



# BHARAT GEARS LIMITED

*Geared for Life*

Regd. Office & Works: 20 K.M. Mathura Road,  
Post Box No. 328, P.O. Amar Nagar, Faridabad-121003 (Haryana)  
Website: www.bharatgears.com, E-mail: info@bglindia.com  
CIN:L29130HR1971PLC034365

## NOTICE OF POSTAL BALLOT (PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013)

### TO THE MEMBERS OF THE COMPANY

Notice is hereby given, pursuant to Section 110 of the Companies Act, 2013 ("the Act") read with the Companies (Management and Administration) Rules, 2014 that the Company is seeking consent of its members for the below mentioned resolutions by way of Postal Ballot which includes voting by electronic means.

The Explanatory Statement pertaining to the resolutions proposed in this notice setting out all material facts and reasons thereof along with Postal Ballot Form is annexed herewith.

The Company has appointed Mr. Rajesh Kumar Khandelwal, Partner, M/s Sanmarks and Associates, Chartered Accountants, Faridabad as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed in the attached self-addressed postage pre-paid envelope so as to reach the Scrutinizer at the Company's Registered Office at 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad-121003 (Haryana) on or before 06.00 P.M. on 15.10.2014. The Scrutinizer after completion of the scrutiny will submit his report to the Chairman of the Company. Thereafter, the results of the postal ballot will be declared by the Chairman at the Registered Office of the Company. The results will also be posted on the website of the Company i.e. [www.bharatgears.com](http://www.bharatgears.com). The results shall be intimated to the Stock Exchanges where the shares of the Company are listed and through press release in newspapers.

The Company is pleased to provide e-voting facility to the Shareholders for transacting the business at the above said Postal Ballot. Members holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 5<sup>th</sup> September, 2014, may cast their vote electronically on the Business(es) as set out in the Notice of the Postal Ballot through electronic voting system of National Securities Depository Limited(NSDL).

The Resolutions, if approved, will be taken as passed effectively on the date of declaration of the results.

### ITEM NO. 1

#### **TO CONSIDER AND APPROVE THE PAYMENT OF REMUNERATION TO MR. SURINDER PAL KANWAR, CHAIRMAN & MANAGING DIRECTOR, FOR A FURTHER PERIOD OF 1(ONE) YEAR W.E.F 1<sup>ST</sup> OCTOBER, 2014 OF HIS PRESENT TENURE**

To consider and, if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions under Section 196, 197, 198, Schedule V as applicable and other applicable provisions,

if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") including any statutory amendments, modifications or re-enactment thereof and subject to the approval of the Central Government, and further subject to such other requisite approvals, as may be required in this regard, the consent of the Shareholders be and is hereby accorded for the increased remuneration payable to Mr. Surinder Pal Kanwar, Chairman & Managing Director, for the remaining period of 1 (One) year with effect from 1<sup>st</sup> October, 2014 **with having no change in the terms and conditions from the last approved remuneration in the Board Meeting held on 27<sup>th</sup> May, 2010 and later approved by the Shareholders in the Annual General Meeting held on 29<sup>th</sup> July, 2010** notwithstanding that it may exceed the limits prescribed in provisions of Sections 197, 198 and Schedule V of the Act.

**RESOLVED FURTHER THAT** the remuneration as set out in the explanatory statement which forms part of this resolution, payable to Mr. Surinder Pal Kanwar, Chairman and Managing Director for a further period of 1(One) year of his tenure w.e.f. 1<sup>st</sup> October, 2014, is subject to the condition that:

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

**RESOLVED FURTHER THAT** notwithstanding anything contained in Section 197, 198 and Schedule V of the Companies Act, 2013 or any amendment/re-enactment thereof or any revised/new schedule thereof, in the event of absence of profits or inadequacy of profits in any financial year, the salary, perquisites and statutory benefits (except commission), as set out in the explanatory statement which forms a part of this resolution, be paid as minimum remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director subject to the approval of Central Government, if required.

**RESOLVED FURTHER THAT** in absence of the approval of the Central Government for the payment of the remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director exceeding the limits specified in Section 197, 198 and Schedule V of the Companies Act, 2013, as amended from time to time, he shall be entitled to draw remuneration within the limits prescribed in Section 197, 198 and Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s), as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit.”

