

# CORPORATE GOVERNANCE REPORT

For the Year ended 31 March, 2016

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

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

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

## 2. BOARD OF DIRECTORS

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

There is no Nominee Director in the Company.

A brief profile of the members of the Board is also available on the Company's website i.e. [www.bharatgears.com](http://www.bharatgears.com).

### A. Board's definition of Independent Director

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

- a. who, in the opinion of the Board of Directors, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
- (ii) who is not related to Promoters or Directors in the Company, its holding, subsidiary or associate company;
- c. who, apart from receiving Director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself/herself nor any of his/her relatives —
  - (i) holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
    - (A) a firm of Auditors or Company Secretaries in Practice or Cost Auditors of the Company or its holding, subsidiary or associate company; 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 percent or more of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company;

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

f. is not less than 21 years of age.

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

- The concept of 'materiality' is relevant from the total revenue inflow and/or outflow from and/or to a particular individual/body, directly or indirectly, during a particular financial year.

- The term 'material' needs to be defined in percentage. One per cent (1 per cent) or more of total turnover of the Company, as per latest audited annual financial statement.

It has been confirmed by all the Independent Directors of the Company that as on 31 March, 2016, they fulfill the criteria of being "Independent Director" as stipulated under Regulation 16 of the Regulations (Clause 49 of the erstwhile Listing Agreements).

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

**Table-1**

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

<sup>A</sup>excluding directorship in Private Limited Companies, alternate directorship, Companies registered under Section 8 of the Companies Act, 2013 and Foreign Companies.

<sup>B</sup>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.

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

\* Resigned with effect from 31 July, 2015

\*\* Resigned with effect from 29 May, 2015

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

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

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

The terms of appointment of the Directors appointed at the Annual General Meeting of the Company held on 31 July, 2015 are available on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com).

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

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

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

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

### B. Board Meetings

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

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

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

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

### C. Information supplied to the Board

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

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

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

## 3. BOARD COMMITTEES

### A. Audit Committee

#### 1. Constitution and Composition

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

**Table-2**

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

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

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

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

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

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

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

#### *II. Audit Committee Meetings*

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

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

#### *III. Powers of Audit Committee*

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

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

#### *IV. Role of Audit Committee*

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

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

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

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



## V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

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

## B. **Nomination and Remuneration Committee**

### I. Constitution and Composition

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

**Table-3**

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

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

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

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

### II. Nomination and Remuneration Committee Meetings

During the Financial Year 2015-16, 3 (Three) meetings of the Nomination and Remuneration Committee were held. **Table-4** gives

the details of the date and purpose of the meetings of Nomination and Remuneration Committee: -

**Table-4**

S. No.	Date of Meeting	Purpose
1.	28 May, 2015	Consideration and approval of the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director of the Company for a further period of 5(five) years with effect from 01 October, 2015 along with the proposed remuneration
2.	30 July, 2015	Consideration and recommendation for Annual Increments of Key Managerial Personnel (KMP) and Senior Management Personnel of the Company to the Board of Directors
3.	22 March, 2016	Noting of the performance evaluation of Independent Directors carried on by the Board of Directors and performance evaluation by the Independent Directors in their separate meeting

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

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

### III. Role of Nomination and Remuneration Committee

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

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

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

### IV. Nomination and Remuneration Policy

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

The objectives and purpose of the said policy are:

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

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

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

#### V. Policy on Board Diversity

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

#### VII. Remuneration of Directors for 2015-16

**Table-5**

(₹ In lacs)

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

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

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

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

@Resigned with effect from 31 July, 2015.

@@Resigned with effect from 29 May, 2015.

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

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

### C. Stakeholders' Relationship Committee

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

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

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

**Table-6**

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

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

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

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

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

#### I. Stakeholder's Relationship Committee Meetings

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

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

#### II. Sub-Committee

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

- Mr. Surinder P. Kanwar, Chairman and Managing Director
- Mr. Sameer Kanwar, Joint Managing Director
- Mr. Prashant 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.

#### III. Status of Investor Complaints/Requests

No. of Complaints received during financial year 2015-16	NIL
--	-----

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

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

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

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

#### I. Constitution and Composition

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

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

**Table-7**

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

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

#### II. CSR Committee Meetings

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

### E. Finance Committee

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

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

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

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

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

#### 4. COMPLIANCE OFFICER

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

#### 5. DIRECTORS

During the financial year 2015-16, the members of the Company at their Annual General Meeting held on 31 July, 2015 approved the appointment of Mr. Rakesh Chopra and Mr. V.K. Pargal as Non-Executive Independent Directors in terms of Section 149 of the Companies Act, 2013 for a period of 5 (Five) Years upto the conclusion of the 48<sup>th</sup> Annual General Meeting (AGM) of the Company in the calendar year 2020.

#### Re-Appointment of existing Non-Executive Rotational Directors

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

#### 6. GENERAL BODY MEETINGS

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

##### Annual General Meetings

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

##### Extra-ordinary General Meetings

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

rotation at the ensuing Annual General Meeting. Therefore, in terms of Section 149 of the Companies Act, 2013, it has been proposed to appoint Mr. W.R. Schilha as Non Executive Independent Director at the ensuing Annual General Meeting (AGM) of the Company for a period of 5 (Five) Years upto the conclusion of the 49<sup>th</sup> Annual General Meeting (AGM) of the Company in the Calendar year 2021.

