



Bharat Gears Limited was incorporated as a public limited company under the provisions of the Companies Act, 1956 as “Bharat Gears Limited” pursuant to a certificate of incorporation dated December 23, 1971 issued by the Registrar of Companies, Delhi. For further details relating to change in the registered office address of our Company, please see “History and Certain Corporate Matters” on page 47 of this Draft Letter of Offer.

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

**Corporate Office:** 14<sup>th</sup> Floor, Hoechst House, Nariman Point, Mumbai - 400 021

**Corporate Identification No.:** L29130HR1971PLC034365

**Tel:** +91 129 428 8888

**Contact Person:** Mr. Prashant Khattry, Company Secretary & Compliance Officer

**E-mail:** [info@bglindia.com](mailto:info@bglindia.com); **Website:** [www.bharatgears.com](http://www.bharatgears.com)

**PROMOTERS OF OUR COMPANY: MR. SURINDER PAUL KANWAR AND MR. SAMEER KANWAR**

**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY**

**ISSUE OF UP TO [●] EQUITY SHARES WITH A FACE VALUE OF ₹10 EACH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (“RIGHTS EQUITY SHARES”) FOR AN AMOUNT AGGREGATING UP TO ₹ 1,500 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF BHARAT GEARS LIMITED (THE “COMPANY” OR THE “ISSUER”) IN THE RATIO OF [●] RIGHTS EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARE HELD BY SUCH ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”).**

**THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARE.**

**FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 141.**

#### GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares being offered in this Issue have not been recommended or approved by Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer.

**Investors are advised to refer to “Risk Factors” on page 15 before making an investment in this Issue.**

#### ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The equity shares of Bharat Gears Limited are listed on the BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). We have received “in-principle” approval from BSE and NSE for listing the equity shares arising from the Issue vide their letters dated [●] and [●] respectively. For the purposes of the Rights Issue, the Designated Stock Exchange is BSE.

| LEAD MANAGER TO THE ISSUE   |  | REGISTRAR TO THE ISSUE  |  |
|---|--|---|--|
| <h2 style="color: red;">KEYNOTE</h2> <p><b>Keynote Corporate Services Limited</b><br/>                     The Ruby, 9th Floor,<br/>                     Senapati Bapat Marg, Dadar (West),<br/>                     Mumbai – 400 028<br/> <b>Tel:</b> +91 22 3026 6000-3<br/> <b>E-mail:</b> <a href="mailto:mbd@keynoteindia.net">mbd@keynoteindia.net</a><br/> <b>Website:</b> <a href="http://www.keynoteindia.net">www.keynoteindia.net</a><br/> <b>Contact Person:</b> Ms. Pooja Sanghvi/ Mr. Akhil Mohod<br/> <b>SEBI Registration No:</b> INM 000003606</p> |  | <h2 style="color: blue;">LINKIntime</h2> <p><b>Link Intime India Private Limited</b><br/>                     C101, 247 Park,<br/>                     LBS Marg, Vikhroli (West),<br/>                     Mumbai – 400 083<br/> <b>Tel:</b> +91 22 4918 6200<br/> <b>E-mail:</b> <a href="mailto:bharatgears.rights@linkintime.co.in">bharatgears.rights@linkintime.co.in</a><br/> <b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a><br/> <b>Contact Person:</b> Mr. Sumeet Deshpande<br/> <b>SEBI Registration No.:</b> INR000004058</p> |  |
| ISSUE PROGRAMME   |  |   |  |
| ISSUE OPENS ON  | LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS | ISSUE CLOSSES ON  |  |
| [●]   | [●]  | [●]   |  |

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## SECTION I – GENERAL INFORMATION

### DEFINITIONS AND ABBREVIATIONS

*In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section and references to any statute or regulations or acts or policies shall include amendments thereto, from time to time.*

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Bharat Gears Limited”, “BGL”, the/our “Company”, “we”, “our”, “us” or similar terms shall mean Bharat Gears Limited and references to “you” shall mean the equity shareholders and/ or prospective investors in the Equity Shares.

#### Conventional and general terms/Abbreviations/ Company related and Industry related terms

| Term   | Description  |
|--|--|
| “Bharat Gears Limited” or “BGL” or “the Company”, or “the Resulting Company”, or “our Company” | Bharat Gears Limited, a public limited company incorporated under the provisions of the Companies Act, 1956, as amended and having its registered office at 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad -121 003, Haryana, India. |
| “We” or “us” or “our”  | Unless the context otherwise indicates or implies, refers to Bharat Gears Limited  |
| ₹/Rs. /Rupees /INR   | Indian Rupees  |
| AIF  | Alternative Investment Funds   |
| ASBA   | Application Supported by Blocked Amount  |
| AY   | Assessment Year  |
| AO   | Assessing Officer, Income Tax  |
| ACIT   | Assistant Commissioner of Income Tax   |
| AGM  | Annual General Meeting   |
| Articles or Articles of Association  | Articles of Association of our Company, as amended from time to time   |
| Auditor/ Statutory Auditor   | The statutory auditors of our Company i.e., S R B C & CO LLP, Chartered Accountants  |
| Board of Directors   | Board of Directors of our Company  |
| BSE  | BSE Limited  |
| BFSI   | Banking, Financial Services and Insurance  |
| CAGR   | Compounded Annual Growth Rate  |
| CDP  | Collecting Depository Participant  |
| Capital or Share capital   | Share capital of our Company   |
| CCI  | Competition Commission of India  |
| CDSL   | Central Depository Services (India) Limited  |
| CII  | Confederation of Indian Industry   |
| CIN  | Corporate Identification Number  |
| CNC  | Computer Numeric Control   |
| Companies Act  | The Companies Act, 1956 or Companies Act, 2013 and rules framed thereunder, as applicable  |
| Client ID  | Client Identification Number of the Bidders Beneficiary Account  |
| Competition Act  | The Competition Act, 2002  |
| Copyright Act  | The Copyright Act, 1957  |
| CPC  | The Code of Civil Procedure, 1908  |
| CrPC   | The Code of Criminal Procedure, 1973   |
| CSR  | Corporate Social Responsibility  |
| CTS  | Cheque Truncation System   |
| CWIP   | Capital Work in Progress   |
| CIT (A)  | Commissioner of Income Tax (Appeals)   |
| Depositories   | CDSL and NSDL  |
| Depositories Act   | The Depositories Act, 1996 and amendments thereto  |
| DIN  | Director Identification Number   |
| DIPP   | Department of Industrial Policy and Promotion  |



| Term                                    | Description   |
|---|---|
| DP ID                                   | Depository Participant's identity   |
| DRT                                     | Debt Recovery Tribunal  |
| Director                                | Director of our Company, unless otherwise specified otherwise   |
| DP or Depository Participant            | Depository Participant as defined under the Depositories Act  |
| EGM                                     | Extra-ordinary General Meeting  |
| Eligible Shareholder(s)                 | Eligible holder(s) of the equity shares of Bharat Gears Limited as on the Record Date   |
| EPS                                     | Earnings Per Share  |
| EBIT                                    | Earnings Before Interest and Tax  |
| EPF Act                                 | The Employees' Provident Funds and Miscellaneous Provisions Act, 1952   |
| FPI                                     | Foreign Portfolio Investor  |
| GDP                                     | Gross Domestic Product  |
| GoI or Government or Central Government | Government of India   |
| GSM                                     | Graded Surveillance Measure   |
| GST                                     | Goods and Services Tax  |
| HUF                                     | Hindu Undivided Family  |
| ICD                                     | Inter Corporate Deposits  |
| ICL                                     | Inter Corporate Loans   |
| IFRS                                    | International Financial Reporting Standards   |
| Ind AS                                  | Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standards) Rules 2015, as amended |
| Indian GAAP/ I-GAAP                     | Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules, 2014, as amended                       |
| IT Act                                  | The Income Tax Act, 1961 and amendments thereto   |
| ITAT                                    | Income Tax Appellate Tribunal   |
| Memorandum of Association or MOA        | Memorandum of Association of our Company, as amended from time to time  |
| MRTU & PULP Act                         | Maharashtra Recognition of Trade Union Act and Prevention of Unfair Labour Practices Act, 1971  |
| NAV                                     | Net Asset Value per share   |
| NSE                                     | National Stock Exchange of India Limited  |
| NEFT                                    | National Electronic Fund Transfer   |
| NR/Non- Resident                        | A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI                              |
| NRE Account                             | Non-resident external account   |
| NRI                                     | Non-resident Indian   |
| OCB                                     | Overseas Corporate Body   |
| PAN                                     | Permanent Account Number  |
| PAT                                     | Profit After Tax  |
| PBT                                     | Profit Before Tax   |
| PLR                                     | Prime Lending Rate  |
| RBI                                     | Reserve Bank of India   |
| RONW                                    | Return on Net Worth   |
| SCORES                                  | SEBI Complaints Redress System  |
| SCRA                                    | Securities Contracts (Regulation) Act, 1956   |
| SCRR                                    | Securities Contracts (Regulation) Rules, 1957   |
| SEBI/ Board                             | Securities and Exchange Board of India  |
| SEBI Act                                | Securities and Exchange Board of India Act, 1992 and amendments thereto   |
| SEBI Regulations/ SEBI ICDR Regulations | The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018   |
| Securities Act                          | United States Securities Act of 1933, as amended  |
| Stock Exchanges                         | BSE and NSE   |
| State Government                        | The Government of a State in India  |



| Term  | Description  |
|---|--|
| STT   | Securities Transaction Tax   |
| SEBI Listing Regulations/ SEBI (LODR)                 | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time |
| SEBI Takeover Regulations/ Takeover Code/ Regulations | SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto  |
| TP Act  | The Transfer of Property Act, 1882   |
| Trade Marks Act                                       | Trade Marks Act, 1999  |
| United States or US                                   | United States of America   |

#### Issue related terms

| Term  | Description   |
|---|---|
| Abridged Letter of Offer  | The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations   |
| Additional Rights Shares  | The Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement  |
| Allotment   | Unless the context requires, the allotment of Equity Shares pursuant to the Rights Issue  |
| Allottee  | Person to whom Rights Shares are issued/ allotted pursuant to the Issue   |
| Application Supported by Blocked Amount/ ASBA                   | The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the application money payable on application in their specified bank account maintained with the SCSBs   |
| ASBA Account  | Account maintained by an ASBA Investor with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor   |
| ASBA Applicants/ ASBA Investor                                  | Eligible Shareholders proposing to subscribe to the Issue through ASBA process and who: <ol style="list-style-type: none"> <li>are holding the securities of our Company in dematerialized form as on Record Date and have applied for their Rights Entitlements and / or additional Equity Shares in dematerialized form;</li> <li>have not renounced their Rights Entitlements in full or in part;</li> <li>are not Renounees; and</li> <li>are applying through blocking of funds in a bank account maintained with the SCSBs.</li> </ol> <p>QIBs, Non-Institutional Investors and Investors whose Application Money exceeds ₹ 200,000/- can participate in the Issue only through the ASBA process.</p> |
| Bankers to the Company  | State Bank of India, IDBI Bank Limited, IDFC Bank Limited, HDFC Bank Limited  |
| Bankers to the Issue  | [●]   |
| Composite Application Form / CAF/ Application Form/ Application | The form used by an Investor to make an application for the Allotment of Rights Shares and for application by Renounees   |
| Consolidated Certificate  | In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio  |
| Controlling Branches of the SCSBs                               | Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time  |
| Designated Stock Exchange                                       | BSE   |
| Draft Letter of Offer/ DLOF                                     | The Draft Letter of Offer dated December 07, 2018 filed with SEBI for its observations.   |
| Demographic Details   | Details of Investors such as address, bank account details for printing on refund orders and occupation   |
| Designated Branch of the SCSBs                                  | Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on   |



| Term  | Description   |
|---|---|
|   | <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>   |
| Eligible Shareholder(s)                     | Equity Holder(s) of Equity Shares as on the Record Date   |
| Equity Share Capital                        | Equity share capital of our Company   |
| Equity Share(s) or Share(s)                 | Equity shares of our Company having a face value of ₹ 10/- each unless otherwise specified in the context thereof   |
| Equity Shareholder(s)                       | Means a holder of Equity Shares of our Company  |
| Financial Year/ Fiscal/ Fiscal Year/ FY     | Any period of twelve months ended March 31 of that particular year, unless otherwise stated   |
| Issue/ Rights Issue                         | Issue of [●] Equity Shares with a face value of ₹ 10/- each at a premium of ₹ [●] per Equity Share for an amount aggregating up to ₹ 1,500 lakhs on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) (i.e., [●]) held by the existing Equity Shareholders on the Record Date. The issue price is [●] times the face value of the Equity Shares |
| Investor(s)                                 | Equity Shareholders as on Record Date and/or Renounees applying in the Issue  |
| Issue Closing Date                          | [●]   |
| Issue Opening Date                          | [●]   |
| Issue Price                                 | ₹ [●] per Equity Share  |
| Issue Proceeds                              | The proceeds of the Issue that are available to our Company   |
| Issue Size                                  | The issue of [●] Equity Shares for an amount aggregating up to ₹ 1,500 lakhs  |
| Lead Manager/ LM                            | Keynote Corporate Services Limited  |
| Letter of Offer                             | The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer   |
| Listing Agreement                           | The listing agreements entered into between our Company and the Stock Exchanges   |
| MICR  | Magnetic Ink Character Recognition  |
| NECS  | National Electronic Clearing Services   |
| Non-ASBA Investor                           | Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process  |
| Non-Institutional Investors                 | All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount of more than ₹ 2 lakhs   |
| Promoters                                   | The Promoters of our Company being Mr. Surinder Paul Kanwar and Mr. Sameer Kanwar   |
| Promoter Group                              | Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchange(s) from time to time   |
| Offer Document                              | Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer  |
| QIBs or Qualified Institutional Buyers      | Qualified institutional buyers as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations, 2018   |
| Record Date                                 | [●]   |
| Refund through electronic transfer of funds | Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable  |
| Registrar of Companies/ RoC                 | Unless specified otherwise, Registrar of Companies, Delhi & Haryana   |
| Registrar to the Issue                      | Link Intime India Private Limited   |
| Renounees                                   | Any person(s) who has acquired Rights Entitlements from the Equity Shareholders through renunciation  |
| Retail Individual Investors                 | Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2 lakhs (including HUFs applying through their Karta)   |
| Rights Entitlement                          | The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date  |
| RTGS  | Real Time Gross Settlement  |
| SAF(s)                                      | Split Application Form(s)   |
| SCSB(s)                                     | A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including  |



| Term         | Description  |
|--------------|--|
|              | blocking of bank account. A list of all SCSBs is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>                          |
| Working Days | All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business |

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the SEBI ICDR Regulations, the Depositories Act, 1996 and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “*Statement of Tax Benefits*”, “*Outstanding Litigations and Defaults*” and “*Financial Information*” on pages 45, 122 and 56, respectively, shall have the meanings given to such terms in these respective sections.



## NOTICE TO OVERSEAS INVESTORS

The distribution of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons in whose possession the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of the Rights Equity Shares on a rights basis to the Equity Shareholders as on Record Date and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders, who have not updated our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer/Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer/Abridged Letter of Offer and CAFs or any offering materials or advertisements in connection with the Issue may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under such circumstances, this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs should not, in connection with the issue of the Rights Equity Shares or Rights Entitlements, distribute or send the same in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that she/he is authorised to acquire the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in her/his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer.

**The contents of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAFs and SAFs should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.**

### NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S."), or to, or for the account or benefit of "U.S. persons" (as defined in Regulation S of the Securities Act), except in a transaction not subject to, or exempt from the registration requirements of the Securities Act. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the



United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer, Letter of Offer or Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Shareholders and the Letter of Offer/ Abridged Letter of Offer and CAF will be dispatched only to Eligible Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

Rights Entitlements may not be transferred or sold to any person in the United States.



## **PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

In this Draft Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

### **Financial Data**

Unless otherwise specified or the context otherwise requires, the financial data in this Draft Letter of Offer is derived from the Audited Financial Statements of our Company as of and for the financial year ended March 31, 2018 and Unaudited Financial Results for the six (6) months period ended September 30, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015.

In this Draft Letter of Offer, any inconsistencies in any table between the aggregate and the total of the sums recorded are because of rounding off. Certain figures in decimals has been rounded off and accordingly there may be consequential changes in this Draft Letter of Offer.

Our Company's financial year commences on April 01 and ends on March 31 of each year, so all references to a particular financial year, unless stated otherwise, are to the twelve months period ended on March 31 of that year.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled "*Risk Factors*" on page 15 of this Draft Letter of Offer have been calculated on the basis of the Financial Statements of our Company prepared in accordance with Ind AS and the Companies Act, 2013.

### **Currency and Units of Presentation**

All references to "Rupees", "Rs.", "INR", "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "USD", or "US\$" or "\$" are to United States Dollar, the official currency of the United States of America. All references to "EUR", or "€" are to Euro, the official currency of the member states of the European Union. In this Draft Letter of Offer all references to "lac(s)" or "lakh(s)" are used interchangeably.

### ***Please Note:***

One million is equal to 1,000,000/10 lakhs;  
One billion is equal to 1,000 million/100 crores;  
One lakh/lac is equal to 100 thousand;  
One crore is equal to 10 million/100 lakhs



## FORWARD LOOKING STATEMENTS

This Draft Letter of Offer includes statements which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- General economic conditions;
- Changes in political and social conditions in India and also in other countries with whom the company has direct business relevance;
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Contingent liabilities, environmental problems and uninsured losses;
- Increasing competition in the industry;
- Strikes or work stoppages by our employees;
- Accidents and natural disasters;
- Loss of or shut down of operations at any of our manufacturing facility;
- Volatility in the supply or price of raw materials;
- Failure to respond to the technological advances;
- Failure to safeguard the reputation of our brand or failure to enhance our brand recognition;
- Downturn in automobile industry;
- Developments affecting the Indian economy;
- Changes in laws and regulations that apply to the industry;
- Uncertainty in global financial markets;

For a further discussion of factors that could cause the actual results to differ, see “Risk Factors” on page 15 of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges’ requirements, our Company and Lead Manager shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.



## SECTION II – LETTER OF OFFER SUMMARY

Our Company is primarily engaged in the business of manufacturing of automotive gears, manufacturing of gear boxes, other automotive components and construction of industrial furnaces. The Company has three manufacturing locations; two in the state of Maharashtra at Mumbra and Lonand and one in the state of Haryana at Faridabad.

### Objects of the Issue:

The proposed utilization of Issue Proceeds is set forth below:

(in ₹ lakhs)

| Sr. No. | Particulars                       | Amount     |
|---------|-----------------------------------|------------|
| 1.      | Financing of Identified Equipment | 1,668.11   |
| 2.      | Issue Expenses                    | [●]        |
|         | <b>Total</b>                      | <b>[●]</b> |

### Means of Finance

(in ₹ lakhs)

| Sr. No. | Source                | Amount         |
|---------|-----------------------|----------------|
| 1.      | Proceeds of the Issue | Up to 1,500.00 |
| 2.      | Internal Accruals     | [●]            |
|         | <b>Total</b>          | <b>[●]</b>     |

### Intention and extent of participation by our Promoter(s) and Promoter Group in the Issue:

Our Promoter(s) and entities forming part of our Promoter Group have, *vide* their letters dated December 4, 2018 (the "**Subscription Letters**") indicated their intention to: subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

### Financial Information:

The following table sets forth summary financial information derived from the Audited Financial Statements, prepared in accordance with the Accounting Standards prescribed under Companies Act, 2013 as of and for the Fiscal ended March 31, 2018 (Ind AS); March 31, 2017 (Indian GAAP) and March 31, 2016 (Indian GAAP) and the Unaudited Financial Results for the six (6) months period ended September 30, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015.

(₹ in lakhs)

| Particulars                      | For the six months period ended September 30, 2018 (Ind AS) | For the Fiscal |               |               |
|----------------------------------|---|----------------|---------------|---------------|
|                                  |   | 2018 (Ind AS)  | 2017 (I-GAAP) | 2016 (I-GAAP) |
| Share Capital                    | 814.28  | 814.28         | 781.78        | 781.78        |
| Net Worth                        | 8,498.11  | 7,782.20       | 6,530.84      | 7091.86       |
| Total Income                     | 30,033.36   | 51,541.63      | 43,553.09     | 43,331.06     |
| Profit / (loss) after tax        | 742.10  | 630.30         | (126.06)      | 23.96         |
| Basic and Diluted EPS (in ₹)     | 9.12*   | 7.93           | (1.61)        | 0.31          |
| Net asset value per share (in ₹) | 104.36  | 95.57          | 83.54         | 90.71         |
| Total borrowings                 | 17,114.78   | 13,385.23      | 8,819.88      | 9,841.30      |

\*Not Annualized



*Notes:*

1. The Financial Statements for the year ended March 31, 2018 have been audited by the current Statutory Auditors S R B C & CO LLP.
2. The Financial Statements for the year ended March 31, 2017 and March 31, 2016 have been audited by the erstwhile Statutory Auditors of the Company M/s Deloitte Haskins Sells, Chartered Accountants.
3. The Financial Statements for the Fiscal 2017 and 2016 are prepared in accordance with I-GAAP and Financial Statements for Fiscal 2018 has been prepared in accordance with Ind AS. Hence the numbers are strictly not comparable.

**Auditor Qualifications:**

No reservations, qualifications and adverse remarks have been made by our statutory auditors in their reports which requires any adjustments to the audited financial statements for Fiscals 2018, 2017, 2016 and the Unaudited Financial Results for the six (6) months period ended September 30, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015. The Financial Statements for the year ended March 31, 2017 and March 31, 2016 have been audited by the erstwhile Statutory Auditors of the Company - M/s Deloitte Haskins Sells.

**Outstanding Litigations:**

A summary of outstanding litigation proceedings pertaining to our Company as on the date of this Draft Letter of Offer is provided below. For details of the material outstanding litigation proceedings including (i) criminal proceedings; (ii) material civil proceedings; (iii) actions taken by statutory or regulatory authorities; and (iv) claims related to direct taxes, please see “*Outstanding Litigations and Defaults*” on page 122.

| Sr. No.   | Outstanding Litigations          | Number of Matters | Financial implications to the extent quantifiable (₹ in lakhs) |
|-----------|----------------------------------|-------------------|--|
| <b>1.</b> | <b>Filed against our Company</b> |                   |  |
|           | a. Civil                         | 2                 | -  |
|           | b. Labour Related                | 6                 | 2.14   |
|           | c. Direct Tax                    | 7                 | 3.66   |
|           | <b>Total</b>                     | <b>15</b>         | <b>5.80</b>  |
| <b>2.</b> | <b>Filed by our Company</b>      |                   |  |
|           | a. Civil                         | 3                 | 9.50   |
|           | b. Labour related                | 7                 | 40.26  |
|           | c. Criminal                      | 2                 | 14.51  |
|           | <b>Total</b>                     | <b>12</b>         | <b>64.27</b>   |

The amounts mentioned above may be subject to additional interest/ penalties being levied by the concerned authorities for delay in making payment or otherwise. The amount of interest/ penalties that may be levied is unascertainable as on date of this Draft Letter of Offer. For further details regarding these legal proceedings, please refer to chapter titled ‘Outstanding Litigations and Defaults’ on page 122 of this Draft Letter of Offer.

**Risk Factors:**

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares of the Company, material litigations which impact the business of the Company and other economic factors please see “*Risk Factors*” on page 15.



### Contingent Liabilities:

As of March 31, 2018, we have certain contingent liabilities that had not been provided for, as per Ind AS 37. Details of the same are as under:

(₹ in lakhs)

| Sr. No. | Particulars   | Amount            |
|---------|---|-------------------|
|         | <b>Contingent liabilities:<br/>Claims against the Company not acknowledged as debt</b>  |                   |
| 1.      | In respect of employees:  |                   |
|         | (i) the Company has filed an appeal in the Bombay High Court against the order passed by Third Labour Court on issue of back wages and reinstatement of 11 employees  | 40.26             |
|         | (ii) in respect of claim of permanency of services and/or back wages (less subsistence allowance paid, if any) filed by set of temporary/permanent workmen before the Hon'ble Industrial Tribunal, Thane/labour court                         | Not ascertainable |
| 2.      | Others:   |                   |
|         | (i) the Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of provident fund dues on subsistence allowance                     | 1.27              |
|         | (ii) the Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of provident fund dues on difference of wages of certain employees | 0.87              |

Please see the section "*Financial Statements*" on page 56 for more information.

### Related Party Transactions:

For details of related party transactions of our Company, as per the requirements under Ind AS 24 'Related Party Disclosures' for FY ending March 31, 2018 please see "*Financial Statements*" on page 56 of this Draft Letter of Offer.

### Financing Arrangements:

There have been no financing arrangements whereby the Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Letter of Offer.

### Issuance of Equity Shares for Consideration other than cash:

Our Company has not issued Equity Shares for consideration other than cash during the last one year immediately preceding the date of filing of this Draft Letter of Offer.



### SECTION III - RISK FACTORS

An investment in equity shares involves a high degree of risk. The risks described below together with other information contained in this Draft Letter of Offer should be carefully considered by the prospective investors before making an investment decision. Prospective investors should carefully consider all the information contained in the section titled “**Financial Information**” on page 56 for the information related to the financial performance of our Company. The risks described in this section are those that we consider to be the most significant to our business, results of operations, financial condition, cash flows and prospects. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business operations. If any or a combination of the following events occur, our business, results of operations, financial condition and prospects could materially suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

The following risk factors have been determined by our Board of Directors on the basis of their materiality. In accordance with Clause (VI) in Part B of Schedule VI of the SEBI ICDR Regulations, the following factors have been considered for determining the materiality: (i) Some events may not be material individually, but may be found material collectively, (ii) some events may have material impact qualitatively instead of quantitatively; and (iii) some events may not be material at present but may have material impact in the future.

#### INTERNAL RISK FACTORS

**1. Our Company is a party to certain litigations, the outcome of which could adversely affect our business operations and financial condition**

Our Company is party to certain legal proceedings and claims in relation to certain civil, criminal and tax matters incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us liable to liabilities/penalties and may adversely affect our business and results of operations. A classification of these legal and other proceedings are given in the following table:

| Sr. No.   | Outstanding Litigations          | Number of Matters | Financial implications to the extent quantifiable (₹ in lakhs) |
|-----------|----------------------------------|-------------------|--|
| <b>1.</b> | <b>Filed against our Company</b> |                   |  |
|           | a. Civil                         | 2                 | -  |
|           | b. Labour Related                | 6                 | 2.14   |
|           | c. Direct Tax                    | 7                 | 3.66   |
|           | <b>Total</b>                     | <b>15</b>         | <b>5.80</b>  |
| <b>2.</b> | <b>Filed by our Company</b>      |                   |  |
|           | a. Civil                         | 3                 | 9.50   |
|           | b. Labour related                | 7                 | 40.26  |
|           | c. Criminal                      | 2                 | 14.51  |
|           | <b>Total</b>                     | <b>12</b>         | <b>64.27</b>   |

The amounts mentioned above may be subject to additional interest/ penalties being levied by the concerned authorities for delay in making payment or otherwise. The amount of interest/ penalties that may be levied is unascertainable as on date of this Draft Letter of Offer. For further details regarding these legal proceedings, please refer to chapter titled ‘Outstanding Litigations and Defaults’ on page 122 of this Draft Letter of Offer.

**2. We require certain approvals and licenses in the ordinary course of business and are required to comply with certain rules and regulations to operate our business, and failure to obtain, retain and renew such approvals and licenses or comply with such rules and regulations, in a timely manner or at all may adversely affect our operations**



Being a manufacturing company, we require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for a fixed period of time and need renewal from time to time. We are required to renew such permits, licenses and approvals periodically. There can be no assurance that the relevant authorities will issue such permits or approvals to our Company or that they will issue these in time. Further, these permits, licenses and approvals are subject to several conditions and our Company may not be able to continuously meet the conditions and this may lead to cancellation, revocation or suspension of relevant permits / licenses / approvals. Failure by our Company to renew, maintain or obtain the required permits, licenses or approvals may result in the interruption of our Company's operations and may have a material impact on our business. For details of pending regulatory and government approvals please refer chapter "Government and Other Approvals" on page 129.

**3. A portion of our land at our Mumbra Plant is in the process of being acquired by Thane Municipal Corporation (TMC) along with Mumbai Metropolitan Region Development Authority (MMRDA)**

A certain portion of our land is in the process of being acquired by TMC along with MMRDA for proposed 60 meters widening of old Mumbai-Pune Road and proposed widening of Airoli-Katai Road. As a compensation for the acquisition of the abovementioned land, our Company is to receive Transferable Development Rights (TDRs) in the form of a Development Rights Certificate to be granted by TMC. Some of the manufacturing facilities/ structures (such as Effluent Treatment Plant/ Sewage Treatment Plant/ Water Tank etc.) set up at Mumbra Plant maybe required to be shifted/ re-located on account of the proposed road widening work to be carried out by TMC/MMRDA which might temporarily disrupt the manufacturing operations of the Company and there can be no surety that TMC/ MMRDA will compensate the Company for the costs and/or damages, if any, caused due to shifting/ re-locating of manufacturing facilities.

**4. We are subject to the restrictive covenants of banks/ lenders in respect of the Loans/Credit Limits and other Banking Facilities availed from them**

Some of our financing arrangements contain restrictive covenants whereby we are required to obtain approval from our lenders, regarding, amongst other things such as entering into borrowing arrangements with other banks and other parties, taking up new projects for large scale expansion, making investment in or giving loans to other parties, formulation of any scheme of amalgamation or reconstruction or merger or de-merger, dilution of promoter and promoter group shareholding, etc. There can be no assurance that such consents will be granted or that we will be able to comply with the financial covenants stipulated under our financing arrangements. In the event we breach any restrictive, financial or other covenants contained in certain of our financing arrangements, we may be required under the terms of the relevant financing arrangements to immediately repay our borrowings either in whole or in part, together with any related costs. This may adversely impact our results of operations and cash flows.

**5. Some of our Group Companies have incurred losses during the last three fiscal years**

As set forth below, some of our Group Companies have incurred losses during last three fiscal years (as per their respective audited financial statements):

(₹ in lakhs)

| Sr. No. | Particulars                      | For the year ended |                |                |
|---------|----------------------------------|--------------------|----------------|----------------|
|         |                                  | March 31, 2018     | March 31, 2017 | March 31, 2016 |
| 1.      | Raunaq EPC International Limited | (98.89)            | 246.97         | 510.82         |
| 2.      | Xlerate Driveline India Limited  | (49.42)            | (137.70)       | (131.81)       |

**6. Our Company has entered into certain related party transactions and may continue to do so in the future**

Our Company has entered into transactions with certain of its related parties. For details of related party transactions of our Company, as per the requirements under Ind AS 24 'Related Party Disclosures' for FY ending March 31, 2018 please see "Financial Statements" on page 56 of this Draft Letter of Offer.



While our Company believes that all such transactions have been conducted on the arm's length basis, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with related parties. Further, it is likely that our Company will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

**7. *We employ a large labour force and in case any labour disputes arise in the course of our business operations, the same could disrupt operations and adversely affect the results of operations and financial condition of Our Company***

Our current manufacturing processes are labour intensive. We employ a large number of skilled and unskilled labourers. Any disputes between the management and labour in our Company can result in a disruption of our manufacturing activities and thereby affect the profitability of our Company.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Furthermore, it may become difficult for us to maintain flexible labour policies in case cost of labour in our industry increases. Whilst we believe that presently, we share good relationship with our employees, we may experience unrest or slowdowns, increase in wage costs and employee numbers. These eventualities may adversely impact our operations and financial condition.

**8. *Our business is dependent on the manufacturing facilities. The loss of or shutdown of operations at any of the manufacturing facilities may have a material adverse effect on the business, financial condition and results of operations***

The Company's manufacturing facilities located at Mumbra (Thane, Maharashtra), Faridabad (Haryana) and Lonand (Satara, Maharashtra) are subject to operating risks, such as breakdown or failure of critical equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect the operating results. Although the Company normally carries out planned shutdowns of the aforesaid plants for maintenance and takes precautions to minimize the risk of any significant operational problems at these facilities, the business, financial condition and results of operations may be adversely affected by any disruption of operations at the facilities, including due to any of the factors mentioned above.

**9. *Our future success depends on our ability to satisfy changing client needs by offering better products in a timely manner and maintaining quality and competitiveness of such products***

Our future success depends on our ability to satisfy changing client needs by offering better products in a timely manner and maintaining quality and competitiveness of such products. Our competitors may gain significant advantages if they are able to offer products satisfying client needs earlier than we are able to, which may materially and adversely impact our sales and productivity. Unanticipated delays or cost overruns in implementing new product development plans, expansion plans or capacity enhancements could also materially and adversely impact our financial condition and results of operations.

Customer preferences especially in many of the developed markets appear to be moving in favor of more fuel efficient and environmental friendly vehicles. Furthermore, in many countries there has been significant pressure on the automotive industry to reduce carbon dioxide emissions. In many markets these preferences are driven by increasingly stringent government regulations, rising fuel prices and customers' environmental considerations. Our business and operations may be significantly impacted if we experience delays in developing products that reflect changing customer preferences. In addition, deterioration in the quality of our components could force us to incur substantial costs and damage our reputation. There can be no assurance that the market acceptance of our future products will meet our sales expectations, in which case we may be unable to realize the intended economic benefits of our investments and our revenues and profitability may decrease materially.



**10. Demand for our products is cyclical in nature and a substantial decrease in our sales during certain quarters of fiscal could have a material adverse impact on our financial performance**

Demand for auto components is driven by the demand from Original Equipment Manufacturers (OEMs) and from replacement market in auto sector. The industry has been cyclical in the past and we expect this trend to continue. The future growth of our business depends on our ability to adjust to the variation in demand, in a timely manner and at competitive prices. Any such inability could adversely affect our operations and profitability.

**11. Our success depends largely on the senior management personnel and the Company's ability to attract and retain the senior personnel**

Our success depends on the continued services and performance of the members of the management team and other key personnel. Competition for senior management personnel in the industry is intense and the Company may not be able to retain the existing senior management team or attract and retain new senior management talent in the future. The loss of the services of the senior managerial personnel could seriously impair the ability to continue to manage and expand the Company's business which may adversely affect the business, results of operations and financial condition.

**12. We have certain contingent liabilities which had not been provided for in our balance sheet**

As of March 31, 2018, we have certain contingent liabilities that have not been provided for, as per Ind AS 37, details of the same are as under:

|         |   | (₹ in Lakhs)      |
|---------|---|-------------------|
| Sr. No. | Particulars   | Amount            |
|         | <b>Contingent liabilities:</b>  |                   |
|         | <b>Claims against the Company not acknowledged as debt</b>  |                   |
| 1.      | In respect of employees:  |                   |
|         | (i) the Company has filed an appeal in the Bombay High Court against the order passed by Third Labour Court on issue of back wages and reinstatement of 11 employees  | 40.26             |
|         | (ii) in respect of claim of permanency of services and/or back wages (less subsistence allowance paid, if any) filed by set of temporary/permanent workmen before the Hon'ble Industrial Tribunal, Thane/labour court                         | Not ascertainable |
| 2.      | Others:   |                   |
|         | (i) the Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of provident fund dues on subsistence allowance                     | 1.27              |
|         | (ii) the Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of provident fund dues on difference of wages of certain employees | 0.87              |

In the event that any of our contingent liabilities become crystallized, our business, financial condition and results of operations may be adversely affected.

**13. Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations**

Our operations are subject to various risks inherent in the sectors in which we operate, such as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. Our insurance cover includes, among other things, insurance under Business Suraksha Classik Policy (including loss of profit clause), Public/ Product Liability Insurance, etc. However, we may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our financial



condition and future results of operations. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

**14. *We have incurred substantial indebtedness which increases our vulnerability to various risks which may have an adverse effect on our business and results of operations***

As of September 30, 2018, we have ₹ 17,114.78 Lakhs of outstanding debt as per the financials of the Company.

Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to borrow more money both now and in the future; and
- increasing our interest expenditure and adversely affecting our profitability, since almost all of our debt bears interest at floating rates.

If any of these risks were to materialize, our business and results of operations may be adversely affected.

**15. *Our Promoter and promoter group will continue to exercise significant control over our business and shall be in a position to direct corporate actions which may be allegedly detrimental to the interest of other shareholders***

Our Promoter and Promoter Group hold 54.85% of our equity share capital. As a result, they are in a position to continue to exercise significant control over our business and all matters requiring shareholder approval, including timing and distribution of dividends, election of officers and directors, our business strategy and policies, approval of significant corporate transactions such as mergers and business combinations and sale of assets. Their control could approve or impede a merger, consolidation, takeover or other business combination involving us.

**16. *Changes in technology may impact the business by making the plants less competitive***

Application of advanced technology in making automotive gears and components may require the Company to make additional capital expenditure for upgrading the manufacturing facilities. In case the Company is unable to keep up with the growth rate of technology improvement or process change, the company may be unable to service the demand which may adversely affect the revenue.

**17. *Volatile price of steel which is the main raw material consumed by the Company and spiraling cost of LPG/Propane/Natural Gas may affect the profitability of the Company***

The principal raw material in making automotive Gears is alloy steel and alloy steel forgings. Off late, the steel prices have been on an upward trend. Any increase in the prices of the steel would adversely impact the business of the Company. Though we have been able to pass on the increase in prices of steel to our customers in the past, we cannot assure the same to continue in future. Further, there has been a trend of increasing prices of LPG/Propane/Natural Gas and any such increase in cost may affect the profitability of the Company.

**18. *Major part of our revenue comes from a limited number of our customers. The loss of any of our major Customers or a decrease in the volume of orders may adversely affect our revenue and profitability***

At present, we derive most of our revenues from the orders received from the limited or few customers. In the Financial Year ended March 31, 2018, our top five customers have contributed more than 50% of our total sales. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship with our key customer(s) or develop and maintain relationships with other



new customers. The loss of a significant customer or a number of significant customers due to any reason whether internal or external related to their business may have a material adverse effect on our business prospects and results of operations.

**19. *The objects for which we propose to utilize Issue proceeds are neither appraised by any Bank or Financial Institution nor any independent agency is appointed to monitor the deployment of proceeds. Our management will have the flexibility in applying the issue proceeds***

The fund requirements and proposed deployment are based on internal estimates of our management and have not been appraised by any Bank or Financial Institution. Shareholders/investors shall rely on management's ability and experience to draw correct estimates considering the proposed business expansion. Non-appraisal of estimates by external agencies such as Banks or Financial Institutions makes such estimates susceptible to change any time in future.

Further, as per SEBI ICDR Regulations, appointment of monitoring agency is required only for Issue size above ₹ 10,000 Lacs. Since, our issue size is below this amount, we have not appointed a monitoring agency to monitor the utilisation of Issue proceeds.

We intend to use the Issue proceeds in the manner as described in the section titled "*Objects of the Issue*" on page 40. We cannot assure you that the issue proceeds will be utilized in conformity with the cost or schedule of implementation as described under the said chapter. Our funding requirements for the objects and deployment schedule are based on current conditions and are subject to change in light of external factors which may not be in our control. This may also include rescheduling the proposed utilization of issue proceeds at the discretion of our management. Our Company may make necessary changes to such utilization in conformity with the provisions of the Companies Act and SEBI ICDR Regulations in relation to the change in the objects of the issue. Accordingly, shareholders /investors in the offer will need to rely on our management's judgment with respect to the use of proceeds. If we are unable to enter into arrangements for utilization of issue proceeds as expected in a timely manner, we may not be able to derive expected benefits from the proceeds of the issue and our business and financial results may suffer.

**20. *Our ability to pay dividends will depend upon earnings, financial condition, cash flows, working capital requirements, lender's approvals and other factors***

Our Company has not declared any dividend in the past four years. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lenders' approvals and other factors. There can be no assurance that we shall have distributable profits or that we will declare dividends in the future. Additionally, the terms and conditions of any financing we obtain in the future, may include restrictive covenants which may also affect some of the rights of our shareholders, including the payment of the dividend.