## **ITEM NO. 2**

### **CREATION OF CHARGE ON THE MOVABLE AND IMMOVABLE PROPERTIES OF THE COMPANY, BOTH PRESENT AND FUTURE, IN RESPECT OF BORROWINGS UNDER SECTION 180(1)(a) OF THE COMPANIES ACT, 2013**

To consider and, if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** in supersession of earlier resolution passed at the Annual General Meeting of the Company held on 12<sup>th</sup> August, 1996 and pursuant to the provisions of Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Shareholders be and is hereby accorded to the Board of Directors to mortgage, charge, hypothecate and/or pledge any or all of the Company’s assets and properties, stock in trade, work-in-progress, whether movable or immovable, present or future, and whole or substantially the whole of any of undertaking(s) of the Company, in such form and in such manner and on such terms and conditions as the Board may consider and think fit and proper, in the interest of the Company, in favour of the Bank(s)/Financial Institution(s)/Bodies Corporate and/or Companies, to secure the loan/financial facilities (“Borrowings”) together with interest, compound interest and all costs, charges and expenses and all other monies, for an amount not exceeding Rs. 200 Crores (Rupees Two Hundred Crores only) as may become due or payable by the Company in that behalf to the Bank(s)/Financial Institution(s)/Bodies Corporate and/or Companies, to secure the borrowings already obtained or to be obtained by the Company, from time to time.

**RESOLVED FURTHER THAT** the securities to be created by the Company aforesaid may rank prior/paripassu/subservient with/to the mortgages and/or charges already created or to be created by the Company, as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby severally authorized to do all such acts,

deeds, matters and things as may in their absolute discretion, deem necessary, proper or desirable and also to delegate all or any of the powers and to sign and execute all documents and writings as may be deemed necessary or expedient to give effect to this resolution.”

**By Order of the Board  
For BHARAT GEARS LIMITED**



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

**Place: Faridabad  
Date: 4<sup>th</sup> September, 2014**

## **NOTES:**

1. The explanatory statement and reasons for the proposed resolutions pursuant to Section 102 of the Companies Act, 2013, is appended herein below.
2. The Company has appointed Mr. Rajesh Kumar Khandelwal, Partner, M/s Sanmarks and Associates, Chartered Accountants, Faridabad, to act as the Scrutinizer, for conducting the postal ballot process in a fair and transparent manner.
3. The Notice is being sent to all the Members, whose names appear in the Register of Members/List of Beneficial Owners, received from Registrar and Transfer Agents (RTA) as on 5<sup>th</sup> September, 2014.
4. **Voting Through Electronic Means**
  1. In compliance with provisions of Section 108 and 110 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate, to all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with NSDL for facilitating e-voting to enable the Shareholders to cast their votes electronically instead of dispatching Postal Ballot Form.  
**E-voting is optional.**

### **The instructions for members for voting electronically are as under:-**

- A. In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/Depository Participants(s)]:
  - (i) Open email and open PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nSDL.com/>

- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Bharat Gears Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [bgscrutinizer@gmail.com](mailto:bgscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of Postal Ballot [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password will be provided separately:
- EVEN(EVotingEventNumber) USERID PASSWORD/PIN**
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.pdf](http://www.evoting.nsdl.pdf)
- II. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on 16<sup>th</sup> September, 2014 i.e. date of dispatch of Notice and ends on 15<sup>th</sup> October, 2014 i.e. last date of receipt of Postal Ballot forms. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 5<sup>th</sup> September, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 5<sup>th</sup> September, 2014.
- VI. Mr. Rajesh Kumar Khandelwal, Partner, M/s Sanmarks and Associates, Chartered Accountants, Faridabad, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, including the votes casted through Postal Ballot forms and e-voting forthwith to the Chairman of the Company.
- VIII. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website i.e. [www.bharatgears.com](http://www.bharatgears.com) and on the website of NSDL within two(2) days of passing of the resolutions through Postal Ballot and communicated to BSE Limited and National Stock Exchange of India Limited (NSE).
5. The documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours between 11.00 A. M. and 1.00 P. M. on all working days except Sundays and shall also be available at the venue.