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

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

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

##### Postal Ballot

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



## 7. MEANS OF COMMUNICATION

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

**Table-11**

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

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

##Veer Arjun (Hindi)-Delhi Edition

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

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

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

### Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs (MCA), the Company had sent soft copies of Annual Reports for the year 2014-15 to all those shareholders whose e-mail addresses were made available to the depositories or the Registrar and Transfer Agents (RTA). Physical copies were sent to only those shareholders whose e-mail addresses were not available and for the bounced e-mail cases.

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

## 8. GENERAL SHAREHOLDERS' INFORMATION

### A. Company Registration Details:

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

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

### B. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 11:30 A.M. on Thursday, the 04 August, 2016 at HUDA Convention Centre, Sector-12, Faridabad-121007, Haryana.

### C. Financial Year:

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

## D. Listing on Stock Exchanges and Stock Code:

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

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

The Annual Listing Fees for the year 2016-17 has been paid in advance to the aforesaid Stock Exchanges.

## E. Market Price Data:

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

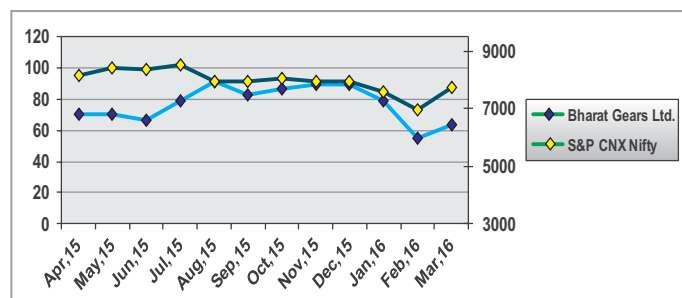
The Closing Price represents the price on the last trading day of each month of Financial Year 2015-16.

**Table-12**

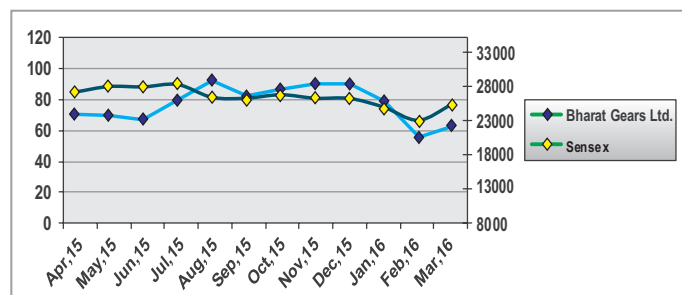
Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	86.00	85.90	68.00	67.20	70.20	70.40
May	77.25	77.00	67.05	67.90	70.15	69.90
June	79.80	76.00	63.00	62.90	66.70	67.25
July	89.80	90.15	65.05	66.10	79.25	79.50
August	110.90	111.00	80.25	80.45	91.85	92.00
September	92.50	92.00	75.30	75.00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

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

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



### b. BHARAT GEARS' PRICES VERSUS SENSITIVITY AT BSE



## F. Registrar and Transfer Agent:

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

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

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

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

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

## G. Share Transfer System:

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

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

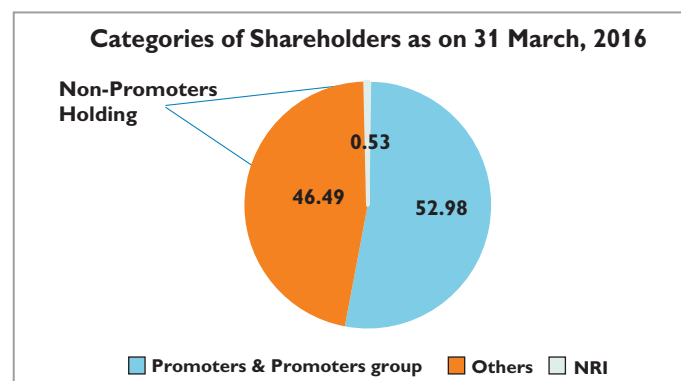
- Mr. Surinder P. Kanwar, Chairman and Managing Director
- Mr. Sameer Kanwar, Joint Managing Director
- Mr. Prashant Khattry, Head(Legal) and Company Secretary

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

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

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

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



**Table-13**

Category		No. of Shares Held	% age of Share Holding
<b>A</b>	<b>Promoters' holding</b>		
1.	Promoters		
	-Indian Promoters	2304525	29.48
	-Foreign Promoters	-	-
2.	Persons acting in Concert	1837213	23.50
<b>B</b>	<b>Non-Promoters' Holding</b>		
3.	Institutional Investors		
a.	Mutual Funds and Unit Trust of India	3300	0.04
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	2018	0.02
c.	Foreign Institutional Investor	3119	0.04
4.	Others		
a.	Private Corporate Bodies	303288	3.88
b.	Indian Public	3022841	38.67
c.	Non Resident Indians/Overseas	41715	0.53
d.	Any Other	299814	3.84
<b>Total</b>		<b>7817833</b>	<b>100.00</b>