## **EXTERNAL RISK FACTORS**

**21. *Deterioration in global economic conditions could have a material adverse impact on our sales and results of operations***

The automotive industry and the demand for automobiles are influenced by general economic conditions including among other things, rates of economic growth, availability of credit, disposable income of consumers, interest rates, environmental and tax policies, safety regulations, freight rates and fuel and commodity prices. As Auto Components industry caters directly to Automotive industry, negative trends in any of these factors impacting the regions where we operate would materially and adversely affect our business, financial condition and results of operations.

The Indian automotive industry is affected materially by the general economic conditions in India and around the world. Muted industrial growth as a result of continuing high levels of inflation and interest rates continues to pose risks to overall growth in this market. The automotive industry in general is cyclical and economic slowdowns in the recent past have affected the manufacturing sector, including the automotive and related industries in India. A continuation of negative economic trends or further deterioration in key economic metrics such as the growth rate, interest rates and inflation as well as reduced availability of financing for vehicles at competitive rates could materially and adversely affect our sales in India and results of operations.



In addition, the Indian automotive market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to economic developments in one country can have adverse effects on the securities of companies and the economy as a whole. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between Rupee and other currencies is variable and may continue to remain volatile in future depending upon the foreign exchange reserve position of India. Fluctuations in the exchange rates may have a serious impact on the revenues from the export business.

In the event the growth rate / recovery of global economy is slower than expected, or if there is any significant financial disruption, this could have a material adverse effect on our cost of funding, portfolio of financing loans, business, prospects, financial condition, results of operations and the trading price of our Securities.

**22. *Financial instability in Indian and Global financial markets could adversely affect our Company's results of operations and financial condition***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares.

**23. *Political instability or significant changes in the economic liberalisation and deregulation policies of the Government or in the government of the states where we operate could disrupt its business***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our businesses, and the market price and liquidity of its securities may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India. In recent years, India has been following a course of economic liberalisation and our business could be significantly influenced by economic policies followed by the Government.

However, there can be no assurance that such policies will continue in the future. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

**24. *Natural disasters and other disruptions could adversely affect the Indian economy and could cause our business and operations to suffer and the trading price of our Equity Shares to decrease***

Our operations may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations which may affect our manufacturing processes. Damage or destruction that interrupts our production could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our infrastructure. We may also be liable to our customers for disruption in supply resulting from such damage or destruction. Our insurance coverage for such liability may not be sufficient. Any of the above factors may adversely affect our business, our financial results and the price of our Equity Shares.

**RISKS RELATING TO THE ISSUE****25. *The price of the Rights Equity Shares may be volatile***

The trading price of our Rights Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian automotive components industry and the perception in the market about investments in the automotive components industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments etc. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares.

**26. *Any future issuance of equity shares by our Company or sale of our equity shares by any of our Company's significant shareholders may adversely affect the trading price of our equity shares***

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sale of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sale might occur could also affect the trading price of our equity shares.



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**SECTION IV - INTRODUCTION****SUMMARY OF FINANCIAL INFORMATION**

The following tables set forth summary financial information derived from our Audited Financial Information for the year ended March 31, 2018 and Unaudited Financial Results for the six (6) months period ended September 30, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015. The summary of financial information presented below should be read in conjunction with our Financial Information and the notes thereto in the section titled “Financial Statements” on page 56 on this Draft Letter of Offer.

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# BALANCE SHEET

as at 31 March, 2018

₹ lacs

| Particulars                               | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
|---|-------------------------|-------------------------|-------------------------|
| <b>A. ASSETS</b>                          |                         |                         |                         |
| <b>1. Non-current assets</b>              |                         |                         |                         |
| (a) Property, plant and equipment         | 11210.68                | 10162.06                | 11073.15                |
| (b) Capital work-in-progress              | 236.32                  | 159.46                  | 347.94                  |
| (c) Intangible assets                     | 100.23                  | 116.63                  | 141.34                  |
| (d) Financial assets                      |                         |                         |                         |
| (i) Loans                                 | 128.66                  | 114.24                  | 98.46                   |
| (ii) Others                               | 157.81                  | 203.25                  | 200.11                  |
| (e) Deferred tax assets (net)             | 208.14                  | 78.51                   | 7.70                    |
| (f) Other non-current assets              | 450.93                  | 494.93                  | 573.28                  |
| <b>Total non-current assets</b>           | <b>12492.77</b>         | <b>11329.08</b>         | <b>12441.98</b>         |
| <b>2. Current assets</b>                  |                         |                         |                         |
| (a) Inventories                           | 7702.76                 | 6242.95                 | 5734.42                 |
| (b) Financial assets                      |                         |                         |                         |
| (i) Trade receivables                     | 12817.78                | 9232.05                 | 7983.53                 |
| (ii) Cash and cash equivalents            | 24.65                   | 46.01                   | 68.08                   |
| (iii) Bank balances other than (ii) above | 509.15                  | 517.53                  | 514.39                  |
| (iv) Loans                                | 52.16                   | 36.50                   | 33.50                   |
| (v) Others                                | 356.93                  | 198.44                  | 152.39                  |
| (c) Other current assets                  | 2558.26                 | 1414.22                 | 1179.35                 |
| (d) Current tax assets (net)              | 58.72                   | 37.91                   | 62.95                   |
| <b>Total current assets</b>               | <b>24080.41</b>         | <b>17725.61</b>         | <b>15728.61</b>         |
| <b>Total assets</b>                       | <b>36573.18</b>         | <b>29054.69</b>         | <b>28170.59</b>         |
| <b>B. EQUITY AND LIABILITIES</b>          |                         |                         |                         |
| <b>1. EQUITY</b>                          |                         |                         |                         |
| (a) Equity share capital                  | 814.28                  | 781.78                  | 781.78                  |
| (b) Other equity                          | 6967.92                 | 5865.74                 | 5989.17                 |
| <b>Total equity</b>                       | <b>7782.20</b>          | <b>6647.52</b>          | <b>6770.95</b>          |
| <b>LIABILITIES</b>                        |                         |                         |                         |
| <b>2. Non-current liabilities</b>         |                         |                         |                         |
| (a) Financial liabilities                 |                         |                         |                         |
| (i) Borrowings                            | 7867.70                 | 3725.12                 | 5121.58                 |
| (ii) Other financial liabilities          | 114.72                  | -                       | -                       |
| (b) Provisions                            | 449.57                  | 435.51                  | 447.97                  |
| (c) Other non-current liabilities         | 1256.32                 | 1186.63                 | 1059.69                 |
| <b>Total non-current liabilities</b>      | <b>9688.31</b>          | <b>5347.26</b>          | <b>6629.24</b>          |
| <b>3. Current liabilities</b>             |                         |                         |                         |
| (a) Financial liabilities                 |                         |                         |                         |
| (i) Borrowings                            | 4982.51                 | 5237.38                 | 4271.67                 |
| (ii) Trade payables                       | 11706.80                | 8902.77                 | 7551.97                 |
| (iii) Other financial liabilities         | 1772.88                 | 2428.72                 | 2338.95                 |
| (b) Provisions                            | 91.42                   | 90.47                   | 111.70                  |
| (c) Other current liabilities             | 307.68                  | 400.57                  | 496.11                  |
| (d) Current tax liabilities (net)         | 241.38                  | -                       | -                       |
| <b>Total current liabilities</b>          | <b>19102.67</b>         | <b>17059.91</b>         | <b>14770.40</b>         |
| <b>Total equity and liabilities</b>       | <b>36573.18</b>         | <b>29054.69</b>         | <b>28170.59</b>         |



# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2018

| Particulars   | ₹ lacs                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| 1. Revenue from operations  | 51383.67                             | 43437.38                             |
| 2. Other income   | 157.96                               | 114.05                               |
| <b>3. Total income (1+2)</b>                                      | <b>51541.63</b>                      | <b>43551.43</b>                      |
| <b>4. Expenses</b>  |                                      |                                      |
| (a) Cost of materials and components consumed                     | 24347.81                             | 18974.37                             |
| (b) Changes in inventories of finished goods and work-in-progress | (743.93)                             | (387.32)                             |
| (c) Excise duty on sale of goods (including scrap sale)           | 645.41                               | 2759.28                              |
| (d) Employee benefits expense                                     | 8726.34                              | 7716.46                              |
| (e) Finance costs   | 1684.24                              | 1481.44                              |
| (f) Depreciation and amortisation expense                         | 1828.11                              | 1669.26                              |
| (g) Other expenses  | 14129.35                             | 11566.02                             |
| <b>Total expenses</b>   | <b>50617.33</b>                      | <b>43779.51</b>                      |
| <b>5. Profit/(Loss) before tax (3-4)</b>                          | <b>924.30</b>                        | <b>(228.08)</b>                      |
| <b>6. Tax expense/(credit) (net)</b>                              |                                      |                                      |
| (a) Current tax   | 425.00                               | -                                    |
| (b) Deferred tax  | (131.00)                             | (82.00)                              |
| Total tax expense/(credit)  | 294.00                               | (82.00)                              |
| <b>7. Profit/(Loss) for the year (5-6)</b>                        | <b>630.30</b>                        | <b>(146.08)</b>                      |
| <b>8. Other comprehensive income</b>                              |                                      |                                      |
| Items that will not be reclassified to profit or loss             |                                      |                                      |
| - Re-measurement gains on defined benefits obligations            | 3.95                                 | 33.84                                |
| - Income tax effect   | (1.37)                               | (11.19)                              |
| Other comprehensive income for the year (net of tax)              | 2.58                                 | 22.65                                |
| <b>9. Total comprehensive income for the year (7+8)</b>           | <b>632.88</b>                        | <b>(123.43)</b>                      |
| <b>10. Earnings per share (Face value of ₹ 10/- each):</b>        |                                      |                                      |
| Basic and Diluted - in ₹  | <b>7.93</b>                          | <b>(1.87)</b>                        |



# STATEMENT OF CASH FLOWS

for the year ended 31 March, 2018

| Particulars  | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| <b>A. Cash flows from operating activities:</b>  |                                      |                                      |
| Net profit/(loss) before tax   | 924.30                               | (228.08)                             |
| Adjustments to reconcile profit before tax to net cash flows:  |                                      |                                      |
| Depreciation and amortisation expense  | 1828.11                              | 1669.26                              |
| Loss on sale/write off of property, plant and equipment (net)  | 0.65                                 | 1.57                                 |
| Finance costs  | 1375.71                              | 1259.80                              |
| Interest income  | (70.35)                              | (95.59)                              |
| Rent expenses  | 8.10                                 | 7.66                                 |
| Employee benefits expense  | 7.65                                 | 6.27                                 |
| Liabilities/provisions no longer required written back   | (28.53)                              | (16.54)                              |
| Allowance for doubtful debts   | 23.17                                | 20.94                                |
| Bad debts written off  | 9.08                                 | 6.53                                 |
| Provision for slow and non-moving inventory  | 46.00                                | -                                    |
| Other amounts written off  | 0.99                                 | -                                    |
| Unrealised exchange loss (net)   | 10.50                                | 33.75                                |
| <b>Operating profit before working capital changes</b>   | <b>4135.38</b>                       | <b>2665.57</b>                       |
| Changes in working capital   |                                      |                                      |
| Adjustments for (increase)/decrease in operating assets:   |                                      |                                      |
| Inventories  | (1505.81)                            | (508.53)                             |
| Trade receivables  | (3517.86)                            | (1322.66)                            |
| Financial assets - loans   | (26.30)                              | (21.34)                              |
| Financial assets - others  | (98.86)                              | (43.76)                              |
| Other current and non-current assets   | (1079.44)                            | (309.14)                             |
| Adjustments for increase/(decrease) in operating liabilities:  |                                      |                                      |
| Trade payables   | 2816.75                              | 1367.42                              |
| Other financial liabilities  | (70.96)                              | (7.09)                               |
| Other current and non-current liabilities  | (16.98)                              | 65.24                                |
| Provisions   | 36.91                                | (33.69)                              |
| <b>Cash generated from operations</b>  | <b>672.83</b>                        | <b>1852.02</b>                       |
| Income tax (paid)/refund (net)   | (59.64)                              | 173.56                               |
| <b>Net cash flows from operating activities (A)</b>  | <b>613.19</b>                        | <b>2025.58</b>                       |
| <b>B. Cash flows from investing activities:</b>  |                                      |                                      |
| Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital advances) | (2141.22)                            | (581.60)                             |
| Proceeds from sale of property, plant and equipment  | 17.67                                | 15.85                                |
| Bank balances (including non-current) not considered as cash and cash equivalents (net)                                | (2.17)                               | (9.37)                               |
| Interest received  | 48.27                                | 84.47                                |
| Increase in balance in unpaid dividend account   | 5.86                                 | 1.91                                 |
| <b>Net cash flows used in investing activities (B)</b>   | <b>(2071.59)</b>                     | <b>(488.74)</b>                      |



## Statement of Cash Flows for the year ended 31 March, 2018 .... Contd.

| Particulars  | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| <b>C. Cash flows from financing activities:</b>  |                                      |                                      |
| Proceeds from long-term borrowings   | 8000.00                              | 700.00                               |
| Preferential issue of equity shares (net of share issue expenses of ₹ 9.49 lacs)   | 501.80                               | -                                    |
| Unsecured loan from Director   | (500.00)                             | 500.00                               |
| Repayment of long-term borrowings  | (4978.33)                            | (2470.96)                            |
| Net increase/(decrease) in short-term borrowings   | 1007.94                              | 703.74                               |
| Interest paid  | (1332.93)                            | (1252.17)                            |
| Dividends paid   | (5.86)                               | (1.91)                               |
| Finance lease obligation   | -                                    | (12.43)                              |
| <b>Net cash flows from/(used in) financing activities (C)</b>  | <b>2692.62</b>                       | <b>(1833.73)</b>                     |
| <b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>  | <b>1234.22</b>                       | <b>(296.89)</b>                      |
| Cash and cash equivalents at the beginning of the year   | (2794.45)                            | (2510.41)                            |
| Add: Effect of exchange differences on restatement of foreign currency Cash and cash equivalents   | 7.23                                 | 12.85                                |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>(1553.00)</b>                     | <b>(2794.45)</b>                     |
| The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Indian Accounting Standard 7 'Statement of Cash Flows' |                                      |                                      |



**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS  
PERIOD ENDED 30 SEPTEMBER, 2018**

| BHARAT GEARS LIMITED<br>CIN: L29130HR1971PLC034365<br>Registered Office: 20 K. M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003 (Haryana) |   |               |               |               |                         |               |                     |
|--|---|---------------|---------------|---------------|-------------------------|---------------|---------------------|
| STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 SEPTEMBER, 2018  |   |               |               |               |                         |               |                     |
|  |   |               |               |               |                         |               | (₹ in lacs)         |
|  | Particulars   | Quarter ended |               |               | Six months period ended |               | Previous year ended |
|  |   | 30.09.2018    | 30.06.2018    | 30.09.2017    | 30.09.2018              | 30.09.2017    | 31.03.2018          |
|  |   | (Unaudited)   | (Unaudited)   | (Unaudited)   | (Unaudited)             | (Unaudited)   | (Audited)           |
| 1  | Revenue from operations   | 14,977        | 14,615        | 12,577        | 29,592                  | 23,945        | 51,384              |
| 2  | Other income  | 238           | 203           | 18            | 441                     | 49            | 158                 |
| 3  | <b>Total income (1+2)</b>   | <b>15,215</b> | <b>14,818</b> | <b>12,595</b> | <b>30,033</b>           | <b>23,994</b> | <b>51,542</b>       |
| 4  | <b>Expenses</b>   |               |               |               |                         |               |                     |
|  | (a) Cost of materials and components consumed   | 7,635         | 7,092         | 5,853         | 14,727                  | 11,135        | 24,348              |
|  | (b) Changes in inventories of finished goods and work-in-progress                             | (1,139)       | (229)         | 110           | (1,368)                 | (96)          | (744)               |
|  | (c) Employee benefits expense   | 2,526         | 2,270         | 2,131         | 4,796                   | 4,179         | 8,727               |
|  | (d) Finance costs   | 523           | 469           | 463           | 992                     | 829           | 1,684               |
|  | (e) Depreciation and amortisation expense   | 529           | 489           | 453           | 1,018                   | 877           | 1,828               |
|  | (f) Other expenses  | 4,503         | 4,205         | 3,363         | 8,708                   | 6,993         | 14,775              |
|  | <b>Total expenses</b>   | <b>14,577</b> | <b>14,296</b> | <b>12,373</b> | <b>28,873</b>           | <b>23,917</b> | <b>50,618</b>       |
| 5  | <b>Profit before tax (3-4)</b>  | <b>638</b>    | <b>522</b>    | <b>222</b>    | <b>1,160</b>            | <b>77</b>     | <b>924</b>          |
| 6  | <b>Tax expense</b>  |               |               |               |                         |               |                     |
|  | 1. Current tax  | 296           | 255           | 30            | 551                     | 30            | 425                 |
|  | 2. Deferred tax   | (59)          | (74)          | 36            | (133)                   | (4)           | (131)               |
| 7  | <b>Net profit for the period (5-6)</b>  | <b>401</b>    | <b>341</b>    | <b>156</b>    | <b>742</b>              | <b>51</b>     | <b>630</b>          |
| 8  | <b>Other comprehensive income/(loss)</b>  |               |               |               |                         |               |                     |
|  | (i) Items that will not be reclassified to profit or loss                                     | (40)          | (0)           | (3)           | (40)                    | (6)           | 4                   |
|  | (ii) Income tax relating to items that will not be reclassified to profit or loss             | 14            | 0             | 1             | 14                      | 2             | (1)                 |
| 9  | <b>Total comprehensive income for the period (7+8)</b>  | <b>375</b>    | <b>341</b>    | <b>154</b>    | <b>716</b>              | <b>47</b>     | <b>633</b>          |
| 10   | Paid-up equity share capital<br>(Face value ₹ 10/- per share)                                 | 814           | 814           | 782           | 814                     | 782           | 814                 |
| 11   | Other equity (excluding revaluation reserve)  |               |               |               |                         |               | 6968                |
| 12   | Earnings per share<br>[face value of ₹ 10/- each (* not annualised)]<br>Basic and diluted (₹) | * 4.93        | * 4.19        | * 1.99        | * 9.12                  | * 0.65        | 7.93                |


**BHARAT GEARS LIMITED**
**CIN: L29130HR1971PLC034365**

Registered Office: 20 K. M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003 (Haryana)

## 6. Statement of Assets and Liabilities:

| Particulars |  | (₹ in lacs)                      |                                |
|-------------|--|----------------------------------|--------------------------------|
|             |  | As at<br>30.09.2018<br>Unaudited | As at<br>31.03.2018<br>Audited |
| <b>A</b>    | <b>ASSETS</b>  |                                  |                                |
| <b>1</b>    | <b>Non-current assets</b>  |                                  |                                |
|             | (a) Property, plant and equipment  | 11,985                           | 11,211                         |
|             | (b) Capital work-in-progress   | 850                              | 236                            |
|             | (c) Intangible assets  | 171                              | 100                            |
|             | (d) Financial assets   |                                  |                                |
|             | (i) Loans  | 140                              | 129                            |
|             | (ii) Others  | 183                              | 158                            |
|             | (e) Deferred tax assets (net)  | 355                              | 208                            |
|             | (f) Other non-current assets   | 1,145                            | 451                            |
|             |  | <b>14,829</b>                    | <b>12,493</b>                  |
| <b>2</b>    | <b>Current assets</b>  |                                  |                                |
|             | (a) Inventories  | 9,735                            | 7,702                          |
|             | (b) Financial assets   |                                  |                                |
|             | (i) Trade receivables  | 12,969                           | 12,818                         |
|             | (ii) Cash and cash equivalents   | 85                               | 25                             |
|             | (iii) Bank balances other than (ii) above  | 508                              | 509                            |
|             | (iv) Loans   | 75                               | 52                             |
|             | (v) Others   | 346                              | 357                            |
|             | (c) Other current assets   | 3,373                            | 2,558                          |
|             | (d) Current tax assets (net)   | 66                               | 59                             |
|             |  | <b>27,157</b>                    | <b>24,080</b>                  |
|             | <b>TOTAL</b>   | <b>41,986</b>                    | <b>36,573</b>                  |
| <b>B</b>    | <b>EQUITY AND LIABILITIES</b>  |                                  |                                |
| <b>1</b>    | <b>Equity</b>  |                                  |                                |
|             | (a) Equity share capital   | 814                              | 814                            |
|             | (b) Other equity   | 7,684                            | 6,968                          |
|             |  | <b>8,498</b>                     | <b>7,782</b>                   |
| <b>2</b>    | <b>Non-current liabilities</b>   |                                  |                                |
|             | (a) Financial Liabilities  |                                  |                                |
|             | (i) Borrowings   | 9,260                            | 7,868                          |
|             | (ii) Other financial liabilities   | 200                              | 115                            |
|             | (b) Provisions   | 500                              | 449                            |
|             | (c) Other non-current liabilities  | 1,305                            | 1,256                          |
|             |  | <b>11,265</b>                    | <b>9,688</b>                   |
| <b>3</b>    | <b>Current liabilities</b>   |                                  |                                |
|             | (a) Financial Liabilities  |                                  |                                |
|             | (i) Borrowings   | 6,542                            | 4,983                          |
|             | (ii) Trade payables  |                                  |                                |
|             | - total outstanding dues of micro enterprises and small enterprises                      | 62                               | 132                            |
|             | - total outstanding dues of creditors other than micro enterprises and small enterprises | 11,919                           | 11,575                         |
|             | (iii) Others   | 2,551                            | 1,773                          |
|             | (b) Provisions   | 99                               | 91                             |
|             | (c) Other current liabilities  | 652                              | 308                            |
|             | (d) Current tax liabilities (net)  | 398                              | 241                            |
|             |  | <b>22,223</b>                    | <b>19,103</b>                  |
|             | <b>TOTAL</b>   | <b>41,986</b>                    | <b>36,573</b>                  |



### THE ISSUE

The Issue has been authorised by way of a resolution passed by our Board of Directors on October 09, 2018 pursuant to Section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 141 of this Draft Letter of Offer.

|   |  |
|---|--|
| <b>Equity Shares outstanding prior to the Issue</b>   | 81,42,833 Equity Shares  |
| <b>Rights Equity Shares offered in the Issue</b>  | [●]  |
| <b>Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)</b> | [●] Equity Shares  |
| <b>Rights Entitlement</b>   | [●] Equity Share for every [●] fully paid-up Equity Share held on the Record Date i.e., [●]                  |
| <b>Record Date</b>  | [●]  |
| <b>Face Value per Equity Share</b>  | ₹ 10/- each  |
| <b>Issue Price per Equity Share</b>   | ₹ [●]/- each   |
| <b>Issue Size</b>   | Up to ₹ 1,500 lakhs  |
| <b>Terms of the Issue</b>   | For more information, please see “ <i>Terms of the Issue</i> ” on page 141 of this Draft Letter of Offer     |
| <b>Use of proceeds of the Issue</b>   | For further information, please see “ <i>Objects of the Issue</i> ” on page 40 of this Draft Letter of Offer |
| <b>Scrip Code</b>   | ISIN: INE561C01019<br>BSE: 505688<br>NSE: BHARATGEAR   |

#### Terms of Payment

The full amount of ₹ [●] per Equity Share is payable on application.



## GENERAL INFORMATION

Our Company was incorporated on December 23, 1971 as a public limited company under the provisions of the Companies Act, 1956. Our Company obtained the certificate for commencement of business on January 05, 1972 from the Registrar of Companies, Delhi & Haryana.

### Registered Office of our Company

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

**Tel:** +91 129 428 8888

**Fax:** +91 129 428 8822

**Registration No.:** 034365

**CIN:** L29130HR1971PLC034365

### Corporate Office of our Company

14<sup>th</sup> Floor, Hoechst House,  
Nariman Point,  
Mumbai - 400 021, Maharashtra

**Tel:** +91 22 2283 2370

### Address of the Registrar of Companies

Our Company is registered with Registrar of Companies, Delhi & Haryana which is situated at the following address:

### Registrar of Companies, Delhi & Haryana

4<sup>th</sup> Floor, IFCI Tower,  
61 Nehru Place,  
New Delhi – 110019

**Tel:** +91 11 2623 5703

**Fax:** +91 11 2623 5702

### Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Draft Letter of Offer:

| Name                             | Designation                        | DIN      | Address   |
|----------------------------------|------------------------------------|----------|---|
| Mr. Surinder Paul Kanwar         | Chairman and Managing Director     | 00033524 | A-3, Greater Kailash-I, New Delhi - 110 048                                     |
| Mr. Sameer Kanwar                | Joint Managing Director            | 00033622 | 402, Royale Retreat II, Charmwood, Village, Suraj Kund Road, Faridabad- 121 009 |
| Mr. Wolfgang Rudolf Schilha      | Non-Executive Independent Director | 00374415 | 88069 Tettngang, Flurstrasse 18 DE, Germany                                     |
| Mr. Rakesh Chopra                | Non-Executive Independent Director | 00032818 | C-204, Sarvodaya Enclave, New Delhi- 110 017                                    |
| Mr. Virendra Kumar Pargal        | Non-Executive Independent Director | 00076639 | Flat No.-16, Ganga Jamuna, 17th Road, Santacruz West, Mumbai - 400 054          |
| Ms. Hiroo Suresh Advani          | Non-Executive Independent Director | 00265233 | 403, Shivala, Sobani Road, Colaba, Mumbai - 400 005                             |
| Mr. Nagar Venkatraman Srinivasan | Non-Executive Director             | 00879414 | B-904, Usha Nagar CHS Ltd, Bhandup West, Mumbai - 400 078                       |



| Company Secretary and Compliance Officer  | Lead Manager to the Issue   |
|---|---|
| <b>Mr. Prashant Khattry</b><br>20 K.M. Mathura Road,<br>P.O.Amar Nagar,<br>Faridabad – 1210 03,<br>Haryana<br><b>Tel:</b> +91 129 428 8888<br><b>E-mail:</b> <a href="mailto:prashant.khattry@bglindia.com">prashant.khattry@bglindia.com</a>   | <b>Keynote Corporate Services Limited</b><br>The Ruby, 9 <sup>th</sup> Floor,<br>Senapati Bapat Marg,<br>Dadar (West), Mumbai- 400 028<br><b>Tel:</b> +91 22 3026 6000<br><b>E-mail:</b> <a href="mailto:mbd@keynoteindia.net">mbd@keynoteindia.net</a><br><b>Website:</b> <a href="http://www.keynoteindia.net">www.keynoteindia.net</a><br><b>Contact Person:</b> Ms. Pooja Sanghvi/ Mr. Akhil Mohod<br><b>SEBI Registration No:</b> INM 000003606                        |
| Legal Advisors to the Issue   | Registrar and Share Transfer Agent  |
| <b>Alliance Law</b><br>801, 8 <sup>th</sup> Floor, Raheja Center,<br>Free Press Journal Marg, Nariman Point,<br>Mumbai – 400 021<br><b>Tel:</b> +91 22 2204 0822<br><b>E-mail:</b> <a href="mailto:info@alliancelaw.in">info@alliancelaw.in</a><br><b>Contact Person:</b> Mr. Ankur Loona | <b>Link Intime India Private Limited</b><br>C101, 247 Park, LBS Marg,<br>Vikhroli (West),<br>Mumbai - 400 083<br><b>Tel:</b> +91 22 4918 6200<br><b>Fax:</b> +91 22 4918 6195<br><b>E-mail:</b> <a href="mailto:bharatgears.rights@linkintime.co.in">bharatgears.rights@linkintime.co.in</a><br><b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a><br><b>Contact Person:</b> Mr. Sumeet Deshpande<br><b>SEBI Registration No.:</b> INR000004058 |
| Banker/ Refund Banker to the Issue  |   |
| <b>Name</b><br><b>Address</b><br><b>Tel:</b> [●]<br><b>E-mail:</b> [●]<br><b>Website:</b> [●]<br><b>Contact Person:</b> [●]<br><b>SEBI Registration No.:</b> [●]  |   |

For further details of our Board of Directors, see “*Our Management*” on page 51.

### Self Certified Syndicate Bankers (SCSB)

The list of banks that has been notified by SEBI to act as SCSBs for the ASBA process is provided on [SEBI's](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) website at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above-mentioned link.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, credit of Rights Equity Shares or Refund Orders and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application was submitted by the ASBA Investors.

### Registered Brokers

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 04, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the NSE at [www.nseindia.com](http://www.nseindia.com) and BSE at [www.bseindia.com](http://www.bseindia.com) respectively, as updated from time to time.



### Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at <http://www.nseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6>, as updated from time to time.

### Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges.

### Monitoring Agency

Since the Issue size does not exceed ₹ 10,000 Lakhs, the appointment of a monitoring agency as per Regulation 82 of the SEBI Regulations is not required.

### Credit Rating

As this is an issue of Rights Equity Shares, there is no credit rating required for the Issue.

### Appraising Entity

The objects of this issue have not been appraised by any bank or any other independent financial institution or any other independent agency.

### Expert

Our Company has received a written consent from the Statutory Auditors namely, S R B C & CO LLP, to include their name as required under Section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, and as “experts”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as an auditor and in respect of their (a) audit report dated May 30, 2018 on our financial statements for the year ended March 31, 2018, their (b) limited review report dated October 30, 2018 on unaudited financial results for the six months period ended September 30, 2018, and (c) their report dated December 06, 2018 on the Statement of Possible Special Tax Benefits included in this Draft , and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, they should not be construed as “experts” as defined under U.S. Securities Act, 1933.

### Statement of responsibility of the Lead Manager

Keynote Corporate Services Limited is the sole Lead Manager to the Issue. The details of responsibilities of the Lead Manager is as follows:

| Sr. No. | Activity  |
|---------|---|
| 1.      | Capital structuring with relative components and formalities such as type of instruments, etc.  |
| 2.      | Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAF, etc. To ensure compliance with the SEBI ICDR Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchanges and SEBI. |
| 3.      | Marketing of the Issue will cover, <i>inter alia</i> , preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including CAF, the Abridged Letter of Offer and the Letter of Offer to the extent applicable.   |
| 4.      | Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, advertisement agencies etc.  |
| 5.      | Follow-up with Bankers to the Issue to get estimates of collection and advising our Company about closure of the Issue, based on the correct figures.   |
| 6.      | Post-Issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of  |



| Sr. No. | Activity   |
|---------|--|
|         | certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and bank handling refund activities. Even if many of these Post-Issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that such agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company. |

### Underwriting

Our Company has entered into an Underwriting Agreement dated [●] with the Underwriter for underwriting the Rights Equity Shares. The fulfilment of obligations by the Underwriter shall be subject to the Promoter subscribing to its Rights Entitlement. The Underwriters are registered with SEBI or registered as brokers with the stock exchange. The Underwriter mentioned in the table below has agreed to underwrite for amount specified below at a price equal to the Issue Price. The Details of the Underwriting commitments are as under:

| Name, address, telephone number, e-mail address of the Underwriter | Number of Rights Equity Shares underwritten | Amount underwritten |
|--|---|---------------------|
| [●]  | [●]   | [●]                 |

In the opinion of the Board of Directors of our Company, the resources of the above mentioned Underwriter are sufficient to enable them to discharge their respective obligations in full.

### Filing

The Draft Letter of Offer has been filed with the Northern Regional Office of the SEBI, located at 5th Floor, Bank of Baroda Building, 16, Sansad Marg New Delhi - 110001, India for its observations and with the stock exchanges. After SEBI gives its observations, the Letter of Offer will be filed with the with the Stock Exchanges as per the provisions of the Companies Act.

### Issue Schedule:

|   |     |
|---|-----|
| <b>Issue Opening Date:</b>                        | [●] |
| <b>Last date for receipt of request for SAFs:</b> | [●] |
| <b>Issue Closing Date:</b>                        | [●] |

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided the Issue will not be kept open in excess of 30 days from the Issue Opening Date.



## CAPITAL STRUCTURE

The equity share capital of our Company as on date of this Draft Letter of Offer is set forth below:

(₹ in lakhs except per share data)

| Sr. No. | Particulars  | Aggregate Nominal Value | Aggregate Value at Issue Price |
|---------|--|-------------------------|--------------------------------|
| A.      | <b>Authorised share capital:</b>   |                         |                                |
|         | 1,00,00,000 Equity Shares of face value of ₹ 10/- each   | 1,000.00                |                                |
|         | 15,00,000 Cumulative redeemable convertible or non-convertible preference shares of ₹ 100/- each                                       | 1,500.00                |                                |
|         | <b>Total</b>   | 2,500.00                |                                |
| B.      | <b>Issued, subscribed and paid up capital</b>  |                         |                                |
|         | 81,42,833 Equity Shares of face value of ₹ 10/- each   | 814.28                  |                                |
| C.      | <b>Present Issue in terms of this Draft Letter of Offer<sup>(1)</sup></b>  |                         |                                |
|         | [●] Equity Shares of face value of ₹ 10/- each   | [●]                     | [●]                            |
| D.      | <b>Issued, subscribed and paid up capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)</b> |                         |                                |
|         | [●] Equity Shares of ₹ 10/- each fully paid-up   | [●]                     | [●]                            |
| E.      | <b>Securities premium account</b>  |                         |                                |
|         | Before the Issue   |                         | 1,393.90                       |
|         | After the Issue <sup>(2)</sup>   |                         | [●]                            |

Notes:

- (1) The Issue has been authorised by the Board of Directors of our Company under Section 62 and other provisions of the Companies Act, 2013 at their meeting held on October 09, 2018.
- (2) Assuming full subscription for and allotment of the Rights Entitlement.

## Notes to the Capital Structure

1. Details of the outstanding instruments:

As on the date of this Letter of Offer, our Company does not have any outstanding warrants, outstanding instruments with option to convert or securities which are convertible at a later date into Equity Shares.

2. Our Company does not have a stock option scheme.
3. The shareholding pattern of our Company as on September 30, 2018 is as follows:

## (a) Summary statement holding of specified securities

| Category of Shareholder       | No. of shareholders | No. of fully paid up equity shares held | Total no. of shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | No. of voting rights | Total as a % of Total Voting Right | No. of locked in shares |                                 | No. of equity shares held in dematerialized form |
|-------------------------------|---------------------|---|--------------------------|--|----------------------|------------------------------------|-------------------------|---------------------------------|--|
|                               |                     |   |                          |  |                      |                                    | No. (a)                 | As a % of total shares held (b) |  |
| (A) Promoter & Promoter Group | 6                   | 44,66,738                               | 44,66,738                | 54.85  | 44,66,738            | 54.85                              | 3,25,000                | 7.28                            | 44,66,133  |
| (B) Public                    | 12,193              | 36,76,095                               | 36,76,095                | 45.15  | 36,76,095            | 45.15                              |                         | -                               | 35,16,246  |



| Category of Shareholder            | No. of shareholders | No. of fully paid up equity shares held | Total no. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | No. of voting rights | Total as a % of Total Voting Right | No. of locked in shares |                                 | No. of equity shares held in dematerialized form |
|------------------------------------|---------------------|---|-----------------------|--|----------------------|------------------------------------|-------------------------|---------------------------------|--|
|                                    |                     |   |                       |  |                      |                                    | No. (a)                 | As a % of total shares held (b) |  |
| (C1) Shares underlying DRs         |                     |   |                       | -  |                      | -                                  |                         | -                               |  |
| (C2) Shares held by Employee Trust |                     |   |                       | -  |                      | -                                  |                         | -                               |  |
| (C) Non Promoter-Non Public        |                     |   |                       | -  |                      | -                                  |                         | -                               |  |
| <b>Grand Total</b>                 | <b>12,199</b>       | <b>81,42,833</b>                        | <b>81,42,833</b>      | <b>100.00</b>  | <b>81,42,833</b>     | <b>100.00</b>                      | <b>3,25,000</b>         | <b>3.99</b>                     | <b>79,82,379</b>                                 |

## (b) Statement showing shareholding pattern of the Promoter and Promoter Group

| Category of Shareholder                   | No. of shareholders | No. of fully paid up equity shares held | Total no. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | No. of locked in shares |                                 | No. of equity shares held in dematerialized form |
|---|---------------------|---|-----------------------|--|-------------------------|---------------------------------|--|
|   |                     |   |                       |  | No. (a)                 | As a % of total shares held (b) |  |
| <b>A1) Indian</b>                         |                     |   |                       |  |                         |                                 |  |
| <b>Individuals/Hindu undivided Family</b> | <b>2</b>            | <b>26,29,525</b>                        | <b>26,29,525</b>      | <b>32.29</b>   | <b>3,25,000</b>         | <b>12.36</b>                    | <b>26,28,920</b>                                 |
| Surinder Paul Kanwar                      | 1                   | 26,28,920                               | 26,28,920             | 32.29  | 3,25,000                | 12.36                           | 26,28,920  |
| Raunaq Singh                              | 1                   | 605                                     | 605                   | 0.01   |                         | -                               |  |
| <b>Any Other (specify)</b>                | <b>4</b>            | <b>18,37,213</b>                        | <b>18,37,213</b>      | <b>22.56</b>   |                         | <b>-</b>                        | <b>18,37,213</b>                                 |
| Ultra Consultants Private Limited         | 1                   | 7,66,038                                | 7,66,038              | 9.41   |                         | -                               | 7,66,038   |
| Future Consultants Private Ltd            | 1                   | 6,45,071                                | 6,45,071              | 7.92   |                         | -                               | 6,45,071   |
| Raunaq EPC International                  | 1                   | 2,93,300                                | 2,93,300              | 3.60   |                         | -                               | 2,93,300   |



| Category of Shareholder                        | No. of shareholders | No. of fully paid up equity shares held | Total no. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | No. of locked in shares |                                 | No. of equity shares held in dematerialized form |
|--|---------------------|---|-----------------------|--|-------------------------|---------------------------------|--|
|  |                     |   |                       |  | No. (a)                 | As a % of total shares held (b) |  |
| Limited  |                     |   |                       |  |                         |                                 |  |
| Vibrant Finance and Investment Private Limited | 1                   | 1,32,804                                | 1,32,804              | 1.63   |                         | -                               | 1,32,804   |
| <b>Sub Total A1</b>                            | <b>6</b>            | <b>44,66,738</b>                        | <b>44,66,738</b>      | <b>54.85</b>   | <b>3,25,000</b>         | <b>7.28</b>                     | <b>44,66,133</b>                                 |
| <b>A2) Foreign</b>                             |                     |   |                       |  |                         |                                 |  |
| <b>A=A1+A2</b>                                 | <b>6</b>            | <b>44,66,738</b>                        | <b>44,66,738</b>      | <b>54.85</b>   | <b>3,25,000</b>         | <b>7.28</b>                     | <b>44,66,133</b>                                 |

## (c) Statement showing shareholding pattern of the public shareholder

| Category & Name of the Shareholders                                      | No. of shareholders | No. of fully paid up equity shares held | Total no. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | No. of voting rights | Total as a % of Total Voting Right | No. of locked in shares |                                 | No. of equity shares held in dematerialized form (Not applicable) |
|--|---------------------|---|-----------------------|--|----------------------|------------------------------------|-------------------------|---------------------------------|---|
|  |                     |   |                       |  |                      |                                    | No. (a)                 | As a % of total shares held (b) |   |
| <b>B1) Institutions</b>  |                     |   |                       |  |                      |                                    |                         |                                 |   |
| Mutual Funds   | 2                   | 250                                     | 250                   | -  | 250                  | -                                  |                         | -                               |   |
| Financial Institutions/ Banks  | 7                   | 11,990                                  | 11,990                | 0.15   | 11,990               | 0.15                               |                         | -                               | 10,578  |
| Any Other (specify)  | 2                   | 2,700                                   | 2,700                 | 0.03   | 2,700                | 0.03                               |                         | -                               |   |
| UTI  | 2                   | 2,700                                   | 2,700                 | 0.03   | 2,700                | 0.03                               |                         | -                               |   |
| <b>Sub Total B1</b>  | <b>11</b>           | <b>14,940</b>                           | <b>14,940</b>         | <b>0.18</b>  | <b>14,940</b>        | <b>0.18</b>                        |                         | -                               | <b>10,578</b>   |
| <b>B2) Central Government / State Government (s)/ President of India</b> |                     |   |                       |  |                      |                                    |                         |                                 |   |
| <b>B3) Non-</b>  |                     |   |                       |  |                      |                                    |                         |                                 |   |



| Category & Name of the Shareholders              | No. of shareholders | No. of fully paid up equity shares held | Total no. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2) | No. of voting rights | Total as a % of Total Voting Right | No. of locked in shares |                                 | No. of equity shares held in dematerialized form (Not applicable) |
|--|---------------------|---|-----------------------|--|----------------------|------------------------------------|-------------------------|---------------------------------|---|
|  |                     |   |                       |  |                      |                                    | No. (a)                 | As a % of total shares held (b) |   |
| <b>Institutions</b>                              |                     |   |                       |  |                      |                                    |                         |                                 |   |
| Individual share capital upto ₹ 2 Lacs           | 11,495              | 25,39,345                               | 25,39,345             | 31.19  | 25,39,345            | 31.19                              |                         | -                               | 23,87,907   |
| Individual share capital in excess of ₹ 2 Lacs   | 7                   | 2,86,729                                | 2,86,729              | 3.52   | 2,86,729             | 3.52                               |                         | -                               | 2,86,729  |
| <b>Any Other (specify)</b>                       | 680                 | 8,35,081                                | 8,35,081              | 10.26  | 8,35,081             | 10.26                              |                         | -                               | 8,31,032  |
| IEPF   | 1                   | 43,669                                  | 43,669                | 0.54   | 43,669               | 0.54                               |                         | -                               | 43,669  |
| Trusts   | 1                   | 5,000                                   | 5,000                 | 0.06   | 5,000                | 0.06                               |                         | -                               | 5,000   |
| HUF  | 270                 | 1,94,182                                | 1,94,182              | 2.38   | 1,94,182             | 2.38                               |                         | -                               | 1,94,182  |
| Non-Resident Indian (NRI-Non-Repatriation basis) | 65                  | 53,965                                  | 53,965                | 0.66   | 53,965               | 0.66                               |                         | -                               | 53,965  |
| Non-Resident Indian (NRI-Repatriation basis)     | 101                 | 72,044                                  | 72,044                | 0.88   | 72,044               | 0.88                               |                         | -                               | 72,044  |
| Clearing Members                                 | 92                  | 79,665                                  | 79,665                | 0.98   | 79,665               | 0.98                               |                         | -                               | 79,665  |
| Bodies Corporate                                 | 150                 | 3,86,556                                | 3,86,556              | 4.75   | 3,86,556             | 4.75                               |                         | -                               | 3,82,507  |
| <b>Sub Total B3</b>                              | <b>12,182</b>       | <b>36,61,155</b>                        | <b>36,61,155</b>      | <b>44.96</b>   | <b>36,61,155</b>     | <b>44.96</b>                       |                         | -                               | <b>35,05,668</b>  |
| <b>B=B1+B2+B3</b>                                | <b>12,193</b>       | <b>36,76,095</b>                        | <b>36,76,095</b>      | <b>45.15</b>   | <b>36,76,095</b>     | <b>45.15</b>                       |                         | -                               | <b>35,16,246</b>  |

4. Except as under, none of the Equity Shares held by our Promoter and Promoter Group have been locked-in or pledged or has any encumbrance on such Equity Shares:

3,25,000 Equity Shares issued to our Promoter, Mr. Surinder Paul Kanwar on a preferential basis on November 03, 2017 are subject to lock-in till December 14, 2020.



