

(i) Trade receivables include ₹ 44.77 lacs (As at 31 March, 2019: ₹ 46.57 lacs) due from Companies, in which directors of the Company are directors (Refer Note 35(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, 2020, the Company had 4 customers (As at 31 March 2019: 5 customers) that owed the Company more than ₹ 500 lacs each and accounted for approximately 46.19% of all the receivables outstanding (As at 31 March, 2019: 52.30%).

(iv) The Company maintains an allowance for impairment of receivables accounts based on ageing 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, 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**
Add: Created during the year	-
Less: Released during the year	17.46
Balance as at 31 March, 2020	**20.35**

Note 11 : Cash and cash equivalents and other bank balances

(A) Cash and cash equivalents

₹ lacs

	Particulars	As at 31 March, 2020	As at 31 March, 2019
(a)	Cash on hand	5.43	5.72
(b)	Balances with banks:		
	- In current accounts	60.48	51.15
	- Others	3.29	-
	Total	**69.20**	**56.87**

(B) Other bank balances

₹ lacs

	Particulars	As at 31 March, 2020	As at 31 March, 2019
(a)	In earmarked accounts (Refer Footnote (i) below)		
	- Unpaid dividend accounts	6.16	8.30
(b)	Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Footnote (ii) below)	644.95	668.81
	Total	**651.11**	**677.11**

Footnotes:

(i) Balances with banks which have restrictions on utilisation.

(ii) Includes deposits of ₹ Nil (As at 31 March, 2019: ₹ 65.26 lacs) the receipts for which were held by Tata Capital Financial Services Limited towards security deposit for availing operating lease facility.

Note 11 : Cash and cash equivalents and other bank balances ... Contd.

(C) For the purpose of Statement of Cash flows, cash and cash equivalents comprise of the following:

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash and cash equivalents as above	69.20	56.87
Loans repayable on demand - from banks (Refer Note 21)	(2304.13)	(2709.02)
Total	**(2234.93)**	**(2652.15)**

(D) Changes in liabilities arising from financing activities:

Particulars	Lease liabilities (Refer Note 16 & 18)	Borrowing - Non current (Refer Note 16)	Borrowing - current (Refer Note 21)
Balance as at 01 April, 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**
Acquisition (net)	532.97	-	-
Cash Flow	(249.73)	383.99	(1305.67)
Others	56.42	(1.58)	-
Balance as at 31 March, 2020	**394.69**	**10542.20**	**1920.25**

Note 12 : Current tax assets

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Advance income tax (net of provisions ₹ Nil (As at 31 March, 2019: ₹ 35.00 lacs)) Unsecured, considered good	55.47	66.02
Total	**55.47**	**66.02**

Note 13 : Other current assets

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good		
(a) Prepaid expenses	133.91	140.84
(b) Advances to suppliers (Refer Footnote (i) below)	183.38	272.93
(c) Balances with government authorities		
(i) VAT credit receivable	45.13	45.13
(ii) Goods and Services Tax receivable	573.66	1518.75
(d) Export incentives receivable	386.78	642.90
(e) Others (Refer Footnote (ii) below)	180.17	71.61
Total	**1503.03**	**2692.16**

Footnotes:

(i) Advances to suppliers includes ₹ Nil (As at 31 March, 2019: ₹ 1.81 lacs) paid to a private limited company, in which directors of the Company are directors (Refer Note 35(C)).

(ii) Includes ₹ Nil (As at 31 March, 2019: ₹ 34.26 lacs) being expenses incurred in respect of rights issue of equity shares.

Note 14 : Non-current asset held for sale

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Freehold Land (Refer Note 42)	12.30	12.30
Total	**12.30**	**12.30**

Note 15 (A) : Equity share capital

₹ lacs

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	₹ lacs	Number of shares	₹ lacs
(a) Authorised				
Equity shares of ₹ 10 each (Refer Footnote (iii) below)	20000000	2000	10000000	1000
Cumulative redeemable convertible or non convertible preference shares of ₹ 100 each	1500000	1500	1500000	1500
Total	**21500000**	**3500**	**11500000**	**2500**
(b) Issued, Subscribed and paid up				
Equity shares of ₹ 10 each, fully paid up, outstanding at the end of the year	9306095	930.61	8142833	814.28
Total	**9306095**	**930.61**	**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	8142833	814.28
Add: Rights issue of equity shares (Refer Footnote (iv) below)	1163262	116.33	-	-
Closing balance	**9306095**	**930.61**	**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 approval of Members at their Annual General Meeting held on 06 August, 2019, the Company increased its authorised equity share capital by ₹ 1000 lacs to ₹ 2000 lacs; Authorised equity share capital as at 31 March, 2020: 200 lacs equity shares of ₹ 10 each (As at 31 March, 2019: 100 lacs equity shares of ₹ 10 each).

(iv) 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. Pursuant to this allotment, the securities premium stands increased by ₹ 1053.97 lacs net of share issue expenses of ₹ 51.13 lacs. The proceeds from Rights Issue have been utilised for the intended purposes. Basic and diluted earnings per share for the year ended 31 March 2019 have been accordingly adjusted for effect of Rights Issue (Refer Note 36).

(v) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares held	Percentage of shares held	Number of shares held	Percentage of shares held
Equity shares				
Surinder Paul Kanwar	3367570	36.19	2628920	32.29
Ultra Consultants Private Limited	1411109	15.16	766038	9.41
Future Consultants Private Limited	-	-	645071	7.92

Note 15 (B) : Other equity

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Capital redemption reserve	588.50	588.50
(b)	Securities premium account (Refer footnote (iv) of Note 15(A))	2447.87	1393.90
(c)	General reserve	1756.45	1756.45
(d)	Retained earnings	2466.87	4456.82
(e)	Other comprehensive income	(232.89)	(160.48)
	Total	**7026.80**	**8035.19**

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:

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 are as under:

Proposed:

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Proposed dividend on equity shares *		
Proposed Dividend @ ₹ Nil per share (31 March, 2019: ₹ 1.00 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 dividend and dividend distribution tax were not recognised in the financial statements as at 31 March, 2019.