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

**Table-14**

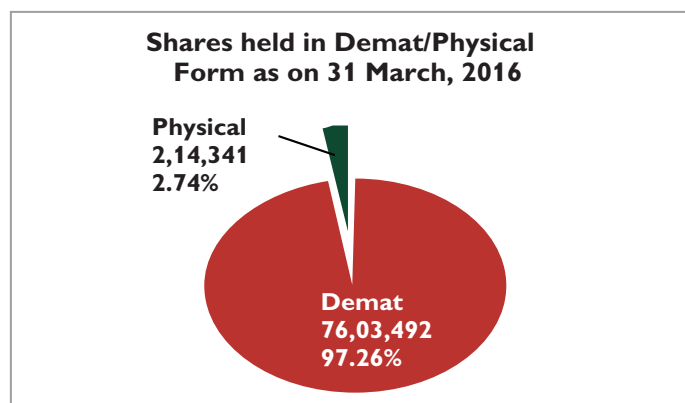
No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 500	10911	926182	11.85
501 to 1000	456	366484	4.68
1001 to 2000	213	328747	4.21
2001 to 3000	75	192495	2.46
3001 to 4000	34	118847	1.52
4001 to 5000	27	128896	1.65
5001 to 10000	50	364783	4.67
10001 and above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

## J. Share Dematerialisation System:

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

## K. Dematerialization of Shares and Liquidity:

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



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

**Table-15**

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

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

## L. Unclaimed Shares in Physical Mode:

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

## M. Corporate Benefits

### Dividend History:

### Dividend on Equity Shares

**Table-16**

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

## Dividend on preference shares\*

**Table-17**

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

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

## N. Plant locations:

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

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

## O. Addresses for Correspondence:

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

Link Intime India Private Limited, 44 Community Centre, 2<sup>nd</sup> Floor, Naraina Industrial Area Phase-I, Near PVR Naraina, New Delhi 110 028, Phone No. 011-41410592-94, Email: [delhi@linkintime.co.in](mailto: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](mailto:prashant.khattry@bglindia.com)

## 9. OTHER DISCLOSURES

### A. Related Party Transactions:

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

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

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

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

**C. Risk Management Framework:**

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

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

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

**D. Management:**

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

**E. Compliance by the Company:**

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

**F. Whistle Blower Policy/Vigil Mechanism:**

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

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

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

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

**I. CEO/CFO certification:**

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

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

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

*Code of Conduct for Prevention of Insider Trading*

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

**K. Legal Compliance Reporting:**

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

## L. Mandatory Requirements:

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

**Table-18**

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



**M. Non-Mandatory Requirements:**

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

**N. Investor Relations:**

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

**O. Email for investors:**

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

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

**P. Nomination facility:**

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

downloaded from the Company's Website [http://bharatgears.com/documents/form\\_sh\\_13\\_nomination.pdf](http://bharatgears.com/documents/form_sh_13_nomination.pdf). The Shareholders who wish to change or cancel their nominations, if already made may send their requests in prescribed Form SH-14 of the Companies (Share Capital and Debentures) Rules 2014, to the Company's RTA which can be obtained from the Company's RTA or downloaded from the Company's Website <http://bharatgears.com/documents/form-sh-14-validation-or-cancellation.pdf>. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility or further change in nominations.

**Q. Updation of Shareholders information:**

The Shareholders of the Company are requested to intimate their latest Residential Address along with the details of their Shareholding in "Updation of Shareholder's Information Form" (which can be obtained from the Registered Office of the Company or downloaded from the Company's Website [http://bharatgears.com/documents/form\\_updation\\_shareholders\\_information.pdf](http://bharatgears.com/documents/form_updation_shareholders_information.pdf)). The duly filled form for Updation of information may either be sent to the Company at its Registered Office or be hand-delivered at the Annual General Meeting of the Company.

On Behalf of the Board of Directors



**Surinder P. Kanwar**

**Chairman and Managing Director**

**DIN: 00033524**

Place: Mumbai  
Dated: 24 May, 2016

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

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

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

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

- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2015-16;
- 3) Significant changes in accounting policies during the year 2015-16 and that the same have been disclosed in the notes to the financial statements;
- 4) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Bharat Gears Limited



**Surinder P. Kanwar**

**Chairman and Managing Director**



**Milind Pujari**  
**Chief Financial Officer**

Place: Mumbai  
Dated: 24 May, 2016

**COMPLIANCE WITH CODE OF CONDUCT**

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

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

For Bharat Gears Limited



**Surinder P. Kanwar**

**Chairman and Managing Director**



**Prashant Khattry**  
**Head (Legal) and Company Secretary**

Place: Mumbai  
Dated: 24 May, 2016

## INDEPENDENT AUDITOR'S CERTIFICATE

### TO THE MEMBERS OF BHARAT GEARS LIMITED

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

For **DELOITTE HASKINS AND SELLS**

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



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

(Membership No. 040081)

Place: Mumbai  
Date: 24 May, 2016