**By Order of the Board  
For BHARAT GEARS LIMITED**



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

**Place: Faridabad  
Date: 4<sup>th</sup> September, 2014**

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

**ITEM NO. 1**

Mr. Surinder Pal Kanwar had been re-appointed as the Chairman and Managing Director of the Company for a period of 5(Five) years w.e.f 1<sup>st</sup> October, 2010 in the Annual General Meeting held on 29<sup>th</sup> July, 2010 along with a remuneration for a period of 5(Five)years w.e.f.1<sup>st</sup> October, 2010 and the same was approved by shareholders in the Annual General Meeting held on 29<sup>th</sup> July 2010.

The Central Government vide Order No. A96285036/4/2010-CL. VII dated 18<sup>th</sup> May, 2011 approved the re-appointment of Mr. Surinder Pal Kanwar as Chairman and Managing Director of the Company for a period of 5(Five) years w.e.f. 1st October, 2010 alongwith remuneration of Rs. 1.97 Cr. for 1<sup>st</sup> year, Rs. 2.17 Cr. for 2<sup>nd</sup> year and Rs. 2.38 Cr. for 3<sup>rd</sup> year upto 30<sup>th</sup> September, 2013.

Further, the Central Government vide its order No. B86931540/5/2013 – CLVII dated 18<sup>th</sup> February, 2014 approved the remuneration of Rs. 2.61 Cr. payable to Mr. Surinder Pal Kanwar as Chairman & Managing Director for 4<sup>th</sup> year upto 30<sup>th</sup> September, 2014.

The Shareholders in their Annual General Meeting held on 29<sup>th</sup> July, 2010 have already approved the remuneration for the remaining period of 1 (One) year of tenure of Mr. Surinder P. Kanwar till 30<sup>th</sup> October, 2015. **Now, in terms of Circular No. 32/2014 issued by the Ministry of Corporate Affairs (MCA) dated 23<sup>rd</sup> July, 2014, the Company is proposing the payment of same remuneration to Mr. Surinder P. Kanwar for shareholder's approval under the provisions of Companies Act, 2013 as was approved by the shareholders in their Annual General Meeting held on 29<sup>th</sup> July, 2010 as per the Companies Act, 1956.**

Pursuant to the provisions of Section 197, 198, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, **the Board of Directors in its meeting held on 1<sup>st</sup> August, 2014 approved the payment of remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director for a period of 1(One) year of his tenure w.e.f. 1<sup>st</sup> October, 2014, as recommended by the Nomination and Remuneration Committee in its meeting held on 31<sup>st</sup> July, 2014.**

Therefore, the Board of Directors proposes for the payment of remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director, for the further period of 1(One)Year of his tenure w.e.f. 1<sup>st</sup> October, 2014, at the terms and conditions as set out below:

- A) Basic Salary:Rs. 25,75,000 per month.
- B) Perquisites: In addition to the aforesaid salary, he shall be entitled to perquisites (including housing, medical and other benefits) equivalent to 1/3<sup>rd</sup> of his basic salary.

The total value of the aforesaid perquisites (including housing, medical and other benefits), wherever applicable, shall be computed as per the provisions of Income Tax Act, 1961 read with the applicable Income Tax Rules, as amended from time to time, and for the time being in force.

In case of absence of any such Rule(s), the value of the said perquisites shall be computed at the actual cost incurred.

- C) Commission:In addition to the above salary and perquisites (including housing, medical and other benefits), commission not exceeding @ 3% of the Net Profits of the Company, in any year computed in the manner laid down under Section 198 and other applicable provisions of the Companies Act, 2013, may also be paid, as may be determined by the Board of Directors, based on the Net Profits of the Company.
- D) The Chairman and Managing Director shall also be eligible to the following perquisites which are not included in the computation of ceiling remuneration specified in the said Part II Section IV of Schedule V of the Companies Act, 2013:
- 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.
  - Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
  - Encashment of the leave at the end of the tenure.
- E) Other terms:
- He shall be entitled to re-imbusement of actual out-of-pocket expenses incurred in connection with the business of the Company.
  - He shall be entitled to re-imbusement of entertainment expenses incurred for the business of the Company.
  - As long as he functions as Chairman & Managing Director he shall not be paid any sitting fees to attend any meeting of the Board and/or Committee thereof.
  - He shall be entitled to earned/privileged leave as per the Rules of the Company.
  - He shall be entitled for telephone facility as per Company's policy.