** Includes dividend on shares issued on rights basis (Refer footnote (iv) of Note 15(A)).

Declared & Paid:

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Dividend paid @ ₹ 1.00 per share (31 March, 2019: ₹ Nil per share)	93.06	-
Dividend distribution tax thereon @ 20.555%	19.13	-
Total	**112.19**	**-**

Note 16 : Non current borrowings

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Term loans (Refer Footnotes (i) and (ii))		
	From banks	82.87	294.84
	Less: Current maturities of long-term debts (Refer Note 17(B) (a))	82.87	211.97
		-	**82.87**
	From others	10459.33	9864.95
	Less: Current maturities of long-term debts (Refer Note 17(B) (a))	2228.74	1866.08
		8230.59	**7998.87**
(b)	Long-term maturities of finance lease obligations - Secured (Refer Footnote (iv))	-	55.03
	Less: Current maturities of finance lease obligations (Refer Note 17(B) (b))	-	9.04
		-	45.99
	Total	**8230.59**	**8127.73**

Footnotes:

(i) Term loans from banks:

Rupee loan from HDFC Bank Limited:

₹ 82.87 lacs (As at 31 March, 2019: ₹ 294.84 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 12.00% p.a.

(ii) Term loans from others:

Rupee loan from KKR India Financial Services Limited:

₹ 7998.86 lacs (As at 31 March, 2019: ₹ 9864.95 lacs): Facility I - Secured by first pari passu charge created on Fixed Assets of the Company located at Mumbra plant, Faridabad plant and Satara plant. Repayable in quarterly installments commencing from 31 March, 2019 and carries an interest rate of 11.70% p.a.p.m.

₹ 2460.47 lacs (As at 31 March, 2019: ₹ Nil): Facility II - Secured by first pari passu charge over movable and immovable fixed assets of the Company located at Mumbra plant, Faridabad plant and Satara plant, and by charge over the current assets of the Company which rank second subject & subservient to charges created in favour of borrowings referred to in Footnote of Note 21. Repayable in quarterly installments commencing from 30 June, 2022 and carries an interest rate of 11.70% p.a.p.m.

The Company is in discussions with lender for the restructuring of this borrowing and renegotiating the terms and conditions including financial covenants as at the date of approval of financial statements.

(iii) Rupee loan referred in footnote (ii) above, is also guaranteed by a Director of the Company.

(iv) 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, 2020	As at 31 March, 2019
Voluntary retirement scheme	129.77	-
Total	**129.77**	**-**

(B) Current

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Current maturities of long-term debts (Refer Note 16):		
	From banks	82.87	211.97
	From others	2228.74	1866.08
(b)	Current maturities of finance lease obligations (Refer Note 16 and Note 33)	-	9.04
(c)	Interest accrued but not due on borrowings	0.92	4.23
(d)	Unpaid dividends	6.16	8.30
(e)	Other payables:		
	(i) Payables on purchase of property, plant and equipment	160.28	1688.47
	(ii) Interest accrued on others	-	7.00
	(iii) Others	119.02	70.44
	Total	**2597.99**	**3865.53**

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 : Lease liabilities

(A) Non-current

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Land	2.91	-
(b)	Buildings	196.96	-
(c)	Vehicles	19.37	-
(d)	Office equipment	35.96	-
	Total	**255.20**	**-**

(B) Current

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Land	-	-
(b)	Buildings	109.19	-
(c)	Vehicles	20.27	-
(d)	Office equipment	10.03	-
	Total	**139.49**	**-**

Footnote:

For details on lease agreements Refer Note 33.

Note 19 : Provisions

(A) Non-current

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
Employee benefits:			
(i)	Compensated absences	433.06	510.00
(ii)	Other employee benefits (Terminal Ex-gratia) (Refer Note 34(B))	28.26	28.61
	Total	**461.32**	**538.61**

(B) Current

₹ lacs

Particulars			As at 31 March, 2020	As at 31 March, 2019
(a)	Employee benefits:			
	(i)	Compensated absences	88.28	124.07
	(ii)	Other employee benefits (Terminal Ex-gratia) (Refer Note 34(B))	5.35	5.76
			93.63	**129.83**
(b)	Provision for warranty (Refer Note 37(B))		20.63	10.10
			20.63	**10.10**
		Total	**114.26**	**139.93**

(C) Current tax lialibities (net)

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Provision for tax (net of advance tax ₹ 659.35 lacs (As at 31 March, 2019: ₹ 1737.97 lacs))	40.15	108.52
Total	**40.15**	**108.52**

Note 20 : Other non-current liabilities

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Contract liabilities (Refer Note 37(A))	214.43	124.13
(b)	Provision for gratuity (net) (Refer Note 34(B))	1715.61	1585.97
	Total	**1930.04**	**1710.10**

Note 21 : Current borrowings

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Loans repayable on demand		
From banks - Secured (Refer Footnote below) (Includes funded interest of ₹ 22.71 lacs (As at 31 March, 2019: ₹ Nil))	2304.13	2709.02
From others - Unsecured	1920.25	3225.92
Total	**4224.38**	**5934.94**

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 Satara plants together with all buildings, plant and machinery thereon which rank second subject and subservient to charges created in favour of loans referred to in footnote (ii) of Note 16.