5. Details of the shareholders holding more than one percent (1%) of the share capital of our Company as on September 30, 2018, is as follows:

| No. | Name of Shareholder                            | No. of equity shares held | % of total no. of shares |
|-----|--|---------------------------|--------------------------|
| 1.  | Mr. Surinder Paul Kanwar                       | 26,28,920                 | 32.29                    |
| 2.  | Ultra Consultants Private Limited              | 7,66,038                  | 9.41                     |
| 3.  | Future Consultants Private Limited             | 6,45,071                  | 7.92                     |
| 4.  | Raunaq EPC International Limited               | 2,93,300                  | 3.60                     |
| 5.  | Vibrant Finance and Investment Private Limited | 1,32,804                  | 1.63                     |
| 6.  | SMC Global Securities Limited                  | 1,03,775                  | 1.27                     |

6. None of our Promoter and Promoter Group have acquired any Equity Shares in the last one year immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

7. Intention and extent of participation by our Promoter and Promoter Group in the Issue:

Our Promoter and entities forming part of our Promoter Group have, *vide* their letters dated December 4, 2018 (the "**Subscription Letters**") indicated their intention to: subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

8. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●].
9. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares on the date of this Draft Letter of Offer. Further, the Rights Equity Shares when issued shall be fully paid-up.
10. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Investor for making an application in the rights issue, except for fees or commission for services rendered in relation to the Issue.



## SECTION V - PARTICULARS OF THE ISSUE

## OBJECTS OF THE ISSUE

The proceeds from the Issue are proposed to be utilized for the purposes of financing identified equipment.

Our Memorandum of Association enables us to pursue our existing activities, and the activities for which the funds are being raised by our Company in the Issue.

**Requirement of funds & Means of finance**

The proposed utilization of Issue Proceeds is set forth below:

(in ₹ lakhs)

| Sr. No. | Particulars                       | Amount     |
|---------|-----------------------------------|------------|
| 1.      | Financing of Identified Equipment | 1,668.11   |
| 2.      | Issue Expenses                    | [●]        |
|         | <b>Total</b>                      | <b>[●]</b> |

**Means of Finance**

(in ₹ lakhs)

| Sr. No. | Source                | Amount         |
|---------|-----------------------|----------------|
| 1.      | Proceeds of the Issue | Up to 1,500.00 |
| 2.      | Internal Accruals     | [●]            |
|         | <b>Total</b>          | <b>[●]</b>     |

The fund requirements set out in the Objects of the Issue are proposed to be met entirely from the Proceeds of the Rights Issue and internal accruals. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue as required under SEBI ICDR Regulations.

**DETAILS OF THE OBJECTS OF THE ISSUE**

Over the past four decades our Company has developed advanced gear manufacturing capabilities. We are the preferred supplier of automotive gears for heavy, medium & light trucks, utility vehicles, tractors & off highway vehicles. We have emerged as one of the largest gear manufacturers for OEMs in India & major exporter to North American, European & Asian countries. We manufacture more than half a million Hypoid/Spiral ring gear sets to service a variety of vehicles. We manufacture differential gears of various sizes as well as sub-assemblies. We manufacture over four million transmission components annually.

Technological upgradation & process innovations have continued to be our key drivers of differentiation. Enhanced productivity through retro fitting and re-furbishing of machines and optimizing efficiency at every level has given us the competitive edge. We strive for continuous product development & innovative methods to enhance our manufacturing capabilities to cater to the stringent quality requirements of the customers. We continue to invest in technology upgradation to remain a leader in adopting latest technology in gear manufacturing. In order to cater to the growing demand domestically and from overseas customers in the key sectors serviced by the Company, we need to continually invest in our manufacturing capabilities.

We have identified following key equipment for immediate use and to be financed through the proposed Rights Issue of equity shares:

(in ₹ lakhs)

| Sr. No. | Particulars                                  | Amount          |
|---------|--|-----------------|
| 1.      | Gear Grinding Machine                        | 650.26          |
| 2.      | Gear Cutting Machine                         | 818.85          |
| 3.      | Robot for Continuous Gas Carburising Furnace | 199.00          |
|         | <b>Total</b>                                 | <b>1,668.11</b> |

**KEY FEATURES OF EQUIPMENT:****1. Gear Grinding Machine:**

We have procured and installed a state-of-the-art gear grinding machine at our Mumbra plant. Same is procured from Klingelberg GMBH, Germany. This machine has the ability to produce most complex gear geometries of the highest standard. Some of the other features of this machine are:

- Compact, easy to handle and flexible generating and profile form gear grinding machine with extensive software options.
- Gear inspection system on machine. Quality measurement according to DIN3962, AGMA 2000/2015 & ISO 1328 standards
- Diagnostic system with error messages, warnings & information texts

The cost of the machine is ₹ 650.26 lakhs and we have procured the same from the manufacturer on credit. The payment for the same is required to be made as per the details mentioned in the breakup of cost. The machine has already been installed and has been able to provide the required output and has enhanced our capacity and efficiency in the critical grinding operation.

**2. Gear Cutting Machine:**

We have procured a gear cutting machine from Klingelberg AG, Switzerland and installed the same at our Faridabad plant. This machine is highly efficient and environment friendly. Some of the technical features of this machine are as follows:

- 6 axis CNC bevel dry cutting machine
- Equipped with integrated deburring system
- Optimum energy efficiency coupled with higher productivity
- Equipped with efficient automation system
- Improved gear quality & surface finish
- Environment friendly

The cost of the machine is ₹ 818.85 lakhs and we have procured the same from the manufacturer on credit. The payment for the same is required to be made as per the details mentioned in the breakup of cost. The machine has already been installed and has been able to provide the required output and has enhanced our capacity and efficiency in the critical gear cutting operation.

**3. Robot for Continuous Gas Carburising Furnace:**

We had developed capability of constructing furnaces initially for captive use. Over a period of time taking advantage of our core competency in heat treatment technology, we commenced constructing furnaces as an important commercial activity. Our technology and expertise in furnace building coupled with expertise in commissioning, operations and process control gave us an edge in all aspects of heat treating equipment.

Heat treating of gears, a critical aspect of gear production, is the process of surface treatment / case carburising and quenching to attain required hardness.

Heat treatment of spiral bevel gears (crown wheels), which are main stay of our operations, has been a manually intensive operation where each gear must be removed from the furnace manually and placed on a fixture on an external press for quenching. One of the factors which adversely affects the results of this operation is the variability in terms of timing, placement, fatigue, handling damage etc. due to the variations in handling by operators. The solution to this is a well-designed and controlled robotic transfer system which will generate consistent quality of products along with associated benefits of increased production.

With spurt in demand in the recent past, the company has decided to implement application of Robotic Automation system for the new Continuous Gas Carburising Furnace at Faridabad plant.

**BREAK UP OF THE COST**

The detailed breakup of the estimated cost on the basis of quotations received/orders placed is as given below:

| Sr. No.      | Description of the machinery                                    | Name of the Supplier          | Date of placement of order & Status | Cost of the Equipment (Foreign Currency-EUR) | Total cost ₹ in lakhs | Payment terms   |
|--------------|---|-------------------------------|-------------------------------------|--|-----------------------|---|
| 1.           | Gear Grinding Machine at Mumbra plant #                         | KlingelInberg GMBH, Germany   | 22/02/2018                          | 771,825                                      | 650.26 (Note 1)       | <ul style="list-style-type: none"> <li>▪ 90% of the order value to be paid on 365<sup>th</sup> day from date of bill of lading. (Date of bill of lading: April 16, 2018)</li> <li>▪ 10% of the order value to be paid on 395<sup>th</sup> day after successful commissioning &amp; final acceptance of machine</li> </ul> |
|              |   |                               | Installed                           |  |                       |   |
| 2.           | Gear Cutting Machine at Faridabad plant##                       | KlingelInberg AG, Switzerland | 06/03/2018                          | 971,924                                      | 818.85 (Note 1)       | 100% of the order value to be paid on 410 <sup>th</sup> day from date of bill of lading. (Date of bill of lading: September 3, 2018)  |
|              |   |                               | Installed                           |  |                       |   |
| 3.           | Robot for Continuous Gas Carburising Furnace at Faridabad plant | Fanuc India Private Limited   | 18/06/2018                          | N.A.   | 99.15*                | <ul style="list-style-type: none"> <li>▪ 30% advance against Advance Bank Guarantee</li> <li>▪ 70% with Taxes against Proforma Invoice</li> </ul>   |
|              | Accessories with System Engineering for Robotic Automation      |                               | To be installed                     |  | 99.85*                | <ul style="list-style-type: none"> <li>▪ 30% advance against Advance Bank Guarantee</li> <li>▪ 60% advance with Taxes against Proforma Invoice</li> <li>▪ 10% on successful Installation &amp; Commissioning</li> </ul>   |
| <b>Total</b> |   |                               |                                     |  | 1,668.11              |   |

# The machine has been installed in the plant and commissioned in July, 2018.

## The machine has been installed in the plant and commissioned in November, 2018.

\*Total advance of ₹ 59.70 lakhs has been paid towards the said machine and its accessories.

**Notes:**

1. Conversion based on exchange rate of ₹ 84.25/EUR as on September 28, 2018.
2. All Machines are of New condition.



## Issue Expenses

The Issue related expenses consist of fees payable to the Lead Manager, Legal Counsel, processing fee to the SCSBs, Registrars to the Issue, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchanges. Our Company will need approximately ₹ [●] lakhs towards these expenses, a break-up of the same is as follows:

(₹ in lakhs)

| Activity  | Estimated Expense | % of Total Expenses | As a % of Issue size |
|---|-------------------|---------------------|----------------------|
| Fees to intermediaries (including Lead Managers fees, Legal fees, selling commission*, registrar fees and expenses) | [●]               | [●]                 | [●]                  |
| Advertising, Printing, Stationery & Distribution  | [●]               | [●]                 | [●]                  |
| Statutory and other miscellaneous expenses  | [●]               | [●]                 | [●]                  |
| <b>Total estimated Issue expenses</b>   | [●]               | [●]                 | [●]                  |

\*Includes Commission/ processing fees to the Designated Intermediaries. Designated Intermediaries would be entitled for a processing fee of ₹[●] for processing of valid Application forms procured by such Intermediaries. Additionally, the SCSBs will be entitled for a fee of ₹[●] per application for blocking of funds.

## Schedule of Utilization and Deployment of Funds

The Issue Proceeds are expected to be deployed in accordance with the schedule set forth below:

(₹ in lakhs)

| Sr. No. | Particulars                                  | Amount already spent / to be spent |             | Total amount to be deployed |
|---------|--|------------------------------------|-------------|-----------------------------|
|         |  | Fiscal 2019                        | Fiscal 2020 |                             |
| 1.      | Gear Grinding Machine                        | -                                  | 650.26      | 650.26                      |
| 2.      | Gear Cutting Machine                         | -                                  | 818.85      | 818.85                      |
| 3.      | Robot for Continuous Gas Carburising Furnace | 199.00                             | -           | 199.00                      |
| 4.      | Issue Expenses                               | [●]                                | -           | [●]                         |
|         | <b>Total</b>                                 |                                    |             | [●]                         |

For Gear Grinding and Gear Cutting machine, the company enjoys supplier credit. Accordingly, as per the terms, payment for these machines shall be made in FY 2019-20.

For Robot for Continuous Gas Carburising Furnace the company has paid advance of ₹ 59.70 lacs. Balance payments shall be released based on progress of delivery/installation of equipment. Total payment is expected to be completed in FY 2018 -19.

As indicated above, our Company proposes to deploy the entire Issue Proceeds towards the Objects as described during Fiscal 2019 and 2020. In the event of the estimated utilization of the Issue Proceeds in the scheduled Fiscal is not undertaken in its entirety, the remaining Issue Proceeds shall be utilized in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Issue Proceeds are not completely utilised for the Objects during the respective period stated above due to factors such as (i) economic and business conditions; (ii) timely completion of the Issue; (iii) market conditions outside the control of our Company; and (iv) any other commercial considerations, the remaining Issue Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company in accordance with applicable laws. Similarly, subject to our business considerations, our Company may also use the Issue Proceeds in the preceding Fiscal, if it is in the best interests of our Company.

The requirement and deployment of funds indicated above is based on internal management estimates, current circumstances of our business and prevailing market conditions. The requirement and deployment of funds described herein has not been verified by the Lead Manager nor have the Object been appraised by any bank or financial institution. For details, see "Risk Factors – The Objects for which we propose to utilise Issue proceeds are not appraised by any Bank or Financial Institution and our Management will have flexibility in applying the issue proceeds." on page 15.



### *Sources of financing of funds already deployed*

Our Company has deployed ₹ 66.20 lakhs as of November 15, 2018 towards “Objects of the Issue” as certified by M/s Madan & Associates, Chartered Accountants vide certificate dated November 19, 2018. The details of which are as under:

(₹ in lakhs)

| Particulars                | Amount       |
|----------------------------|--------------|
| <b>DEPLOYMENT OF FUNDS</b> |              |
| - Advances to Supplier     | 59.70        |
| - Rights Issue Expenses    | 6.50         |
| <b>Total</b>               | <b>66.20</b> |
| <b>SOURCES OF FUNDS</b>    |              |
| - Internal Accruals        | 66.20        |
| <b>Total</b>               | <b>66.20</b> |

### **Strategic and/ or Financial Partners**

There are no Strategic and Financial partners to the objects of the issue.

### **Appraisal**

None of the Objects of the Issue have been appraised by any bank or financial institution.

### **Bridge Financing Facilities**

We have not availed any bridge financing facilities for the meeting the expenses as stated under the Objects of the Issue.

### **Interim Use of Funds**

The Issue Proceeds pending utilization for the objects described above shall be deposited with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

### **Monitoring of Utilization of Funds**

Our Board of Directors will monitor the utilization of the Issue Proceeds. The Company will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate investments, if any, of unutilized Issue Proceeds in the Balance Sheet of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Clause 32 of the SEBI Listing Regulation, the Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. In accordance with Clause 32 of the SEBI Listing Regulation, the Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after placing the same before the Audit Committee.

### **Variation in Objects**

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "*Postal Ballot Notice*") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the Objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

### **Other Confirmations**

No part of the proceeds from the Issue will be paid by the Company as consideration to our Promoters, Promoter Group Companies, our Directors, or Key Managerial Personnel.

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS****STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA**

The Board of Directors  
Bharat Gears Limited  
14<sup>th</sup> Floor, Hoechst House,  
Nariman Point, Mumbai 400 021  
India

Dear Sirs/ Madam,

**Statement of Possible Special Tax Benefits available to Bharat Gears Limited and its shareholders under the Indian tax laws**

1. We hereby confirm that the enclosed Annexure 'A', prepared by Bharat Gears Limited ('the Company'), provides the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the IT Act') as amended by the Finance Act 2018, i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20 and The Central Goods and Services Act, 2017, The State Goods and Services Act 2017, The Integrated Goods and Services Tax Act 2017 and The Union Territory Goods and Service Tax Act 2017, as amended (collectively referred to as 'GST Regime') presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act and GST Regime. Hence, the ability of the Company and / or its shareholders to derive the possible special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**Sd/-**

**per Pramod Kumar Bapna**  
Partner  
Membership Number: 105497  
Place of Signature: Mumbai  
Date: December 06, 2018

**ANNEXURE 'A' TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

Outlined below are the possible special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ("the IT Act") as amended by the Finance Act 2018, i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20 and The Central Goods and Services Act, 2017, The State Goods and Services Act 2017, The Integrated Goods and Services Tax Act 2017 and The Union Territory Goods and Service Tax Act 2017, as amended (collectively referred to as "GST Regime"), presently in force in India.

**I. Special tax benefits available to the Company**

There are no special tax benefits available to the Company.

**II. Special tax benefits available to Shareholders**

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

1. This statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
3. The above statement covers only above mentioned tax laws benefits and does not cover benefits under any other law.



## SECTION VI - ABOUT THE COMPANY

### HISTORY AND CERTAIN CORPORATE MATTERS

#### Corporate Profile and Brief History

Our Company was incorporated in India on December 23, 1971 as Bharat Gears Limited (“BGL”) under the provisions of the Companies Act, 1956. Our Company received Certificate of Commencement of Business on January 05, 1972 issued by the Registrar of Companies, Delhi & Haryana. The Corporate Identification Number of our Company is L29130HR1971PLC034365. Our Company was founded by late Dr. Raunaq Singh, father of Mr. Surinder Paul Kanwar. Late Dr. Raunaq Singh was instrumental in strengthening the Company to the position it is in today.

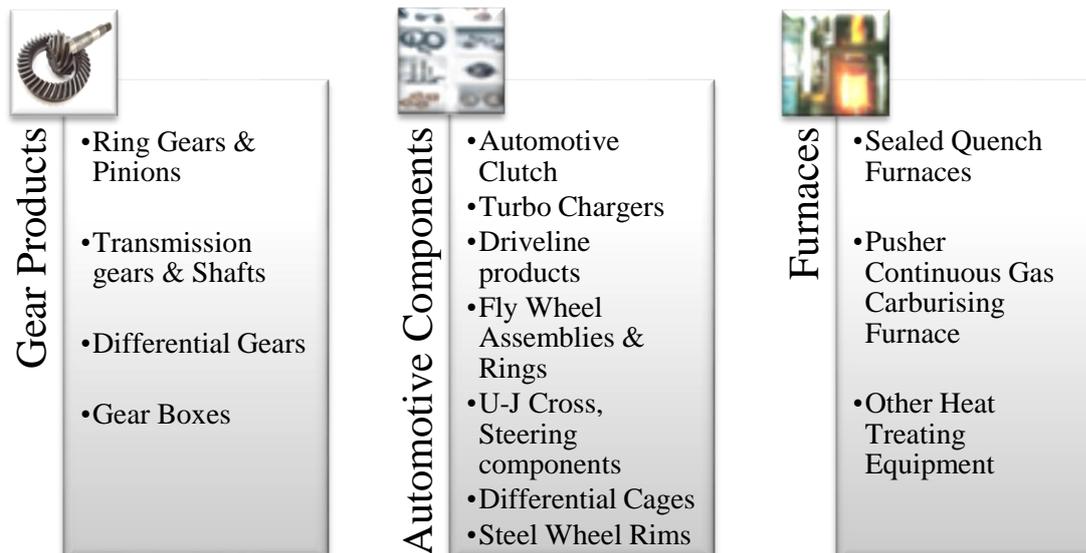
#### Changes in our Registered Office:

| Date              | Particulars of registered office   | Reason of change in registered office |
|-------------------|--|---------------------------------------|
| Incorporation     | Initially, registered office of the Company was situated at Allahabad Bank Building, 17, Parliament Street, New Delhi-110 001  | N.A.                                  |
| October 01, 1987  | Registered Office of the Company shifted from Allahabad Bank Building, 17, Parliament Street, New Delhi-110001 to Chiranjiv Tower, 43 Nehru Place, New Delhi – 110 019 | Administrative convenience            |
| December 13, 1990 | Registered Office of the Company shifted from Chiranjiv Tower, 43 Nehru Place, New Delhi – 110019 to Allahabad Bank Building, 17, Parliament Street, New Delhi-110 001 | Administrative convenience            |
| November 02, 1992 | Registered Office of the Company shifted from Allahabad Bank Building, 17, Parliament Street, New Delhi-110001 to Chiranjiv Tower, 43 Nehru Place, New Delhi – 110 019 | Administrative convenience            |
| October 08, 1999  | Registered Office of the Company shifted from Chiranjiv Tower, 43, Nehru Place, New Delhi to 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad – 1210 03, Haryana       | Administrative convenience            |

#### Business

We are engaged in the manufacturing of a wide range of gears for heavy, medium and light duty commercial vehicles, buses, tractors, construction equipment, utility vehicles, forklift trucks, cooling towers, etc. Our business segments can be categorised into following types:

- Gears
- Automotive Components
- Furnaces



BGL manufactures a wide range of Bevel (hypoid/spiral) gears, Straight Bevel (Differential) gears, Transmission gears and shafts, complete automotive transmissions, gearbox sub-assemblies and differential assemblies. BGL had a technical and financial collaboration from 1985 to 2007 with ZF Friedrichshafen AG, Germany, one of the world's leading manufacturer of drivelines and chassis for automobiles. To keep pace with technology, BGL has invested in high end dry cut hobbing machines, dry cut bevel gear cutting machines as well as state of the art testing facilities.

With a view to capitalize on impressive pan India distribution network, BGL also started supplies of wide array of automotive parts which includes Automotive Clutch and components, Turbo Chargers and components, Driveline Products, Axle Shafts, Fly Wheel Assemblies & Rings, Propeller Shaft components, U-J Cross, Steering Components, Differential Cages, Steel Wheel Rims among many others through existing dealership network.

BGL's furnace division builds a variety of furnaces – sealed quench, continuous gas carburisers, rotary furnaces, etc. It also undertakes reconditioning of old furnaces on behalf of customers. BGL had a technical collaboration with AFC-Holcroft, USA from 1981 to 2005. The Company has entered into fresh technical collaboration agreement with AFC-Holcroft, USA since April 2010 for a period of 10 years.

With capacities of the existing units at Mumbra and Faridabad being utilised to the maximum extent, Lonand plant was setup with a conscious decision to grow capacities while maintaining an optimum size for each individual plant in the year 2013.

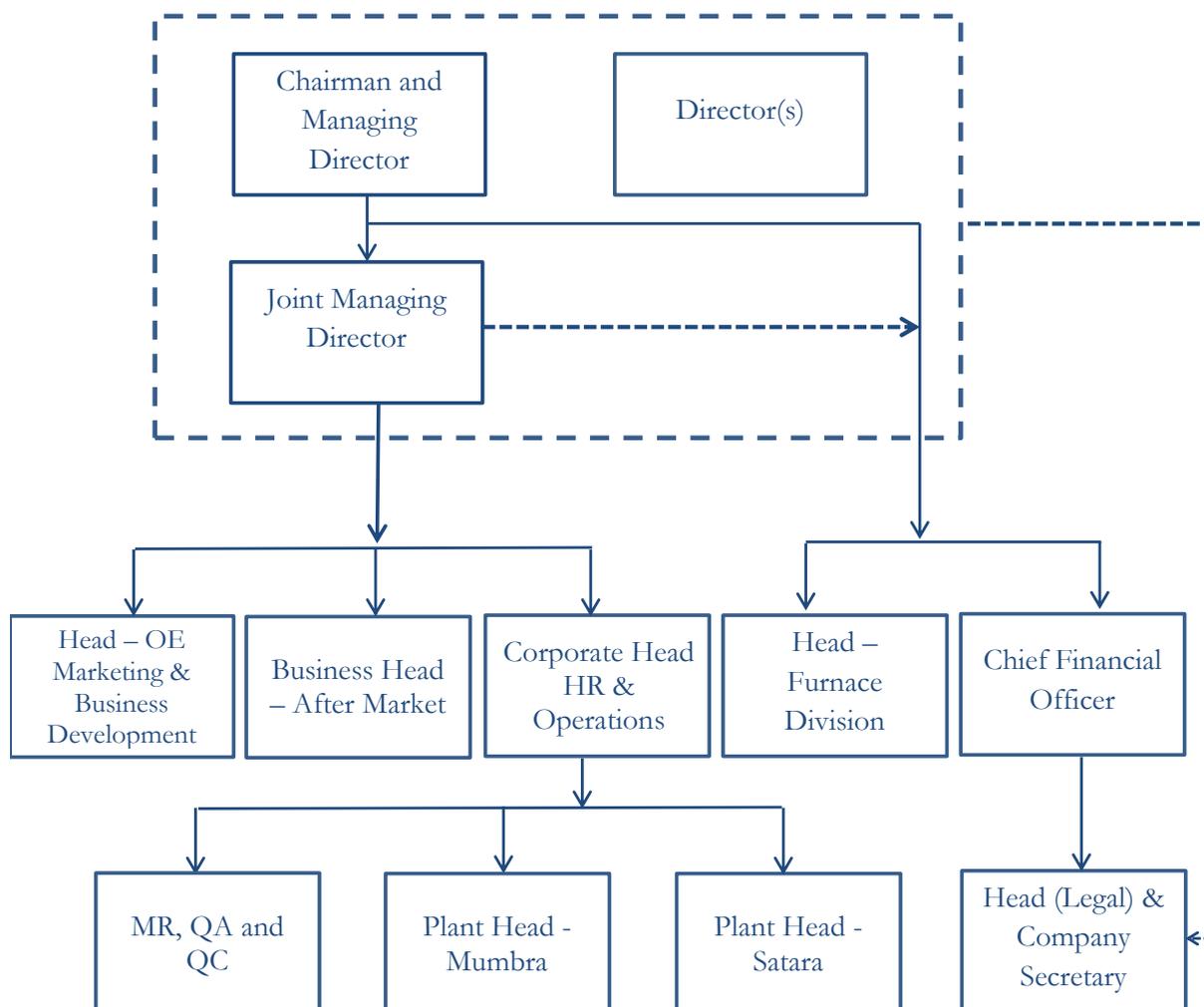
While India remains the primary market, the Company is steadily growing its exports, mainly to North American and European Market. BGL's customer list includes almost all the players in the domestic automobile industry in the tractors, trucks, construction equipment, buses and utility vehicle segments like John Deere India, Escorts, Carraro India, Spicer India and JCB. In the export market, BGL's clients include John Deere - USA, John Deere - Spain, John Deere – Mexico, Eaton Corporation and Transaxle Manufacturing of America. BGL has strong technology and human resource base to meet the exacting standards of the most demanding customers in the world.

Our modern manufacturing facilities, which includes state-of-the-art machinery for gear cutting, gear shaping, hobbing, shaving, gear grinding, gear testers and induction hardening machines, are located at Mumbra near Mumbai, Faridabad near Delhi and Lonand near Satara.

The Equity Shares of our Company are listed on BSE and NSE. For Fiscal Year 2018 our total income was ₹51,541.63 lakhs with a net profit after tax of ₹ 630.30 lakhs.



The corporate structure of our Company is as under:



**Main Objects of our Company**

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. To carry on business of designing, manufacturing, developing, hiring, repairing, buying, selling and dealing in gears of all types including in particular Spiral Bevel, Straight Bevel, Spur and Helical and Worm Gears.
2. To carry on the business as manufacturers, exporters, repairers and dealers in ring gears and pinion sets, transmission gears and complete differential and components thereof and all parts, equipment, accessories thereof and all other materials, equipment, purchase of stores used therein or in any relation thereof.
3. To carry on business as manufacturers and dealers in ball and roller bearings and bearings of all kinds.
4. To carry on the business as Merchant Exporters and Dealers in all kinds of engineering, metallurgical and other goods.
5. To carry on the business as manufacturers, producer, designers, importers, exporters, traders, buyers, sellers, suppliers, indenters, agents, sub-agents, jobbers, brokers, repairers, cleaners, run, manage, operate or deal in and operate all types of aviations, aeroplanes, seaplanes, flying boats, hovercrafts, helicopters, light sports aircraft and other craft or conveyances appropriate for the carriage of passengers, freight and mails by air and all or any parts, equipment, engines, machinery and plant relating thereto and to carry out and conduct any tests, experiments, research or development, recondition and service aircrafts and other apparatus of every description capable of being flown or navigated in the air, whether powered or not, necessary or expedient for



such purposes and to purchase, take on lease, hire, take license of, train pilots or acquire or sell, develop, manage, run, let out, or give any exclusive of other right or interest in aerodromes, parking, landing grounds, airports, helipads, land and sea planes bases, hangers, machine shops, engineering shops, sheds for servicing, maintain and landing all kinds of aircraft in any part of the world and to obtain and hold from any state, sovereign, governmental or semi-governmental authority, any licenses, authorities or rights, necessary or convenient for such purposes.

#### Major events in the history of our Company

| Year                        | Events   |
|-----------------------------|--|
| 1972                        | Foundation Stone laid at Mumbra Factory  |
| 1974                        | Inauguration of the Hypoid Plant and commencement of production with 'Gleason Machines'  |
| 1980                        | First 'Oerlikon Spiromatic Generator' installed. BGL becomes one of the first companies in India to have both cutting systems under one roof |
| 1981-2005<br>2010-till date | Agreement for Technical Collaboration signed with AFC-Holcroft, USA for construction of furnaces in India                                    |
| 1985-2007                   | Technical & Financial Collaboration agreement with ZF AG Germany   |
| 1987                        | Delivery for ZF S6-36 Gears & Shafts to Ashok Leyland Ltd. and ZF AG Germany   |
|                             | Start of Assembly of ZF S5-24 Gear Boxes for Ashok Leyland   |
| 1988                        | Start of business with DANA Corporation, USA   |
| 1994                        | Received ISO 9002  |
| 1996                        | Crossed turnover of ₹ 1 billion  |
| 1998                        | Foundation stone for Faridabad Plant laid  |
| 2000                        | Start of commercial production in Faridabad  |
|                             | Received QS 9000 for Mumbra Plant  |
| 2004                        | BGL Faridabad starts supply to Toyota Kirloskar Auto Parts   |
|                             | BGL Faridabad receives ISO 14001 certification   |
| 2005                        | BGL Faridabad & Mumbra receives TS 16949 certification   |
| 2008                        | Introduction of Dry Cut Hobbing process  |
| 2009                        | Introduction of Klinglenberg Close Loop CNC Gear Measuring system  |
| 2010                        | Introduction of Bevel Gear dry cutting process with close loop technology  |
| 2011                        | BGL Faridabad receives OHSAS 18001 certification   |
| 2012                        | Factory Foundation laid by BGL at Lonand near Satara, Maharashtra  |
| 2014                        | Commencement of commercial production at Lonand, near Satara, Maharashtra  |
| 2015                        | BGL Satara receives TS 16949; ISO/14001 and OHSAS 18001 certification  |
| 2018                        | BGL Mumbra, Faridabad and Satara plant receive IATF 16949 certification  |



## OUR MANAGEMENT

## Board of Directors

The Articles of Association of our Company provides that our Company shall have not less than four and not more than fifteen Directors on our Board, unless otherwise determined by our Company in a general meeting.

As on the date of this Draft Letter of Offer, our Company has seven (7) Directors out of which one (1) is a Chairman and Managing Director, one (1) is Joint Managing Director, one (1) is a Non-Executive Director and Four (4) are Non-Executive Independent Directors.

The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer.

| Sr. No. | Name, designation, address, occupation, nationality, term and DIN   | Age (years) | Other directorships/ partnerships/ trusteeships/ proprietorship  |
|---------|---|-------------|--|
| 1.      | <p><b>Mr. Surinder Paul Kanwar</b></p> <p><i>Designation:</i> Chairman and Managing Director</p> <p><i>Date of Birth:</i> July 28, 1952</p> <p><i>Date of first Appointment:</i> September 29, 1982</p> <p><i>Address:</i><br/>A-3, Greater Kailash - I, New Delhi 110048</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Date of expiration of the current term of office:</i> September 30, 2020</p> <p><i>DIN:</i> 00033524</p>                             | 66          | <p><i>Other Directorships</i></p> <ol style="list-style-type: none"> <li>1. Raunaq EPC International Limited</li> <li>2. Cliplok Simpak (India) Private Limited</li> <li>3. Xlerate Driveline India Limited</li> <li>4. Vibrant Finance and Investment Private Limited</li> <li>5. Future Consultants Private Limited</li> <li>6. Ultra Consultants Private Limited</li> </ol> |
| 2.      | <p><b>Mr. Sameer Kanwar</b></p> <p><i>Designation:</i> Joint Managing Director</p> <p><i>Date of Birth:</i> December 24, 1977</p> <p><i>Date of first Appointment:</i> February 01, 2002</p> <p><i>Address:</i><br/>402, Royale Retreat II, Charmwood Village, Suraj Kund Road, Faridabad 121009, Haryana</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Canadian</p> <p><i>Date of expiration of the current term of office:</i> May 31, 2021</p> <p><i>DIN:</i> 00033622</p> | 41          | <p><i>Other Directorships</i></p> <ol style="list-style-type: none"> <li>1. Nexus Driveline India Private Limited</li> <li>2. Samreet Investment and Management Consultancy Private Limited</li> </ol>   |



| Sr. No. | Name, designation, address, occupation, nationality, term and DIN   | Age (years) | Other directorships/ partnerships/ trusteeships/ proprietorship   |
|---------|---|-------------|---|
| 3.      | <p><b>Mr. Wolfgang Rudolf Schilha</b></p> <p><i>Designation:</i> Non-Executive Independent Director</p> <p><i>Date of Birth:</i> March 14, 1951</p> <p><i>Date of first Appointment:</i> July 26, 2007</p> <p><i>Address:</i><br/>88069 Tettngang Flurstrasse 18 DE, Germany</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> German</p> <p><i>Date of expiration of the current term of office:</i> Five (5) years from the date of AGM held on August 04, 2016</p> <p><i>DIN:</i> 00374415</p> | 67          | <p><i>Other Directorships</i></p> <p>NIL</p>  |
| 4.      | <p><b>Mr. Rakesh Chopra</b></p> <p><i>Designation:</i> Non-Executive Independent Director</p> <p><i>Date of Birth:</i> October 17, 1950</p> <p><i>Date of first Appointment:</i> January 25, 2007</p> <p><i>Address:</i><br/>C-204, Sarvodaya Enclave, New Delhi, 110017</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Date of expiration of the current term of office:</i> Five (5) years from the date of AGM held on July 31, 2015</p> <p><i>DIN:</i> 00032818</p>       | 68          | <p><i>Other Directorships</i></p> <ol style="list-style-type: none"> <li>1. Minda Corporation Limited</li> <li>2. GPR Enterprises Private Limited</li> <li>3. Pragma Holdings Private Limited</li> <li>4. Cleantec Infra Private Limited</li> <li>5. Kempty Cottages Private Limited</li> </ol> <p><i>Trusteeships</i></p> <ol style="list-style-type: none"> <li>1. Indraprastha Cancer Society</li> </ol> |
| 5.      | <p><b>Mr. Virendra Kumar Pargal</b></p> <p><i>Designation:</i> Non-Executive Independent Director</p> <p><i>Date of Birth:</i> February 05, 1933</p> <p><i>Date of first Appointment:</i> January 24, 2002</p> <p><i>Address:</i><br/>Flat No.-16, Ganga Jamuna, 17<sup>th</sup> Road,</p>  | 85          | <p><i>Other Directorships</i></p> <ol style="list-style-type: none"> <li>1. Raunaq EPC International Limited</li> <li>2. Xlerate Driveline India Limited</li> </ol>   |



| Sr. No. | Name, designation, address, occupation, nationality, term and DIN  | Age (years) | Other directorships/ partnerships/ trusteeships/ proprietorship              |
|---------|--|-------------|--|
|         | <p>Santacruz West, Mumbai – 400 054, Maharashtra</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of expiration of the current term of office:</b> Five (5) years from the date of AGM held on July 31, 2015</p> <p><b>DIN:</b> 00076639</p>  |             |  |
| 6.      | <p><b>Ms. Hiroo Suresh Advani</b></p> <p><b>Designation:</b> Non-Executive Independent Director</p> <p><b>Date of Birth:</b> March 4, 1945</p> <p><b>Date of first Appointment:</b> January 30, 2014</p> <p><b>Address:</b><br/>403, Shivala, Sobani Road, Colaba, Mumbai - 400 005, Maharashtra</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of expiration of the current term of office:</b> Five (5) years from the date of AGM held on August 01, 2014</p> <p><b>DIN:</b> 00265233</p>    | 73          | <p><b>Other Directorships</b></p> <p>NIL</p>                                 |
| 7.      | <p><b>Mr. Nagar Venkatraman Srinivasan</b></p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>Date of Birth:</b> April 04, 1944</p> <p><b>Date of first Appointment:</b> November 03, 2017</p> <p><b>Address:</b><br/>B-904, Usha Nagar CHS Ltd, Bhandup West, Mumbai - 400 078, Maharashtra</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of expiration of the current term of office:</b> One (1) year from the date of AGM held on August 03, 2018</p> <p><b>DIN:</b> 00879414</p> | 74          | <p><b>Other Directorships</b></p> <p>1. Raunaq EPC International Limited</p> |



### Relationship between our Directors:

| Name of the Directors    | Relationship between Directors  |
|--------------------------|---------------------------------|
| Mr. Surinder Paul Kanwar | Father of Mr. Sameer Kanwar     |
| Mr. Sameer Kanwar        | Son of Mr. Surinder Paul Kanwar |

Except as stated above, none of the other Directors are related to each other.