The Company shall pay the above said remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director upon the receipt of the approval of the Central Government, if required effective from the date as specified in such approval.

Further, pursuant to the provisions of Sections 117(3), 197, 201, 298, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013,the said terms & conditions of remuneration are subject to the approval of the Central Government and all other requisite approvals, as may be required in this regard, shall be placed for the approval of the Shareholders.

Therefore, the Board of Directors of your Company recommends the passing of Special Resolution as set out at Item No. 1 of the Notice.

Except Mr. Surinder Pal Kanwar, himself and his son, Mr. Sameer. Kanwar, Joint Managing Director of the Company, no other Director or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the passing of the above resolution(s) as set out in Item No. 1 of the notice.

**STATEMENT OF PARTICULARS  
(PURSUANT TO SCHEDULE-V OF THE COMPANIES ACT, 2013)**

**MR. SURINDER PAL KANWAR, CHAIRMAN AND MANAGING DIRECTOR**

**I. GENERAL INFORMATION**

SI. No	Particulars/Subject	Information
1.	Nature of industry	Manufacture of Automobile Gears
2.	Date or expected date of commencement of commercial Production	15th 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 2013-2014, the Company made a turnover of Rs. 459.71 Crores (including other income) and Profit Before Tax (PBT) of Rs. 0.60 Crores as the continued effect of recession has adversely affected the Auto Sector which has an adverse impact on the turnover of the Company which ultimately hit the bottom line of the Company. In spite of the adverse environment, our Company's performance in 2013-2014 was credible as the Company has been able to sustain on its total turnover which is up by 6% and more importantly, the Company continued to generate profit. Profit After Tax (PAT) was Rs. 0.59 Crores in 2013-2014. And recently, the commercial operations at the newly settled plant of the Company at Lonand, District Satara, Maharashtra have been started w.e.f 31 <sup>st</sup> March, 2014 which is expected to gear up the future growth
5.	Export performance and net foreign exchange collections	During the financial year ended 31 <sup>st</sup> March 2014, Export of goods on FOB basis: Rs. 114.12 Crores (Previous Year Rs. 82.44 Crores). Other export earnings: Rs. 4.28 Crores (Previous Year Rs. 4.77 Crores)
6.	Foreign Investments or collaborators, if any.	No such investment or collaboration except minor shareholding of Non Resident Indians.

**II. INFORMATION ABOUT THE APPOINTEE**

SI. No	Particulars/Subject	Information
1.	Nature of industry	Mr. Surinder Pal Kanwar has been affiliated with the Company as a member of the Board of Directors since the year 1982 and from then the Company has been taking the advantage of his guidance and supervision. Because of his sustained efforts, the Company has shown an upward growth pattern and has achieved success in creating a brand image in the Automotive Parts Industry. He is also the Chairman and Managing Director of Raunaq International Limited from where he is drawing a token remuneration of Rupee One (Re. 1) per month only.
2.	Past remuneration	During his present tenure as Chairman and Managing Director of the Company, the remuneration as paid to Mr. Surinder Pal Kanwar for the Financial Year 2013-2014 is Rs. 238.37 Lacs.