Note 22 : Trade Payables

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Total outstanding dues of micro enterprises and small enterprises (including acceptances) (Refer Note 31.2)	280.57	410.28
Total outstanding dues of trade payables other than micro enterprises and small enterprises (including acceptances):		
Others	10604.67	11226.08
Related parties (Refer Note 35(C))	21.22	7.04
Total	**10906.46**	**11643.40**

Footnote:

Trade payables are non-interest bearing and generally have a payment terms of 30 to 120 days.

Note 23 : Other current liabilities

₹ lacs

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Goods and Services Tax etc.)	151.40	210.91
(b)	Contract liabilities (Refer Note 37(A))	94.24	741.89
(c)	Trade/security deposits	23.75	22.75
(d)	Provision for gratuity (net) (Refer Note 34(B))	156.47	76.55
(e)	Others	1.11	0.82
	Total	**426.97**	**1052.92**

Note 24 : Revenue from operations

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
I. Revenue from contracts with customers:		
(a) Sale of products (Refer Footnotes (i)(a), (ii)(a) & (v) below)	44678.98	57177.29
(b) Services rendered (Refer Footnotes (i)(b) & (ii)(b) below)	494.65	338.93
Total - Revenue from contracts with customers	**45173.63**	**57516.22**
II. Other operating revenues (Refer Footnote (iii) below)	**1138.35**	**1923.42**
Revenue from operations (I+II)	**46311.98**	**59439.64**

Footnotes:

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(i) Goods and services transferred at a point in time		
(a) Sale of products comprises:		
Manufactured goods:		
- Automotive gears (Includes processing charges ₹ 392.97 lacs (Year ended 31 March, 2019: ₹ 341.17 lacs))	40803.63	52399.39
- Automotive components	2341.62	3563.79
- Tooling development	356.59	220.76
(b) Services rendered	154.40	176.12
(ii) Goods and services transferred over time		
(a) Sale of products comprises:		
- Industrial furnaces (Refer Footnote (iv) below)	1177.14	993.35
(b) Services rendered	340.25	162.81
Total - Revenue from contracts with customers	**45173.63**	**57516.22**
(iii) Other operating revenues comprises:		
- Sale of scrap	347.67	598.47
- Export incentives	644.78	1020.78
- Liabilities/provisions no longer required written back	35.92	34.73
- Miscellaneous income	109.98	269.44
Total - Other operating revenues	**1138.35**	**1923.42**

(iv) Revenue from contracts is recognized as stated in Note 2.13(b)

(v) For disaggregation of revenue by geography Refer Note 38(b) - Segment information

(vi) Reconciliation of revenue recognised with contracted price:

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Revenue as per contracted price	46440.77	58329.90
Adjustments for:		
Sales return, volume discount, price incentive, price variation, others	1267.14	813.68
Revenue from contracts with customers	45173.63	57516.22

Note 25 : Other income

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Interest income (Refer Footnote (i) below)	74.96	68.21
(b) Net gain on foreign currency transactions and translation	398.89	391.09
(c) Other non-operating income (Refer Footnote (ii) below)	13.73	15.74
Total	**487.58**	**475.04**

Footnotes:

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(i) Interest income comprises:		
Interest on financial assets at amortised cost:		
- On bank deposits	10.25	5.67
- On margin money with banks	39.70	35.40
- On security deposits and loans to employees	15.83	13.00
Others	0.15	5.63
Interest on income tax refund	9.03	8.51
Total - Interest income	**74.96**	**68.21**
(ii) Other non-operating income comprises:		
Rent	8.55	12.32
Profit on sale of property, plant and equipment	5.18	3.42
Total - Other non-operating income	**13.73**	**15.74**

Note 26 (A) : Cost of material and components consumed

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Opening stock	1337.01	1313.96
Add: Purchases	22228.05	28863.36
	23565.06	**30177.32**
Less: Closing stock	1320.23	1337.01
Cost of materials and components consumed	**22244.83**	**28840.31**
Material and components consumed comprises:		
Forgings	19727.84	25515.85
Automotive components	1589.84	2534.35
Others	927.15	790.11
Total	**22244.83**	**28840.31**

Note 26 (B) : Changes in inventories of finished goods and work-in-progress

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Inventories at the end of the year:		
Finished goods	1865.61	3099.46
Work-in-progress	2792.90	3155.58
	4658.51	**6255.04**
Inventories at the beginning of the year:		
Finished goods	3099.46	1199.42
Work-in-progress	3155.58	3626.55
	6255.04	**4825.97**
Net (increase)/decrease	**1596.53**	**(1429.07)**

Note 27 : Employee benefits expense

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Salaries and wages (Refer Footnote below)	7483.08	8355.46
Contributions to provident and other funds	579.51	536.16
Gratuity expenses	242.54	198.34
Staff welfare expenses	675.23	749.38
Total	**8980.36**	**9839.34**

Footnote:
Includes Voluntary retirement scheme expense of ₹ 144.60 lacs (for the year ended 31 March, 2019: ₹ 70.56 lacs).