### Brief Biographies of Directors:

#### Mr. Surinder Paul Kanwar, Chairman and Managing Director

Mr. Surinder Paul Kanwar (66 years) is the Chairman & Managing Director of our Company. A Commerce graduate from Delhi University, Mr. Surinder Paul Kanwar is experienced & has in-depth knowledge of the core business of the Company i.e. Automotive Gears. He has exposure in all business verticals and is engaged in supervision & conduct of business of the Company, along with a team of senior management personnel, who assist him in carrying out his activities, subject to the overall supervision & control of the Board of Directors.

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

#### Mr. Sameer Kanwar, Joint Managing Director

Mr. Sameer Kanwar (41 years) is a third generation Entrepreneur. As Executive Director-Strategic Planning of Bharat Gears Limited, he has spearheaded the Business Operations of the Faridabad plant of the Company. He holds a Bachelor of Arts Degree from York University, Canada. He received two years training in the areas of Planning, Finance and Control at ZF Friedrichshafen AG, Germany. He has overall experience and exposure in Marketing, Purchase and Management. Mr. Sameer Kanwar is the Joint Managing Director of the Company since June 01, 2008.

#### Mr. Wolfgang Rudolf Schilha, Non-Executive Independent Director

Mr. Wolfgang Rudolf Schilha (67 years) is a Non-Executive Independent Director of our Company. He was a member of the Board of Directors since February 26, 1986 as a representative of ZF Friedrichshafen AG, Germany, the foreign collaborators of our Company. He retired from ZF Germany as the “Executive Vice President, International Strategic Projects” of the Commercial Vehicle division of ZF, after having managed Truck and Bus Transmission Sales, ZF Corporate Worldwide Service Network and up to June 2013 the strategic business unit Bus Driveline Technology at ZF. He was also the Chairman of ZF Drivetech (Suzhou) Ltd. in Suzhou, PR China, ZF Beiben Drivetech Company Ltd. Chongqing PRC and Chairman of the Supervisory Board of ZF Hungaria Kft. in Eger, Hungary. He has international exposure on various facets of Auto Industry as a whole including Gear Technology. He is having expertise in the area of sales, marketing and service.

#### Mr. Rakesh Chopra, Non-Executive Independent Director

Mr. Rakesh Chopra (68 years) is a Non-Executive Independent Director of our Company. He has been associated with the Company with more than a decade. He is a qualified Chartered Accountant (England & Wales) and an MBA graduate from Cranfield University, U.K. He has spearheaded various industry groups at top management levels including Escorts till September 2006. He has experience of around -46 years. Apart from our company he is a director and Audit Committee Chairman in Minda Corporation Limited, director in G.P.R. Enterprises Pvt. Ltd., Kempty Cottages Pvt. Ltd. and Pragma Holdings Pvt. Ltd. He is also Founder member and Chairman of Indraprastha Cancer Society.

**Mr. Virendra Kumar Pargal, Non-Executive Independent Director**

Mr. Virender Kumar Pargal (85 years) is a Non-Executive Independent Director of our Company since January 22, 2002. Mr. Pargal is a qualified Chartered Engineer and Member of The Institution of Engineering and Technology, England. He started his career with intensive training in Roots Group (Manufacturers of Humber-Hillman range of motor vehicles) of United Kingdom and thereafter played a significant role in development & manufacturing of advanced machine tools. In India, he has a distinguished spell with Mahindra & Mahindra Limited, serving at various senior level positions.

**Ms. Hiroo Suresh Advani, Non-Executive Independent Director**

Ms. Hiroo Suresh Advani (73 years) is a Non-Executive Independent Director of the Company since January 30, 2014. She is a post graduate in Arts. She has over 45 years of work experience in the field of Trade Finance, Project Finance, Corporate Banking, Technology Upgradation Programme (TUF) etc. in the organisations viz. Reserve Bank of India, Industrial Development Bank of India, Export Import Bank of India (EXIM Bank) etc. She has also served as Nodal officer of EXIM Bank for CDR Cell and represented EXIM Bank for TUF meetings Ministry of Textiles, GOI. She worked as Chief General Manager with EXIM Bank till 2005 and subsequently upon retirement, she served as Adviser in EXIM Bank till March 2009.

**Mr. Nagar Venkatraman Srinivasan, Non-Executive Director**

Mr. Nagar Venkatraman Srinivasan (74 years) is a Non-Executive Director of our Company since November 3, 2017. He is a graduate in Mechanical Engineering. He has done MS in Industrial Engineering from University of Illinois and he is an MBA from Graduate School of Business from the University of Pittsburgh in USA. He has rich experience of 50 years. Having started his career with Larsen & Toubro Limited, Mr. Srinivasan joined Bharat Gears Limited in the year 1976. Over the years he served at various senior level positions in materials, manufacturing and general management. He retired from the company, after a long stint of 33 years, as Corporate Business Head having overall responsibility of all the operations of the Company. He continues to be associated with the company as Technical and Management Advisor.

**Past Directorships in listed companies**

None of the Directors is or were a director of any listed company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company during the last ten years preceding the date of filing of the Draft Letter of Offer, which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

**Other confirmations**

Our Company has not entered into any service contracts with our Directors, which provide for benefits upon termination of their directorship.

We confirm that as on the date of this Draft Letter of Offer, there are no arrangements or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board of Directors as a member of the senior management.

**SECTION VII – FINANCIAL INFORMATION****FINANCIAL STATEMENTS**

| <b>Particulars</b>  | <b>Page No.</b>   |
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| <b>Independent Auditor's Report</b>   | <b>57 to 62</b>   |
| <b>Audited Financial Statement for the Year Ended March 31, 2018</b>  | <b>63 to 113</b>  |
| <b>Unaudited Financial Results for the six (6) months period ended September 30, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015</b> | <b>114 to 117</b> |



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT GEARS LIMITED

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Bharat Gears Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Other Matter

The comparative financial information of the Company for the year ended 31 March, 2017 and the transition date opening balance sheet as at 01 April, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended 31 March, 2017 and 31 March, 2016 dated 23 May, 2017 and 24 May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on 31 March, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29.1(i) to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**per Pramod Kumar Bapna**

Place: Mumbai  
Date: 30 May, 2018

Partner  
Membership Number: 105497



## Annexure 1 referred to in paragraph 1 to Report on Other Legal and Regulatory Requirements of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans taken by the Company are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable property of land that has been taken on lease and building constructed thereon, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement. However, in case of freehold land at one of the locations, the Company observed that the area and name mentioned in the records of the Government does not match with the Indenture of Conveyance, for which the Company has initiated necessary action for correction.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of certain products of the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of the statute  | Nature of the dues | Amount (₹) | Period to which the amount relates | Forum where the dispute is pending |
|----------------------|--------------------|------------|------------------------------------|------------------------------------|
| Income Tax Act, 1961 | Income Tax         | 730,115    | Assessment Year 2013-2014          | Income Tax Appellate Tribunal      |

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.



- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised money by way of initial public offer, further public offer or debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**per Pramod Kumar Bapna**

Partner

Place: Mumbai  
Date: 30 May, 2018

Membership Number: 105497



## **Annexure 2 to the Independent auditor's report of even date on the Ind AS Financial Statements of Bharat Gears Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Bharat Gears Limited** ("the Company") as of 31 March, 2018 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing

and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial



control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**per Pramod Kumar Bapna**

Place: Mumbai  
Date: 30 May, 2018

Partner  
Membership Number: 105497



# BALANCE SHEET

as at 31 March, 2018

| Particulars                               | Notes | ₹ lacs                  |                         |                         |
|---|-------|-------------------------|-------------------------|-------------------------|
|   |       | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| <b>A. ASSETS</b>                          |       |                         |                         |                         |
| <b>1. Non-current assets</b>              |       |                         |                         |                         |
| (a) Property, plant and equipment         | 5(A)  | 11210.68                | 10162.06                | 11073.15                |
| (b) Capital work-in-progress              |       | 236.32                  | 159.46                  | 347.94                  |
| (c) Intangible assets                     | 5(B)  | 100.23                  | 116.63                  | 141.34                  |
| (d) Financial assets                      |       |                         |                         |                         |
| (i) Loans                                 | 6(A)  | 128.66                  | 114.24                  | 98.46                   |
| (ii) Others                               | 7(A)  | 157.81                  | 203.25                  | 200.11                  |
| (e) Deferred tax assets (net)             | 30(C) | 208.14                  | 78.51                   | 7.70                    |
| (f) Other non-current assets              | 8     | 450.93                  | 494.93                  | 573.28                  |
| <b>Total non-current assets</b>           |       | <b>12492.77</b>         | <b>11329.08</b>         | <b>12441.98</b>         |
| <b>2. Current assets</b>                  |       |                         |                         |                         |
| (a) Inventories                           | 9     | 7702.76                 | 6242.95                 | 5734.42                 |
| (b) Financial assets                      |       |                         |                         |                         |
| (i) Trade receivables                     | 10    | 12817.78                | 9232.05                 | 7983.53                 |
| (ii) Cash and cash equivalents            | 11(A) | 24.65                   | 46.01                   | 68.08                   |
| (iii) Bank balances other than (ii) above | 11(B) | 509.15                  | 517.53                  | 514.39                  |
| (iv) Loans                                | 6(B)  | 52.16                   | 36.50                   | 33.50                   |
| (v) Others                                | 7(B)  | 356.93                  | 198.44                  | 152.39                  |
| (c) Other current assets                  | 12    | 2558.26                 | 1414.22                 | 1179.35                 |
| (d) Current tax assets (net)              | 13    | 58.72                   | 37.91                   | 62.95                   |
| <b>Total current assets</b>               |       | <b>24080.41</b>         | <b>17725.61</b>         | <b>15728.61</b>         |
| <b>Total assets</b>                       |       | <b>36573.18</b>         | <b>29054.69</b>         | <b>28170.59</b>         |
| <b>B. EQUITY AND LIABILITIES</b>          |       |                         |                         |                         |
| <b>1. EQUITY</b>                          |       |                         |                         |                         |
| (a) Equity share capital                  | 14(A) | 814.28                  | 781.78                  | 781.78                  |
| (b) Other equity                          | 14(B) | 6967.92                 | 5865.74                 | 5989.17                 |
| <b>Total equity</b>                       |       | <b>7782.20</b>          | <b>6647.52</b>          | <b>6770.95</b>          |
| <b>LIABILITIES</b>                        |       |                         |                         |                         |
| <b>2. Non-current liabilities</b>         |       |                         |                         |                         |
| (a) Financial liabilities                 |       |                         |                         |                         |
| (i) Borrowings                            | 15    | 7867.70                 | 3725.12                 | 5121.58                 |
| (ii) Other financial liabilities          | 16(A) | 114.72                  | -                       | -                       |
| (b) Provisions                            | 17(A) | 449.57                  | 435.51                  | 447.97                  |
| (c) Other non-current liabilities         | 18    | 1256.32                 | 1186.63                 | 1059.69                 |
| <b>Total non-current liabilities</b>      |       | <b>9688.31</b>          | <b>5347.26</b>          | <b>6629.24</b>          |
| <b>3. Current liabilities</b>             |       |                         |                         |                         |
| (a) Financial liabilities                 |       |                         |                         |                         |
| (i) Borrowings                            | 19    | 4982.51                 | 5237.38                 | 4271.67                 |
| (ii) Trade payables                       | 20    | 11706.80                | 8902.77                 | 7551.97                 |
| (iii) Other financial liabilities         | 16(B) | 1772.88                 | 2428.72                 | 2338.95                 |
| (b) Provisions                            | 17(B) | 91.42                   | 90.47                   | 111.70                  |
| (c) Other current liabilities             | 21    | 307.68                  | 400.57                  | 496.11                  |
| (d) Current tax liabilities (net)         | 17(C) | 241.38                  | -                       | -                       |
| <b>Total current liabilities</b>          |       | <b>19102.67</b>         | <b>17059.91</b>         | <b>14770.40</b>         |
| <b>Total equity and liabilities</b>       |       | <b>36573.18</b>         | <b>29054.69</b>         | <b>28170.59</b>         |

See accompanying notes to the Financial Statements

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm Registration Number:- 324982E/E300003

Chartered Accountants

For and on behalf of the Board of Directors of Bharat Gears Limited

**per Pramod Kumar Babna**

Partner

Membership No: 105497

**Surinder Paul Kanwar**

Chairman and Managing Director

(DIN : 00033524)

**Sameer Kanwar**

Joint Managing Director

(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)

**W.R. Schilha** (DIN : 00374415)

**Rakesh Chopra** (DIN : 00032818)

**Hiroo Suresh Advani** (DIN : 00265233)

Directors

**Milind Pujari**

Chief Financial Officer

(PAN : AAAPP3554C)

**Prashant Khattry**

Head (Legal) & Company Secretary

(PAN : AOQPK8734B)

Place: Mumbai

Date: 30 May, 2018



# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2018

|             |   | ₹ lacs                               |                                      |                 |
|-------------|---|--------------------------------------|--------------------------------------|-----------------|
| Particulars | Notes   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |                 |
| <b>1.</b>   | Revenue from operations   | 22                                   | 51383.67                             | 43437.38        |
| <b>2.</b>   | Other income  | 23                                   | 157.96                               | 114.05          |
| <b>3.</b>   | <b>Total income (1+2)</b>   |                                      | <b>51541.63</b>                      | <b>43551.43</b> |
| <b>4.</b>   | <b>Expenses</b>   |                                      |                                      |                 |
|             | (a) Cost of materials and components consumed                     | 24(A)                                | 24347.81                             | 18974.37        |
|             | (b) Changes in inventories of finished goods and work-in-progress | 24(B)                                | (743.93)                             | (387.32)        |
|             | (c) Excise duty on sale of goods (including scrap sale)           |                                      | 645.41                               | 2759.28         |
|             | (d) Employee benefits expense                                     | 25                                   | 8726.34                              | 7716.46         |
|             | (e) Finance costs   | 26                                   | 1684.24                              | 1481.44         |
|             | (f) Depreciation and amortisation expense                         | 27                                   | 1828.11                              | 1669.26         |
|             | (g) Other expenses  | 28                                   | 14129.35                             | 11566.02        |
|             | <b>Total expenses</b>   |                                      | <b>50617.33</b>                      | <b>43779.51</b> |
| <b>5.</b>   | <b>Profit/(Loss) before tax (3-4)</b>                             |                                      | 924.30                               | (228.08)        |
| <b>6.</b>   | <b>Tax expense/(credit) (net)</b>                                 |                                      |                                      |                 |
|             | (a) Current tax   | 30(A)                                | 425.00                               | -               |
|             | (b) Deferred tax  | 30(C)                                | (131.00)                             | (82.00)         |
|             | Total tax expense/(credit)  |                                      | 294.00                               | (82.00)         |
| <b>7.</b>   | <b>Profit/(Loss) for the year (5-6)</b>                           |                                      | <b>630.30</b>                        | <b>(146.08)</b> |
| <b>8.</b>   | <b>Other comprehensive income</b>                                 |                                      |                                      |                 |
|             | Items that will not be reclassified to profit or loss             |                                      |                                      |                 |
|             | - Re-measurement gains on defined benefits obligations            |                                      | 3.95                                 | 33.84           |
|             | - Income tax effect   |                                      | (1.37)                               | (11.19)         |
|             | Other comprehensive income for the year (net of tax)              |                                      | 2.58                                 | 22.65           |
| <b>9.</b>   | <b>Total comprehensive income for the year (7+8)</b>              |                                      | <b>632.88</b>                        | <b>(123.43)</b> |
| <b>10.</b>  | <b>Earnings per share (Face value of ₹ 10/- each):</b>            |                                      |                                      |                 |
|             | Basic and Diluted - in ₹  | 34                                   | 7.93                                 | (1.87)          |

See accompanying notes to the Financial Statements

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm Registration Number:- 324982E/E300003

Chartered Accountants

For and on behalf of the Board of Directors of Bharat Gears Limited

per **Pramod Kumar Bapna**

Partner

Membership No: 105497

**Surinder Paul Kanwar**

Chairman and Managing Director  
(DIN : 00033524)

**Sameer Kanwar**

Joint Managing Director  
(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)

**W.R. Schilha** (DIN : 00374415)

**Rakesh Chopra** (DIN : 00032818)

**Hiroo Suresh Advani** (DIN : 00265233)

Directors

**Milind Pujari**

Chief Financial Officer  
(PAN : AAAPP3554C)

**Prashant Khattry**

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

Place: Mumbai

Date: 30 May, 2018



# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March, 2018

## (A) Equity share capital

| Particulars  | ₹ lacs        |
|--|---------------|
| Balance as at 01 April, 2016   | 781.78        |
| Balance as at 31 March, 2017   | 781.78        |
| Change in equity during the year: Preferential issue of equity shares (Refer Note 14(A)) | 32.50         |
| <b>Balance as at 31 March, 2018</b>  | <b>814.28</b> |

## (B) Other equity

| Particulars  | Reserve and Surplus        |                            |                 |                   | Other comprehensive income                        | Total          |
|--|----------------------------|----------------------------|-----------------|-------------------|---|----------------|
|  | Capital redemption reserve | Securities premium account | General reserve | Retained earnings | Remeasurements of the defined benefit obligations |                |
| Balance as at 1 April, 2016  | 588.50                     | 924.60                     | 1756.45         | 2719.62           | -   | 5989.17        |
| Loss for the year  | -                          | -                          | -               | (146.08)          | -   | (146.08)       |
| Other comprehensive income (net of tax)  | -                          | -                          | -               | -                 | 22.65   | 22.65          |
| <b>Balance as at 31 March, 2017</b>  | <b>588.50</b>              | <b>924.60</b>              | <b>1756.45</b>  | <b>2573.54</b>    | <b>22.65</b>                                      | <b>5865.74</b> |
| Profit for the year  | -                          | -                          | -               | 630.30            | -   | 630.30         |
| Other comprehensive income (net of tax)  | -                          | -                          | -               | -                 | 2.58  | 2.58           |
| Change in equity during the year:<br>Preferential issue of equity shares<br>(net of share issue expenses of ₹ 9.49 lacs<br>(Refer Footnote (iii) of Note 14(A))) | -                          | 469.30                     | -               | -                 | -   | 469.30         |
| <b>Balance as at 31 March, 2018</b>  | <b>588.50</b>              | <b>1393.90</b>             | <b>1756.45</b>  | <b>3203.84</b>    | <b>25.23</b>                                      | <b>6967.92</b> |

See accompanying notes to the Financial Statements

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm Registration Number:- 324982E/E300003

Chartered Accountants

For and on behalf of the Board of Directors of Bharat Gears Limited

**per Pramod Kumar Bapna**  
Partner  
Membership No: 105497

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN : 00033524)

**Sameer Kanwar**  
Joint Managing Director  
(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)  
**W.R. Schilha** (DIN : 00374415)  
**Rakesh Chopra** (DIN : 00032818)  
**Hiroo Suresh Advani** (DIN : 00265233)  
Directors

Place: Mumbai  
Date: 30 May, 2018

**Milind Pujari**  
Chief Financial Officer  
(PAN : AAAPP3554C)

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



# STATEMENT OF CASH FLOWS

for the year ended 31 March, 2018

| Particulars  | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| <b>A. Cash flows from operating activities:</b>  |                                      |                                      |
| Net profit/(loss) before tax   | 924.30                               | (228.08)                             |
| Adjustments to reconcile profit before tax to net cash flows:  |                                      |                                      |
| Depreciation and amortisation expense  | 1828.11                              | 1669.26                              |
| Loss on sale/write off of property, plant and equipment (net)  | 0.65                                 | 1.57                                 |
| Finance costs  | 1375.71                              | 1259.80                              |
| Interest income  | (70.35)                              | (95.59)                              |
| Rent expenses  | 8.10                                 | 7.66                                 |
| Employee benefits expense  | 7.65                                 | 6.27                                 |
| Liabilities/provisions no longer required written back   | (28.53)                              | (16.54)                              |
| Allowance for doubtful debts   | 23.17                                | 20.94                                |
| Bad debts written off  | 9.08                                 | 6.53                                 |
| Provision for slow and non-moving inventory  | 46.00                                | -                                    |
| Other amounts written off  | 0.99                                 | -                                    |
| Unrealised exchange loss (net)   | 10.50                                | 33.75                                |
| <b>Operating profit before working capital changes</b>   | <b>4135.38</b>                       | <b>2665.57</b>                       |
| Changes in working capital   |                                      |                                      |
| Adjustments for (increase)/decrease in operating assets:   |                                      |                                      |
| Inventories  | (1505.81)                            | (508.53)                             |
| Trade receivables  | (3517.86)                            | (1322.66)                            |
| Financial assets - loans   | (26.30)                              | (21.34)                              |
| Financial assets - others  | (98.86)                              | (43.76)                              |
| Other current and non-current assets   | (1079.44)                            | (309.14)                             |
| Adjustments for increase/(decrease) in operating liabilities:  |                                      |                                      |
| Trade payables   | 2816.75                              | 1367.42                              |
| Other financial liabilities  | (70.96)                              | (7.09)                               |
| Other current and non-current liabilities  | (16.98)                              | 65.24                                |
| Provisions   | 36.91                                | (33.69)                              |
| <b>Cash generated from operations</b>  | <b>672.83</b>                        | <b>1852.02</b>                       |
| Income tax (paid)/refund (net)   | (59.64)                              | 173.56                               |
| <b>Net cash flows from operating activities (A)</b>  | <b>613.19</b>                        | <b>2025.58</b>                       |
| <b>B. Cash flows from investing activities:</b>  |                                      |                                      |
| Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital advances) | (2141.22)                            | (581.60)                             |
| Proceeds from sale of property, plant and equipment  | 17.67                                | 15.85                                |
| Bank balances (including non-current) not considered as cash and cash equivalents (net)                                | (2.17)                               | (9.37)                               |
| Interest received  | 48.27                                | 84.47                                |
| Increase in balance in unpaid dividend account   | 5.86                                 | 1.91                                 |
| <b>Net cash flows used in investing activities (B)</b>   | <b>(2071.59)</b>                     | <b>(488.74)</b>                      |



## Statement of Cash Flows for the year ended 31 March, 2018 .... Contd.

| Particulars  | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| <b>C. Cash flows from financing activities:</b>  |                                      |                                      |
| Proceeds from long-term borrowings   | 8000.00                              | 700.00                               |
| Preferential issue of equity shares (net of share issue expenses of ₹ 9.49 lacs)                 | 501.80                               | -                                    |
| Unsecured loan from Director   | (500.00)                             | 500.00                               |
| Repayment of long-term borrowings  | (4978.33)                            | (2470.96)                            |
| Net increase/(decrease) in short-term borrowings   | 1007.94                              | 703.74                               |
| Interest paid  | (1332.93)                            | (1252.17)                            |
| Dividends paid   | (5.86)                               | (1.91)                               |
| Finance lease obligation   | -                                    | (12.43)                              |
| <b>Net cash flows from/(used in) financing activities (C)</b>                                    | <b>2692.62</b>                       | <b>(1833.73)</b>                     |
| <b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>                              | <b>1234.22</b>                       | <b>(296.89)</b>                      |
| Cash and cash equivalents at the beginning of the year   | (2794.45)                            | (2510.41)                            |
| Add: Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | 7.23                                 | 12.85                                |
| <b>Cash and cash equivalents at the end of the year (Refer Note 11(C))</b>                       | <b>(1553.00)</b>                     | <b>(2794.45)</b>                     |

The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Indian Accounting Standard 7 'Statement of Cash Flows'

See accompanying notes to the Financial Statements

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm Registration Number:- 324982E/E300003

Chartered Accountants

For and on behalf of the Board of Directors of Bharat Gears Limited

**per Pramod Kumar Bapna**  
Partner  
Membership No: 105497

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN : 00033524)

**Sameer Kanwar**  
Joint Managing Director  
(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)  
**W.R. Schilha** (DIN : 00374415)  
**Rakesh Chopra** (DIN : 00032818)  
**Hiroo Suresh Advani** (DIN : 00265233)  
Directors

Place: Mumbai  
Date: 30 May, 2018

**Milind Pujari**  
Chief Financial Officer  
(PAN : AAAPP3554C)

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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

## Note 1 : Corporate information

### Particulars

Bharat Gears Limited is a public limited company domiciled in India and is incorporated on 23 December, 1971. The registered office of the Company is located at 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad, Haryana -121003. The Company has three manufacturing locations; two in the state Maharashtra at Mumbra, Thane and Lonand, Satara and one in the state of Haryana at Faridabad. Its shares are listed on two recognized stock exchanges in India. The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same.

The financial statements were approved by the Board of Directors and authorised for issue on 30 May, 2018.

## Note 2 : Significant accounting policies

### Note

### Particulars

#### 2.1 Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March, 2018 are the Company's first Ind AS financial statements. The date of transition to Ind AS is 01 April, 2016. Refer Note 4 for information on how the Company adopted Ind AS.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. All values are rounded to nearest lacs with two decimal except when otherwise indicated.

#### 2.2 Current versus non-current classification:

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

#### 2.3 Foreign currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### 2.4 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure in these financial statements is determined on such a basis.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which are described as follows:



## Note 2 : Significant accounting policies.... Contd.

| Note       | Particulars  |
|------------|--|
|            | <p><b>Level 1 inputs</b></p> <p>Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.</p> <p><b>Level 2 inputs</b></p> <p>Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.</p> <p>Level 2 inputs include:</p> <ul style="list-style-type: none"> <li>-quoted prices for similar assets or liabilities in active markets</li> <li>-quoted prices for identical or similar assets or liabilities in markets that are not active</li> <li>-inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval</li> <li>-implied volatilities</li> <li>-credit spreads</li> <li>-inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')</li> </ul> <p><b>Level 3 inputs</b></p> <p>Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.</p> <p>For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.</p> |
| <b>2.5</b> | <p><b>Property, plant and equipment:</b></p> <p>Capital work-in-progress, property, plant and equipment are stated at cost of acquisition or construction, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.</p> <p>When an item of property, plant and equipment is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.</p> <p>Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.</p>  |



## Note 2 : Significant accounting policies.... Contd.

| Note | Particulars  |
|------|--|
|      | Estimated useful lives of the the assests are as follows:  |
|      | Buildings : 3 - 60 years   |
|      | Plant and equipments (owned/on lease) : 15 years   |
|      | Office equipments : 3 - 6 years  |
|      | Furniture and fixtures : 8 -10 years   |
|      | Vehicles : 8 years   |
|      | The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. |
|      | Leasehold land was amortised over the remaining period of lease.   |

### 2.6 Intangible assets:

Intangible assets (i.e computer software) are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Computer software are amortised on straight line basis over the estimated useful life of 6 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 2.7 Inventories:

Inventories are valued at the lower of cost and net realisable value, except for scrap which is valued at net realisable value.

Cost comprises of material cost and expenditure incurred in normal course of business in bringing inventories to its location and includes, where applicable, appropriate overheads.

Material cost is arrived at on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.8 Impairment of assets:

At the end of each reporting period, the Company assesses whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.



## Note 2 : Significant accounting policies.... Contd.

| Note                                  | Particulars   |
|---------------------------------------|---|
| <b>2.9 Cash and cash equivalents:</b> | <p>Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.</p> <p>For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.</p>  |
| <b>2.10 Financial instruments:</b>    | <p>A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.</p> <p><b>(i) Initial recognition and measurement:</b></p> <p>Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.</p> <p><b>(ii) Subsequent measurement of financial assets:</b></p> <p>All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.</p> <p><b>(iii) Derecognition of financial assets:</b></p> <p>The Company derecognises a financial asset when and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.</p> <p><b>(iv) Impairment of financial assets:</b></p> <p>The Company applies the expected credit loss model for recognising impairment loss on financial assets. The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.</p> <p><b>(v) Subsequent measurement of financial liabilities:</b></p> <p>All the financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.</p> <p><b>(vi) Derecognition of financial liabilities:</b></p> <p>A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.</p> |



## Note 2 : Significant accounting policies.... Contd.

| Note  | Particulars   |
|---|---|
| <b>2.11 Provisions &amp; Contingencies:</b> | <p>Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).</p> <p>Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.</p> <p>Contingent liability is disclosed in the case of:</p> <ul style="list-style-type: none"> <li>- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;</li> <li>- a present obligation arising from past events, when no reliable estimate is possible;</li> <li>- a possible obligation arising from past events, unless the probability of outflow of resources is remote.</li> </ul> <p>A contingent asset is disclosed where an inflow of economic benefits is probable.</p> <p>Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.</p> <p>A contingent asset is disclosed where an inflow of economic benefits is probable.</p> <p>Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.</p> |
| <b>2.12 Revenue recognition:</b>            | <p>Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and inclusive of excise duty but excluding other taxes or duties collected on behalf of the government.</p> <p>The specific recognition criteria described below must also be met before revenue is recognised.</p> <p><b>(a) Sale of goods and rendering of services:</b></p> <p>Revenue from sale of goods and rendering of services including export benefits thereon are recognised when the products are shipped or services rendered, i.e. when significant risks and rewards of ownership are passed on to the customers. Sales are net of sales tax/value added tax, GST and trade discounts.</p> <p><b>(b) Construction contracts:</b></p> <p>Revenue from contracts for construction of furnaces is recognised on the percentage of completion method based on the stage of completion determined with reference to the contract costs incurred up to the year end and the estimated total costs of the contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.</p> <p><b>(c) Tooling development income:</b></p> <p>Net income, if any, from development of tools is recognised as income as and when the development of tool is complete or on expiry of five years from completion of development, whichever is earlier.</p> <p><b>(d) Interest income:</b></p> <p>Interest income is recorded on time proportion basis using the effective interest rate (EIR).</p>  |



## Note 2 : Significant accounting policies.... Contd.

| Note   | Particulars   |
|--|---|
| <b>2.13 Retirement and other employee benefits:</b>                    |   |
| <b>(i) Retirement benefit costs and long term compensated absences</b> |   |
|  | <p>Payment to defined contribution retirement benefit plans i.e recognised provident fund and superannuation fund are recognised as an expense when employees have rendered service entitling them to the contributions.</p> <p>Company's liability towards gratuity, compensated absences and terminal ex-gratia is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income (OCI) in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows:</p> <ul style="list-style-type: none"> <li>• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);</li> <li>• net interest expense or income; and</li> <li>• remeasurement</li> </ul> <p>The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.</p> <p>The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.</p> |
| <b>(ii) Other employee benefits</b>                                    |   |
|  | <p>A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.</p> <p>Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.</p> <p>Voluntary retirement scheme payouts are recognised as an expense in the period in which they are incurred.</p>  |
| <b>2.14 Borrowing costs:</b>   |   |
|  | <p>Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.</p>   |
| <b>2.15 Leases:</b>  |   |
|  | <p>Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.</p>  |



## Note 2 : Significant accounting policies.... Contd.

| Note | Particulars   |
|------|---|
|      | Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. |

### 2.16 Taxes on income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### (a) Current tax:

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Current income tax relating to items recognised outside profit or loss are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant taxpaying units intend to settle the asset and liability on a net basis.

#### (b) Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit and loss (either in other comprehensive income or in equity).

### 2.17 Earnings per share:

Basic earnings per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events such as bonus issue that have changed the number of shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit/(loss) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity.



### Note 3 : Use of estimates and judgements

#### Particulars

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which results are known/materialised.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- (i) Property, plant and equipment - Refer Notes 2.5 & 5(A)
- (ii) Intangible assets - Refer Notes 2.6 & 5(B)
- (iii) Revenue recognition from Construction contracts - Refer Notes 2.12(b) & 22
- (iv) Taxes on income - Refer Notes 2.16 & 30
- (v) Retirement and other employee benefits - Refer Notes 2.13 & 32

### Note 4 : First-time adoption of Ind AS – mandatory exceptions and optional exemptions:

| Note      | Particulars   |
|-----------|---|
| <b>A.</b> | <b>Overall principle:</b>   |
|           | The Company has prepared the opening Balance Sheet as per Ind AS as of 01 April, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:   |
|           | <b>(a) Mandatory exceptions:</b>  |
|           | <b>(i) Accounting estimates:</b>  |
|           | The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP.  |
|           | <b>(ii) De-recognition of financial assets and financial liabilities:</b>   |
|           | The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April, 2016 (the transition date).  |
|           | <b>(iii) Classification and measurement of financial assets:</b>  |
|           | The Company has determined the classification and measurement of financial assets in terms of whether they meet the amortised cost criteria or the fair value criteria based on the facts and circumstances that existed as on the transition date.   |
|           | <b>(iv) Impairment of financial assets:</b>   |
|           | The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101. |



#### Note 4 : First-time adoption of Ind AS – mandatory exceptions and optional exemptions: .... Contd.

| Note      | Particulars   |
|-----------|---|
| (b)       | <p><b>Optional Exemptions:</b></p> <p>(i) <b>Deemed cost for property, plant and equipment and intangible assets:</b></p> <p>Since there is no change in the functional currency, the Company has elected the exemption of previous GAAP carrying value of all its Property, plant and equipment and Intangible assets recognised as of 01 April, 2016 (transition date) as deemed cost.</p> <p>(ii) <b>Determining whether an arrangement contains a lease:</b></p> <p>The Company has applied Appendix C of Ind AS 17 to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.</p>   |
| <b>B.</b> | <p><b>Standards issued but not effective:</b></p> <p>On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115- Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from 01 April, 2018.</p> <p>(a) <b>Issue of Ind AS 115 - Revenue from Contracts with Customers:</b></p> <p>Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations. The Company principally satisfies its performance obligation at a point in time and the amounts of revenue recognized relating to performance obligation satisfied over time are not significant. The accounting for revenue under Ind AS 115 does not, therefore, represent a substantive change from the Company's current practice of recognising revenue from sale to customers.</p> <p>(b) <b>Amendment to existing issued Ind AS:</b></p> <p>The MCA has also carried out amendments to the following accounting standards. These are:</p> <p>(i) Ind AS 12 – Income Taxes</p> <p>(ii) Ind AS 21 – The Effects of Changes in Foreign Exchange Rates</p> <p>Application of the above standards is not expected to have any significant impact on the Company's Financial Statements.</p> |



## Note 5(A) : Property, plant and equipment

| Description of assets                      | ₹ lacs            |                |                              |                                    |                        |                        |             |                       | Total           |
|--|-------------------|----------------|------------------------------|------------------------------------|------------------------|------------------------|-------------|-----------------------|-----------------|
|  | Land - freehold @ | Buildings **   | Plant and equipments - owned | Plant and equipments - on lease \$ | Office equipments \$\$ | Furniture and fixtures | Vehicles    | Leasehold improvement |                 |
| <b>I. At cost or deemed cost</b>           |                   |                |                              |                                    |                        |                        |             |                       |                 |
| Balance as at 01 April, 2016 (Deemed cost) | 672.11            | 2580.24        | 7122.53                      | 176.18                             | 178.17                 | 342.97                 | 0.86        | 0.09                  | 11073.15        |
| Additions                                  | -                 | 42.41          | 613.57                       | -                                  | 65.07                  | 11.40                  | -           | -                     | 732.45          |
| Disposals                                  | -                 | -              | (15.50)                      | -                                  | (1.91)                 | -                      | -           | -                     | (17.41)         |
| <b>Balance as at 31 March, 2017</b>        | <b>672.11</b>     | <b>2622.65</b> | <b>7720.60</b>               | <b>176.18</b>                      | <b>241.33</b>          | <b>354.37</b>          | <b>0.86</b> | <b>0.09</b>           | <b>11788.19</b> |
| Additions                                  | -                 | 86.26          | 2672.06                      | -                                  | 72.58                  | 22.51                  | -           | -                     | 2853.41         |
| Disposals                                  | -                 | -              | (17.70)                      | -                                  | (0.43)                 | (0.17)                 | -           | -                     | (18.30)         |
| <b>Balance as at 31 March, 2018</b>        | <b>672.11</b>     | <b>2708.91</b> | <b>10374.96</b>              | <b>176.18</b>                      | <b>313.48</b>          | <b>376.71</b>          | <b>0.86</b> | <b>0.09</b>           | <b>14623.30</b> |
| <b>II. Depreciation/Impairment</b>         |                   |                |                              |                                    |                        |                        |             |                       |                 |
| Balance as at 01 April, 2016               | -                 | -              | -                            | -                                  | -                      | -                      | -           | -                     | -               |
| Depreciation charge for the year           | -                 | 119.28         | 1351.53                      | 40.47                              | 61.07                  | 53.56                  | 0.22        | -                     | 1626.13         |
| <b>Balance as at 31 March, 2017</b>        | <b>-</b>          | <b>119.28</b>  | <b>1351.53</b>               | <b>40.47</b>                       | <b>61.07</b>           | <b>53.56</b>           | <b>0.22</b> | <b>-</b>              | <b>1626.13</b>  |
| Depreciation charge for the year           | -                 | 121.42         | 1507.93                      | 40.47                              | 61.97                  | 54.49                  | 0.21        | -                     | 1786.49         |
| <b>Balance as at 31 March, 2018</b>        | <b>-</b>          | <b>240.70</b>  | <b>2859.46</b>               | <b>80.94</b>                       | <b>123.04</b>          | <b>108.05</b>          | <b>0.43</b> | <b>-</b>              | <b>3412.62</b>  |
| <b>Net book value (I-II)</b>               |                   |                |                              |                                    |                        |                        |             |                       |                 |
| <b>Balance as at 31 March, 2018</b>        | <b>672.11</b>     | <b>2468.21</b> | <b>7515.50</b>               | <b>95.24</b>                       | <b>190.44</b>          | <b>268.66</b>          | <b>0.43</b> | <b>0.09</b>           | <b>11210.68</b> |
| Balance as at 31 March, 2017               | 672.11            | 2503.37        | 6369.07                      | 135.71                             | 180.26                 | 300.81                 | 0.64        | 0.09                  | 10162.06        |
| Balance as at 01 April, 2016               | 672.11            | 2580.24        | 7122.53                      | 176.18                             | 178.17                 | 342.97                 | 0.86        | 0.09                  | 11073.15        |

(@) Includes certain area of freehold land, where the name mentioned in the records of the Government do not match with the indenture of conveyance available with the Company in respect of such land. The Company has initiated necessary action for correction.

(\*\*) Building include 10 shares of ₹ 50/- each in Venkatesh Premises Co-operative Society Ltd. - Total ₹ 500/- (As at 31 March, 2017: ₹ 500; As at 01 April, 2016: ₹ 500/-).

(\$) Includes items of Plant and equipment having Net book value of ₹ 95.24 lacs (As at 31 March, 2017: ₹ 135.71 lacs; As at 01 April, 2016: ₹ 132.26 lacs) in respect of which lease periods have expired, the transfer in the name of Company is under process.

(\$\$) Includes Computers and miscellaneous equipment.

## Note 5(B) : Intangible assets

| Description of assets                             | ₹ lacs |                            |
|---|--------|----------------------------|
|   |        | Computer software acquired |
| <b>I. At cost or deemed cost</b>                  |        |                            |
| <b>Balance as at 01 April, 2016 (Deemed cost)</b> |        | 141.34                     |
| Additions   |        | 18.42                      |
| Disposals   |        | -                          |
| <b>Balance as at 31 March, 2017</b>               |        | <b>159.76</b>              |
| Additions   |        | 25.22                      |
| Disposals   |        | -                          |
| <b>Balance as at 31 March, 2018</b>               |        | <b>184.98</b>              |
| <b>II. Amortisation</b>                           |        |                            |
| Balance as at 01 April, 2016                      |        | -                          |
| Amortisation expense for the year                 |        | 43.13                      |
| <b>Balance as at 31 March, 2017</b>               |        | <b>43.13</b>               |
| Amortisation expense for the year                 |        | 41.62                      |
| <b>Balance as at 31 March, 2018</b>               |        | <b>84.75</b>               |
| <b>Net book value (I-II)</b>                      |        |                            |
| <b>Balance as at 31 March, 2018</b>               |        | <b>100.23</b>              |
| Balance as at 31 March, 2017                      |        | 116.63                     |
| Balance as at 01 April, 2016                      |        | 141.34                     |

### Footnotes:

(i) For details of Property, plant and equipment charged as security for borrowings Refer Note 15.