## II. INFORMATION ABOUT THE APPOINTEE (Contd...)

SI. No	Particulars/Subject	Information
3.	Recognition or awards	<p>During the tenure of Mr. Surinder Pal Kanwar, the Company has received various recognition and awards, such as:</p> <ul style="list-style-type: none"> <li>• Business Sphere Award – Most respected and India's largest Gears Manufacturing Company.</li> <li>• Toyota Kirloskar Suppliers Association in category of quality.</li> <li>• Best Kaizen (Delhi Region) from Toyota Kirloskar Suppliers Association.</li> <li>• Special appreciation for "Drive in Energy Conservation &amp; Tooling Improvement" from Automotive Components Manufacturers Association.</li> <li>• Eaton Corporation Premier Supplier Award.</li> <li>• Best Supplier Award from New Holland Fiat (India) Private Limited.</li> <li>• Award for Development from JCB.</li> <li>• Long Association Award from ESCORTS.</li> <li>• Runner-III in Regional Quality Circle Competition (Toyota Kirloskar Suppliers Association).</li> <li>• Certification under ISO 14001:2004, ISO/TS 16949 awarded to Bharat Gears Ltd as management system audited has been found according to the standard required.</li> </ul>
4.	Job profile and his suitability	<p>The Shareholders and Board of Directors have bestowed Mr. Surinder Pal Kanwar with substantial powers of the management subject to supervision and control of professional Board of Directors. Under his superior effort and pragmatic leadership, the Company has progressed steadily since his appointment. In view of his enriched experience, appreciable contribution and enlarged leadership, the Board proposes for the payment of remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director, for a further period of 1(One) Year of his tenure w.e.f. 1<sup>st</sup> October, 2014, as per the details stated in explanatory statement of Item No. 1 of the Notice.</p>
5.	Remuneration proposed	<p>Salary, other perquisites and other terms as fully set out in the explanatory statement of item no. 1 of the Notice. <b>The remuneration proposed has no change from the last remuneration approved by the Shareholders in the Annual General Meeting held on 29<sup>th</sup> July, 2010.</b> The Company is seeking shareholder's approval on the same remuneration as proposed in the Annual General Meeting held on 29<sup>th</sup> July, 2010 and approved by the Shareholders, in terms of Section 197, 198 and Schedule V of the Companies Act, 2013</p>
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	<p>The proposed remuneration is comparative with the remuneration being paid to the Chairman &amp; Managing Director/Joint Managing Director of the Companies of the same size in the industry</p>

## II. INFORMATION ABOUT THE APPOINTEE (Contd...)

SI. No	Particulars/Subject	Information
7.	Pecuniary relationship directly or indirectly with the company personnel, if any	<p>Mr. Surinder Pal 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. The WTDs do not have, direct and indirect, any pecuniary transactions with the Company which is prejudicial to the interest of the Company. Except the WTDs, no other director or relative is having any material pecuniary relationships with the Company. During the period ended on 31<sup>st</sup> March, 2014, related party transaction amounted to Rs. 2.71 Crores (FY 2012-13: Rs. 1.62 Crores).</p> <p>The WTDs also drew their remunerations in the period amounting to Rs. 3.52 Crores (FY 2012-13: Rs. 3.24 Crores).</p> <p>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.</p>

## III. OTHER INFORMATION

SI. No	Particulars/Subject	Information
1.	Reason of loss or inadequate profits	<p>In the Financial Year ended 31<sup>st</sup> March, 2014, the Company made Profit after Tax of Rs. 0.59 Crores and Cash Profit of Rs. 14.32 Crores. The proposed remuneration exceeds the limits of Schedule V of the Companies Act, 2013. There is no loss in the Company.</p>
2.	Steps taken or proposed to be taken for improvement	<p>Slowdown in domestic market on account of rising costs of petroleum products and higher borrowing costs, has adversely affected performance of the Company during the financial year ended 31<sup>st</sup> March, 2014. Pressure on margins was mainly on account of higher manpower costs and cost of petroleum products. Profitability for the year was also adversely affected by Lump sum payment made to workmen of Mumbra plant of Rs. 0.93 Crores and interest &amp; depreciation costs of New Plant at Satara - Rs. 2.46 Crores and also by lower volumes of Furnace business.</p> <p>The Company has adopted the following measures to improve the profit ability:</p> <ul style="list-style-type: none"> <li>• New plant at Satara has commenced commercial production w.e.f. 31<sup>st</sup> March, 2014 that will lead to increase in the production capacity of the Company.</li> <li>• Modernisation of existing facilities to improve overall operating efficiency and gear up for catering to higher demand from OEMs.</li> <li>• Widening of customer base and better market penetration, especially in overseas market.</li> </ul>