Note 28 : Finance costs

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Interest expense on:		
(i) Borrowings	1691.52	1585.29
(ii) Others		
- Discounting charges	197.13	345.35
- Interest on delayed/deferred payment of income tax	-	7.00
- Interest on delayed payment to micro and small enterprises	19.14	-
- Lease liabilities	56.42	-
- Others	3.11	-
(b) Other borrowing costs (Bank and other financing charges)	197.50	259.25
Total	**2164.82**	**2196.89**

Note 29 : Depreciation and amortisation expense

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Depreciation of tangible assets	2423.69	2126.16
Depreciation of right-of-use assets	211.67	-
Amortisation of intangible assets	33.37	49.98
Total	2668.73	2176.14

Note 30 : Other expenses

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Consumption of stores and spare parts	1274.19	1650.14
Consumption of loose tools	1198.24	1625.33
Consumption of packing materials	796.07	1313.67
Processing charges	1435.86	2891.19
Power and fuel	3382.61	4078.10
Rent including lease rentals (Refer Note 33(C))	178.74	487.82
Repairs and maintenance:		
- Buildings	136.28	130.57
- Machinery	375.50	487.61
- Others	777.27	916.21
Travelling, conveyance and car expenses	464.50	539.13
Freight, forwarding and other charges	446.48	1082.69
Auditors' remuneration (Refer Footnote (i) below)	33.34	31.10
Bad debts written off	-	3.34
Loss on disposal of property, plant and equipment	5.69	28.02
Allowance for doubtful debts	-	9.27
Miscellaneous expenses (Refer Footnote (ii) below)	1121.77	1072.01
Total	11626.54	16346.20

Footnotes :

(i) Auditors' remuneration (net of GST):

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
As auditors:		
- Statutory audit	17.00	17.00
- Limited review	12.00	12.00
- Corporate Governance	2.00	-
In other capacity:		
- For certification (Refer note below)	-	0.40
- For other services	-	-
Reimbursement of expenses	2.34	1.70
Total	33.34	31.10

Excludes certification charges paid to statutory auditors in relation to issue of equity shares ₹ 2.50 lacs - debited to securities premium (for the year ended 31 March, 2019: ₹ 5.13 lacs - debited to other current assets).

(ii) Includes ₹ 3.60 lacs incurred on Corporate Social Responsibility expenditure (for the year ended 31 March, 2019: ₹ Nil) (Refer Note 41).

Note 31 : Additional information to the financial statements

₹ lacs

Note	Particulars	As at 31 March, 2020	As at 31 March, 2019
31.1	**Contingent liabilities and commitments (to the extent not provided for)**		
(i)	**Contingent liabilities:**		
	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 the Bombay High Court against the order passed by Central Government Industrial Tribunal, 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
	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	114.75	1067.69
	Intangible assets	0.57	0.11
		115.32	**1067.80**

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

₹ lacs

	Particulars	As at 31 March, 2020	As at 31 March, 2019
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	280.57	410.28
(ii)	Principal amount remaining unpaid beyond 45 days to any supplier as at the end of the accounting year	87.04	209.28
(iii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iv)	The amount of principal paid beyond the appointed day	1402.95	2053.18
(v)	The amount of interest due and payable for the year	19.14	-
(vi)	The amount of interest accrued and remaining unpaid at the end of the accounting year	19.14	-
(vii)	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 32: Income tax

(A) Major components of income tax expense:

₹ lacs

Note	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a)	**Statement of Profit and Loss:**		
	(i) Current income tax:		
	- In respect of current year	-	692.50
	- In respect of prior years	(49.86)	(3.24)
	(ii) Deferred tax:		
	Relating to origination and reversal of temporary differences	(554.61)	2.63
	Total tax expense recognised in Statement of Profit and Loss	**(604.47)**	**691.89**
(b)	**Other comprehensive income (OCI):**		
	Deferred tax - Remeasurement of the defined benefits obligations	8.88	(99.56)
	Total tax expense recognised in other comprehensive income	**8.88**	**(99.56)**

(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, 2020	For the year ended 31 March, 2019
Profit before tax	(2482.25)	1944.87
Applicable tax rate (Refer footnote below)	25.168%	34.944%
Computed tax expense	(624.73)	679.62
Effect of expenses that is non-deductible in determining taxable profit	7.61	2.44
Effect of concession (deduction for employment of new employees)	-	(7.79)
Effect of change in tax rate	61.01	-
Adjustments in respect of current income tax of previous years	(49.86)	(3.24)
Others	1.50	20.86
Income tax expense recognised in Statement of Profit or Loss	**(604.47)**	**691.89**
Effective tax rate	**24.352%**	**35.575%**

Footnote:

The Company has elected to exercise option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of this change has been recognised in the financial statements in the current year.

Note 32 (C) : Deferred tax

₹ lacs

Particulars	For the year ended 31 March, 2020			
	Balance as at 31 March, 2019	Recognised in Profit and loss	Recognised in OCI	Balance as at 31 March, 2020
Tax effect of items constituting deferred tax liabilities:				
Property, plant and equipment & intangible assets	624.93	(290.87)	-	334.06
Lease rent	25.41	(24.19)	-	1.22
Others	37.13	(9.99)	-	27.14
(A)	**687.47**	**(325.05)**	**-**	**362.42**
Tax effect of items constituting deferred tax assets:				
Provision for compensated absences, gratuity and other employee benefits	727.53	(194.82)	-	532.71
Other disallowances under Section 43B of the Income-tax Act, 1961	84.67	0.25	-	84.92
Unabsorbed depreciation	-	423.21	-	423.21
Payments made under Voluntary Retirement Scheme	80.06	(10.19)	-	69.87
Remeasurement of defined benefits obligations	87.00	-	(8.88)	78.12
Lease	0.07	4.60	-	4.67
Others	13.21	6.51	-	19.73
(B)	**992.54**	**229.56**	**(8.88)**	**1213.23**
Deferred tax liabilities/(assets) (net)	**(305.07)**	**(554.61)**	**8.88**	**(850.81)**

₹ 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
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)**

Footnote:

Recognition of deferred tax assets is based on the Company's present estimates and business plans as per which the future taxable profits will be generated against which deferred tax will be realized.