(ii) For Property, plant and equipment and Intangible assets existing as at 01 April, 2016 i.e date of transition to Ind AS, the Company has used previous GAAP carrying values as deemed cost as permitted by Ind AS 101- First time adoption. Accordingly, the net written down value as per previous GAAP as at 01 April, 2016 has been considered as deemed cost under Ind AS.



## Note 6 : Financial assets - Loans

| (A) Non-current                 |                         |                         |                         | ₹ lacs |
|---------------------------------|-------------------------|-------------------------|-------------------------|--------|
| Particulars                     | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |        |
| Loans and advances to employees |                         |                         |                         |        |
| Unsecured, considered good      | 128.66                  | 114.24                  | 98.46                   |        |
| <b>Total</b>                    | <b>128.66</b>           | <b>114.24</b>           | <b>98.46</b>            |        |
| (B) Current                     |                         |                         |                         |        |
| Particulars                     | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |        |
| Loans and advances to employees |                         |                         |                         |        |
| Unsecured, considered good      | 52.16                   | 36.50                   | 33.50                   |        |
| <b>Total</b>                    | <b>52.16</b>            | <b>36.50</b>            | <b>33.50</b>            |        |

## Note 7 : Financial assets - Others

| (A) Non-current                                  |                         |                         |                         | ₹ lacs |
|--|-------------------------|-------------------------|-------------------------|--------|
| Particulars                                      | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |        |
| (a) Security deposits (Refer Footnote (i) below) |                         |                         |                         |        |
| Unsecured, considered good                       | 97.36                   | 147.52                  | 148.71                  |        |
| (b) Balances with banks                          |                         |                         |                         |        |
| In fixed deposits (Refer Footnote (ii) below)    | 60.18                   | 55.49                   | 51.17                   |        |
| (c) Interest accrued and receivable              |                         |                         |                         |        |
| Unsecured, considered good                       | 0.27                    | 0.24                    | 0.23                    |        |
| <b>Total</b>                                     | <b>157.81</b>           | <b>203.25</b>           | <b>200.11</b>           |        |

### Footnote:

- (i) Security deposits include ₹ 7.26 lacs (As at 31 March, 2017: ₹ 53.57 lacs, As at 01 April, 2016: ₹ 55.80 lacs) due from directors and ₹ 2.23 lacs (As at 31 March, 2017: ₹ 4.22 lacs, As at 01 April, 2016: ₹ 3.77 lacs) due from a private limited company, in which directors of the Company are directors.
- (ii) Represent deposit, the receipts for which are held by Tata Capital Financial Services Limited towards security deposit for availing operating lease facility.

| (B) Current   |                         |                         |                         |  |
|---|-------------------------|-------------------------|-------------------------|--|
| Particulars   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |  |
| <b>Unsecured, considered good</b>   |                         |                         |                         |  |
| (a) Security deposit (Refer Footnote below)   | 139.40                  | 78.53                   | 76.00                   |  |
| (b) Accruals  |                         |                         |                         |  |
| Interest accrued on deposits  | 3.34                    | 0.82                    | 8.04                    |  |
| (c) Due from customers for contract work<br>(Refer Note 35(A))  | -                       | 15.75                   | -                       |  |
| (d) Due from Related party<br>Services rendered to Xlerate Driveline India<br>Limited (XDIL) (Refer Note 33(C)) | 41.96                   | 42.31                   | 32.18                   |  |
| (e) Other recoveries  | 8.22                    | 19.56                   | 20.24                   |  |
| (f) Others  | 164.01                  | 41.47                   | 15.93                   |  |
| <b>Total</b>  | <b>356.93</b>           | <b>198.44</b>           | <b>152.39</b>           |  |

### Footnote:

Security deposits include ₹ 60.00 lacs (As at 31 March, 2017: ₹ 8.93 lacs, As at 01 April, 2016: ₹ Nil) due from director and ₹ 2.50 lacs (As at 31 March, 2017: ₹ Nil, As at 01 April, 2016: ₹ Nil) due from a private limited company, in which directors of the Company are directors.



### Note 8 : Other non-current assets

| Particulars  | ₹ lacs                  |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| <b>Unsecured, considered good</b>  |                         |                         |                         |
| (a) Capital advances   | 187.41                  | 32.08                   | 28.87                   |
| (b) Prepaid expenses   | 50.12                   | 51.43                   | 50.81                   |
| (c) Prepaid tooling expenses   | 153.12                  | 185.03                  | 118.69                  |
| (d) Advance income tax<br>(net of provisions ₹ Nil (As at 31 March, 2017:<br>₹ 35.00 lacs, As at 01 April, 2016: ₹ 343.65 lacs)) | -                       | 166.11                  | 314.63                  |
| (e) Others   | 60.28                   | 60.28                   | 60.28                   |
| <b>Total</b>   | <b>450.93</b>           | <b>494.93</b>           | <b>573.28</b>           |

### Note 9 : Inventories

| Particulars                       | ₹ lacs                  |                         |                         |
|-----------------------------------|-------------------------|-------------------------|-------------------------|
|                                   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| (a) Raw materials and components: |                         |                         |                         |
| - Automotive gears                | 1232.69                 | 587.50                  | 489.89                  |
| - Automotive components           | 81.27                   | 68.39                   | 35.53                   |
|                                   | <b>1313.96</b>          | <b>655.89</b>           | <b>525.42</b>           |
| (b) Work-in-progress:             |                         |                         |                         |
| - Automotive gears                | 3626.55                 | 2464.09                 | 2184.55                 |
| (c) Finished goods:               |                         |                         |                         |
| - Automotive gears                | 1008.44                 | 1371.06                 | 1280.71                 |
| - Automotive components           | 190.98                  | 246.89                  | 229.46                  |
|                                   | <b>1199.42</b>          | <b>1617.95</b>          | <b>1510.17</b>          |
| (d) Stores and spares             | 499.37                  | 523.84                  | 518.63                  |
| (e) Loose tools                   | 1056.51                 | 976.67                  | 988.16                  |
| (f) Scrap                         | 6.95                    | 4.51                    | 7.49                    |
| <b>Total</b>                      | <b>7702.76</b>          | <b>6242.95</b>          | <b>5734.42</b>          |

#### Footnotes:

- (i) The cost of inventories recognised as an expense during the year ₹ 23603.88 lacs (Year ended 31 March, 2017: ₹ 18587.05 lacs).
- (ii) The cost of inventories recognized as an expense includes ₹ 62.72 lacs (Year ended 31 March, 2017: ₹ 87.68 lacs) in respect of provision for slow and non moving inventory and write-down (net) of inventory to net realisable value.
- (iii) The mode of valuation of inventories has been stated in Note 2.7
- (iv) For details of inventories provided as security for borrowings Refer Note 19.



## Note 10 : Trade receivables

| Particulars   | ₹ lacs                  |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                         |                         |                         |
| Unsecured, considered good  | 56.43                   | 15.67                   | 29.26                   |
| Doubtful debts  | 22.28                   | 28.41                   | 7.47                    |
|   | 78.71                   | 44.08                   | 36.73                   |
| Less: Allowance for doubtful debts  | 22.28                   | 28.41                   | 7.47                    |
|   | 56.43                   | 15.67                   | 29.26                   |
| Other trade receivables   |                         |                         |                         |
| Unsecured, considered good  | 12779.75                | 9216.38                 | 7954.27                 |
| Less: Impairment for trade receivable   | 18.40                   | -                       | -                       |
| <b>Total</b>  | <b>12817.78</b>         | <b>9232.05</b>          | <b>7983.53</b>          |

### Footnotes:

- (i) Other trade receivables include ₹ 53.24 lacs (As at 31 March, 2017: ₹ 42.14 lacs, As at 01 April, 2016: ₹ Nil) due from a Company, in which directors of the Company are directors.
- (ii) The Company is primarily engaged in manufacturing and selling of Automotive Gears and Components. Credit period varies from customer to customer. Average credit period is 30 - 90 days in respect of export customers and 30 - 60 days from the date of receipt of goods in respect of domestic customers. No interest is recovered on trade receivables for payments received after due date.
- (iii) At 31 March, 2018, the Company had 5 customers (31 March 2017: 4 customers; 01 April, 2016: 4 customers) that owed the Company more than ₹ 500 lacs each and accounted for approximately 56.93 % of all the receivables outstanding (31 March, 2017: 46.03%; 01 April, 2016: 45.66%).
- (iv) The Company maintains an allowance for impairment of receivables accounts based on aging of customer receivables, overdues and historical experience of collections from customer(s).

### Movement of impairment of trade receivable (including allowance for doubtful debts):

| Particulars                         | ₹ lacs       |
|-------------------------------------|--------------|
| <b>Balance as at 01 April, 2016</b> | <b>7.47</b>  |
| Add: Created during the year        | 20.94        |
| Less: Released during the year      | -            |
| <b>Balance as at 31 March, 2017</b> | <b>28.41</b> |
| Add: Created during the year        | 28.59        |
| Less: Released during the year      | 16.32        |
| <b>Balance as at 31 March, 2018</b> | <b>40.68</b> |

## Note 11 : Cash and cash equivalents and other bank balances

| (A) Cash and cash equivalents |                | ₹ lacs         |                |  |
|-------------------------------|----------------|----------------|----------------|--|
| Particulars                   | As at          |                |                |  |
|                               | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |  |
| (a) Cash on hand              | 5.62           | 3.84           | 14.60          |  |
| (b) Balances with banks:      |                |                |                |  |
| In current accounts           | 19.03          | 42.17          | 53.48          |  |
| <b>Total</b>                  | <b>24.65</b>   | <b>46.01</b>   | <b>68.08</b>   |  |



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

| (B) Other bank balances  |                         | ₹ lacs                  |                         |               |
|--|-------------------------|-------------------------|-------------------------|---------------|
| Particulars  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |               |
| (a) In earmarked accounts (Refer Footnote below)   |                         |                         |                         |               |
| - Unpaid dividend accounts   | 6.50                    | 12.36                   |                         | 14.27         |
| (b) Balances held as margin money or security against borrowings, guarantees and other commitments | 502.65                  | 505.17                  |                         | 500.12        |
| <b>Total</b>   | <b>509.15</b>           | <b>517.53</b>           |                         | <b>514.39</b> |

**Footnote:**

Balances with banks which have restrictions on utilisation.

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

| Particulars  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |                  |
|--|-------------------------|-------------------------|-------------------------|------------------|
| Cash and cash equivalents as above                     | 24.65                   | 46.01                   |                         | 68.08            |
| Loans repayable on demand - from banks (Refer Note 19) | (1577.65)               | (2840.46)               |                         | (2578.49)        |
| <b>Total</b>   | <b>(1553.00)</b>        | <b>(2794.45)</b>        |                         | <b>(2510.41)</b> |

### Note 12 : Other current assets

|  |                         | ₹ lacs                  |                         |                |
|--|-------------------------|-------------------------|-------------------------|----------------|
| Particulars                              | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |                |
| Unsecured, considered good               |                         |                         |                         |                |
| (a) Prepaid expenses                     | 122.55                  | 106.85                  |                         | 123.68         |
| (b) Prepaid tooling expenses             | -                       | -                       |                         | 6.60           |
| (c) Advances to suppliers                | 55.34                   | 69.86                   |                         | 111.25         |
| (d) Balances with government authorities |                         |                         |                         |                |
| (i) CENVAT credit receivable             | -                       | 429.02                  |                         | 193.78         |
| (ii) VAT credit receivable               | 80.14                   | 58.06                   |                         | 36.34          |
| (iii) Service Tax credit receivable      | -                       | 250.89                  |                         | 145.17         |
| (iv) Goods and Services Tax receivable   | 1630.94                 | -                       |                         | -              |
| (e) Export incentives receivable         | 574.24                  | 425.89                  |                         | 540.83         |
| (f) Others                               | 95.05                   | 73.65                   |                         | 21.70          |
| <b>Total</b>                             | <b>2558.26</b>          | <b>1414.22</b>          |                         | <b>1179.35</b> |

### Note 13 : Current tax assets

|  |                         | ₹ lacs                  |                         |              |
|--|-------------------------|-------------------------|-------------------------|--------------|
| Particulars  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |              |
| Advance income tax<br>(net of provisions ₹ 35.00 lacs<br>(As at 31 March, 2017: ₹ 11.00 lacs,<br>As at 01 April, 2016: ₹ Nil)) |                         |                         |                         |              |
| Unsecured, considered good   | 58.72                   | 37.91                   |                         | 62.95        |
| <b>Total</b>   | <b>58.72</b>            | <b>37.91</b>            |                         | <b>62.95</b> |



## Note 14 (A) : Equity share capital

| Particulars   | As at 31 March, 2018 |                | As at 31 March, 2017 |                | As at 01 April, 2016 |                |
|---|----------------------|----------------|----------------------|----------------|----------------------|----------------|
|   | Number of shares     | ₹ lacs         | Number of shares     | ₹ lacs         | Number of shares     | ₹ lacs         |
| <b>(a) Authorised</b>   |                      |                |                      |                |                      |                |
| Equity shares of ₹ 10 each  | 10000000             | 1000.00        | 10000000             | 1000.00        | 10000000             | 1000.00        |
| Cumulative redeemable convertible or non convertible preference shares of ₹ 100 each                                | 15000000             | 1500.00        | 15000000             | 1500.00        | 15000000             | 1500.00        |
| <b>Total</b>  | <b>115000000</b>     | <b>2500.00</b> | <b>115000000</b>     | <b>2500.00</b> | <b>115000000</b>     | <b>2500.00</b> |
| <b>(b) Issued, Subscribed and paid up</b>   |                      |                |                      |                |                      |                |
| Equity shares of ₹ 10 each, fully paid up, outstanding at the end of the year                                       | 8142833              | 814.28         | 7817833              | 781.78         | 7817833              | 781.78         |
| <b>Total</b>  | <b>8142833</b>       | <b>814.28</b>  | <b>7817833</b>       | <b>781.78</b>  | <b>7817833</b>       | <b>781.78</b>  |
| <b>(c) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:</b> |                      |                |                      |                |                      |                |
| Opening balance   | 7817833              | 781.78         | 7817833              | 781.78         | 7817833              | 781.78         |
| Add: Preferential issue of equity shares (Refer Footnote (iii) below)   | 325000               | 32.50          | -                    | -              | -                    | -              |
| <b>Closing balance</b>  | <b>8142833</b>       | <b>814.28</b>  | <b>7817833</b>       | <b>781.78</b>  | <b>7817833</b>       | <b>781.78</b>  |

### Footnotes:

- The Company has only one class of Equity shares having a face value of ₹ 10 each. Every member shall be entitled to be present, and to speak and vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. The Company in General Meeting may declare dividends to be paid to members according to their respective rights. While no dividends shall exceed the amount recommended by the Board, the Company in General Meeting may declare a smaller dividend.
- In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.
- In terms of shareholders approval obtained by way of a postal ballot on 21 October, 2017, the Company has, on 03 November, 2017 allotted 3,25,000 equity shares of face value of ₹ 10/- each to a promoter at a price of ₹ 157.32 per share (including a premium of ₹ 147.32 per share), aggregating to ₹ 511.29 lacs on Preferential Allotment basis. Pursuant to this allotment, the share premium account stands increased by ₹ 469.30 lacs net of share issue expenses of ₹ 9.49 lacs.
- Details of shares held by each shareholder holding more than 5% shares:

| Class of shares/Name of shareholder | As at 31 March, 2018  |                           | As at 31 March, 2017  |                           | As at 01 April, 2016  |                           |
|-------------------------------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
|                                     | Number of shares held | Percentage of shares held | Number of shares held | Percentage of shares held | Number of shares held | Percentage of shares held |
| <b>Equity shares</b>                |                       |                           |                       |                           |                       |                           |
| Surinder Paul Kanwar                | 2628920               | 32.29                     | 2289667               | 29.29                     | 2289667               | 29.29                     |
| Ultra Consultants Private Limited   | 766038                | 9.41                      | 766038                | 9.80                      | 766038                | 9.80                      |
| Future Consultants Private Limited  | 645071                | 7.92                      | 645071                | 8.25                      | 645071                | 8.25                      |



## Note 14 (B) : Other equity

| Particulars  | ₹ lacs                  |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| (a) Capital redemption reserve   | 588.50                  | 588.50                  | 588.50                  |
| (b) Securities premium account<br>(Refer Footnote (iii) of Note 14(A)) | 1393.90                 | 924.60                  | 924.60                  |
| (c) General reserve  | 1756.45                 | 1756.45                 | 1756.45                 |
| (d) Retained earnings  | 3203.84                 | 2573.54                 | 2719.62                 |
| (e) Other comprehensive income   | 25.23                   | 22.65                   | -                       |
| <b>Total</b>   | <b>6967.92</b>          | <b>5865.74</b>          | <b>5989.17</b>          |

### Footnotes:

#### (i) Description of nature and purpose of reserve

##### (a) Capital redemption reserve:

Capital redemption reserve was created pursuant to the redemption of preference shares issued in earlier years.

The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares.

##### (b) Securities premium account:

Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium account". The Company may issue fully paid-up bonus shares to its members out of balance lying in securities premium account and the Company can also use this reserve for buy-back of shares.

##### (c) General reserve:

General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid-up shares.

#### (ii) The disaggregation of changes in each type of reserve, retained earnings and other comprehensive income are disclosed in Statement of Changes in Equity.



## Note 15 : Non current borrowings

| Particulars  | ₹ lacs                  |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| (a) Term loans - Secured (Refer Footnotes (i) and (ii))  |                         |                         |                         |
| From banks   | 497.72                  | 1664.68                 | 1465.68                 |
| Less: Current maturities of long-term debts<br>(Refer Note 16(B) (a))  | 205.02                  | 800.55                  | 490.00                  |
|  | <b>292.70</b>           | <b>864.13</b>           | <b>975.68</b>           |
| From others  | 7905.00                 | 3794.32                 | 5762.83                 |
| Less: Current maturities of long-term debts<br>(Refer Note 16(B) (a))  | 330.00                  | 1433.33                 | 1616.93                 |
|  | <b>7575.00</b>          | <b>2360.99</b>          | <b>4145.90</b>          |
| (b) Long-term maturities of finance lease obligations - Secured  | -                       | -                       | 12.43                   |
| Less: Current maturities of finance lease obligations (Refer Note 16(B) (b))<br>(Refer Footnote (iii) and Note 31(A) (ii)) | -                       | -                       | 12.43                   |
| (c) Loan from Director - Unsecured<br>(Refer Footnotes (iv) and Note 33(C))  | -                       | 500.00                  | -                       |
| <b>Total</b>   | <b>7867.70</b>          | <b>3725.12</b>          | <b>5121.58</b>          |

### Footnotes:

#### (i) Term loans from banks:

##### (A) Rupee loan from State Bank of India:

₹ Nil (As at 31 March, 2017: ₹ 357.27 lacs, As at 31 March, 2016: ₹ 594.53 lacs): fully repaid during the year.

##### (B) Rupee loan from IDBI Bank Limited:

₹ Nil (As at 31 March, 2017: ₹ 622.31 lacs, As at 31 March, 2016: ₹ 871.15 lacs): fully repaid during the year.

##### (C) Rupee loan from HDFC Bank Limited:

₹ 497.72 lacs (As at 31 March, 2017: ₹ 685.10 lacs; As at 01 April, 2016: ₹ Nil): Secured by exclusive charge on office premises situated at Nariman Point, Mumbai. Repayable in forty eight monthly installments by 20 March, 2021 and carries an interest rate of 12.00% p.a.

#### (ii) Term loans from others:

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

(a) ₹ Nil (As at 31 March, 2017: ₹ 200.00 lacs, As at 31 March, 2016: ₹ 600.00 lacs): fully repaid during the year.

(b) ₹ Nil (As at 31 March, 2017: ₹ 525.00 lacs, As at 31 March, 2016: ₹ 825.00 lacs): fully repaid during the year.

(c) ₹ Nil (As at 31 March, 2017: ₹ 1800.00 lacs, As at 31 March, 2016: ₹ 2400.00 lacs): fully repaid during the year.

##### (B) Rupee loan from Hero FinCorp Limited:

₹ Nil (As at 31 March, 2017: ₹ Nil, As at 31 March, 2016: ₹ 448.45 lacs) was fully repaid as at 31 March, 2017

##### (C) Rupee loan from Tata Capital Financial Services Limited:

₹ Nil (As at 31 March, 2017: ₹ 1269.32 lacs, As at 31 March, 2016: ₹ 1489.38 lacs): fully repaid during the year.

##### (D) Rupee loan from KKR India Financial Services Private Limited:

₹ 7905.00 lacs (As at 31 March, 2017: ₹ Nil; As at 01 April, 2016: ₹ Nil): Secured by first pari passu charge created on Fixed Assets of the Company located at Mumbra plant, Faridabad plant and Satara plant. Repayable in quarterly installments commencing from 31 March, 2019 and carries an interest rate of 13% p.a.p.m.

#### (iii) Finance leases:

₹ Nil (As at 31 March, 2017: ₹ Nil, As at 31 March, 2016: ₹ 12.43 lacs): fully repaid as at 31 March, 2017.

#### (iv) Loan from Director - Unsecured

₹ Nil (As at 31 March, 2017: ₹ 500 lacs, As at 31 March, 2016: ₹ Nil): fully repaid during the year.



## Note 16 : Other financial liabilities

| (A) Non-current                            |                         |                         |                         | ₹ lacs   |
|--|-------------------------|-------------------------|-------------------------|----------|
| Particulars                                | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 | As at    |
| Interest accrued but not due on borrowings | 114.72                  | -                       | -                       | -        |
| <b>Total</b>                               | <b>114.72</b>           | <b>-</b>                | <b>-</b>                | <b>-</b> |

| (B) Current  |                         |                         |                         | ₹ lacs |
|--|-------------------------|-------------------------|-------------------------|--------|
| Particulars  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 | As at  |
| (a) Current maturities of long-term debts<br>(Refer Note 15):                              |                         |                         |                         |        |
| From banks   | 205.02                  | 800.55                  | 490.00                  |        |
| From others  | 330.00                  | 1433.33                 | 1616.93                 |        |
| (b) Current maturities of finance lease obligations<br>(Refer Note 15 and Note 31(A) (ii)) | -                       | -                       | 12.43                   |        |
| (c) Interest accrued but not due on borrowings   | 26.30                   | 37.24                   | 51.97                   |        |
| (d) Unpaid dividends (Refer Footnote below)  | 6.50                    | 12.36                   | 14.27                   |        |
| (e) Other payables:  |                         |                         |                         |        |
| (i) Payables on purchase of property, plant<br>and equipment (Refer Note 29.1(ii))         | 1108.66                 | 59.36                   | 75.36                   |        |
| (ii) Interest accrued on others  | 28.00                   | -                       | 3.71                    |        |
| (iii) Others   | 68.40                   | 85.88                   | 74.28                   |        |
| <b>Total</b>   | <b>1772.88</b>          | <b>2428.72</b>          | <b>2338.95</b>          |        |

### Footnote:

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

## Note 17 : Provisions

| (A) Non-current  |                         |                         |                         | ₹ lacs |
|--|-------------------------|-------------------------|-------------------------|--------|
| Particulars  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 | As at  |
| (a) Employee benefits:   |                         |                         |                         |        |
| (i) Compensated absences   | 419.93                  | 382.81                  | 392.18                  |        |
| (ii) Other employee benefits<br>(Terminal Ex-gratia) (Refer Note 32(B))  | 29.64                   | 30.80                   | 33.89                   |        |
| (b) Provision - Others - tax<br>(net of advance tax ₹ Nil (As at 31 March, 2017:<br>₹ 1213.15 lacs, As at 01 April, 2016: ₹ 1198.21 lacs)) | -                       | 21.90                   | 21.90                   |        |
| <b>Total</b>   | <b>449.57</b>           | <b>435.51</b>           | <b>447.97</b>           |        |

| (B) Current   |                         |                         |                         | ₹ lacs |
|---|-------------------------|-------------------------|-------------------------|--------|
| Particulars   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 | As at  |
| (a) Employee benefits:  |                         |                         |                         |        |
| (i) Compensated absences  | 82.78                   | 78.32                   | 99.84                   |        |
| (ii) Other employee benefits<br>(Terminal Ex-gratia) (Refer Note 32(B)) | 4.93                    | 7.59                    | 8.83                    |        |
|   | <b>87.71</b>            | <b>85.91</b>            | <b>108.67</b>           |        |
| (b) Provision for warranty (Refer Note 35(B))                           | 3.71                    | 4.56                    | 3.03                    |        |
|   | <b>3.71</b>             | <b>4.56</b>             | <b>3.03</b>             |        |
| <b>Total</b>  | <b>91.42</b>            | <b>90.47</b>            | <b>111.70</b>           |        |



### Note 17 (C) : Current tax liabilities (net)

| Particulars  | ₹ lacs                  |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| Provision for tax<br>(net of advance tax ₹ 1429.72 lacs (As at 31 March,<br>2017: ₹ Nil, As at 01 April, 2016: ₹ Nil)) | 241.38                  | -                       | -                       |
| <b>Total</b>   | <b>241.38</b>           | <b>-</b>                | <b>-</b>                |

### Note 18 : Other non-current liabilities

| Particulars   | ₹ lacs                  |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| (a) Advances from customers                         | 94.61                   | 165.92                  | 145.90                  |
| (b) Provision for gratuity (net) (Refer Note 32(B)) | 1161.71                 | 1020.71                 | 913.79                  |
| <b>Total</b>  | <b>1256.32</b>          | <b>1186.63</b>          | <b>1059.69</b>          |

### Note 19 : Current borrowings

| Particulars                                 | ₹ lacs                  |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| Loans repayable on demand                   |                         |                         |                         |
| From banks - Secured (Refer Footnote below) | 1577.65                 | 2840.46                 | 2578.49                 |
| From others - Unsecured                     | 3404.86                 | 2396.92                 | 1693.18                 |
| <b>Total</b>                                | <b>4982.51</b>          | <b>5237.38</b>          | <b>4271.67</b>          |

**Footnote:**

Loans repayable on demand from banks are secured by hypothecation of stocks of raw materials, stock in process, semi finished and finished goods, loose tools, general stores and book debts and all other moveables, both present and future, and by joint mortgage created for all immovable properties of the Company located at Mumbra, Faridabad and Satara plants together with all buildings, plant and machinery thereon which rank second subject and subservient to charges created in favour of loans referred to in footnote (ii)(D) of Note 15.

### Note 20 : Trade Payables

| Particulars   | ₹ lacs                  |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 29.2)         | 132.23                  | 245.51                  | 96.63                   |
| Total outstanding dues of trade payables other than micro enterprises and small enterprises |                         |                         |                         |
| Acceptances   | 4454.53                 | 3278.63                 | 3312.44                 |
| Other than Acceptances  | 7112.95                 | 5373.52                 | 4130.44                 |
| Payable to related party (Refer Note 33(C) (i))   | 7.09                    | 5.11                    | 12.46                   |
| <b>Total</b>  | <b>11706.80</b>         | <b>8902.77</b>          | <b>7551.97</b>          |

**Footnote:**

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



### Note 21 : Other current liabilities

| Particulars   | ₹ lacs                  |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| (a) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, GST, etc.) | 182.09                  | 307.38                  | 236.03                  |
| (b) Advances from customers   | 15.26                   | 15.95                   | 136.79                  |
| (c) Trade/security deposits received  | 22.75                   | 23.29                   | 23.29                   |
| (d) Provision for gratuity (net) (Refer Note 32(B))   | 87.58                   | 53.95                   | 100.00                  |
| <b>Total</b>  | <b>307.68</b>           | <b>400.57</b>           | <b>496.11</b>           |

### Note 22 : Revenue from operations

| Particulars   | ₹ lacs                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| (a) Sale of products (including excise duty ₹ 645.41 lacs (Year ended 31 March, 2017: ₹ 2759.28 lacs)) (Refer Footnotes (i) and (iv) below) | 49811.13                             | 42129.69                             |
| (b) Services rendered   | 150.13                               | 340.97                               |
| (c) Other operating revenues (Refer Footnote (ii) below)  | 1422.41                              | 966.72                               |
| <b>Revenue from operations</b>  | <b>51383.67</b>                      | <b>43437.38</b>                      |

#### Footnotes:

| Particulars   | ₹ lacs                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| (i) Sale of products comprises:   |                                      |                                      |
| <u>Manufactured goods:</u>  |                                      |                                      |
| - Automotive gears (Includes processing charges ₹ 385.73 lacs (Year ended 31 March, 2017: ₹ 363.37 lacs))   | 46188.98                             | 38680.82                             |
| - Automotive components   | 3123.72                              | 2949.83                              |
| - Industrial furnaces (Refer Footnote (iii) below) (Excludes ₹ 12.10 lacs (Year ended 31 March, 2017: ₹ 208.34 lacs) which is included in services rendered)  | 141.63                               | 273.59                               |
| - Tooling development   | 356.80                               | 225.45                               |
| <b>Total - Sale of products</b>   | <b>49811.13</b>                      | <b>42129.69</b>                      |
| (ii) Other operating revenues comprises:  |                                      |                                      |
| - Sale of scrap   | 430.13                               | 329.03                               |
| - Export incentives   | 794.67                               | 608.87                               |
| - Liabilities/provisions no longer required written back  | 27.96                                | 12.83                                |
| - Miscellaneous income  | 169.65                               | 15.99                                |
| <b>Total - Other operating revenues</b>   | <b>1422.41</b>                       | <b>966.72</b>                        |
| (iii) Revenue from contracts is recognized as stated in Note 2.12(b)  |                                      |                                      |
| (iv) Consequent to the introduction of Goods and Services Tax (GST) with effect from 01 July, 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. Revenue from operations is reported inclusive of excise duty and corresponding excise duty on sale of goods (including scrap sale) is disclosed as a part of expenses. |                                      |                                      |



### Note 23 : Other income

| Particulars   | ₹ lacs                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| (a) Interest income (Refer Footnote (i) below)                | 70.35                                | 95.59                                |
| (b) Net gain on foreign currency transactions and translation | 73.14                                | -                                    |
| (c) Other non-operating income (Refer Footnote (ii) below)    | 14.47                                | 18.46                                |
| <b>Total</b>  | <b>157.96</b>                        | <b>114.05</b>                        |

#### Footnotes:

| Particulars  | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| (i) Interest income comprises :                        |                                      |                                      |
| Interest on Financial assets at amortised cost:        |                                      |                                      |
| - On bank Deposits                                     | 5.38                                 | 4.82                                 |
| - On margin money with banks                           | 32.40                                | 34.69                                |
| - On security deposits and loans to employees          | 19.53                                | 18.34                                |
| Others   | 1.65                                 | 1.41                                 |
| Interest on income tax refund                          | 11.39                                | 36.33                                |
| <b>Total - Interest income</b>                         | <b>70.35</b>                         | <b>95.59</b>                         |
| (ii) Other non-operating income comprises:             |                                      |                                      |
| Rent   | 12.32                                | 10.83                                |
| Profit on sale of property, plant and equipment        | 1.58                                 | 3.92                                 |
| Liabilities/provisions no longer required written back | 0.57                                 | 3.71                                 |
| <b>Total - Other non-operating income</b>              | <b>14.47</b>                         | <b>18.46</b>                         |

### Note 24(A) : Cost of material and components consumed

| Particulars                                      | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| Opening stock                                    | 655.89                               | 525.42                               |
| Add: Purchases                                   | 25005.88                             | 19104.84                             |
|  | 25661.77                             | 19630.26                             |
| Less: Closing stock                              | 1313.96                              | 655.89                               |
| <b>Cost of materials and components consumed</b> | <b>24347.81</b>                      | <b>18974.37</b>                      |
| Material and components consumed comprises:      |                                      |                                      |
| Forgings   | 22101.66                             | 16597.73                             |
| Automotive components                            | 2173.52                              | 2113.90                              |
| Others   | 72.63                                | 262.74                               |
| <b>Total</b>                                     | <b>24347.81</b>                      | <b>18974.37</b>                      |



### Note 24(B) : Changes in inventories of finished goods and work-in-progress

| Particulars                               | ₹ lacs                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| Inventories at the end of the year:       |                                      |                                      |
| Finished goods                            | 1199.42                              | 1617.95                              |
| Work-in-progress                          | 3626.55                              | 2464.09                              |
|   | <b>4825.97</b>                       | <b>4082.04</b>                       |
| Inventories at the beginning of the year: |                                      |                                      |
| Finished goods                            | 1617.95                              | 1510.17                              |
| Work-in-progress                          | 2464.09                              | 2184.55                              |
|   | 4082.04                              | 3694.72                              |
| <b>Net (increase)/decrease</b>            | <b>(743.93)</b>                      | <b>(387.32)</b>                      |

### Note 25 : Employee benefits expense

| Particulars                                | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| Salaries and wages                         | 7125.11                              | 6287.81                              |
| Contributions to provident and other funds | 407.18                               | 367.62                               |
| Gratuity expenses (Refer Footnote below)   | 239.91                               | 151.37                               |
| Staff welfare expenses                     | 954.14                               | 909.66                               |
| <b>Total</b>                               | <b>8726.34</b>                       | <b>7716.46</b>                       |

**Footnote:**

Pursuant to amendment to The Payment of Gratuity Act, 1972, notifying the increase in limit of maximum gratuity, the gratuity expenses for the year has increased by ₹ 84.56 lacs (for the year ended 31 March, 2017: ₹ Nil) on account of past service costs.

### Note 26 : Finance costs

| Particulars  | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| (a) Interest expense on:                                     |                                      |                                      |
| (i) Borrowings   | 1083.00                              | 1008.57                              |
| (ii) Others  |                                      |                                      |
| - Discounting charges  | 264.71                               | 251.23                               |
| - Interest on delayed/deferred payment of income tax         | 28.00                                | -                                    |
| (b) Other borrowing costs (Bank and other financing charges) | 308.53                               | 221.64                               |
| <b>Total</b>   | <b>1684.24</b>                       | <b>1481.44</b>                       |



### Note 27 : Depreciation and amortisation expense

| Particulars                       | ₹ lacs                               |                                      |
|-----------------------------------|--------------------------------------|--------------------------------------|
|                                   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| Depreciation of tangible assets   | 1786.49                              | 1626.13                              |
| Amortisation of intangible assets | 41.62                                | 43.13                                |
| <b>Total</b>                      | <b>1828.11</b>                       | <b>1669.26</b>                       |

### Note 28 : Other expenses

| Particulars   | ₹ lacs                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| Consumption of stores and spare parts                                     | 1336.40                              | 1211.37                              |
| Consumption of loose tools  | 1519.47                              | 1077.64                              |
| Consumption of packing materials  | 1084.14                              | 846.29                               |
| Excise duty on changes in inventory                                       | (142.66)                             | 44.41                                |
| Processing charges  | 2431.73                              | 1618.51                              |
| Power and fuel  | 3484.30                              | 2938.01                              |
| Rent including lease rentals (Refer Note 31.B (i))                        | 487.41                               | 505.51                               |
| Repairs and maintenance:  |                                      |                                      |
| - Buildings   | 98.25                                | 63.13                                |
| - Machinery   | 418.28                               | 380.63                               |
| - Others  | 699.04                               | 582.80                               |
| Travelling, conveyance and car expenses                                   | 475.13                               | 464.83                               |
| Freight, forwarding and other charges                                     | 1053.65                              | 591.68                               |
| Auditors' remuneration (Refer Footnote below)                             | 34.61                                | 39.94                                |
| Exchange loss (net loss on foreign currency transactions and translation) | -                                    | 0.21                                 |
| Bad debts written off   | 9.08                                 | 6.53                                 |
| Loss on sale/write off of property, plant and equipment                   | 2.23                                 | 5.49                                 |
| Allowance for doubtful debts  | 23.17                                | 20.94                                |
| Miscellaneous expenses  | 1115.12                              | 1168.10                              |
| <b>Total</b>  | <b>14129.35</b>                      | <b>11566.02</b>                      |

#### Footnote:

| Particulars                                      | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| Auditors' remuneration (net of service tax/GST): |                                      |                                      |
| As auditors:                                     |                                      |                                      |
| - Statutory audit                                | 14.50                                | 22.75                                |
| - Limited review                                 | 11.75                                | 11.25                                |
| In other capacity:                               |                                      |                                      |
| - For certification (Refer Note (i) below)       | 2.40                                 | 1.42                                 |
| - For other services                             | 5.00                                 | 4.00                                 |
| Reimbursement of expenses                        | 0.96                                 | 0.52                                 |
| <b>Total</b>                                     | <b>34.61</b>                         | <b>39.94</b>                         |

(i) Excludes certification charges of ₹ 1.00 lac (for the year ended 31 March, 2017: ₹ Nil) paid to statutory auditors, debited to securities premium account related to preferential issue of equity shares.