### III. OTHER INFORMATION (Contd...)

SI. No	Particulars/Subject	Information
		<ul style="list-style-type: none"> <li>Conscious effort to develop products/customers base in alternate market segments.</li> <li>Technology upgradation by way of investing in state of the art machinery to meet stringent quality requirements of customers.</li> <li>Focus on significant improvements in operating costs.</li> <li>Cost control in all areas.</li> <li>Deeper penetration in the replacement market in India &amp; abroad.</li> <li>Improvement in OE &amp; Export Sales. Improving the quality to make products competitive in Indian &amp; Overseas markets.</li> </ul>
3.	Expected increase in the productivity and profits in measurable terms	<p>It is difficult to forecast the productivity and profitability in measurable terms.</p> <p>However Company expects that productivity and profitability may improve and would be comparable with the industry average.</p>

#### ITEM NO. 2

The Members of the Company at their 24<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> August, 1996 approved by way of an **Ordinary Resolution** under Section 293(1)(a) of the Companies Act, 1956 to mortgage, charge, hypothecate and/or pledge any or all of the Company's assets and properties, stock in trade, work-in-progress, whether movable or immovable, present or future, and whole or substantially the whole of any of undertaking(s) of the Company upto Rs. 100 Crores.

Pursuant to the increase in borrowing powers from Rs. 100 Crores to Rs. 200 Crores, it is therefore proposed to mortgage, charge, hypothecate and/or pledge any or all of the Company's assets and properties, stock in trade, work-in-progress, whether movable or immovable, present or future, and whole or substantially the whole of any of undertaking(s) of the Company upto Rs. 200 Crores.

Section 180(1)(a) of the Companies Act, 2013 effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors of the Company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, except with the consent of the Company accorded by way of **Special Resolution**.

It is therefore necessary for the members to pass a **Special Resolution** under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, to enable the Board of Directors to mortgage, charge, hypothecate and/or pledge any or all of the Company's assets and properties, stock in trade, work-in-

progress, whether movable or immovable, present or future, and whole or substantially the whole of any of undertaking(s) of the Company, in such form and in such manner and on such terms and conditions as the Board may consider and think fit and proper, in the interest of the Company, in favour of the Bank(s)/Financial Institution(s)/Bodies Corporate and/or Companies, to secure the loan/financial facilities ("Borrowings") together with interest, compound interest and all costs, charges and expenses and all other monies, for an amount not exceeding Rs. 200 Crores (Rupees Two Hundred Crores only) as may become due or payable by the Company in that behalf to the Bank(s)/Financial Institution(s)/Bodies Corporate and/or Companies, to secure the borrowings already obtained or to be obtained by the Company, from time to time.

The Board of Directors of your Company recommends the passing of Special Resolution as set out at Item No. 2 of the Notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 2 of the Notice.

**By Order of the Board  
For BHARAT GEARS LIMITED**



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

**Place: Faridabad  
Date: 4<sup>th</sup> September, 2014**





# BHARAT GEARS LIMITED

*Geared for life*

Regd. Office & Works: 20 K.M. Mathura Road,  
Post Box No. 328, P.O. Amar Nagar, Faridabad-121003 (Haryana)  
Website: www.bharatgears.com, E-mail: info@bglindia.com  
CIN:L29130HR1971PLC034365

## POSTAL BALLOT FORM

Serial No. ....

- (1) Name of Shareholder(s)  
(Including Joint-holders, if any)  
(IN BLOCK LETTERS)
- (2) Registered Address of the Sole/  
First name Shareholder
- (3) Registered Folio No.  
DP ID No. / Client ID No.
- (4) No. of Shares held
- (5) I/We hereby exercise my/our vote in respect of the following **Special Resolutions** to be passed through Postal Ballot/e-voting, by conveying my/our assent or dissent to the said Resolutions in the relevant box below:

Item No.	Description	No. of Shares held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	To consider and approve the payment of remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director of the Company for a period of 1 (One) year w.e.f 1 <sup>st</sup> October, 2014 to 30 <sup>th</sup> September, 2015			
2.	Creation of charge on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1)(a) of the Companies Act, 2013			

Place :  
Date :

\_\_\_\_\_  
(Signature of the shareholder)

### E-VOTING PARTICULARS

EVEN (Electronic Voting Event number)	USER ID	PASSWORD/PIN

**NOTE:** Please read carefully the notes/instructions printed overleaf before exercising your vote.  
For e-voting, refer instructions given at note no. 4 of the Postal Ballot Notice dated 4<sup>th</sup> September, 2014.