Note 33 : Leases

A. Following are the carrying amounts of right-of-use assets recognised and the movements during the year:-

	Description of assets	₹ lacs
I.	**Right-of-use assets**	
	Balance as at 01 April, 2019 (present value of lease liability) @	541.13
	Balance as at 01 April, 2019	541.13
	Additions	90.32
	Termination	(57.09)
	Balance as at 31 March, 2020	**574.36**
II.	**Depreciation/impairment**	
	Balance as at 01 April, 2019	**0.90**
	Depreciation charge for the year	211.67
	Eliminated on termination	(14.35)
	Balance as at 31 March, 2020	**198.22**
	Net book value (I-II)	
	Balance as at 31 March, 2020	**376.14**

@The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases under Ind AS 17. The requirements of Ind AS 116 were applied to these leases from 01 April, 2019.

B. Following are the carrying amounts of lease liabilities recognised and the movements during the year:-

	Description of liabilities	₹ lacs
I.	**Lease liabilities**	
	Balance as at 01 April, 2019 (present value of lease liability)	541.13
	Balance as at 01 April, 2019	541.13
	Additions	90.32
	Termination	(42.74)
	Balance as at 31 March, 2020	**588.71**
II.	**Accretion of interest & lease payments**	
	Balance as at 01 April, 2019	**(0.71)**
	Accretion of interest for the year	56.42
	Lease payments for the year	(249.73)
	Balance as at 31 March, 2020	**(194.03)**
	Net book value (I-II)	
	Balance as at 31 March, 2020	**394.69**
	Current	139.49
	Non-Current	255.20

Note 33 : Leases .... Contd.

C. Following are the amounts recognised in Statement of Profit & Loss:-

Particulars	₹ lacs
For the year ended 31 March, 2020:	
Depreciation expense of right-of-use assets	211.67
Interest expense on lease liabilities	56.42
Lease payments of short-term leases and low-value assets (included in other expenses) (Refer Note 30)	178.74
Total amount recognised in Statement of Profit & Loss	**446.83**
For the year ended 31 March, 2019: (in respect of operating leases)	
Lease payments of residential flats/offices/godowns	239.25
Lease payments of vehicle/plant and machinery/air conditioner/returnable packaging	248.57
Total amount recognised in Statement of Profit & Loss (Refer Note 30)	**487.82**

D. Total cash outflow for leases

₹ lacs

Particulars	For the year ended 31 March, 2020
Cash outflow	**249.73**

E. The maturity analysis of lease liabilities is disclosed in Note 39.

F. General description of the agreements:

(i) The agreements pertain to Land, Buildings, Vehicles & Office equipment.

(ii) The lease term ranges from three to ninety-nine years.

(iii) The agreements does not provide for transfer of assets to the Company on expiry of lease term, except in case of Office equipment.

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

(v) Some of the agreements contain renewal clause and provide for escalation of rent on renewal. Some of the agreements provide for escalation of rent during the tenure of the agreement.

Footnote:

The Company has adopted Ind AS 116 'Leases' effective 01 April, 2019 following modified retrospective method. This has resulted in recognising right-of-use asset and corresponding lease liability of ₹ 485.39 lacs as at 01 April, 2019. Resulting impact in the financial statement for the year ended is an increase of ₹ 201.05 lacs in depreciation for the right-of-use assets, an increase of ₹ 51.12 lacs in finance costs on lease liability and a decrease in lease rent cost of ₹ 235.39 lacs.

Note 34 : 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, 2020	For the year ended 31 March, 2019
- Employers' contribution to Provident Fund and Family Pension Fund	414.23	335.45
- Employers' contribution to Superannuation Fund	92.35	115.88

The above amounts are included in Contributions to provident and other funds under Note 27 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, whichever 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 34 : Employee benefits ... Contd.

Note	Particulars

(a) Expense recognised in the Statement of Profit and Loss:

₹ lacs

Particulars	Year ended 31 March, 2020		Year ended 31 March, 2019	
	Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
(i) Under Statement of Profit and Loss				
Current service cost	114.26	1.40	100.96	1.39
Interest on net defined benefit liability/(asset)	128.29	2.65	97.38	2.70
Past service cost	-	-	-	-
Total expense recognised in the Statement of Profit and Loss	***242.54**	****4.05**	***198.34**	****4.09**
(ii) Under other comprehensive income				
Actuarial (gains)/losses				
Due to change in financial assumptions	139.64	1.48	82.65	0.17
Due to change in experience adjustments	(86.54)	0.67	194.94	0.09
Actual return on plan assets in excess of the expected return	8.31	-	7.42	-
Sub-total - Included in Other comprehensive income	**61.41**	**2.15**	**285.01**	**0.26**
Total expense	**303.96**	**6.17**	**483.35**	**4.35**

(* Included in Gratuity expense under Employee benefits expense in Note 27).

(** Included in 'Salaries and wages' under Employee benefits expense in Note 27).

₹ lacs

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
(b) Net liability recognised in the Balance Sheet :				
Present value of defined benefit obligation	2009.75	33.61	1888.52	34.37
Fair value of plan assets	137.67	-	226.00	-
Funded status (deficit)	(1872.08)	(33.61)	(1662.52)	(34.37)
Net liability recognised in the Balance Sheet accounted as below:	**(1872.08)**	**(33.61)**	**(1662.52)**	**(34.37)**
- Other non-current liabilities (Refer Note 20(b))	(1715.61)	-	(1585.97)	-
- Other current liabilities (Refer Note 23(d))	(156.47)	-	(76.55)	-
- Provisions non-current (Refer Note 19(A)(ii))	-	(28.26)	-	(28.61)
- Provisions current (Refer Note 19(B)(a)(ii))	-	(5.35)	-	(5.76)

Note 34 : Employee benefits ... Contd.