## Note 29 : Additional information to the financial statements

| Note        | Particulars  | ₹ lacs                  |                         |                         |
|-------------|--|-------------------------|-------------------------|-------------------------|
|             |  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| <b>29.1</b> | <b>Contingent liabilities and commitments<br/>(to the extent not provided for)</b>   |                         |                         |                         |
| (i)         | <b>Contingent liabilities:</b>   |                         |                         |                         |
|             | <b>Claims against the Company not acknowledged as debt:</b>  |                         |                         |                         |
|             | 1. In respect of Employees:  |                         |                         |                         |
|             | (i) The Company has filed an appeal in the Bombay High Court against the order passed by Third Labour Court on issue of back wages and reinstatement of 11 employees.  | 40.26                   | 40.26                   | 40.26                   |
|             | (ii) In respect of claim of permanency of services and/or back wages (less subsistence allowance paid, if any) filed by set of temporary/permanent workmen before the Hon'ble Industrial Tribunal, Thane/labour court.   | Not ascertainable       | Not ascertainable       | Not ascertainable       |
|             | 2. Others:   |                         |                         |                         |
|             | (i) The Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of provident fund dues on subsistence allowance.   | 1.27                    | 1.27                    | 1.27                    |
|             | (ii) The Company has filed an appeal in the Employees' Provident Fund Appellate Tribunal, Delhi against the order passed by Regional Provident Fund Commissioner, on issue of Provident fund dues on difference of wages of certain employees.<br>Future ultimate outflow of resources embodying economic benefits in respect of these matters is uncertain as it depends on financial outcome of judgments/decisions on the matters involved. | 0.87                    | 0.87                    | 0.87                    |
| (ii)        | <b>Commitments:</b>  |                         |                         |                         |
|             | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):  |                         |                         |                         |
|             | Property, plant and equipment  | 2733.22                 | 1636.41                 | 122.89                  |
|             | Intangible assets  | 0.84                    | -                       | -                       |
|             |  | <b>2734.06</b>          | <b>1636.41</b>          | <b>122.89</b>           |

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

| Particulars  | ₹ lacs                  |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | 70.28                   | 151.45                  | 46.20                   |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | -                       | -                       | -                       |
| (iii) The amount of principal paid beyond the appointed day  | 257.25                  | 457.64                  | 444.37                  |
| (iv) The amount of interest due and payable for the year   | -                       | -                       | -                       |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -                       | -                       | -                       |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                       | -                       | -                       |

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



### Note 30: Income Tax

₹ lacs

| <b>(A) Major components of income tax expense:</b>   |   |                                      |                                      |
|--|---|--------------------------------------|--------------------------------------|
| Note   | Particulars   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| <b>(a) Statement of Profit and Loss:</b>   |   |                                      |                                      |
|  | (i) Current income tax:   |                                      |                                      |
|  | - In respect of current year  | 425.00                               | -                                    |
|  | (ii) Deferred tax:  |                                      |                                      |
|  | Relating to origination and reversal of temporary differences           | (131.00)                             | (82.00)                              |
|  | <b>Total tax expense recognised in Statement of Profit and Loss</b>     | <b>294.00</b>                        | <b>(82.00)</b>                       |
| <b>(b) Other comprehensive income:</b>   |   |                                      |                                      |
|  | Deferred Tax - Remeasurement of the defined benefit obligation          | 1.37                                 | 11.19                                |
|  | <b>Total tax expense recognised in other comprehensive income</b>       | <b>1.37</b>                          | <b>11.19</b>                         |
| <b>(B) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:</b> |   |                                      |                                      |
|  | Particulars   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
|  | Profit/(loss) before tax  | 924.30                               | (228.08)                             |
|  | Applicable tax rate   | 34.608%                              | 33.063%                              |
|  | Computed tax expense  | 319.88                               | (75.41)                              |
|  | Effect of expenses that is non-deductible in determining taxable profit | 9.69                                 | 27.86                                |
|  | Adjustments in respect of current income tax of previous years          | -                                    | (28.99)                              |
|  | Others  | (35.57)                              | (5.46)                               |
|  | <b>Income tax expense recognised in Statement of Profit or Loss</b>     | <b>294.00</b>                        | <b>(82.00)</b>                       |
|  | <b>Effective tax rate</b>   | <b>31.808%</b>                       | <b>35.952%</b>                       |



## Note 30 (C) : Deferred tax

₹ lacs

| Note | Particulars  | For the year ended 31 March, 2018 |                 |               | Balance as at<br>31 March, 2018 |
|------|--|-----------------------------------|-----------------|---------------|---------------------------------|
|      |  | Balance as at<br>31 March, 2017   | Recognised in   |               |                                 |
|      |  |                                   | Profit and loss | OCI           |                                 |
|      | Tax effect of items constituting deferred tax liability on:              |                                   |                 |               |                                 |
|      | Property, plant and equipment and intangible assets                      | 598.38                            | (84.89)         | -             | 513.49                          |
|      | Lease rent   | 113.50                            | (44.10)         | -             | 69.40                           |
|      | Others   | 6.75                              | 27.29           | -             | 34.04                           |
|      | <b>(A)</b>   | <b>718.63</b>                     | <b>(101.70)</b> | <b>-</b>      | <b>616.93</b>                   |
|      | Tax effect of items constituting deferred tax assets:                    |                                   |                 |               |                                 |
|      | Provision for compensated absences, gratuity and other employee benefits | 531.65                            | 98.14           | -             | 629.79                          |
|      | Other disallowances under Section 43B of the Income-tax Act, 1961        | 70.34                             | 1.50            | -             | 71.84                           |
|      | Unabsorbed depreciation  | 69.23                             | (69.23)         | -             | -                               |
|      | Payments made under Voluntary Retirement Scheme                          | 101.72                            | 0.51            | -             | 102.23                          |
|      | Minimum alternate tax credit   | 26.00                             | (26.00)         | -             | -                               |
|      | Remeasurement of defined benefit plans                                   | (11.19)                           | -               | (1.37)        | (12.56)                         |
|      | Others   | 9.39                              | 24.38           | -             | 33.77                           |
|      | <b>(B)</b>   | <b>797.14</b>                     | <b>29.30</b>    | <b>(1.37)</b> | <b>825.07</b>                   |
|      | <b>Deferred tax liabilities/(assets) (net)</b>                           | <b>(78.51)</b>                    | <b>(131.00)</b> | <b>1.37</b>   | <b>(208.14)</b>                 |

₹ lacs

| Note | Particulars  | For the year ended 31 March, 2017 |                 |                | Balance as at<br>31 March, 2017 |
|------|--|-----------------------------------|-----------------|----------------|---------------------------------|
|      |  | Balance as at<br>01 April, 2016   | Recognised in   |                |                                 |
|      |  |                                   | Profit and loss | OCI            |                                 |
|      | Tax effect of items constituting deferred tax liability on:              |                                   |                 |                |                                 |
|      | Property, plant and equipment and intangible assets                      | 657.13                            | (58.75)         | -              | 598.38                          |
|      | Lease rent   | 150.14                            | (36.64)         | -              | 113.50                          |
|      | Others   | 7.23                              | (0.48)          | -              | 6.75                            |
|      | <b>(A)</b>   | <b>814.50</b>                     | <b>(95.87)</b>  | <b>-</b>       | <b>718.63</b>                   |
|      | Tax effect of items constituting deferred tax assets:                    |                                   |                 |                |                                 |
|      | Provision for compensated absences, gratuity and other employee benefits | 511.99                            | 19.66           | -              | 531.65                          |
|      | Other disallowances under Section 43B of the Income-tax Act, 1961        | 61.65                             | 8.69            | -              | 70.34                           |
|      | Unabsorbed depreciation  | 150.71                            | (81.48)         | -              | 69.23                           |
|      | Payments made under Voluntary Retirement Scheme                          | 69.32                             | 32.40           | -              | 101.72                          |
|      | Minimum alternate tax credit   | 26.00                             | -               | -              | 26.00                           |
|      | Remeasurement of defined benefit plans                                   | -                                 | -               | (11.19)        | (11.19)                         |
|      | Others   | 2.53                              | 6.86            | -              | 9.39                            |
|      | <b>(B)</b>   | <b>822.20</b>                     | <b>(13.87)</b>  | <b>(11.19)</b> | <b>797.14</b>                   |
|      | <b>Deferred tax liabilities/(assets) (net)</b>                           | <b>(7.70)</b>                     | <b>(82.00)</b>  | <b>11.19</b>   | <b>(78.51)</b>                  |



## Note 31 : Details of Leasing arrangements

### (A) Finance Lease: Company as a lessee

(i) For net carrying amount as at 31 March, 2018 for assets acquired under finance lease. (Refer Note 5(A) Property, plant and equipment)

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

| Particulars                                       |                      | ₹ lacs                                   |                  |   |
|---|----------------------|--|------------------|---|
|   |                      | Total minimum lease payments outstanding | Interest not due | Present value of minimum lease payments |
| Not later than one year                           | As at 31 March, 2018 | -  | -                | -                                       |
|   | As at 31 March, 2017 | -  | -                | -                                       |
|   | As at 01 April, 2016 | 13.13                                    | 0.70             | 12.43                                   |
| Later than one year but not later than five years | As at 31 March, 2018 | -  | -                | -                                       |
|   | As at 31 March, 2017 | -  | -                | -                                       |
|   | As at 01 April, 2016 | -  | -                | -                                       |
| <b>Total</b>                                      | As at 31 March, 2018 | -  | -                | -                                       |
|   | As at 31 March, 2017 | -  | -                | -                                       |
|   | As at 01 April, 2016 | 13.13                                    | 0.70             | 12.43                                   |

(iii) General description of these agreements:

- Some of these agreements contains renewal clause.

-

### (B) Operating Lease: Company as a lessee

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

| Particulars  | ₹ lacs                            |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended 31 March, 2018 | For the year ended 31 March, 2017 |
| Residential flats/offices/godowns                                | 258.40                            | 244.78                            |
| Vehicle/Plant and machinery/Air conditioner/Returnable packaging | 229.01                            | 258.24                            |

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

| Particulars                                       | ₹ lacs                            |                                   |
|---|-----------------------------------|-----------------------------------|
|   | For the year ended 31 March, 2018 | For the year ended 31 March, 2017 |
| not later than one year                           | 107.45                            | 129.12                            |
| later than one year and not later than five years | 46.22                             | 170.37                            |
| later than five years                             | -                                 | -                                 |

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



### Note 32 : Employee benefits

| Note  | Particulars                          |                                      |
|---|--------------------------------------|--------------------------------------|
| (A) <u>Defined Contribution Plans</u>   |                                      |                                      |
| The Company has recognized the following amounts in the Statement of Profit and Loss:                                 |                                      |                                      |
|   |                                      | ₹ lacs                               |
| Particulars   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| - Employers' contribution to Provident Fund and Family Pension Fund   | 287.10                               | 264.74                               |
| - Employers' contribution to Superannuation Fund  | 113.43                               | 92.66                                |
| The above amounts are included in Contributions to provident and other funds under Note 25 Employee benefits expense. |                                      |                                      |

#### (B) Defined Benefit Plans

A general description of the Employees Benefit Plans:

##### (i) Gratuity (Funded)

The Company operates a defined benefit final salary gratuity plan which covers qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972 or maximum gratuity payable under the said Act, whichever is lower. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

The Company has set up an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan. There are no minimum funding requirements. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act and Rules.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

##### (ii) Terminal Ex-gratia (Unfunded)

The Company has an obligation towards Terminal Ex-gratia, an unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment which varies depending upon the number of completed years of service to vested employees on completion of employment. Vesting occurs upon the completion of 15 years of service. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet :



### Note 32 : Employee benefits....Contd.

| Note   | Particulars   |                              |                       |                              |                       |                      |                       |
|--|---|------------------------------|-----------------------|------------------------------|-----------------------|----------------------|-----------------------|
| <b>(a) Expense recognized in the Statement of Profit and Loss:</b> |   |                              |                       |                              |                       |                      |                       |
|  |   | ₹ lacs                       |                       |                              |                       |                      |                       |
|  | Particulars   | Year ended<br>31 March, 2018 |                       | Year ended<br>31 March, 2017 |                       |                      |                       |
|  |   | Gratuity                     | Terminal<br>Ex-gratia | Gratuity                     | Terminal<br>Ex-gratia |                      |                       |
| <b>(i) Under profit and loss section</b>                           |   |                              |                       |                              |                       |                      |                       |
|  | Current service cost  | 77.50                        | 1.47                  | 78.59                        | 1.65                  |                      |                       |
|  | Interest on net defined benefit liability/(asset)                                 | 77.86                        | 2.78                  | 72.78                        | 3.02                  |                      |                       |
|  | Expected return on plan assets  | -                            | -                     | -                            | -                     |                      |                       |
|  | Past service cost   | 84.55                        | -                     | -                            | -                     |                      |                       |
|  | Actuarial gains/(losses)  | -                            | -                     | -                            | (0.50)                |                      |                       |
|  | <b>Total expense recognised in the Statement of Profit and Loss</b>               | <b>*239.91</b>               | <b>**4.25</b>         | <b>*151.37</b>               | <b>**4.17</b>         |                      |                       |
| <b>(ii) Under other comprehensive income section</b>               |   |                              |                       |                              |                       |                      |                       |
| <b>Actuarial (gains)/losses</b>                                    |   |                              |                       |                              |                       |                      |                       |
|  | Due to change in demographic assumptions  | -                            | -                     | -                            | -                     |                      |                       |
|  | Due to change in financial assumptions  | (6.06)                       | (1.03)                | 31.14                        | -                     |                      |                       |
|  | Due to change in experience adjustments   | (8.27)                       | 0.11                  | (65.66)                      | -                     |                      |                       |
|  | Actual return on plan assets in excess of the expected return                     | 11.30                        | -                     | 0.68                         | -                     |                      |                       |
|  | <b>Sub-total - Included in Other comprehensive income</b>                         | <b>(3.03)</b>                | <b>(0.92)</b>         | <b>(33.84)</b>               | <b>-</b>              |                      |                       |
|  | <b>Total expense</b>  | <b>236.88</b>                | <b>3.33</b>           | <b>117.53</b>                | <b>4.17</b>           |                      |                       |
| <b>(b) Net liability recognised in the Balance Sheet :</b>         |   |                              |                       |                              |                       |                      |                       |
|  | Particulars   | As at 31 March, 2018         |                       | As at 31 March, 2017         |                       | As at 01 April, 2016 |                       |
|  |   | Gratuity                     | Terminal<br>Ex-gratia | Gratuity                     | Terminal<br>Ex-gratia | Gratuity             | Terminal<br>Ex-gratia |
|  | Present value of defined benefit obligation                                       | 1528.33                      | 34.57                 | 1441.30                      | 38.39                 | 1488.42              | 42.72                 |
|  | Fair value of plan assets   | 279.04                       | -                     | 366.64                       | -                     | 474.63               | -                     |
|  | Funded status (deficit)   | (1249.29)                    | (34.57)               | (1074.66)                    | (38.39)               | (1013.79)            | (42.72)               |
|  | <b>Net liability recognised in the Balance Sheet accounted as below:</b>          | <b>(1249.29)</b>             | <b>(34.57)</b>        | <b>(1074.66)</b>             | <b>(38.39)</b>        | <b>(1013.79)</b>     | <b>(42.72)</b>        |
|  | - Other non-current liabilities (Refer Note 18(b))                                | (1161.71)                    | -                     | (1020.71)                    | -                     | (913.79)             | -                     |
|  | - Other current liabilities (Refer Note 21(d))                                    | (87.58)                      | -                     | (53.95)                      | -                     | (100.00)             | -                     |
|  | - Provisions non-current (Refer Note 17(A)(a)(ii))                                | -                            | (29.64)               | -                            | (30.80)               | -                    | (33.89)               |
|  | - Provisions current (Refer Note 17(B)(a)(ii))                                    | -                            | (4.93)                | -                            | (7.59)                | -                    | (8.83)                |
|  | (* Included in Gratuity expense under Employee benefits expense in Note 25).      |                              |                       |                              |                       |                      |                       |
|  | (** Included in 'Salaries and wages' under Employee benefits expense in Note 25). |                              |                       |                              |                       |                      |                       |



## Note 32 : Employee benefits....Contd.

₹ lacs

| Particulars  | As at 31 March, 2018 |                    | As at 31 March, 2017 |                    | As at 01 April, 2016 |                    |
|--|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
|  | Gratuity             | Terminal Ex-gratia | Gratuity             | Terminal Ex-gratia | Gratuity             | Terminal Ex-gratia |
| <b>(c) Present value of defined benefit obligation:</b>  |                      |                    |                      |                    |                      |                    |
| Present value of defined benefit obligation at beginning of the year   | 1441.30              | 38.39              | 1488.42              | 42.72              | 1400.29              | 42.81              |
| Current service cost   | 77.50                | 1.47               | 78.59                | 1.65               | 74.17                | 1.68               |
| Interest on defined benefit obligation   | 104.42               | 2.78               | 104.15               | 3.02               | 108.30               | 3.16               |
| Remeasurements due to:   |                      |                    |                      |                    |                      |                    |
| Actuarial loss/(gain) arising from change in financial assumptions   | (6.06)               | (1.03)             | 31.13                | (0.50)             | 41.51                | 1.12               |
| Actuarial loss/(gain) arising on account of experience changes   | (8.27)               | 0.11               | (65.66)              | -                  | 60.92                | -                  |
| Past service cost  | 84.55                | -                  | -                    | -                  | -                    | -                  |
| Benefits paid  | (165.11)             | (7.15)             | (195.33)             | (8.50)             | (196.77)             | (6.05)             |
| Present value of defined benefit obligation at the end of the year   | 1528.33              | 34.57              | 1441.30              | 38.39              | 1488.42              | 42.72              |
| <b>(d) Fair value of plan assets:</b>  |                      |                    |                      |                    |                      |                    |
| Opening fair value of plan assets  | 366.64               | -                  | 474.63               | -                  | 571.64               | -                  |
| Employer contributions   | 62.25                | -                  | 56.66                | -                  | 64.70                | -                  |
| Interest on plan assets  | 26.56                | -                  | 31.37                | -                  | 36.52                | -                  |
| Actual return on plan assets in excess of the expected return  | (11.30)              | -                  | (0.69)               | -                  | (1.46)               | -                  |
| Benefits paid  | (165.11)             | -                  | (195.33)             | -                  | (196.77)             | -                  |
| Closing fair value of plan assets  | 279.04               | -                  | 366.64               | -                  | 474.63               | -                  |
| <b>(e) Movement of net liability recognised in the Balance Sheet:</b>  |                      |                    |                      |                    |                      |                    |
| Opening net defined benefit liability/(asset)  | 1074.66              | 38.39              | 1013.79              | 42.72              | 828.65               | 42.81              |
| Expense charged to Statement of Profit and Loss  | 239.91               | 4.25               | 151.37               | 4.17               | 145.94               | 5.96               |
| Amount recognised in other comprehensive income  | (3.03)               | (0.92)             | (33.84)              | -                  | 103.90               | -                  |
| Employer contributions   | (62.25)              | (7.15)             | (56.66)              | (8.50)             | (64.70)              | (6.05)             |
| <b>Closing net defined benefit liability/(asset)</b>   | <b>1249.29</b>       | <b>34.57</b>       | <b>1074.66</b>       | <b>38.39</b>       | <b>1013.79</b>       | <b>42.72</b>       |
| <b>(f) The major categories of plan assets as a percentage of the fair value of total plan assets:</b>                           |                      |                    |                      |                    |                      |                    |
| Insurer Managed funds  | 100%                 | -                  | 100%                 | -                  | 100%                 | -                  |
| The plan does not invest directly in any property occupied by the Company nor in any financial securities issued by the Company. |                      |                    |                      |                    |                      |                    |
| <b>(g) The principal assumptions used in determining defined benefit obligations:</b>  |                      |                    |                      |                    |                      |                    |
| <b>(i) Financial assumptions:</b>  |                      |                    |                      |                    |                      |                    |
| Discount rate  | 7.80%                | 7.80%              | 7.25%                | 7.25%              | 7.55%                | 7.55%              |
| Expected return on plan assets   | 7.80%                |                    | 7.25%                |                    | 7.55%                |                    |
| Salary escalation  | 6.50%                |                    | 6.00%                |                    | 6.00%                |                    |



### Note 32 : Employee benefits....Contd.

| Note                                 | Particulars                        | ₹ lacs  |                    |  |                    |  |                    |
|--------------------------------------|------------------------------------|---|--------------------|--|--------------------|--|--------------------|
|                                      |                                    | As at 31 March, 2018                                      |                    | As at 31 March, 2017                               |                    | As at 01 April, 2016                               |                    |
|                                      |                                    | Gratuity  | Terminal Ex-gratia | Gratuity   | Terminal Ex-gratia | Gratuity   | Terminal Ex-gratia |
| <b>(ii) Demographic assumptions:</b> |                                    |   |                    |  |                    |  |                    |
|                                      | Retirement age:                    |   |                    |  |                    |  |                    |
|                                      | For Mumbra employees               | 60 years  |                    | 60 years   |                    | 60 years   |                    |
|                                      | For Faridabad and Satara employees | 58 years  |                    | 58 years   |                    | 58 years   |                    |
|                                      | Attrition rate:                    |   |                    |  |                    |  |                    |
|                                      | Age Banks - 21 -44                 | 2.00%   |                    | 2.00%  |                    | 2.00%  |                    |
|                                      | Age Banks - 44 & above             | 1.00%   |                    | 1.00%  |                    | 1.00%  |                    |
|                                      | Mortality tables                   | <b>Indian Assured Lives Mortality (2006-08) Ult table</b> |                    | Indian Assured Lives Mortality (2006-08) Ult table |                    | Indian Assured Lives Mortality (2006-08) Ult table |                    |

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

#### (h) Sensitivity analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

|  | As at 31 March, 2018 |                    | As at 31 March, 2017 |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | Gratuity             | Terminal Ex-gratia | Gratuity             | Terminal Ex-gratia |
| <b>Discount rate</b>                                       |                      |                    |                      |                    |
| Impact of increase in 50 bps on defined benefit obligation | -3.62%               | -2.60%             | -3.55%               | -2.80%             |
| Impact of decrease in 50 bps on defined benefit obligation | 3.89%                | 2.70%              | 3.81%                | 2.90%              |
| <b>Salary escalation</b>                                   |                      |                    |                      |                    |
| Impact of increase in 50 bps on defined benefit obligation | 3.84%                | -                  | 3.48%                | -                  |
| Impact of decrease in 50 bps on defined benefit obligation | -3.61%               | -                  | -3.32%               | -                  |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

#### (i) Funding Arrangements & Policy:

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

The expected contribution payable to the plan next year is ₹ 87,57,534/-.



### Note 32 : Employee benefits....Contd.

| Note                        | Particulars  | ₹ lacs               |                    |                      |                    |                      |                    |
|-----------------------------|--|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
|                             |  | As at 31 March, 2018 |                    | As at 31 March, 2017 |                    | As at 01 April, 2016 |                    |
|                             |  | Gratuity             | Terminal Ex-gratia | Gratuity             | Terminal Ex-gratia | Gratuity             | Terminal Ex-gratia |
| <b>(j) Maturity profile</b> |  |                      |                    |                      |                    |                      |                    |
|                             | Expected benefits for year 1                         | 217.26               | 4.93               | 208.20               | 7.59               | 217.95               | 8.83               |
|                             | Expected benefits for year 2                         | 161.63               | 4.88               | 122.96               | 4.19               | 124.73               | 4.96               |
|                             | Expected benefits for year 3                         | 116.89               | 4.05               | 130.97               | 4.82               | 140.33               | 4.44               |
|                             | Expected benefits for year 4                         | 142.51               | 4.72               | 143.34               | 4.14               | 153.92               | 5.92               |
|                             | Expected benefits for year 5                         | 131.75               | 4.28               | 152.14               | 4.88               | 157.59               | 4.60               |
|                             | Expected benefits for year 6                         | 191.75               | 5.06               | 146.36               | 4.43               | 163.06               | 5.52               |
|                             | Expected benefits for year 7                         | 207.24               | 5.32               | 186.08               | 5.14               | 150.36               | 4.63               |
|                             | Expected benefits for year 8                         | 179.44               | 4.36               | 156.06               | 5.16               | 200.22               | 5.31               |
|                             | Expected benefits for year 9                         | 194.70               | 4.53               | 214.38               | 4.24               | 153.83               | 5.40               |
|                             | Expected benefits for year 10 and above              | 1801.77              | 14.93              | 1456.81              | 18.48              | 1569.46              | 22.46              |
|                             | The weighted average duration to the payment (years) | 7.55                 | 5.19               | 7.35                 | 5.39               | 7.16                 | 5.44               |

### Note 33 : Related party transactions

| Note   | Particulars   |
|--|---|
| <b>(A)</b>   | <b>Details of related parties with whom the Company had transactions during the year.</b>   |
| Description of relationship  | Names of related parties  |
| Key Management Personnel (KMP)                                       | (i) Mr. Surinder Paul Kanwar - Chairman and Managing Director (who also has ability to exercise 'significant influence' over the Company) |
|  | (ii) Mr. Sameer Kanwar – Joint Managing Director (Son of Chairman and Managing Director of the Company)                                   |
|  | (iii) Mr. Rakesh Chopra - Non Executive Independent Director  |
|  | (iv) Mr. Virendra Kumar Pargal - Non Executive Independent Director   |
|  | (v) Mr. Wolfgang Rudolf Schilha - Non Executive Independent Director  |
|  | (vi) Mr. Shiv Gopal Awasthi - Non Executive Independent Director (upto 09 August, 2017)   |
|  | (vii) Mrs. Hiroo Suresh Advani - Non Executive Independent Director   |
|  | (viii) Mr. N.V. Srinivasan - Non Executive Director (w.e.f. 03 November, 2017)  |
| Enterprises over which KMP is able to exercise significant influence | (i) Cliplok Simpak (India) Private Limited (CSIPL)  |
|  | (ii) Raunaq EPC International Limited (REIL)  |
|  | (iii) Vibrant Finance & Investment Private Limited (VFIPL)  |
|  | (iv) Xlerate Driveline India Limited (XDIL)   |

Note: Related parties have been identified by the Management.



### Note 33 : Related party transactions....Contd.

| Note   | Particulars | ₹ lacs                                       |  |
|--|-------------|--|--|
| <b>(B) Details of related party transactions during the year ended 31 March, 2018:</b> |             |  |  |
| <b>(i) Key Management Personnel (KMP):</b>   |             |  |  |
|  |             | <b>For the year ended<br/>31 March, 2018</b> | <b>For the year ended<br/>31 March, 2017</b> |
| <b>(a) Mr. Surinder Paul Kanwar</b>  |             |  |  |
| - Compensation - Short term employee benefits  |             | 132.23                                       | 130.42                                       |
| - Rent paid for premises taken on lease  |             | 72.00  | 72.00  |
| - Reimbursement of maintenance charges paid for premises taken on lease                |             | 3.73   | 3.75   |
| - Unsecured loan - availed by the Company  |             | -  | 500.00                                       |
| - Repayment of unsecured loan  |             | 500.00                                       | -  |
| - Equity allotment - Preferential issue of equity shares                               |             | 511.29                                       | -  |
| <b>(b) Mr. Sameer Kanwar</b>   |             |  |  |
| - Compensation - Short term employee benefits  |             | 132.12                                       | 130.63                                       |
| - Rent paid for premises taken on lease  |             | 34.89  | 35.02  |
| - Reimbursement of maintenance charges paid for premises taken on lease                |             | 1.60   | 1.52   |
| <b>(c) Mr. N.V. Srinivasan</b>   |             |  |  |
| - Fees for technical advisory services   |             | 13.72  | -  |
| - Director's sitting fees  |             | 0.35   | -  |
| <b>(d) Mr. Rakesh Chopra</b>   |             |  |  |
| - Director's sitting fees  |             | 1.95   | 2.01   |
| <b>(e) Mr. Virendra Kumar Pargal</b>   |             |  |  |
| - Director's sitting fees  |             | 1.85   | 1.84   |
| <b>(f) Mr. Wolfgang Rudolf Schilha</b>   |             |  |  |
| - Director's sitting fees  |             | 0.45   | 0.52   |
| <b>(g) Mr. Shiv Gopal Awasthi</b>  |             |  |  |
| - Director's sitting fees  |             | 0.35   | 2.01   |
| <b>(h) Mrs. Hiroo Suresh Advani</b>  |             |  |  |
| - Director's sitting fees  |             | 1.35   | 0.86   |
| <b>(ii) Enterprises over which KMP is able to exercise significant influence:</b>      |             |  |  |
|  |             | <b>For the year ended<br/>31 March, 2018</b> | <b>For the year ended<br/>31 March, 2017</b> |
| <b>(a) Cliplok Simpak (India) Private Limited</b>                                      |             |  |  |
| - Purchase of packing material   |             | 28.68  | 17.33  |
| - Rent income  |             | 0.55   | 0.54   |
| <b>(b) Vibrant Finance &amp; Investment Private Limited</b>                            |             |  |  |
| - Rent and other expenses  |             | 17.78  | 16.73  |
| <b>(c) Raunaq EPC International Limited</b>  |             |  |  |
| - Rent income  |             | 11.77  | 10.28  |
| <b>(d) Xlerate Driveline India Limited</b>   |             |  |  |
| - Marketing service income   |             | 135.31                                       | 131.37                                       |



### Note 33 : Related party transactions....Contd.

| Note | Particulars   | ₹ lacs         |                |                |
|------|---|----------------|----------------|----------------|
| (C)  | <b>Outstanding balances:</b>  |                |                |                |
| (i)  | <b>Key Management Personnel (KMP):</b>  |                |                |                |
|      |   | As at          | As at          | As at          |
|      |   | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
| (a)  | <b>Mr. Surinder Paul Kanwar</b>   |                |                |                |
|      | Receivable  | 60.00          | 60.00          | 60.00          |
|      | Payable   | -              | 500.00         | 6.36           |
| (b)  | <b>Mr. Sameer Kanwar</b>  |                |                |                |
|      | Receivable  | 10.00          | 10.00          | 10.00          |
|      | Payable   | 4.13           | 5.11           | 6.10           |
| (c)  | <b>Mr. N.V. Srinivasan</b>  |                |                |                |
|      | Payable   | 2.96           | -              | -              |
| (ii) | <b>Enterprises over which KMP is able to exercise significant influence:</b>  |                |                |                |
|      |   | As at          | As at          | As at          |
|      |   | 31 March, 2018 | 31 March, 2017 | 01 April, 2016 |
| (a)  | <b>Vibrant Finance &amp; Investment Private Limited</b>   |                |                |                |
|      | Receivable  | 5.00           | 5.00           | 5.00           |
| (b)  | <b>Raunaq EPC International Limited</b>   |                |                |                |
|      | Receivable  | 3.47           | -              | -              |
| (c)  | <b>Xlerate Driveline India Limited</b>  |                |                |                |
|      | Receivable  | 91.73          | 84.45          | 32.18          |
| (D)  | <b>Notes:</b>   |                |                |                |
| (i)  | Key Management Personnel compensation does not include provision for gratuity and leave encashment, which is determined for the Company as a whole.   |                |                |                |
| (ii) | All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for receivables, payables are unsecured, interest free and settlement occurs in cash. The Company has not recorded any impairment of balances relating to amounts owed by related parties during the year ended 31 March, 2018 (31 March, 2017: ₹ Nil; 1 April, 2016: ₹ Nil). The assessment is undertaken each financial year through evaluating the financial position of the related party and the market in which the related party operates. |                |                |                |

### Note 34 : Earnings per share

| Particulars  | ₹ lacs                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| <b>Basic and diluted:</b>  |                                      |                                      |
| Net profit/(loss) after tax for the year attributable to the equity shareholders | 630.30                               | (146.08)                             |
| Weighted average number of equity shares (Nos.)                                  | 7950504                              | 7817833                              |
| Face value per share (In ₹)  | 10.00                                | 10.00                                |
| Earnings per share - Basic and diluted (In ₹)                                    | 7.93                                 | (1.87)                               |



### Note 35(A) : Disclosure under Ind AS 11 "Construction contracts"

| Note | Particulars   | ₹ lacs                               |                                      |
|------|---|--------------------------------------|--------------------------------------|
|      |   | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| (i)  | Contract revenue recognised during the year<br>(Excludes Sale of spares ₹ 81.17 lacs (Year ended 31 March, 2017:<br>₹ 102.87 lacs)) | 72.56                                | 379.06                               |
| (ii) | Method used to determine contract revenue and the stage of<br>completion of contracts in progress                                   | (Refer Note<br>2.12(b))              | (Refer Note<br>2.12(b))              |

| Note  | Particulars   | ₹ lacs                  |                         |                         |
|-------|---|-------------------------|-------------------------|-------------------------|
|       |   | As at 31<br>March, 2018 | As at 31<br>March, 2017 | As at<br>01 April, 2016 |
| (i)   | Aggregate of contract costs incurred and<br>recognised profits upto the reporting date in<br>respect of contracts in progress | 316.96                  | 244.40                  | 59.84                   |
| (ii)  | Advances received for contracts in progress   | -                       | 5.94                    | 11.16                   |
| (iii) | Retention money for contracts in progress   | -                       | -                       | -                       |
| (iv)  | Gross amount due from customers for<br>contract work (Refer Note 7(B)(c))   | -                       | 15.75                   | -                       |
| (v)   | Gross amount due to customers for contract<br>work  | -                       | -                       | -                       |

### Note 35(B) : Disclosures in pursuance of the Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":

| Provision for warranties              | ₹ lacs                  |                         |                         |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
|                                       | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| Opening balance                       | 4.56                    | 3.03                    | 9.36                    |
| Additional provision                  | 0.73                    | 3.79                    | 1.39                    |
| Amount used                           | -                       | -                       | 0.88                    |
| Unused amount reversed                | 1.58                    | 2.26                    | 6.84                    |
| Closing balance (Refer Note 17(B)(b)) | 3.71                    | 4.56                    | 3.03                    |

Provision for warranty is made for the estimated amount of expenditure, which may be incurred during the warranty period of twelve months after successful commissioning of the furnace.



### Note 36 : Segment information

| Note | Particulars |
|------|-------------|
|------|-------------|

- (a) The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Chairman and Managing Director for the purpose of resource allocation and assessing performance focuses on the business as a whole. Accordingly, there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

- (b) Information about Geographical area:

The revenue of the Company from the external customers are attributed to (i) the Company's country of domicile i.e. India and (ii) all foreign countries in total from which the Company derives revenue. Details are as follows:

| Particulars     | ₹ lacs                               |                                      |
|-----------------|--------------------------------------|--------------------------------------|
|                 | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| India           | 34167.43                             | 30796.03                             |
| Outside India:  |                                      |                                      |
| USA             | 10310.74                             | 7616.48                              |
| Mexico          | 2069.65                              | 975.88                               |
| Spain           | 2758.21                              | 1586.16                              |
| Other countries | 2077.64                              | 2462.83                              |
| <b>Total</b>    | <b>51383.67</b>                      | <b>43437.38</b>                      |

- (c) All the non-current assets of the Company are located in India.

- (d) Information about major customers having revenue amounting to 10% or more of the Company's revenue:

| Particulars | ₹ lacs                               |                                      |
|-------------|--------------------------------------|--------------------------------------|
|             | For the year ended<br>31 March, 2018 | For the year ended<br>31 March, 2017 |
| Customer A  | 11929.43                             | 8024.96                              |
| Customer B  | -                                    | 4589.45                              |
| Customer C  | 5399.38                              | -                                    |

No other customer individually contributed 10% or more to the Company's revenue for the current year ended 31 March, 2018 and previous ended 31 March, 2017.





### Note 37 : Financial Instruments....Contd.

| Note | Particulars |
|------|-------------|
|------|-------------|

#### (B) Liquidity risk

##### (i) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities/borrowings and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

##### (ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows.

|   | ₹ lacs              |                |                |                         |                 |                    |
|---|---------------------|----------------|----------------|-------------------------|-----------------|--------------------|
|   | Less than<br>1 Year | 1-3 Years      | 3-5 Years      | 5 Years<br>and<br>above | Total           | Carrying<br>amount |
| <b>Non-derivative financial liabilities</b> |                     |                |                |                         |                 |                    |
| <b>31 March, 2018</b>                       |                     |                |                |                         |                 |                    |
| Variable interest rate instruments          | 5569.83             | 3820.79        | 3520.00        | 740.00                  | 13650.62        | 13554.25           |
| Non-interest bearing                        | 12890.36            | -              | -              | -                       | 12890.36        | 12890.36           |
| <b>Total</b>                                | <b>18460.19</b>     | <b>3820.79</b> | <b>3520.00</b> | <b>740.00</b>           | <b>26540.98</b> | <b>26444.61</b>    |
| <b>31 March, 2017</b>                       |                     |                |                |                         |                 |                    |
| Variable interest rate instruments          | 7508.51             | 2884.75        | 860.78         | -                       | 11254.04        | 11233.62           |
| Non-interest bearing                        | 9060.37             | -              | -              | -                       | 9060.37         | 9060.37            |
| <b>Total</b>                                | <b>16568.88</b>     | <b>2884.75</b> | <b>860.78</b>  | <b>-</b>                | <b>20314.41</b> | <b>20293.99</b>    |
| <b>01 April, 2016</b>                       |                     |                |                |                         |                 |                    |
| Variable interest rate instruments          | 6446.71             | 3681.14        | 1462.31        | -                       | 11590.16        | 11568.29           |
| Non-interest bearing                        | 7715.88             | -              | -              | -                       | 7715.88         | 7715.88            |
| <b>Total</b>                                | <b>14162.59</b>     | <b>3681.14</b> | <b>1462.31</b> | <b>-</b>                | <b>19306.04</b> | <b>19284.17</b>    |

#### Interest rate sensitivity:

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating variable rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used for the purpose of sensitivity analysis.

If interest rates had been 100 basis points higher/lower and all other variables held constant, the Company's profit for the year ended 31 March, 2018 would decrease/increase by ₹ 135.52 lacs (loss for the year ended 31 March, 2017 decrease/increase by ₹ 112.33 lacs). This is mainly attributable to the Company's exposure to interest rate on its variable rate borrowings.

The amounts included above for variable interest rate instruments for both non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.



### Note 37 : Financial Instruments....Contd.

| Note   | Particulars  | ₹ lacs                  |                         |                         |
|--|--|-------------------------|-------------------------|-------------------------|
|  |  | As at<br>31 March, 2018 | As at<br>31 March, 2017 | As at<br>01 April, 2016 |
| <b>(iii) Financing arrangements</b>                      |  |                         |                         |                         |
|  | The Company had access to following undrawn borrowing facilities at the end of the reporting period: |                         |                         |                         |
| <b>Fund Based:</b>                                       |  |                         |                         |                         |
| <b>Cash Credit/packing credit</b>                        |  | 1922.35                 | 659.54                  | 921.51                  |
| - Expiring within one year                               |  | 1922.35                 | 659.54                  | 921.51                  |
| - Expiring beyond one year                               |  | -                       | -                       | -                       |
| <b>Sales Bill discounting</b>                            |  | 395.13                  | 1278.98                 | 2506.82                 |
| - Expiring within one year                               |  | 395.13                  | 1278.98                 | 2506.82                 |
| - Expiring beyond one year                               |  | -                       | -                       | -                       |
| <b>Non-fund based - Letter of Credit/Bank Guarantees</b> |  | 370.41                  | 1053.96                 | 746.13                  |
| - Expiring within one year                               |  | 370.41                  | 1053.96                 | 746.13                  |
| - Expiring beyond one year                               |  | -                       | -                       | -                       |
| <b>Term Loan</b>   |  | 3000.00                 | -                       | -                       |
| - Expiring within one year                               |  | 3000.00                 | -                       | -                       |
| - Expiring beyond one year                               |  | -                       | -                       | -                       |

#### (C) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### (i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by effective monitoring movement in foreign currency rates and seeks to minimize the effect of currency risk by using non derivative financing instrument to hedge risk exposures.

The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

|            | Currency | In foreign currency        |                            |                            | ₹ lacs                     |                            |                            |
|------------|----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|            |          | As at<br>31 March,<br>2018 | As at<br>31 March,<br>2017 | As at<br>01 April,<br>2016 | As at<br>31 March,<br>2018 | As at<br>31 March,<br>2017 | As at<br>01 April,<br>2016 |
| Receivable | USD      | 4339262.92                 | 2921485.71                 | 2951272.19                 | 2821.82                    | 1894.29                    | 1958.61                    |
|            | EURO     | 1089637.35                 | 1043024.50                 | 677830.20                  | 878.25                     | 722.59                     | 508.98                     |
|            | SGD      | -                          | 40.90                      | 40.90                      | -                          | 0.02                       | 0.02                       |
|            | JPY      | 1788242.40                 | -                          | 951283.00                  | 11.01                      | -                          | 5.43                       |
| Payables   | USD      | 1585359.89                 | 562204.15                  | 1462910.88                 | 1031.12                    | 364.59                     | 971.01                     |
|            | EURO     | 1076522.00                 | 24257.88                   | -                          | 868.11                     | 16.81                      | -                          |



### Note 37 : Financial Instruments....Contd.

| Note   | Particulars                      |                                   |                                   |                                   |                                   |
|--|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>(ii) Foreign currency sensitivity</b>   |                                  |                                   |                                   |                                   |                                   |
| The following table demonstrates the sensitivity in the USD, Euro and other currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of the monetary assets and liabilities including currency derivatives. |                                  |                                   |                                   |                                   |                                   |
| ₹ lacs   |                                  |                                   |                                   |                                   |                                   |
| Particulars  | Change in currency exchange rate | Effect on profit before tax       |                                   | Effect on equity                  |                                   |
|  |                                  | For the year ended 31 March, 2018 | For the year ended 31 March, 2017 | For the year ended 31 March, 2018 | For the year ended 31 March, 2017 |
| USD  | + 5%                             | 89.53                             | 76.49                             | 59.93                             | 51.20                             |
|  | - 5%                             | (89.53)                           | (76.49)                           | (59.93)                           | (51.20)                           |
| EURO   | + 5%                             | 0.51                              | 35.29                             | 0.34                              | 23.62                             |
|  | - 5%                             | (0.51)                            | (35.29)                           | (0.34)                            | (23.62)                           |
| SGD  | + 5%                             | -                                 | 0.00                              | 0.00                              | -                                 |
|  | - 5%                             | -                                 | (0.00)                            | (0.00)                            | -                                 |
| JPY  | + 5%                             | 0.55                              | -                                 | 0.37                              | -                                 |
|  | - 5%                             | (0.55)                            | -                                 | (0.37)                            | -                                 |

#### (ii) Interest rate risk

Refer comment given above in maturities of financial liabilities under liquidity risk.

#### (iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price, the same is passed on to customers through appropriate adjustment to selling prices.