## INSTRUCTIONS

1. Members who have not registered their e-mail addresses with the depositories or with the Company's Registrars are being sent this Postal Ballot Form along with the Notice of Postal Ballot, the e-voting details and self-addressed envelope bearing name of scrutinizer through Registered Post/Speed Post/Courier.
2. Members who have registered their e-mail addresses with the depositories or with Company's Registrars can cast their votes by e-voting facility. **The Company is offering e-voting facility as an alternate, to enable the members to cast their vote electronically instead of dispatching Postal Ballot Form. The detailed procedure of e-voting is enumerated in the Notes to the Postal Ballot Notice.**
3. A member desiring to exercise his/her vote by Postal Ballot Form should complete this Postal Ballot Form, sign and send in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer as per instruction 8 below at the address: The Scrutinizer, Bharat Gears Limited, 20 K.M. Mathura Road, P.O. Box No. 328, P.O. Amar Nagar, Faridabad-121003, Haryana. Postage will be borne and paid by the Company. Envelopes containing Postal Ballots, if deposited in person or sent by courier at the expenses of members will also be accepted.
4. The postage pre-paid self-addressed envelope bears the address of the Scrutinizer so appointed by the Board of Directors of the Company.
5. **Kindly note that members can opt for only one mode of voting i.e. either by Postal Ballot or through e-voting.** If members are opting for e-voting, then they should not vote by Postal Ballot or vice versa. However, in case Members cast their vote both by Postal Ballot and e-voting, then voting done through e-voting shall prevail and voting done by Postal Ballot will be treated as invalid.
6. The Postal Ballot Form should be completed and signed by the Members. In case of joint shareholding, this form should be completed and signed by the first named Member and in his/her absence, by the next named Member(s). Unsigned Postal Ballot Forms will be rejected. The signature on the Postal Ballot Form must tally with the specimen signature registered with the Company's Registrar & Transfer Agent/ Depository.
7. Where the Postal Ballot Form has been signed by an authorised representative of a body corporate, a certified copy of the relevant authorizations to vote on the Postal Ballot should accompany the Postal Ballot Form. A member may sign the Form through an Attorney appointed specifically for this purpose, in which case an attested true copy of the Power of Attorney should be attached to the Postal Ballot Form.
8. Duly completed Postal Ballot Forms should reach the Scrutinizer not later than 6:00 P.M. on Wednesday, **October 15, 2014**. Any Postal Ballot Form received after this date will be treated as if the reply from the member has not been received. No other form or photocopy of the Postal Ballot Form will be permitted/accepted by the Company.
9. A member may request for a duplicate Postal Ballot Form, if so required. However the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer not later than the time and date specified at Instruction No. 8 above.
10. Voting rights of the members shall be in proportion of their share in the paid up equity share capital of the Company as on Friday, September 05, 2014, which is the Record Date fixed for this purpose. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the result of voting will be announced on October 17, 2014 at 4.00 P.M. at the Registered Office of the Company at 20 K.M. Mathura Road, P.O. Box No. 328, P.O. Amar Nagar, Faridabad-121003 (Haryana).
11. The resolutions if passed by the requisite majority, the date of declaration of results of Postal Ballot resolutions will be taken to be the date of passing of the resolutions.
12. The results of Postal Ballot will also be displayed at the Registered Office and Website of the Company besides communication to the Stock Exchanges where the Company's shares are listed.
13. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid envelope in as much as all such envelopes will be sent to the Scrutinizer and any extra paper found in such envelope would be destroyed by the Scrutinizer.
14. There will be only one Postal Ballot Form for every folio irrespective of the number of joint member(s).
15. A member need not use all the votes nor does he need to cast all the votes in the same way.
16. The Votes should be casted either in favour or against by putting the tick mark (✓) in the column provided for assent or dissent. Postal Ballot Forms bearing tick mark in both the columns will render the Postal Ballot Form invalid. Incomplete, unsigned or incorrectly filled Postal Ballot Form will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot shall be final and binding.