₹ lacs

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	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	1888.52	34.37	1528.33	34.57
Current service cost	114.26	1.40	100.96	1.39
Interest on defined benefit obligation	145.73	2.65	119.13	2.70
Remeasurements due to:				
Actuarial loss/(gain) arising from change in demographic assumptions	-	(0.03)	-	-
Actuarial loss/(gain) arising from change in financial assumptions	139.64	1.48	82.65	0.17
Actuarial loss/(gain) arising on account of experience changes	(86.54)	0.67	194.94	0.09
Past service cost	-	-	-	-
Benefits paid	(191.86)	(6.93)	(137.49)	(4.55)
Present value of defined benefit obligation at the end of the year	**2009.75**	**33.61**	**1888.52**	**34.37**
(d) Fair value of plan assets:				
Opening fair value of plan assets	226.01	-	279.04	-
Employer contributions	94.39	-	70.12	-
Interest on plan assets	17.44	-	21.76	-
Actual return on plan assets in excess of the expected return	(8.31)	-	(7.42)	-
Benefits paid	(191.86)	-	(137.49)	-
Closing fair value of plan assets	**137.67**	**-**	**226.01**	**-**
(e) Movement of net liability recognised in the Balance Sheet:				
Opening net defined benefit liability/(asset)	1662.52	34.37	1249.29	34.57
Expense charged to Statement of Profit and Loss	242.54	4.05	198.34	4.09
Amount recognised in other comprehensive income	61.41	2.12	285.01	0.26
Employer contributions	(94.39)	(6.93)	(70.12)	(4.55)
Closing net defined benefit liability/(asset)	**1872.08**	**33.61**	**1662.52**	**34.37**
(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	6.80%	6.80%	7.70%	7.70%
Salary escalation	7.00%		7.00%	

Note 34 : Employee benefits ... Contd.

₹ lacs

Note	Particulars	As at 31 March, 2020		As at 31 March, 2019	
		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 (2012-14) 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, 2020		Year ended 31 March, 2019	
	Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
Discount rate				
Impact of increase in 50 bps on defined benefits obligations	(4.00%)	(2.51%)	(3.70%)	(2.47%)
Impact of decrease in 50 bps on defined benefits obligations	4.34%	2.64%	3.98%	2.59%
Salary escalation				
Impact of increase in 50 bps on defined benefits obligations	4.22%	-	3.90%	-
Impact of decrease in 50 bps on defined benefits obligations	(3.95%)	-	(3.67%)	-

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 ₹ 156.47 lacs.

Note 34 : Employee benefits ... Contd.

₹ lacs

Note	Particulars	As at 31 March, 2020		As at 31 March, 2019	
		Gratuity	Terminal Ex-gratia	Gratuity	Terminal Ex-gratia
(j)	**Maturity profile**				
	Expected benefits for year 1	294.17	5.35	302.55	5.76
	Expected benefits for year 2	146.99	4.48	138.08	4.25
	Expected benefits for year 3	156.08	4.42	159.20	4.61
	Expected benefits for year 4	220.07	5.06	162.10	4.50
	Expected benefits for year 5	241.07	5.47	236.25	5.33
	Expected benefits for year 6	210.12	4.37	253.79	5.57
	Expected benefits for year 7	228.36	4.73	219.58	4.48
	Expected benefits for year 8	124.23	2.05	231.12	4.60
	Expected benefits for year 9	182.55	3.09	121.53	1.95
	Expected benefits for year 10 and above	2469.46	12.63	2399.44	14.20
	The weighted average duration to the payment (years)	8.35	4.96	7.74	4.92

Note 35 : 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)	Mrs. Hiroo Suresh Advani - Non Executive Independent Director
	(vii)	Mr. N.V. Srinivasan - Non Executive Director
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 Reality Infra Private Limited (VRIPL) formerly known as Vibrant Finance & Investment Private Limited (VFIPL)
	(iv)	Xlerate Driveline India Limited (XDIL)

Note: Related parties have been identified by the Management.

Note 35 : Related party transactions ... Contd.

Note	Particulars

(B) Details of related party transactions during the year ended 31 March, 2020:

(i) Key Management Personnel (KMP):

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Mr. Surinder Paul Kanwar		
- Compensation - Short term employee benefits	262.87	197.82
- Rent paid for premises taken on lease	60.00	65.00
- Reimbursement of maintenance charges paid for premises taken on lease	4.21	3.51
- Refund of security deposit received	-	10.00
- Equity allotment - Rights issue of equity shares	775.58	-
(b) Mr. Sameer Kanwar		
- Compensation - Short term employee benefits	173.35	168.63
- Rent paid for premises taken on lease	35.33	34.85
- Reimbursement of maintenance charges paid for premises taken on lease	0.85	1.70
(c) Mr. N.V. Srinivasan		
- Fees for technical advisory services	23.04	32.74
- Director's sitting fees	1.30	1.35
(d) Mr. Rakesh Chopra		
- Director's sitting fees	3.00	3.35
(e) Mr. Virendra Kumar Pargal		
- Director's sitting fees	2.30	3.15
(f) Mr. Wolfgang Rudolf Schilha		
- Director's sitting fees	0.60	1.00
(h) Mrs. Hiroo Suresh Advani		
- Director's sitting fees	2.60	2.75

(ii) Enterprises over which KMP is able to exercise significant influence:

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Cliplok Simpak (India) Private Limited		
- Purchase of packing material	12.19	44.61
- Rent income	0.62	0.55
(b) Vibrant Reality Infra Private Limited		
- Rent and other expenses	18.55	17.85
(c) Raunaq EPC International Limited		
- Rent income	7.24	11.77
(d) Xlerate Driveline India Limited		
- Marketing service income	154.32	171.63
- Rent expense	11.75	11.75
- Rent income	0.69	-
- Recovery of business promotion expenses	10.35	14.11

Note 35 : Related party transactions ... Contd.