### Note 38 : Fair value

| Note   | Particulars          |            |                      |            |                      |            |                      |
|--|----------------------|------------|----------------------|------------|----------------------|------------|----------------------|
| <b>A Fair value measurement</b>  |                      |            |                      |            |                      |            |                      |
| All the financial assets and financial liabilities of the Company are carried at amortised cost. The management assessed that financial instruments such as trade receivables, cash and cash equivalents, other bank balances, other financial assets (except security deposits), trade payables, other financial liabilities (except current maturities of long term debts) approximate their carrying value largely due to the short-term maturities of these instruments. |                      |            |                      |            |                      |            |                      |
| <b>B Fair value hierarchy:</b>   |                      |            |                      |            |                      |            |                      |
| Quantitative disclosure fair value measurement hierarchy:  |                      |            |                      |            |                      |            |                      |
| ₹ lacs   |                      |            |                      |            |                      |            |                      |
| Particulars  | As at 31 March, 2018 |            | As at 31 March, 2017 |            | As at 01 April, 2016 |            | Fair Value Hierarchy |
|  | Carrying value       | Fair value | Carrying value       | Fair value | Carrying value       | Fair value |                      |
| <b>Assets for which fair values are disclosed:</b>   |                      |            |                      |            |                      |            |                      |
| Loans and advances to employees  | 180.82               | 180.82     | 150.74               | 150.74     | 131.96               | 131.96     | Level 2              |
| Security deposits  | 236.76               | 236.76     | 226.05               | 226.05     | 224.71               | 224.71     | Level 2              |
| <b>Liabilities for which fair values are disclosed:</b>  |                      |            |                      |            |                      |            |                      |
| Borrowings   | 8402.72              | 8402.72    | 5459.00              | 5459.00    | 7228.51              | 7228.51    | Level 2              |
| Fair value of loans and advances to employees, security deposits and borrowings are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and maturities.  |                      |            |                      |            |                      |            |                      |



### Note 39 : First-time adoption of Ind AS

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 01 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 01 April 2016 and the financial statements as at and for the year ended 31 March 2017.

#### (i) Effect of adoption of Ind AS on the Balance Sheet as at 31 March, 2017 and 01 April, 2016

|   |           | As at 31 March, 2017<br>(End of last period presented<br>under previous GAAP) |                     |                 | As at 01 April, 2016<br>(Date of transition) |                     |                 |
|---|-----------|---|---------------------|-----------------|--|---------------------|-----------------|
| Particulars                               | Footnotes | Previous<br>GAAP  | Effect of<br>Ind AS | Ind AS          | Previous<br>GAAP                             | Effect of<br>Ind AS | Ind AS          |
| ₹ lacs                                    |           |   |                     |                 |  |                     |                 |
| <b>A. ASSETS</b>                          |           |   |                     |                 |  |                     |                 |
| <b>1. Non-current assets</b>              |           |   |                     |                 |  |                     |                 |
| (a) Property, plant and equipment         | 1         | 10008.91  | 153.15              | 10162.06        | 11353.77                                     | (280.62)            | 11073.15        |
| (b) Capital work-in-progress              |           | 159.46  | -                   | 159.46          | 347.94                                       | -                   | 347.94          |
| (c) Intangible assets                     |           | 116.63  | -                   | 116.63          | 141.34                                       | -                   | 141.34          |
| (d) Financial assets                      |           |   |                     |                 |  |                     |                 |
| (i) Loans                                 | 2         | 144.39  | (30.15)             | 114.24          | 126.23                                       | (27.77)             | 98.46           |
| (ii) Others                               | 3         | 214.01  | (10.76)             | 203.25          | 220.27                                       | (20.16)             | 200.11          |
| (e) Deferred tax assets (net)             | 8         | 110.70  | (32.19)             | 78.51           | 40.76  | (33.06)             | 7.70            |
| (f) Other non-current assets              | 2 and 3   | 457.00  | 37.93               | 494.93          | 532.97                                       | 40.31               | 573.28          |
| <b>Total non-current assets</b>           |           | <b>11211.10</b>   | <b>117.98</b>       | <b>11329.08</b> | <b>12763.28</b>                              | <b>(321.30)</b>     | <b>12441.98</b> |
| <b>2. Current assets</b>                  |           |   |                     |                 |  |                     |                 |
| (a) Inventories                           |           | 6242.95   | -                   | 6242.95         | 5734.42                                      | -                   | 5734.42         |
| (b) Financial assets                      |           |   |                     |                 |  |                     |                 |
| (i) Trade receivables                     | 7         | 6835.13   | 2396.92             | 9232.05         | 6290.35                                      | 1693.18             | 7983.53         |
| (ii) Cash and cash equivalents            |           | 46.01   | -                   | 46.01           | 68.08  | -                   | 68.08           |
| (iii) Bank balances other than (ii) above |           | 517.53  | -                   | 517.53          | 514.39                                       | -                   | 514.39          |
| (iv) Loans                                | 2         | 45.25   | (8.75)              | 36.50           | 42.07  | (8.57)              | 33.50           |
| (v) Others                                | 3         | 199.51  | (1.07)              | 198.44          | 152.39                                       | -                   | 152.39          |
| (c) Other current assets                  | 2,3 and 8 | 1426.12   | (11.89)             | 1414.23         | 1192.26                                      | (12.91)             | 1179.35         |
| (d) Current tax assets (net)              |           | 37.91   | -                   | 37.91           | 62.95  | -                   | 62.95           |
| <b>Total current assets</b>               |           | <b>15350.41</b>   | <b>2375.21</b>      | <b>17725.62</b> | <b>14056.91</b>                              | <b>1671.70</b>      | <b>15728.61</b> |
| <b>TOTAL</b>                              |           | <b>26561.51</b>   | <b>2493.19</b>      | <b>29054.70</b> | <b>26820.19</b>                              | <b>1350.40</b>      | <b>28170.59</b> |
| <b>B. EQUITY AND LIABILITIES</b>          |           |   |                     |                 |  |                     |                 |
| <b>1. EQUITY</b>                          |           |   |                     |                 |  |                     |                 |
| (a) Equity share capital                  |           | 781.78  | -                   | 781.78          | 781.78                                       | -                   | 781.78          |
| (b) Other equity (Refer Note 39(ii))      |           | 5749.06   | 116.69              | 5865.75         | 6310.08                                      | (320.91)            | 5989.17         |
| <b>Total equity</b>                       |           | <b>6530.84</b>  | <b>116.69</b>       | <b>6647.53</b>  | <b>7091.86</b>                               | <b>(320.91)</b>     | <b>6770.95</b>  |
| <b>LIABILITIES</b>                        |           |   |                     |                 |  |                     |                 |
| <b>2. Non-current liabilities</b>         |           |   |                     |                 |  |                     |                 |
| (a) Financial liabilities                 |           |   |                     |                 |  |                     |                 |
| Borrowings                                | 4         | 3745.54   | (20.42)             | 3725.12         | 5143.45                                      | (21.87)             | 5121.58         |
| (b) Provisions                            |           | 435.51  | -                   | 435.51          | 447.97                                       | -                   | 447.97          |
| (c) Other non-current liabilities         |           | 1186.63   | -                   | 1186.63         | 1059.69                                      | -                   | 1059.69         |
| <b>Total non-current liabilities</b>      |           | <b>5367.68</b>  | <b>(20.42)</b>      | <b>5347.26</b>  | <b>6651.11</b>                               | <b>(21.87)</b>      | <b>6629.24</b>  |
| <b>3. Current liabilities</b>             |           |   |                     |                 |  |                     |                 |
| (a) Financial liabilities                 |           |   |                     |                 |  |                     |                 |
| (i) Borrowings                            | 7         | 2840.46   | 2396.92             | 5237.38         | 2578.49                                      | 1693.18             | 4271.67         |
| (ii) Trade payables                       |           | 8902.77   | -                   | 8902.77         | 7551.97                                      | -                   | 7551.97         |
| (iii) Other financial liabilities         |           | 2428.72   | -                   | 2428.72         | 2338.95                                      | -                   | 2338.95         |
| (b) Provisions                            |           | 90.47   | -                   | 90.47           | 111.70                                       | -                   | 111.70          |
| (c) Other current liabilities             |           | 400.57  | -                   | 400.57          | 496.11                                       | -                   | 496.11          |
| <b>Total current liabilities</b>          |           | <b>14662.99</b>   | <b>2396.92</b>      | <b>17059.91</b> | <b>13077.22</b>                              | <b>1693.18</b>      | <b>14770.40</b> |
| <b>TOTAL</b>                              |           | <b>26561.51</b>   | <b>2493.19</b>      | <b>29054.70</b> | <b>26820.19</b>                              | <b>1350.40</b>      | <b>28170.59</b> |



### Note 39 : First-time adoption of Ind AS.... Contd.

#### (ii) Reconciliation of total equity as at 31 March, 2017 (End of last period presented under previous GAAP) and 01 April, 2016 (Date of transition)

| Sr. No. | Particulars  | Footnotes | ₹ lacs               |                      |
|---------|--|-----------|----------------------|----------------------|
|         |  |           | As at 31 March, 2017 | As at 01 April, 2016 |
|         | <b>Total equity as reported under previous GAAP</b>                            |           | <b>6530.84</b>       | <b>7091.86</b>       |
|         | <b>Ind AS: Adjustments increase/(decrease)</b>                                 |           |                      |                      |
| (a)     | Effective interest rate adjustment impact on borrowings                        | 4         | 20.42                | 21.87                |
| (b)     | Deferred tax liability impact on (a) above                                     | 4         | (6.75)               | (7.23)               |
| (c)     | Reversal of revaluation reserve pertaining to freehold land                    | 1         | 154.35               | -                    |
| (d)     | Impact of Ind AS adjustment of security deposits                               | 3         | (2.43)               | (3.10)               |
| (e)     | Impact of Ind AS adjustment on employee loans                                  | 2         | 3.74                 | -                    |
| (f)     | Depreciation on revalued assets  | 1         | (1.20)               | -                    |
| (g)     | Reversal of revaluation reserve pertaining to leasehold land                   | 1         | -                    | (280.62)             |
| (h)     | Deferred tax liability on revaluation pertaining to freehold land and Building | 8         | (51.44)              | (51.83)              |
|         | <b>Total equity as reported under Ind AS</b>                                   |           | <b>6647.53</b>       | <b>6770.95</b>       |

#### (iii) Effect of adoption of Ind AS on the Statement of Profit and Loss for the year ended 31 March, 2017

| Particulars   | Footnotes | ₹ lacs   |                  |                 |
|---|-----------|--|------------------|-----------------|
|   |           | For the year ended 31 March, 2017<br>(Latest period presented under previous GAAP) |                  |                 |
|   |           | Previous GAAP  | Effect of Ind AS | Ind AS          |
| <b>1. Revenue from operations</b>                                 | 5         | 40678.10   | 2759.28          | 43437.38        |
| <b>2. Other income</b>  | 2 and 3   | 95.71  | 18.34            | 114.05          |
| <b>3. Total Income (1+2)</b>                                      |           | <b>40773.81</b>  | <b>2777.62</b>   | <b>43551.43</b> |
| <b>4. Expenses</b>  |           |  |                  |                 |
| (a) Cost of materials and components consumed                     |           | 18974.37   | -                | 18974.37        |
| (b) Changes in inventories of finished goods and work-in-progress |           | (387.32)   | -                | (387.32)        |
| (c) Excise duty on sale of goods (including scrap sale)           | 5         | -  | 2759.28          | 2759.28         |
| (d) Employee benefits expense                                     | 2 and 6   | 7676.35  | 40.11            | 7716.46         |
| (e) Finance costs   | 4         | 1479.99  | 1.45             | 1481.44         |
| (f) Depreciation and amortisation expense                         | 1         | 1668.06  | 1.20             | 1669.26         |
| (g) Other expenses  | 3         | 11558.36   | 7.66             | 11566.02        |
| <b>Total expenses</b>   |           | <b>40969.81</b>  | <b>2809.70</b>   | <b>43779.51</b> |
| <b>5. (Loss)/Profit before tax (3-4)</b>                          |           | <b>(196.00)</b>  | <b>(32.08)</b>   | <b>(228.08)</b> |
| <b>6. Tax expense</b>   |           |  |                  |                 |
| (a) Current tax expense   |           | -  | -                | -               |
| (b) Deferred tax (benefit)/expense                                | 4 and 6   | (69.94)  | (12.06)          | (82.00)         |
| Net tax (benefit)/expense   |           | (69.94)  | (12.06)          | (82.00)         |
| <b>7. (Loss)/Profit for the year (5-6)</b>                        |           | <b>(126.06)</b>  | <b>(20.02)</b>   | <b>(146.08)</b> |
| <b>8. Other comprehensive income</b>                              |           |  |                  |                 |
| Items that will not be reclassified to profit or loss             |           |  |                  |                 |
| - Re-measurement gains on defined benefits obligation             | 6         | -  | 33.84            | 33.84           |
| - Income tax effect   | 6         | -  | (11.19)          | (11.19)         |
| <b>Other comprehensive income for the year net of tax</b>         |           | <b>-</b>   | <b>22.65</b>     | <b>22.65</b>    |
| <b>9. Total comprehensive income for the year (7+8)</b>           |           | <b>(126.06)</b>  | <b>2.63</b>      | <b>(123.43)</b> |



### Note 39 : First-time adoption of Ind AS.... Contd.

#### (iv) Reconciliation of total comprehensive income for the year ended 31 March, 2017 (Latest period presented under previous GAAP)

| Sr. No. | Particulars  | Footnotes | ₹ lacs                    |
|---------|--|-----------|---------------------------|
|         |  |           | Year ended 31 March, 2017 |
|         | <b>Net loss for the year under Previous GAAP</b>                   |           | <b>(126.06)</b>           |
| (a) (+) | Interest income on account of fair valuation                       | 2 and 3   | 18.34                     |
| (b) (-) | Actuarial gain on employees defined benefits plans recognized      | 6         | 33.84                     |
| (c) (-) | Amortisation of transaction costs/processing charges on borrowings | 4         | 1.45                      |
| (d) (-) | Depreciation on revalued assets reinstated in books                | 1         | 1.20                      |
| (e) (-) | Amortisation of prepaid rent                                       | 3         | 7.66                      |
| (f) (-) | Employee cost on fair valuation of employee loans                  | 2         | 6.27                      |
| (g) (+) | Impact of deferred tax on above adjustments [(b,c & d)*33.063%]    |           | 12.06                     |
|         | <b>Net loss for the year under Ind AS</b>                          |           | <b>(146.08)</b>           |
| (h) (+) | Other comprehensive Income (net of tax of ₹ 11.19 lacs)            | 6         | 22.65                     |
|         | <b>Total comprehensive income for the year under Ind AS</b>        |           | <b>(123.43)</b>           |

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with loss under the previous GAAP.

(v) Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system are included in cash and cash equivalents for the purpose of presentation of the Statement of Cash Flows. Whereas under previous GAAP, there was no similar guidance and hence bank overdrafts were considered similar to other borrowings and the movements therein were reflected in cash flows from financing activities. The effect of this is that the bank overdrafts of ₹ 2853.31 lacs as at 31 March, 2017 and ₹ 2578.49 lacs at 01 April, 2016 have been considered as part of cash and cash equivalents under Ind AS for the purpose of presentation of the Statement of Cash Flows. Consequently, the cash outflow from financing activities as per the Statement of Cash Flows for the year ended 31 March, 2017 prepared as per Ind AS is lower to the extent of this net movement of ₹ 274.82 lacs.

#### Effect of adoption of Ind AS on the Statement of Cash Flows for the year ended 31 March, 2017

| Sr. No. | Particulars   | ₹ lacs   |                  |           |
|---------|---|--|------------------|-----------|
|         |   | As at 31 March, 2017                               |                  |           |
|         |   | (End of last period presented under previous GAAP) | Effect of Ind AS | Ind AS    |
| (a)     | Net cash flows from operating activities  | 2729.32  | (703.74)         | 2025.58   |
| (b)     | Net cash flows from investing activities  | (488.74)   | -                | (488.74)  |
| (c)     | Net cash flows from financing activities  | (2262.65)  | 428.92           | (1833.73) |
| (d)     | Net increase/(decrease) in cash and cash equivalents  | (22.07)  | (274.82)         | (296.89)  |
| (e)     | Cash and cash equivalents at beginning of period  | 68.08  | -                | (2510.41) |
|         | Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | -  | 12.85            | 12.85     |
| (f)     | Cash and cash equivalents at end of period  | 46.01  | -                | (2794.45) |

#### Analysis of cash and cash equivalents as at 31 March, 2017 (End of last period presented under previous GAAP) and 01 April, 2016 (Date of transition) for the purpose of Statement of Cash flows under Ind AS

| Particulars  | ₹ lacs               |                      |
|--|----------------------|----------------------|
|  | As at 31 March, 2017 | As at 01 April, 2016 |
| Cash and cash equivalents for the purpose of the Statement of Cash Flow as per previous GAAP | 46.01                | 68.08                |
| Loan repayable on demand from banks (Refer Note 19)  | (2840.46)            | (2578.49)            |
| Cash and cash equivalents at the end of the year   | (2794.45)            | (2510.41)            |



### Note 39 : First-time adoption of Ind AS.... Contd.

#### Footnotes to reconciliations:

- Under the previous GAAP, leasehold land was considered as part of property, plant and equipment and was amortised over the period of the lease. Under Ind AS, interest in leasehold land is considered as lease as per the definition and classification criteria in Ind AS 17. The Company has a leasehold land at Faridabad, which was revalued. This leasehold land has a carrying value of ₹ 280.62 lacs and revaluation reserve of ₹ 291.27 lacs as at 01 April, 2016. Accordingly, the carrying value of the leasehold land has been adjusted against the revaluation reserve as at 01 April, 2016, resulting in an excess revaluation reserve of ₹ 10.65 lacs which has been transferred to retained earnings.

The net effect of this change is ₹ Nil as at 31 March, 2017 (as at 01 April, 2016 decrease in total equity by ₹ 280.62 lacs) and there is no change in loss for the year ended 31 March, 2017.

Further, Accounting Standard (AS) 10 'Property, plant and equipment' amended by the Central Government, became applicable to the Company from 01 April, 2016. In accordance with the transitional provisions prescribed in the said AS, the Company has adopted the cost model as its accounting policy. Accordingly, Revaluation reserve of ₹ 156.76 lacs pertaining to freehold land and buildings was adjusted against the carrying value of the respective items (Gross block of ₹ 409.06 lacs and accumulated depreciation of ₹ 255.91 lacs) and excess Revaluation reserve of ₹ 2.41 lacs was transferred to General reserve as at 01 April, 2016. The Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets as deemed cost at the date of the transition. Accordingly, the same has been reinstated.

The net effect of these changes is increase in loss by ₹ 0.81 lac (net of deferred tax of ₹ 0.39 lac) for the year ended 31 March, 2017.

- Under previous GAAP, interest free loans to employees were carried at the undiscounted amount. Under Ind AS, such loans are to be measured initially at discounted amounts, if the effect of time value of money is material. Accordingly, the Company has identified loans to employees which qualify as financial assets and has discounted such loans to their present value at the reporting dates. After initial recognition, the loans are being measured at amortised cost i.e. interest based on the market rate has been recognised under the effective rate method as part of interest income. The prepayments are charged to the Statement of Profit and Loss on the straight line basis over the period of loans given.

The net effect of these changes are:

Reduction in loan balances is of ₹ 38.90 lacs (₹ 30.15 lacs from non-current and ₹ 8.75 lacs from current assets) and corresponding increase in prepayments under other non-current assets and other current assets by ₹ 36.19 lacs and ₹ 6.45 lacs respectively as at 31 March, 2017 [₹ 36.34 lacs (₹ 27.77 lacs from non current and ₹ 8.57 lacs from current assets) and corresponding increase in prepayments under other non-current assets and other current assets by ₹ 30.91 lacs and ₹ 5.43 lacs respectively as at 01 April, 2016].

Increase in employee benefits expense of ₹ 6.27 lacs and increase in other income of ₹ 10.01 lacs which resulted in net decrease in loss before tax of ₹ 3.74 lacs for the year ended 31 March, 2017.

- Under previous GAAP, interest free security deposits given were at the undiscounted amount. Under Ind AS, such deposits are to be measured initially at discounted amounts, if the effect of time value of money is material. Accordingly, the Company has identified deposits which qualify as financial assets and has discounted such deposits to their present value at the reporting date. After initial recognition, the deposits are subsequently measured at amortised cost i.e. interest based on the market rate has been recognised under the effective rate method as part of interest income. The prepayments are charged to the Statement of Profit and Loss on the straight line basis over the period of security deposit.



The net effect of these changes are:

Decrease of deposit balances by ₹11.83 lacs (₹ 10.76 lacs from non-current and ₹ 1.07 lacs from current assets) and corresponding increase in prepayments under other non-current assets and other current assets by ₹ 1.74 lacs and ₹ 7.66 lacs respectively as at 31 March, 2017 (₹ 20.16 lacs (₹ 10.76 lacs from non-current and ₹ Nil from current assets) and corresponding increase in prepayments under other non-current assets and other current assets by ₹ 9.40 lacs and ₹ 7.66 lacs respectively and corresponding impact of ₹ 3.10 lacs has been adjusted in retained earnings as at 01 April, 2016).

Increase in rent expenses of ₹ 7.66 lacs and increase in other income of ₹ 8.33 lacs which resulted in net decrease in loss before tax of ₹ 0.67 lac for the year ended 31 March, 2017.

4. Under the previous GAAP, long-term borrowings were carried at at the undiscounted amount and upfront fee and processing/other charges paid were charged off to the Statement of Profit and Loss. Under Ind AS, such borrowings are to be recorded net of the aforesaid charges. Accordingly, existing borrowings as at reporting dates have been re-stated by computing the revised interest charge using the effective interest rate method.

The net effect of these changes are:

Decrease in borrowings by ₹ 20.42 lacs as at 31 March, 2017 [₹ 21.87 lacs and corresponding increase in retained earnings of ₹ 14.64 lacs (net of deferred tax of ₹ 7.23 lacs) as at 01 April, 2016].

Increase in loss before tax of ₹ 1.45 lacs for the year ended 31 March, 2017.

5. Under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of the Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased by ₹ 2759.28 lacs with a corresponding increase in other expenses.
6. Under previous GAAP, there is no concept of Other Comprehensive Income (OCI). Under Ind AS specified items of income, expenses, gains and losses are required to be presented in OCI.

Both under previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of the Statement of Profit and Loss. The actuarial gain for the year ended 31 March, 2017 was ₹ 33.84 lacs and the tax effect thereon ₹ 11.19 lacs. This change does not affect total equity, but there is an increase in loss before tax of ₹ 33.84 lacs and loss for the year ended 31 March, 2017 of ₹ 22.65 lacs.

7. Under previous GAAP, the Company de-recognized invoices discounted/factored of trade receivables with lenders and disclosed the same as contingent liabilities. However, under Ind AS, based on evaluation of risks and rewards and control, the same does not meet the criteria for de-recognition. Accordingly, the same has been recognized as borrowings as at 31 March, 2017 (₹ 2396.92 lacs) and 01 April, 2016 (₹ 1693.18 lacs).
8. Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognized in correlation to the underlying transaction either in retained earnings or a separate component in equity.



MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on 'Accounting for Credit available in respect of MAT under the Income tax Act, 1961' issued by the Institute of Chartered Accountants of India. However, as per Ind AS, MAT credit entitlement is recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

Due to transition to Ind AS from previous GAAP, following adjustments were made to deferred tax asset (net) as at 31 March, 2017 and 01 April, 2016.

| Sr. No. | Particulars  | Footnotes | ₹ lacs               |                      |
|---------|--|-----------|----------------------|----------------------|
|         |  |           | As at 31 March, 2017 | As at 01 April, 2016 |
|         | <b>Balance as reported under previous GAAP</b>           |           | <b>110.70</b>        | <b>40.76</b>         |
|         | <b>Ind AS: Adjustments increase/(decrease)</b>           |           |                      |                      |
| (a)     | DTL on reversal of processing charges                    | 4         | (6.75)               | (7.23)               |
| (b)     | DTL on revaluation portion of freehold land and building | 1         | (51.44)              | (51.83)              |
| (c)     | MAT credit entitlement                                   |           | 26.00                | 26.00                |
|         | <b>Balance as reported under Ind AS</b>                  |           | <b>78.51</b>         | <b>7.70</b>          |

#### Note 40 : Previous year's figures

| Particulars  |
|--|
| The comparative financial information of the Company for the year ended 31 March, 2017 prepared in accordance with Ind AS included in this Financial Statements is based on Financial Statements audited under Indian GAAP by predecessor auditor M/s. Deloitte Haskins & Sells, Chartered Accountants vide their report dated 23 May, 2017. |
| Previous GAAP figures have been reclassified/regrouped wherever necessary to confirm with Financial Statements prepared under Ind AS.  |

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm Registration Number:- 324982E/E300003

Chartered Accountants

For and on behalf of the Board of Directors of Bharat Gears Limited

**per Pramod Kumar Bapna**  
Partner  
Membership No: 105497

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN : 00033524)

**Sameer Kanwar**  
Joint Managing Director  
(DIN : 00033622)

**V.K. Pargal** (DIN : 00076639)  
**W.R. Schilha** (DIN : 00374415)  
**Rakesh Chopra** (DIN : 00032818)  
**Hiroo Suresh Advani** (DIN : 00265233)  
Directors

Place: Mumbai  
Date: 30 May, 2018

**Milind Pujari**  
Chief Financial Officer  
(PAN : AAAPP3554C)

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

**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS  
PERIOD ENDED 30 SEPTEMBER, 2018****S R B C & CO LLP**

Chartered Accountants

12th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar (West)  
Mumbai - 400 028, India  
Tel : +91 22 6819 8000**Limited Review Report****Review Report to  
The Board of Directors  
Bharat Gears Limited**

1. We have reviewed the accompanying statement of unaudited Ind AS financial results of Bharat Gears Limited (the 'Company') for the quarter ended September 30, 2018 and year to date from April 01, 2018 to September 30, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS) 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm registration number: 324982E/E300003  
per Pramod Kumar Bapna  
Partner  
Membership No.: 105947Delhi  
October 30, 2018



| <b>BHARAT GEARS LIMITED</b><br>CIN: L29130HR1971PLC034365<br>Registered Office: 20 K. M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003 (Haryana) |               |               |               |                         |               |                     |
|---|---------------|---------------|---------------|-------------------------|---------------|---------------------|
| STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 SEPTEMBER, 2018   |               |               |               |                         |               |                     |
| Particulars   | Quarter ended |               |               | Six months period ended |               | Previous year ended |
|   | 30.09.2018    | 30.06.2018    | 30.09.2017    | 30.09.2018              | 30.09.2017    | 31.03.2018          |
|   | (Unaudited)   | (Unaudited)   | (Unaudited)   | (Unaudited)             | (Unaudited)   | (Audited)           |
| 1 Revenue from operations   | 14,977        | 14,615        | 12,577        | 29,592                  | 23,945        | 51,384              |
| 2 Other income  | 238           | 203           | 18            | 441                     | 49            | 158                 |
| 3 <b>Total income (1+2)</b>   | <b>15,215</b> | <b>14,818</b> | <b>12,595</b> | <b>30,033</b>           | <b>23,994</b> | <b>51,542</b>       |
| 4 <b>Expenses</b>   |               |               |               |                         |               |                     |
| (a) Cost of materials and components consumed   | 7,635         | 7,092         | 5,853         | 14,727                  | 11,135        | 24,348              |
| (b) Changes in inventories of finished goods and work-in-progress   | (1,139)       | (229)         | 110           | (1,368)                 | (96)          | (744)               |
| (c) Employee benefits expense   | 2,526         | 2,270         | 2,131         | 4,796                   | 4,179         | 8,727               |
| (d) Finance costs   | 523           | 469           | 463           | 992                     | 829           | 1,684               |
| (e) Depreciation and amortisation expense   | 529           | 489           | 453           | 1,018                   | 877           | 1,828               |
| (f) Other expenses  | 4,503         | 4,205         | 3,363         | 8,708                   | 6,993         | 14,775              |
| <b>Total expenses</b>   | <b>14,577</b> | <b>14,296</b> | <b>12,373</b> | <b>28,873</b>           | <b>23,917</b> | <b>50,618</b>       |
| 5 <b>Profit before tax (3-4)</b>  | <b>638</b>    | <b>522</b>    | <b>222</b>    | <b>1,160</b>            | <b>77</b>     | <b>924</b>          |
| 6 <b>Tax expense</b>  |               |               |               |                         |               |                     |
| 1. Current tax  | 296           | 255           | 30            | 551                     | 30            | 425                 |
| 2. Deferred tax   | (59)          | (74)          | 36            | (133)                   | (4)           | (131)               |
| 7 <b>Net profit for the period (5-6)</b>  | <b>401</b>    | <b>341</b>    | <b>156</b>    | <b>742</b>              | <b>51</b>     | <b>630</b>          |
| 8 <b>Other comprehensive income/(loss)</b>  |               |               |               |                         |               |                     |
| (i) Items that will not be reclassified to profit or loss   | (40)          | (0)           | (3)           | (40)                    | (6)           | 4                   |
| (ii) Income tax relating to items that will not be reclassified to profit or loss   | 14            | 0             | 1             | 14                      | 2             | (1)                 |
| 9 <b>Total comprehensive income for the period (7+8)</b>  | <b>375</b>    | <b>341</b>    | <b>154</b>    | <b>716</b>              | <b>47</b>     | <b>633</b>          |
| 10 Paid-up equity share capital<br>(Face value ` 10/- per share)  | 814           | 814           | 782           | 814                     | 782           | 814                 |
| 11 Other equity (excluding revaluation reserve)   |               |               |               |                         |               | 6968                |
| 12 Earnings per share<br>[face value of ` 10/- each (* not annualised)]<br>Basic and diluted (*)  | <b>* 4.93</b> | <b>* 4.19</b> | <b>* 1.99</b> | <b>* 9.12</b>           | <b>* 0.65</b> | <b>7.93</b>         |

*S R B C*

SIGNED FOR IDENTIFICATION  
 BY   
**S R B C & CO LLP**  
**MUMBAI**



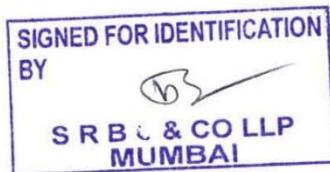
**BHARAT GEARS LIMITED**

CIN: L29130HR1971PLC034365

Registered Office: 20 K. M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003 (Haryana)

## Notes:

1. The above financial results have been reviewed and recommended by the Audit Committee and have been approved by the Board of Directors at their respective meetings held on 30 October, 2018.
2. The statutory auditors of the Company have carried out limited review of the aforesaid Unaudited Financial Results.
3. The Company is primarily engaged in the Automotive Gears business and all other activities revolving around the same. As such there is no other separate reportable segment as defined by Ind AS 108 - "Operating Segments".
4. Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 01 April, 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at 01 April, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results.
5. The Board of Directors at their meeting held on 09 October, 2018 have approved the proposed issue of equity shares for an amount not exceeding Rs.1500 lacs to existing shareholders on rights basis.

*Srinivas*


**BHARAT GEARS LIMITED**

CIN: L29130HR1971PLC034365

Registered Office: 20 K. M. Mathura Road, P. O. Amar Nagar, Faridabad - 121003 (Haryana)

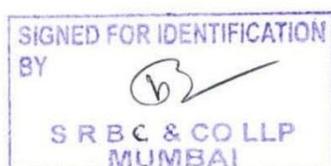
## 6. Statement of Assets and Liabilities:

| Particulars  |               | (₹ in lacs)                      |                                |
|--|---------------|----------------------------------|--------------------------------|
|  |               | As at<br>30.09.2018<br>Unaudited | As at<br>31.03.2018<br>Audited |
| <b>A ASSETS</b>  |               |                                  |                                |
| <b>1 Non-current assets</b>  |               |                                  |                                |
| (a) Property, plant and equipment  | 11,985        | 11,211                           |                                |
| (b) Capital work-in-progress   | 850           | 236                              |                                |
| (c) Intangible assets  | 171           | 100                              |                                |
| (d) Financial assets   |               |                                  |                                |
| (i) Loans  | 140           | 129                              |                                |
| (ii) Others  | 183           | 158                              |                                |
| (e) Deferred tax assets (net)  | 355           | 208                              |                                |
| (f) Other non-current assets   | 1,145         | 451                              |                                |
|  | <b>14,829</b> | <b>12,493</b>                    |                                |
| <b>2 Current assets</b>  |               |                                  |                                |
| (a) Inventories  | 9,735         | 7,702                            |                                |
| (b) Financial assets   |               |                                  |                                |
| (i) Trade receivables  | 12,969        | 12,818                           |                                |
| (ii) Cash and cash equivalents   | 85            | 25                               |                                |
| (iii) Bank balances other than (ii) above  | 508           | 509                              |                                |
| (iv) Loans   | 75            | 52                               |                                |
| (v) Others   | 346           | 357                              |                                |
| (c) Other current assets   | 3,373         | 2,558                            |                                |
| (d) Current tax assets (net)   | 66            | 59                               |                                |
|  | <b>27,157</b> | <b>24,080</b>                    |                                |
| <b>TOTAL</b>   | <b>41,986</b> | <b>36,573</b>                    |                                |
| <b>B EQUITY AND LIABILITIES</b>  |               |                                  |                                |
| <b>1 Equity</b>  |               |                                  |                                |
| (a) Equity share capital   | 814           | 814                              |                                |
| (b) Other equity   | 7,684         | 6,968                            |                                |
|  | <b>8,498</b>  | <b>7,782</b>                     |                                |
| <b>2 Non-current liabilities</b>   |               |                                  |                                |
| (a) Financial Liabilities  |               |                                  |                                |
| (i) Borrowings   | 9,260         | 7,868                            |                                |
| (ii) Other financial liabilities   | 200           | 115                              |                                |
| (b) Provisions   | 500           | 449                              |                                |
| (c) Other non-current liabilities  | 1,305         | 1,256                            |                                |
|  | <b>11,265</b> | <b>9,688</b>                     |                                |
| <b>3 Current liabilities</b>   |               |                                  |                                |
| (a) Financial Liabilities  |               |                                  |                                |
| (i) Borrowings   | 6,542         | 4,983                            |                                |
| (ii) Trade payables  |               |                                  |                                |
| - total outstanding dues of micro enterprises and small enterprises                      | 62            | 132                              |                                |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 11,919        | 11,575                           |                                |
| (iii) Others   | 2,551         | 1,773                            |                                |
| (b) Provisions   | 99            | 91                               |                                |
| (c) Other current liabilities  | 652           | 308                              |                                |
| (d) Current tax liabilities (net)  | 398           | 241                              |                                |
|  | <b>22,223</b> | <b>19,103</b>                    |                                |
| <b>TOTAL</b>   | <b>41,986</b> | <b>36,573</b>                    |                                |

7. Previous period's figures have been regrouped/reclassified wherever necessary.

For and on behalf of the Board of Directors

 SURINDER PAUL KANWAR  
 Chairman & Managing Director

 Place: New Delhi  
 Date : 30 October, 2018




### ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Following are the Key Accounting Ratios for the Financial year ended March 31, 2018 and for the six (6) months period ended September 30, 2018

| Particulars                                      | March 31, 2018<br>(12 months) | September 30, 2018<br>(6 months) |
|--|-------------------------------|----------------------------------|
| Earnings Per Share (EPS) (Basic and Diluted) (₹) | 7.93                          | 9.12 <sup>(#)</sup>              |
| Return on Net Worth (%)                          | 8.10                          | 8.73 <sup>(#)</sup>              |
| Net Asset Value per Share (₹)                    | 95.57                         | 104.36                           |
| EBITDA (₹ in Lakhs)                              | 4,366                         | 3,133                            |
| EBITDA (%)                                       | 8.48                          | 10.45                            |

# Not Annualised

**Formula:**

- Earnings Per Share (₹):** Net Profit after tax for the year attributable to Equity Shareholders divided by weighted average no of equity shares outstanding during the period.
- Return on Net Worth (%):** Net Profit after tax for the year attributable to Equity Shareholders divided by Net Worth at the end of the period multiplied by 100.
- Net Asset Value Per Share (₹):** Net Assets as at the year end/ half year end divided by total number of equity shares outstanding at the end of the period.
- EBITDA (₹ in lacs):** Profit before tax plus finance costs plus depreciation and amortisation expense less interest income.
- EBITDA (%):** [EBITDA/ (Revenue-Interest Income)] \* 100



The capitalization statement of the Company as at September 30, 2018 and as adjusted for the Issue is as follows:

(₹ in Lakhs)

| Particulars  | Pre-Issue as at<br>30.09.2018 | Adjusted for the Issue<br>(Refer Note 2 below) |
|--|-------------------------------|--|
| <b>Total Borrowings</b>  |                               |  |
| Current Borrowings (A)   | 6,542                         | [•]  |
| Non-current Borrowings (including current maturity) (B)  | 10,573                        | [•]  |
| <b>Total Borrowings (C) = (A) + (B)</b>  | 17,115                        | [•]  |
| <b>Total Equity</b>  |                               |  |
| Equity Share Capital (D)   | 814                           | [•]  |
| Other Equity (E)   | 7,684                         | [•]  |
| <b>Total Equity (F) = (D) + (E)</b>  | 8,498                         | [•]  |
| <b>Ratio: Non-current Borrowings (including current maturity/ Total Equity (G) = (C) / (F)</b> | <b>1.24</b>                   | <b>[•]</b>                                     |

*Notes:*

1. The figures disclosed above are based on the books of accounts of the Company as at September 30, 2018
2. The Company's Post Rights capitalization data shall be updated at the time of filing of Letter of Offer.



### MARKET PRICE INFORMATION

Our Company's Equity Shares are listed on the BSE Limited and National Stock Exchange of India Limited.

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
4. In case of two days with the same high / low / closing price, the date with higher volume has been considered.