Note	Particulars

(C) Outstanding balances:

(i) Key Management Personnel (KMP):

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Mr. Surinder Paul Kanwar		
Receivable	50.00	50.00
Payable (Refer Note 22)	11.68	-
(b) Mr. Sameer Kanwar		
Receivable	10.00	10.00
Payable (Refer Note 22)	5.81	4.11
(c) Mr. N.V. Srinivasan		
Payable (Refer Note 22)	1.34	2.93
(d) Mr. Virendra Kumar Pargal		
Payable (Refer Note 22)	0.09	-
(e) Mr. Rakesh Chopra		
Payable (Refer Note 22)	0.18	-

(ii) Enterprises over which KMP is able to exercise significant influence:

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Vibrant Reality Infra Private Limited		
Receivable	5.00	5.00
(b) Cliplok Simpak (India) Private Limited		
Receivable (Refer Footnote (ii) of Note 7(B) and Footnote (i) of Note 13)	0.19	1.81
(c) Raunaq EPC International Limited		
Receivable (Refer Footnote (ii) of Note 7(B))	19.47	12.73
(d) Xlerate Driveline India Limited		
Receivable Refer Footnote (i) of Note 10 - ₹ 44.77 lacs Refer Footnote (ii) of Note 7(B) - ₹ 2.57 lacs Refer Note 7(B)(c) - ₹ 38.52 lacs	85.86	95.23
Payable (Refer Note 22)	2.12	-

(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 excluding Ind AS fair value adjustments, if any. The Company has not recorded any impairment of balances relating to amounts owed by related parties during the year ended 31 March, 2020 (31 March, 2019: ₹ 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.

(iii) During the year, guarantee of ₹ 10567.00 lacs, which is outstanding as on date was provided by one of the Managing Director against term loan from others (Refer Footnote (iii) of Note 16).

Note 36 : Earnings per share

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Basic and diluted:		
Net profit after tax for the year attributable to the equity shareholders	(1877.78)	1252.98
Weighted average number of equity shares (Nos.) (Refer Footnote below)	9211865	8443887
Face value per share (In ₹)	10.00	10.00
Earnings per share - Basic and diluted (In ₹) (Refer Footnote below)	(20.38)	14.84

Footnote:

Basic and diluted earnings per share for the year ended 31 March, 2019, have been adjusted retrospectively for the bonus element in respect of rights issue made during the year ended 31 March, 2020.

Note 37 (A) : Disclosure under Ind AS 115 "Revenue from Contracts with Customers"

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Contract Balances:		
Contract assets balance at the beginning of the year	592.33	195.08
Revenue recognised during the year	1903.39	1327.79
Invoices raised during the year	2084.39	918.54
Created/(consumed) during the year	(130.93)	(12.00)
Contract assets balance at the end of the year (Refer Note 7(B)(c) and Note 8(c))	**280.40**	**592.33**

₹ lacs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Contract liabilities balance at the beginning of the year	866.02	109.87
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	-	-
Billed in advance in terms of contract	84.37	-
Advance received during the year	312.26	1355.35
Adjusted against invoices during the year	953.98	599.20
Contract liabilities balance at the end of the year (Refer Note 20(a) and Note 23(b))	**308.67**	**866.02**

Note 37 (B) : Disclosures in pursuance of the Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":

₹ lacs

Provision for Warranties	As at 31 March, 2020	As at 31 March, 2019
Opening balance	10.10	3.71
Additional provision	14.02	10.10
Amount utilized	-	2.93
Unutilized amount reversed	3.49	0.78
Closing balance (Refer Note 19(B)(b))	**20.63**	**10.10**

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 38 : 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, 2020	For the year ended 31 March, 2019
India	29800.52	36035.24
Outside India:		
USA	9334.88	11528.02
Mexico	1405.06	3090.19
Spain	1689.17	3856.04
Other countries	2944.00	3006.73
Total	**45173.63**	**57516.22**

(ii) Other operating revenue:

₹ lacs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
India	1138.35	1923.42
Total	**1138.35**	**1923.42**

(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, 2020	For the year ended 31 March, 2019
Customer A	12079.58	14132.72
Customer B	-	5816.44

No other customer individually contributed 10% or more to the Company's revenue from contracts with customers for the current year ended 31 March, 2020 and previous year ended 31 March, 2019.

Note 39 : 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, 2020	31 March, 2019
Short term borrowing and current portion of long term borrowing		6535.99	8022.04
Long term borrowing		8230.59	8127.73
Total borrowing		14766.58	16149.77
Less:- Cash and cash equivalents including other bank balances		714.15	725.68
Net debt	A	14052.43	15424.09
Total shareholders' equity as reported in Balance Sheet	B	7957.41	8849.47
Total capital and debt	**(A+B)**	**22009.84**	**24273.56**

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.

No changes were made in the objectives, policies and processes for managing capital during the year(s) ended 31 March, 2020 and 31 March, 2019.

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, 2020, the Company had 4 customers (As at 31 March, 2019: 5 customers) that owed the Company more than ₹ 500 lacs each and accounted for approximately 46.19% of all the receivables outstanding (As at 31 March, 2019: 52.30%).

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.

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, 2020						
Fixed interest rate instruments	-	-	129.77	-	129.77	129.77
Variable interest rate instruments	6574.36	5032.00	2269.00	1000.00	14875.36	14767.50
Lease liabilities	178.15	248.38	38.85	15.69	481.07	394.69
Non-interest bearing	11191.92	-	-	-	11191.92	11191.92
Total	**17944.43**	**5280.38**	**2437.62**	**1015.69**	**26678.12**	**26483.88**
31 March, 2019						
Fixed interest rate instruments	-	-	-	-	-	-
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**

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 loss for the year ended 31 March, 2020 would increase/decrease by ₹ 148.97 lacs (profit for the year ended 31 March, 2019: decrease/increase by ₹ 161.61 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.

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, 2020	As at 31 March, 2019
From banks:		
Fund based:		
Cash credit/packing credit	1832.61	1790.98
- Expiring within one year	1832.61	1790.98
- Expiring beyond one year	-	-
Sales invoice financing	1458.05	398.45
- Expiring within one year	1458.05	398.45
- Expiring beyond one year	-	-
Non-fund based - letter of credit/bank guarantees	818.00	290.26
- Expiring within one year	818.00	290.26
- Expiring beyond one year	-	-
From others:		
Term loan	-	4200.00
- Expiring within one year	-	4200.00
- Expiring beyond one year	-	-
Factoring facilities	421.70	175.64
- Expiring within one year	421.70	175.64
- 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		In foreign currency		₹ lacs	
	Currency	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
Receivable	USD	29,47,468.89	39,09,778.44	2230.05	2702.83
	EURO	9,80,036.70	12,27,884.98	808.73	953.08
Payables	USD	1,00,278.17	17,13,820.63	75.88	1184.76
	EURO	-	10,14,651.12	-	787.57

Note 39 : 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		Effect on profit before tax		Effect on equity	
	Change in currency exchange rate	For the year ended 31 March, 2020	For the year ended 31 March, 2019	For the year ended 31 March, 2020	For the year ended 31 March, 2019
USD	+ 5%	107.71	75.90	80.60	49.38
	- 5%	(107.71)	(75.90)	(80.60)	(49.38)
EURO	+ 5%	40.44	8.28	30.26	5.38
	- 5%	(40.44)	(8.28)	(30.26)	(5.38)

(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 40 : 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 and 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, 2020		As at 31 March, 2019		Fair value hierarchy
	Carrying value	Fair value	Carrying value	Fair value	
Assets for which fair values are disclosed:					
Loans and advances to employees	225.38	225.38	212.69	212.69	Level 2
Security deposits	259.54	259.54	237.45	237.45	Level 2
Liabilities for which fair values are disclosed:					
Borrowings	10542.20	10542.20	10214.82	10214.82	Level 2
Other non-current financial liabilities	129.77	129.77	-	-	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 41 : 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 aggregate amount of ₹ 15.54 lacs was required to be spent on CSR activities by the Company (for the year ended 31 March, 2020 - ₹ 11.94 lacs and for the year ended 31 March, 2019 - ₹ 3.60 lacs). During the year, the Company has incurred an amount of ₹ 3.60 lacs (for the year ended 31 March, 2019 : ₹ Nil) on CSR activities (Refer Footnote (ii) of Note 30).

₹ lacs

Particulars	For the year ended 31 March, 2020			For the year ended 31 March, 2019		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	-	3.60	3.60	-	-	-

Note 42 : 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 for the year ended 31 March, 2019.

Note 43 : Estimation of uncertainties relating to the global health pandemic from COVID-19 and slowdown in automotive industry:

Particulars

The Company's operations have been impacted by the unprecedented COVID-19 pandemic which resulted in an interruption to the production due to the shutdown of all its plant facilities and offices due to the nationwide lockdown. The Company has since obtained requisite permissions and restarted its manufacturing plants and its offices.

The Company has incurred loss before tax during the current year amounting to ₹ 2482.25 lacs, primarily owing to the lower volumes due to continuing slowdown in the automotive industry, finance costs and depreciation. The Company has a positive net worth of ₹ 7957.41 lacs and a net current asset position of ₹ 2198.18 lacs. The Company has outstanding term loans amounting to ₹ 10542.20 lacs as at 31 March, 2020, out of which ₹ 2311.61 lacs is due for repayment in next year.

The Company is adopting several cost reduction measures to address the liquidity crunch which may arise due to the impact of the slowdown in industry and pandemic and to maintain sufficient operational cashflows to ensure uninterrupted fulfilment of its orders from customers. The Company has sought moratorium from lenders, and is also in discussions with lenders for the restructuring of term loans.

Note 43 : Estimation of uncertainties relating to the global health pandemic from COVID-19 and slowdown in automotive industry:

Particulars
The Company had made an assessment of the impact of the pandemic on its operations and the carrying value of current and non-current assets, based on the internal and external sources of information and indicators of economic forecasts existing as at the date of approval of these financial statements. Based on such assessment, the Company is confident of recovering the carrying value of these assets as at 31 March, 2020. The estimates used for assessing the carrying value of assets and liabilities at 31 March, 2020 during the COVID-19 pandemic may undergo a change as these are dependent on the improvement in the economy and automotive sector. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

Note 44 : 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

Milind Pujari
Chief Financial Officer
(PAN : AAAPP3554C)

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

Date: 28 June, 2020

Notes



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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 | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |

Pin Code | | | | | | |

E-mail Id _____

	FROM	TO
Cert. Nos.		
	FROM	TO
Dist. Nos.		

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

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

REGISTERED OFFICE

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

CIN: L29130HR1971PLC034365

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WYATT Prism COMMUNICATIONS (info@wyatt.co.in)

Printed by: **MODERN**; modernsyscorp@gmail.com