#### Stock Market Data of the Equity Shares

The high, low and average closing prices recorded on the BSE and NSE, during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

| Year ending March 31 | Date of High     | High (₹) | Volume on date of High (Number of Equity Shares) | Date of Low       | Low (₹) | Volume on date of low (Number of Equity Shares) | Average price for the year (₹) |
|----------------------|------------------|----------|--|-------------------|---------|---|--------------------------------|
| <b>BSE</b>           |                  |          |  |                   |         |   |                                |
| 2018                 | January 10, 2018 | 231.90   | 69,868   | May 29, 2017      | 113.15  | 2,859   | 162.85                         |
| 2017                 | October 6, 2016  | 170.75   | 1,48,147   | April 1, 2016     | 64.45   | 1,078   | 101.01                         |
| 2016                 | August 18, 2015  | 111.00   | 1,24,597   | February 24, 2016 | 54.50   | 1,628   | 78.36                          |
| <b>NSE</b>           |                  |          |  |                   |         |   |                                |
| 2018                 | January 10, 2018 | 231.70   | 4,64,083   | May 29, 2017      | 116.20  | 6,065   | 162.93                         |
| 2017                 | October 6, 2016  | 171.40   | 6,82,071   | April 1, 2016     | 64.00   | 3,952   | 100.99                         |
| 2016                 | August 18, 2015  | 110.90   | 2,74,331   | February 25, 2016 | 52.65   | 2,303   | 78.37                          |

Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

#### Stock Prices for the last six months

The high and low prices and volume of Equity Shares traded on the respective dates on the BSE and NSE during the last six months is as follows:

| Month          | Date of High       | High (₹) | Volume (Number of Equity Shares) | Date of Low        | Low (₹) | Volume (Number of Equity Shares) | Volume of trade on monthly basis |
|----------------|--------------------|----------|----------------------------------|--------------------|---------|----------------------------------|----------------------------------|
| <b>BSE</b>     |                    |          |                                  |                    |         |                                  |                                  |
| June 2018      | June 18, 2018      | 184.55   | 10,192                           | June 29, 2018      | 149.15  | 1,730                            | 1,57,713                         |
| July 2018      | July 31, 2018      | 173.40   | 2,958                            | July 24, 2018      | 142.10  | 1,558                            | 47,131                           |
| August 2018    | August 3, 2018     | 199.00   | 67,631                           | August 2, 2018     | 164.70  | 2,663                            | 1,64,956                         |
| September 2018 | September 14, 2018 | 220.00   | 7,915                            | September 28, 2018 | 156.65  | 10,385                           | 1,53,882                         |
| October 2018   | October 17, 2018   | 193.00   | 23,748                           | October 8, 2018    | 145.00  | 8,943                            | 1,75,071                         |



| Month          | Date of High       | High (₹) | Volume (Number of Equity Shares) | Date of Low        | Low (₹) | Volume (Number of Equity Shares) | Volume of trade on monthly basis |
|----------------|--------------------|----------|----------------------------------|--------------------|---------|----------------------------------|----------------------------------|
| November 2018  | November 15, 2018  | 188.50   | 80,046                           | November 20, 2018  | 154.00  | 9,025                            | 1,51,940                         |
| <b>NSE</b>     |                    |          |                                  |                    |         |                                  |                                  |
| June 2018      | June 18, 2018      | 184.00   | 56,800                           | June 29, 2018      | 148.10  | 18,407                           | 7,27,079                         |
| July 2018      | July 31, 2018      | 171.60   | 14,296                           | July 23, 2018      | 143.20  | 12,771                           | 3,12,771                         |
| August 2018    | August 3, 2018     | 198.00   | 4,43,652                         | August 1, 2018     | 164.20  | 19,790                           | 10,46,173                        |
| September 2018 | September 11, 2018 | 206.90   | 1,13,249                         | September 28, 2018 | 155.55  | 32,600                           | 8,82,960                         |
| October 2018   | October 17, 2018   | 191.50   | 90,039                           | October 8, 2018    | 145.00  | 31,283                           | 10,36,765                        |
| November 2018  | November 15, 2018  | 188.50   | 4,90,687                         | November 28, 2018  | 162.00  | 15,761                           | 8,63,732                         |

Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

#### Week end closing prices of the Equity Shares for the last four weeks on BSE and NSE

| Week ended on      | Closing Price (₹) | High Price (₹) | Date of High      | Low Price (₹) | Date of Low       |
|--------------------|-------------------|----------------|-------------------|---------------|-------------------|
| <b>BSE</b>         |                   |                |                   |               |                   |
| November 9, 2018   | 169.20            | 173.95         | November 7, 2018  | 167.20        | November 5, 2018  |
| November 16, 2018  | 171.95            | 188.50         | November 15, 2018 | 164.30        | November 13, 2018 |
| November 22, 2018* | 169.55            | 179.80         | November 20, 2018 | 154.00        | November 20, 2018 |
| November 30, 2018  | 165.35            | 172.75         | November 26, 2018 | 159.80        | November 30, 2018 |
| <b>NSE</b>         |                   |                |                   |               |                   |
| November 9, 2018   | 168.50            | 174.00         | November 6, 2018  | 167.40        | November 9, 2018  |
| November 16, 2018  | 172.20            | 188.50         | November 15, 2018 | 164.00        | November 13, 2018 |
| November 22, 2018* | 169.05            | 179.00         | November 20, 2018 | 165.80        | November 20, 2018 |
| November 30, 2018  | 165.35            | 172.00         | November 26, 2018 | 162.00        | November 28, 2018 |

Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

\*Since the last day of the week was not a trading day, prices on BSE/NSE of the previous trading day has been considered.

The Issue Price of ₹ [●] has been arrived at by our Company in consultation with the Lead Manager.



## SECTION VIII - LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND DEFAULTS

Except as stated in this section, there are no:

A. (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; or (iv) Material Litigation (as defined below); involving our Company, Directors or Promoters.

Our Board of Directors, in its meeting held on October 30, 2018, has determined that outstanding legal proceedings involving the Company, Directors and Promoters, where:

- a. the aggregate amount involved in such individual litigation exceeds 1.5% of the profit after tax of the Company, as per the last audited financial statements; or where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 1.5% of profit after tax of the Company as per the last audited financial statements, if similar litigations put together collectively exceed 1.5% of the profit after tax of the Company;
- b. any such litigation wherein the monetary liability is not quantifiable, but which is expected to be material from the perspective of the Company's business, operations, prospects or reputation;

shall be considered as "**Material Litigation**".

B. (i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) pending proceedings initiated against our Company for economic offences;

Our Company, its Directors and Promoters are not wilful defaulters and there have been no violations of securities laws in the past or pending against them.

#### A. LITIGATION INVOLVING OUR COMPANY

##### 1. Litigation filed against our Company

###### 1.1. Civil

1.1.1. A Petition for Ejectment (CIN RA-25-2014/ Institution No. 32-RA) was filed on October 13, 2012 against the Company and Universal Steel and Alloys Limited, Aravali Printers & Publishers Pvt. Ltd and M/s Amit Exporters having office at Sarai Khwaja, Faridabad (collectively "**Respondents**" therein) by Arya Pratinidhi Sabha, Haryana before the Hon'ble Civil Judge Senior Division, Faridabad, Haryana under section 13 of the Haryana Urban (Control of Rent Eviction) Act, 1973. The said petition was filed for eviction of the Respondents from the demised premises admeasuring about 44 Kanal situated within the revenue estate of village Sarai Khwaja, Tehsil and District Faridabad now known as Gurukul Inderprastha Industrial Estate Sarai Khwaja. By an order dated October 17, 2018, the Hon'ble Civil Judge Senior Division, Faridabad, Haryana has held *inter alia* that all the Respondents are liable to be evicted from the demised premises on account of sub-lease/ transfer of leasehold rights by our Company in favour of Aravali Printers & Publishers Pvt. Ltd and M/s Amit Exporters amounts to alienation without permission of the petitioner and is a valid ground for eviction. Our Company has filed an appeal (RA No. 43 of 2018) on November 19, 2018 and the other respondent, Aravali Printers & Publishers Pvt. Ltd has filed an appeal (RA No. 45 of 2018) on November 20, 2018 under section 15 of the Haryana Urban (Control of Rent and Eviction) Act, 1973 before the court of Ld. District Judge (Appellate Authority) challenging the aforesaid order dated October 17, 2018. By an order dated November 19, 2018, the Hon'ble Appellate authority has admitted the appeal and stayed the operations of impugned ejectment order dated October 17, 2018 till the next date of listing i.e. January 9, 2019.

1.1.2. By a judgment dated October 12, 2015 passed in rent petition (RBT No. 14 of 2012) filed by Arya Pratinidhi Sabha, Haryana against our Company and Universal Steel and Alloys Limited (collectively "**Respondents**" therein), the Rent Controller, Faridabad, Haryana has allowed the petition and directed



the Respondents to vacate the demised premises (being land bearing rect. No. 19m, Killa No. 22(6-0), 23(6-0), Rect No. 28 Killa No. 2(8-0), 3(8-0), 8(8-0), 13(8-0) total admeasuring 44 kanals situated within the revenue estate of village Sarai Khwaja, Tehsil & Dist. Faridabad now known as Gurukul Indraprastha Industrial Estate, Sarai Khwaja, Faridabad) within three months. An Application dated September 21, 2016, has been filed by our Company before the Rent Controller, Faridabad, Haryana under Order IX Rule 13 read with Section 151 of the Code of Civil Procedure, 1908 for setting aside the ex-parte decree dated October 12, 2015 wherein our Company has prayed *inter alia* that the ex-parte decree dated October 12, 2015 be set aside and be permitted to contest and defend the matter on its merits. Our Company has also filed an Application dated September 21, 2016 under section 151 CPC for stay of operation of the ex-parte decree dated October 12, 2015 wherein it has been prayed *inter alia* to stay the execution of the decree dated October 12, 2015 till the decision of the Application under Order IX Rule 13 read with Section 151 of the Code of Civil Procedure, 1908.

## 1.2. Labour Cases

- 1.2.1. A writ petition (CWP No. 25807 of 2015) has been filed against our Company and Anr. by one Mr. Mahavir Sharma before the Hon'ble High Court of Punjab and Haryana at Chandigarh. The said petition has been filed to *inter alia* to seek issuance of a writ of certiorari against the order dated August 31, 2015 in Reference No. 04 of 2012 passed by the Industrial Tribunal cum Labour Court, Circle-I, Faridabad and a writ of mandamus for directing the Company to reinstate the petitioner in regular services or any other writ, order or direction that may be deemed fit. As per the order dated August 31, 2015, the Industrial Tribunal cum Labour Court, Circle-I, Faridabad, has *inter alia* held that as Mr. Sharma was a trainee with the Company and not a workman as defined under section 2(s) of the Industrial Dispute Act, 1947 and hence not entitled to any relief. The matter is currently pending before the Hon'ble High Court of Punjab and Haryana.
- 1.2.2. An application (MRTU) (No. 100001 of 2010) has been filed on January 28, 2010 by Bhartiya Kamgar Karmachari Mahasangh against our Company and the Association of Engineering Works (Non-applicant Union) before the Industrial Court, Thane under section 14 of the MRTU & PULP Act. Under the said application, the applicant has prayed *inter alia* for grant of certificate of recognition to the Applicant Union in place of the Non-Applicant Union by cancelling its registration for our Company; pending the hearing and final disposal of the aforesaid application, interim reliefs be granted and any other and further reliefs which the Industrial Court may deem fit and proper. An application for interim relief has also been filed by the applicant union with the Industrial Court, Thane for *inter alia* temporarily suspending the rights of the Non applicant union; to restrain the non-applicant union from in any way acting as a recognized union for our Company; to restrain the non-applicant union from in any way negotiating, discussing or settling any industrial dispute of collective nature for and on behalf of the employees employed by our Company. The matter is currently pending before the Industrial Court, Thane.
- 1.2.3. A complaint (ULP) (No. 148 of 2008) has been filed against the Company & Anr. by Mr. Laxman Shantaram Kudav on October 30, 2008 before the Labour Court, Thane under items 1(a), (b), (d), (f) and (g) of Schedule IV of the MRTU & PULP Act read with Section 28 of MRTU & PULP Act. In the said complaint, the complainant has prayed *inter alia* to declare that the Company has been engaging in unfair labour practices; to direct the Company by way of mandatory injunction not to dismiss, discharge or remove the complainant and not to give effect to the show-cause notice dated October 23, 2008. A revision application (ULP) (No. 100092 of 2015) in complaint (ULP) (No. 148 of 2008) has been filed on October 21, 2015 by the complainant before the Industrial Court, Thane for seeking to set aside order dated March 30, 2015 by Labour Court, Thane passed on preliminary issue (Part I) which declared that the enquiry conducted against the complainant was fair and proper and the findings recorded by the enquiry officer do not suffer from perversity. The said complaint (ULP) (No. 148 of 2008) and revision application (ULP) (No. 100092 of 2015) are currently pending before the Labour Court, Thane and Industrial Court, Thane respectively.
- 1.2.4. A complaint (ULP) (No. 5100149 of 2014) has been filed on December 19, 2014 against the Company & Ors. by one Mr. Prakash Somaji Dalvi before the Labour Court, Thane under Section 28(1) read with items 1(a), (b), (d), (f) and (g) of Schedule IV of the MRTU & PULP Act. In the said complaint, the complainant has prayed *inter alia* to declare that the Company has been engaging in unfair labour



practices and to direct them to cease and desist from doing so; to quash and set aside the chargesheets dated November 8, 2013 and November 27, 2013 and Suspension Order dated November 8, 2013 issued to the complainant and to direct the Company to allow the complainant resume his duties; to change the EO and conduct the enquiry in the venue outside the factory premises; to direct the Company to pay subsistence allowance at statutory rates calculated on the basis of the complainant's salary which would have been payable to him with all increments, benefits and attendant benefits. The matter is currently pending before the Labour Court, Thane.

- 1.2.5. By an order (No. MH/16519/7A/RO Mumbai II/THN/Cir-I/56) dated August 14, 2015, the Provident Fund Commissioner(I) & Assessing Officer, Regional Office, Mumbai II has assessed dues of ₹85,832/- payable by our Company under section 7A of the EPF Act for the period March 2011 to December 2012 and has directed us to pay the same. The Company has filed an appeal (ATA No. 1122(9) 2015) under section 7-I of the EPF Act against the said order dated August 14, 2015 before the Employees Provident Fund Appellate Tribunal, New Delhi which is pending before the said appellate tribunal.
- 1.2.6. By an order (No. MH/16519/7A/RO Mumbai II/THN/C-I/666) dated January 23, 2014, the Provident Fund Commissioner(I) & Assessing Officer, Regional Office, Mumbai II has assessed dues of ₹1,27,171/- payable by our Company in respect of Mr. Shankar Narayan Patil, an employee of the establishment on the subsistence allowance paid to him for the period April 2006 to April 2011 under section 7A of the EPF Act and has directed us to pay the same. The Company has filed an appeal (ATA No.212(9)2014) under section 7-I of the EPF Act against the said order dated January 23, 2014 before the Employees Provident Fund Appellate Tribunal, New Delhi which is pending before the said appellate tribunal. The said appeal has now been transferred to Mumbai.

### 1.3. Taxation

#### 1.3.1. Direct Tax Proceedings

| Sr. No. | Particulars  | A.Y.    | Status   |
|---------|--|---------|--|
| 1.      | Pursuant to an appeal filed by our Company, ITAT New Delhi has by an order dated July 18, 2014, allowed expenditure of ₹ 31,76,827/- towards repairs of plant and machinery - and as regards additions of ₹ 10,72,000/- made towards leave encashment – has restored the matter back to the AO with a direction for him to consider the issue <i>de novo</i> . | 2009-10 | By an order dated January 6, 2016 under section 254/250/143(3), AO has confirmed the addition of ₹10,72,000/- under section 43B (leave encashment) and has raised a demand of ₹3,66,196/- vide demand notice dated January 6, 2016.<br><br>The Company has by a letter dated May 5, 2016 requested to adjust the aforesaid demand against amount already paid/ pending refund of FBT/ and further interest on refund claimed by the Company. |
| 2.      | ITAT, New Delhi has by an order dated December 12, 2014 passed in appeal (No. 5033/Del/2013) confirmed the allowance of expenditure towards repairs of plant and machinery of ₹ 14,42,584/- and thereby dismissed the Revenue Department's appeal.   | 2010-11 | The Company is yet to receive order giving effect/ refund pursuant to the said orders.   |



| Sr. No. | Particulars  | A.Y.    | Status   |
|---------|--|---------|--|
|         | CIT(A) by order dated May 17, 2013 has allowed the claim in respect of reversal of provision for Leave Encashment – ₹ 15,97,378/-.   |         |  |
| 3.      | ITAT, New Delhi has by an order dated July 5, 2017, with respect to the disallowance of provision for Leave Encashment of ₹ 44,09,000/-, restored the matter back to the file of AO with a direction for him to consider the issue afresh.   | 2011-12 | Assessment Order from AO is awaited.   |
| 4.      | CIT(A) by an order dated June 23, 2016 has allowed the appeal on the grounds that the addition of ₹ 12,02,886/- on account of treating repairs and maintenance to plant & machinery as capital expenditure made by the AO as per the order dated February 18, 2015 is to be deleted.   | 2012-13 | The Company is yet to receive order giving effect/ refund pursuant to the said orders.   |
| 5.      | CIT(A) has by an order dated December 26, 2016 confirmed the disallowance of ₹ 23,62,833/- towards expenditure on repairs of Plant and Machinery and ₹ 32,95,425/- for claim of provision of leave encashment u/s 43 B.  | 2013-14 | The Company has on January 19, 2017 filed Appeal (No. ITA 315 / DEL / 2017) against the CIT(A) Order dated December 26, 2016 which is pending before ITAT, New Delhi.                            |
| 6.      | AO has by an order dated March 21, 2018 levied penalty of ₹ 7,30,115/- against the Company u/s 271 of the IT Act. The said penalty of ₹ 7,30,115/- has been adjusted against the refund due to the Company for AY 2010-11 and therefore, the final outcome of these proceedings will not have any financial implication on our Company.                                |         | The Company has on April 16, 2018 filed an Appeal before CIT(A) against the AO's Order dated March 21, 2018 which is pending.  |
| 7.      | The CIT(A) by an order dated October 25, 2017, has partly allowed the appeal filed by the Company on the grounds that the expenditure incurred on plant and machinery is revenue in nature and directed to delete the addition made by the AO on this ground. However, CIT(A) has confirmed disallowance on account of provision of Leave Encashment of ₹ 58,41,637/-. | 2014-15 | The Company has on November 20, 2017 filed an Appeal (No. ITA 6933 / DEL / 2017) which is pending before ITAT, New Delhi in respect of disallowance on account of provision of Leave Encashment. |

In addition to the aforesaid proceedings, the AO has pursuant to the assessment orders passed, from time to time, directed that penalty proceedings u/s 274 read with section 271(1)(c) of the IT Act be initiated against our Company for concealing/ furnishing inaccurate particulars of income for the relevant A.Y. Save and except as disclosed hereinabove, there has been no further development in the matters pertaining to penalty proceedings.

## 2. Litigation filed by our Company

### 2.1. Civil

- 2.1.1. Our Company & Anr. have filed a writ petition (No. 1998 of 2018) on January 30, 2017 against the Sub-Divisional Officer, Thane and Ors. before the Hon'ble High Court at Bombay under Article 226 of the Constitution of India. The said petition has been filed to *inter alia* declare that the subject property bearing Survey no. 99/1, 99/2 and 99/3 of village Kausa, Mumbra and Survey no. 138/1 of village Shil in Thane district are not private forest as defined under section 2(f) of the Maharashtra Private Forest (Acquisition) Act, 1975; that the Company is the absolute owner of the subject property without any right, title, claim or interest of the State of Maharashtra under Maharashtra Private Forest (Acquisition)



Act, 1975 and to set aside any kind of proceedings in respect with the subject property under the provisions of Maharashtra Private Forest (Acquisition) Act, 1975. The matter is currently pending before the Hon'ble High Court at Bombay.

- 2.1.2. Our Company has on October 1, 2015, filed a civil suit (No. 2431 of 2015) against M/s Etna Enterprises having office at 41, Chhoti Gwaloti, Near Madhumillan Cinema, Indore – 452 001, M.P. acting through its partner, Mr. Anil Shah before the Hon'ble Civil Judge Senior Division, Faridabad, Haryana. The said suit has been filed to pass a judgment and decree directing the defendant to pay the Company a sum of ₹ 9,50,000/- (Rupees Nine Lakhs and Fifty Thousand Only) for non-payment of ₹ 8,68,757 for purchase of various auto parts from our Company and ₹ 81,983 for non-issuance of C-Form to our Company together with interest @ 18% both pendente-lite and future. The matter is currently pending before the Hon'ble Civil Judge Senior Division, Faridabad.
- 2.1.3. A Special Civil Suit (No. 400034 of 2009) has been filed on January 27, 2009 by our Company and IFFCO Tokio General Insurance Co. Ltd. (collectively "**Plaintiffs**" therein) against Hamburg Sud, a German company & Others before the Hon'ble Civil Judge Senior Division, Panvel. In the said suit, the plaintiffs have prayed that an order and decree be passed directing the defendants to pay (jointly and/or severally) to the Plaintiffs a sum of ₹ 10,42,82,234/- (Rupees Ten Crores Forty-Two Lakhs Eighty-Two Thousand Two Hundred and Thirty-Four Only) together with interest @ 18% per annum from the date of filing the present suit till payment and/or realization thereof and to declare that clause 19 of the bill of lading no. SUDUR89993262001 dated April 3, 2008 is unenforceable and null and void and non-est. Since our Company has been paid a sum of ₹ 10,42,82,234/- by IFFCO Tokio General Insurance Co. Ltd. towards full and final settlement of our claim, the final outcome of this suit will not have any financial implication on our Company. The matter is currently pending before Hon'ble Civil Judge Senior Division, Panvel.

## 2.2. Labour Cases

- 2.2.1. Our Company has in October 2018 filed a writ petition (Stamp no: WPST/30475/ 2018) against one Dattu Vithoba Bhujbal before the Hon'ble High Court at Bombay. The said petition has been filed *inter alia* to seek the issuance of a writ in the nature of certiorari or any other appropriate writ, order or direction calling for records and proceedings in Revision Application (ULP) No. 77 of 2017 wherein the order dated September 11, 2018 has been passed by the Industrial Court, Thane and in Complaint (ULP) No. 64 of 2009 wherein order dated September 27, 2017 passed by Labour Court, Thane and after verifying and ascertaining the legality and correctness thereof to quash and set aside the same. As per the order dated September 11, 2018, the Industrial Court, Thane has dismissed the revision application filed by our Company on the grounds that the order dated September 27, 2017 passed by the Labour Court, Thane does not suffer from perversity or error on the face of record. The matter is currently pending before the Hon'ble High Court at Bombay.
- 2.2.2. Our Company has on July 6, 2017 filed a writ petition (No. 7764 of 2017) against one Bhikaji Jogya Dhopavkar before the Hon'ble High Court at Bombay. The said petition has been filed to issue a writ in the nature of certiorari against the order dated April 21, 2017 passed by the Industrial Court, Thane in Complaint (ULP) No. 234 of 2014. As per the order dated April 21, 2017, the Industrial Court, Thane has *inter alia* held that Mr. Dhopavkar is entitled to 100% wages during the period of suspension and that the Company has been engaged in the act of unfair labour practice under item 10 of Schedule IV of MRTU & PULP Act, 1971 and therefore, directed *inter alia* the Company to pay to Mr. Dhopavkar remaining 20% wages which were unpaid during suspension and to also grant benefits of settlement dated September 3, 2004 and February 15, 2010 while calculating suspension allowance. By an interim order dated February 12, 2018, the Hon'ble High Court at Bombay has granted stay on the operation and implementation of the impugned order dated April 21, 2017. The matter is currently pending before the Hon'ble High Court at Bombay.
- 2.2.3. Our Company has on November 10, 2014 filed a writ petition (No. 10104 of 2014) against one Kathod Krishna Mhatre before the Hon'ble High Court at Bombay. The said petition has been filed *inter alia* to seek issuance of a writ in the nature of certiorari or any other appropriate writ, order or direction calling for records in Revision Appl (ULP) No. 11/2011 wherein the order dated September 15, 2014 was passed by the Industrial Court, Thane and Complaint (ULP) No. 103 of 2008 from the Labour



Court, Thane and after verifying and ascertaining the legality and correctness thereof to quash and set aside the same. As per the order dated September 15, 2014, the Industrial Court, Thane has partly allowed the revision application filed by our Company by *inter alia* quashing and setting aside order dated December 13, 2010 passed by the trial court on application for interim relief in Complaint (ULP) No. 103 of 2008 and directing our Company to maintain *status quo* in respect of the services of the employee. By an interim order dated December 23, 2014, the Hon'ble High Court at Bombay has granted stay on the operation and implementation of the impugned order dated September 15, 2014. The matter is currently pending before the Hon'ble High Court at Bombay.

- 2.2.4. Our Company has on July 11, 2011, filed a writ petition (No. 3670 of 2014) against the Workmen represented by Association of Engineering Workers and Mr. G.G. Balachandra, Presiding Officer & Judge of Third Labour Court, Thane before the Hon'ble High Court of Bombay. The said petition has been filed *inter alia* to seek the issuance of a writ in the nature of certiorari or any other appropriate writ, order or direction calling for records and proceedings in Reference (IDA) No. 315 of 2002 and after verifying and ascertaining the legality and correctness thereof to quash and set aside the Award dated September 13, 2010 and the order dated February 12, 2010 passed by the Third Labour Court, Thane. As per the Award dated September 13, 2010, the Third Labour Court, Thane has awarded *inter alia* that 10 workmen (as specified therein) be reinstated with 30% backwages and continuity of services with effect from August 10, 2001 and another workman, Mr. M.S. Rane be given 30% back wages for the period between August 10, 2001 till the date of superannuation and he is also entitled for relief of continuity of service till the date of superannuation. Our Company has deposited an amount of ₹ 40,25,663/- (Rupees Forty Lakhs Twenty-Five Thousand Six Hundred and Sixty-Three only) towards 30% of back wages. The matter is currently pending before the Hon'ble High Court at Bombay.

Two cross writ petitions (No. 10186 of 2011 and No. 6306 of 2011) have been filed against the Company by the Workmen represented by Association of Engineering Workers and Mr. Prakash Dalvi respectively for *inter alia* seeking to quash and set aside the Award dated September 13, 2010 passed by the Third Labour Court, Thane.

- 2.2.5. A Reference (IT) (No. 100003/2012) has been referred by the Government on January 18, 2012 for adjudication to the Industrial Court, Thane under section 12(5) of the Industrial Dispute Act, 1947. By an order dated April 23, 2012, the Industrial Court, Thane has *inter alia* directed the Company to employ the concerned workmen herein, depending on availability of work and also in case a permanent employee goes on leave, the said workmen should be given work and modified the ad-interim order dated March 19, 2012. The matter is currently pending before the Industrial Court, Thane.
- 2.2.6. A Complaint (ULP) (No.100089 of 2011) has been filed on March 15, 2011 by our Company against the Association of Engineering Workers Party & Ors. (collectively "**Respondents**" therein) before the Industrial Court, Thane under item 5 of schedule III of the MRTU & PULP Act, 1971. The said complaint has been filed against the Respondents who were/are engaging in unfair labour practices and our Company has *inter alia* prayed that the Court may be pleased to hold and declare that the Respondents have engaged and continue to engage in unfair labour practices and to direct them to cease and desist from doing so and to grant interim or ad-interim relief in relation to obstructing staff ingress or egress of men and material at the factory gate and holding any demonstrations or squatting within 100 mts. of the main gate factory. The matter is currently pending before the Industrial Court, Thane.
- 2.2.7. By a judgment delivered on July 10, 2017 in Complaint (ULP) (No. 65 of 2009), the First Labour Court, Thane has allowed the complaint and has *inter alia* declared that our Company has committed unfair labour practice under item 1(a) of Schedule IV of MRTU & PULP Act and directed that the complainant (Maruti Shankar More) be reinstated with continuity of service and 50% back wages. Our Company has filed a Revision Application (No. 63 of 2017) in Complaint (ULP) (No. 65 of 2009) on August 3, 2017 before the Industrial Court, Thane under section 44 of the MTRU Act. Under the said revision application, the Company has prayed *inter alia* to call for the records and proceedings from the First Labour Court, Thane in Complaint (ULP) (No. 65 of 2009) and after verifying the legality and correctness thereof to quash and set aside the same.



### 2.3. Criminal

- 2.3.1. Our Company has on September 17, 2018 filed a criminal complaint (NACT/9284/2018) against Darpan Kumar Sabberwal (Proprietor) and M/s Karan Auto Traders having office at 127, Haryana Motor Market, Ambala City – 134 003, Haryana (collectively “**Accused**” therein) before the Hon’ble Chief Judicial Magistrate, Faridabad under Section 138 of the Negotiable Instruments Act, 1881. The said complaint has been filed for dishonour of cheque issued by the accused in favour of the Company for an amount of ₹ 9,51,458.95 (Rupees Nine Lakh Fifty-One Thousand and Four Hundred Fifty-Eight & Paise Ninety-Five Only). The matter is currently pending before the Hon’ble Chief Judicial Magistrate, Faridabad.
- 2.3.2. Our Company has on October 19, 2016 filed a criminal complaint (SS No. 3802 of 2016) against M/s Trade Wings, having office at 5, North Market Road, Upper Bazar, Ranchi – 834 001, Jharkhand and its proprietor Mr. Jai Prakash Singhania (collectively “**Accused**” therein) before the Hon’ble Chief Metropolitan Magistrate, Esplanade Court, Mumbai under section 138 read with Section 141 of the Negotiable Instruments Act, 1881. The said complaint has been filed for dishonor of cheque issued by the accused in favour of the Company for an amount of ₹ 5,00,000/- (Rupees Five Lakhs Only). The matter is currently pending before the Hon’ble Chief Metropolitan Magistrate, Esplanade Court, Mumbai.

### **PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES**

There are no proceedings initiated against our Company for any economic offences.

### **NON-PAYMENT OF STATUTORY DUES**

Our Company has no outstanding defaults in relation to statutory dues consisting of service tax, value added tax, professional tax, employee state insurance, provident fund, tax deducted at source, tax collected at source, excise duty, goods and services tax, dues payable to holders of any debentures (including interest) or dues in respect of deposits (including interest) or any defaults in repayment of loans from any bank or financial institution (including interest).

### **POTENTIAL LITIGATION INVOLVING OUR COMPANY**

As on the date of this Draft Letter of Offer, there is no potential litigation proceeding against our Company.

### **OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY**

As on the date of this Draft Letter of Offer, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.

### **DISCLOSURES PERTAINING TO WILFUL DEFAULTERS**

Neither our Company, our Promoters nor our Directors are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI.

### **MATERIAL DEVELOPMENTS SINCE THE DATE OF THE LAST AUDITED ACCOUNTS**

To our knowledge no circumstances have arisen since the date of the latest audited balance sheet i.e. March 31, 2018, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.



## **GOVERNMENT AND OTHER APPROVALS**

*In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations. Our Company has received the necessary consents, licenses, registrations, permissions and approvals from the Government of India and various governmental agencies and other statutory and/ or regulatory authorities required to undertake this Issue and carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals and licenses are valid as of the date of this Draft Letter of Offer and in case of licenses and approvals which have expired; we have either made application for renewal or are in the process of making an application for renewal.*

*Except for the following, no further material approvals from any governmental or regulatory authority are pending to undertake the Issue or continue its business activities.*

**I. Material approvals for which applications have been made by our Company, but are currently pending grant:**

NIL

**II. Material approvals for which renewal applications have been made by our Company:**

- (a) Company has deposited the necessary fees for renewal of storage license for its Mumbra Plant pursuant to notice dated November 29, 2017 for renewal received from Thane Municipal Corporation.
- (b) Company has deposited the necessary fees for renewal of factory registration license for its Mumbra Plant pursuant to notice dated June 11, 2018 for renewal received from Thane Municipal Corporation.
- (c) Company has made application to Labour Department, Haryana under Factories Act, 1948 for renewal of factory license for its Faridabad Plant. The renewal license is awaited.

**III. Material approvals which have expired and for which renewal applications are yet to be made by our Company**

NIL

**IV. Material approvals required for which no application has been made by our Company**

NIL



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with:

- a. the resolution passed by our Board of Directors under Section 62 and other provisions of the Companies Act 2013, at its meeting held on October 09, 2018;
- b. In-principle approval from BSE dated [●] and NSE dated [●]; and

The Board of Directors or Committee thereof in their meeting held on [●] have determined the Issue Price as ₹[●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager to the Issue.

### **Prohibition by SEBI or RBI or other governmental authorities**

Our Company, the Promoters, the members of the Promoter Group, the Directors, persons in control of our Company and persons in control of the Promoter as well as its directors have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our Company, our Promoters nor our Directors are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI.

We confirm that none of our Promoters or Directors is a fugitive economic offender.

None of our Directors are associated with the securities market in any manner.

None of our Directors hold or have held directorships in the last five (5) years in a listed company whose shares have been suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of our Directors hold or have held directorships in the last ten (10) years in a listed company whose shares have been delisted from any recognised stock exchange in India during the term of their directorship in such company.

### **Compliance with Regulation 62(1) of the SEBI ICDR Regulations**

Our Company is in compliance with the conditions specified in Regulation 62(1), to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to BSE and NSE for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange for the Issue.

### **Eligibility for the Issue**

Our Company is eligible to make this Rights Issue in terms of Chapter III of SEBI ICDR Regulations. Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information with the BSE and NSE in compliance with the Listing Agreement and/or the provisions of the Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Draft Letter of Offer with the Board.
2. The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE & NSE.



3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of powers by our Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part B of Schedule VI of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 07, 2018 WHICH READS AS FOLLOWS:**

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - (a) **THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
  - (b) **ALL THE MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (c) **THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AND COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AND OTHER APPLICABLE LEGAL REQUIREMENTS.**



3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
6. WE CERTIFY THAT REGULATION 15 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
7. WE UNDERTAKE THAT SUB-REGULATION (3) OF REGULATION 14 AND CLAUSE (C) AND (D) OF SUB-REGULATION (9) OF REGULATION 25 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE.
8. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE CREDITED/ TRANSFERRED IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 90 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.
9. WE CERTIFY THAT THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE "MAIN OBJECTS" IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST 10 YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - COMPLIED TO THE EXTENT APPLICABLE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO RECEIVE THE SHARES IN DEMAT OR PHYSICAL MODE. - COMPLIED WITH



**11. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

- (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
- (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

**12. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE**

**13. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US INCLUDING IN REALATION TO THE BUSINESS OF THE COMPANY, THE RISK IN RELATION TO THE BUSINESS, EXPERIENCE OF THE PROMOTERS AND THAT THE RELATED PARTY TRANSACTIONS ENTERED INTO FOR THE PERIOD DISCLOSED IN THE DRAFT LETTER OF OFFER HAVE BEEN ENTERED INTO BY THE ISSUER IN ACCORDANCE WITH APPLICABLE LAWS. - COMPLIED WITH**

**14. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY -COMPLIED WITH**

**THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.**

**Caution**

**Disclaimer clauses from the Company and the Lead Manager**

We and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at her/his own risk.

We and the Lead Manager shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in the Draft Letter of Offer. You must not rely on any unauthorised information or representations.

The Draft Letter of Offer is rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

**Disclaimer with respect to jurisdiction**

The Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

**Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue will be BSE.

**Disclaimer Clause of BSE**

As required, a copy of the Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

**Disclaimer Clause of NSE**

As required, a copy of the Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

**Filing**

The Draft Letter of Offer has been filed with the Northern Regional Office of the SEBI, located at 5th Floor, Bank of Baroda Building, 16, Sansad Marg New Delhi – 110 001, India for its observations and with the stock exchanges. After SEBI gives its observations, the Letter of Offer will be filed with the with the Stock Exchanges as per the provisions of the Companies Act.

**Selling Restrictions**

The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform them about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer is filed with SEBI for observations. Accordingly, the rights or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs should not, in connection with the issue of the rights or Rights Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the rights referred to in the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs.

Neither the delivery of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

**IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS**

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Rights Equity Shares by such persons following the offer.

**The rights and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

**The rights and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

**Eligible Investors**

The rights or Rights Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offer and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

**Rights Equity Shares and Rights Offered and Sold in this Issue**

Each purchaser acquiring the rights or Rights Equity Shares, by acceptance of the Letter of Offer, Abridged Letter of Offer or CAFs and of the rights or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of the Letter of Offer, Abridged Letter of Offer or CAFs and such other information as it deems necessary to make an informed investment decision and that:

- (a) the purchaser is authorised to consummate the purchase of the rights or Rights Equity Shares in compliance with all applicable laws and regulations;
- (b) the purchaser acknowledges that the rights and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (c) the purchaser is purchasing the rights or Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (d) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Rights Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the offer for such rights or Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such rights or Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- (e) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;



- (f) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Rights Equity Shares, or any economic interest therein, such rights or Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; and (ii) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until we determine, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;
- (g) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Rights Equity Shares;
- (h) the purchaser understands that such rights or Rights Equity Shares (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

**THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.**

- (i) the purchaser agrees, upon a proposed transfer of the rights or the Rights Equity Shares, to notify any purchaser of such rights or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Rights Equity Shares being sold;
- (j) we will not recognise any offer, sale, pledge or other transfer of such rights or Rights Equity Shares made other than in compliance with the above-stated restrictions; and

the purchaser acknowledges that our Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Rights Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such rights or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

- (l) each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) who receives any communication in respect of, or who acquires any rights or Rights Equity Shares under, the offers contemplated in the Letter of Offer, Abridged Letter of Offer and CAFs will be deemed to have represented, warranted and agreed to and with Lead Manager and our Company that in the case of any rights or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive;
- (m) the rights or Rights Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
- (n) where rights or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.



For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the rights or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

### **Listing**

The existing Equity Shares are listed on BSE and NSE. We have made an application to BSE and NSE for obtaining in-principle approval in respect of the Rights Equity Shares. We will apply to BSE and NSE for listing and trading of the Rights Equity Shares.

If the permission to deal in and an official quotation of the securities is not granted by the Stock Exchange on the expiry of 15 days from the Issue Closing Date, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

### **Consents**

Consents in writing of the Directors, the Statutory Auditors, the Lead Manager, the Legal Counsel, the Registrar to the Issue and the Bankers\* to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

*\*Consent will be obtained before filing of Letter of Offer*

M/s S R B C & CO LLP, Chartered Accountants, our Statutory Auditors, have given their written consent vide their letter dated December 07, 2018 for inclusion of their name and report appearing in this Draft Letter of Offer and such consent has not been withdrawn up to the date of this Draft Letter of Offer.

### **Expert**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received a written consent from the Statutory Auditors namely, S R B C & CO LLP, to include their name as required under Section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, and as “experts”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as an auditor and in respect of their (a) audit report dated May 30, 2018 on our financial statements for the year ended March 31, 2018, their (b) limited review report dated October 30, 2018 on unaudited financial results for the six months period ended September 30, 2018, and (c) their report dated December 06, 2018 on the Statement of Possible Special Tax Benefits included in this Draft , and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, they should not be construed as “experts” as defined under U.S. Securities Act, 1933.



### Issue Related Expenses

The Issue related expenses consist of fees payable to the Lead Manager, Legal Counsel, processing fee to the SCSBs, Registrars to the Issue, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchanges. Our Company will need approximately ₹ [●] lakhs towards these expenses, a break-up of the same is as follows:

(₹ in lakhs)

| Activity  | Estimated Expense | % of Total Expenses | As a % of Issue size |
|---|-------------------|---------------------|----------------------|
| Fees to intermediaries (including Lead Managers fees, Legal fees, selling commission*, registrar fees and expenses) | [●]               | [●]                 | [●]                  |
| Advertising, Printing, Stationery & Distribution  | [●]               | [●]                 | [●]                  |
| Statutory and other miscellaneous expenses  | [●]               | [●]                 | [●]                  |
| <b>Total estimated Issue expenses</b>   | [●]               | [●]                 | [●]                  |

\*Includes Commission/processing fees to the Designated Intermediaries. Designated Intermediaries would be entitled for a processing fee of ₹[●] for processing of valid Application forms procured by such Intermediaries. Additionally, the SCSBs will be entitled for a fee of ₹[●] per application for blocking of funds.

### Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Regulations. Additionally, we have been registered with the SEBI Complaints Redress System (“SCORES”) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The share transfer and dematerialisation for us is being handled by Link Intime India Private Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Our Stakeholders’ Relationship Committee comprises of Mr. Rakesh Chopra, Mr. Sameer Kanwar and Mr. Nagar Venkatraman Srinivasan. Our Stakeholders’ Relationship Committee oversees the reports received from the Registrar and Share Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors.

### Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no./ demat account no., name and address, contact telephone/cell numbers, email id of the first applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be within 30 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.



## Registrar to the Issue

**LINK**Intime

### Link Intime India Private Limited

C101, 247 Park, LBS Marg,

Vikhroli (West),

Mumbai 400 083

Tel: +91 22 4918 6200

Fax: +91 22 4918 6060

E-mail: [bharatgears.rights@linkintime.co.in](mailto:bharatgears.rights@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

Contact Person: Mr. Sumeet Deshpande

SEBI Registration No.: INR000004058

Investors may contact the Compliance Officer in case of any pre-Issue/post -Issue related problems such as non-receipt of Allotment advice/share certificates/demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

### Company Secretary and Compliance Officer

#### Mr. Prashant Khattry

20 K.M. Mathura Road, P.O. Amar Nagar,

Faridabad - 121 003, Haryana

E-mail: [prashant.khattry@bglindia.com](mailto:prashant.khattry@bglindia.com)

### Status of Complaints

- i. Total number of complaints received during Fiscal 2016: NIL
- ii. Total number of complaints received during Fiscal 2017: NIL
- iii. Total number of complaints received during Fiscal 2018: NIL
- iv. Time normally taken for disposal of various types of investor complaints:
  - (a) Share transfer process: Within 15 days after receiving full set of documents
  - (b) Share transmission process: Within 21 days after receiving full set of documents
  - (c) Other Complaints: The average time taken by the Registrar for attending to routine grievances will be 7 to 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. Our company undertakes to resolve the investor grievances in a time bound manner.

### Status of outstanding investor complaints

As on the date of the DLOF, there were nil outstanding investor complaints.

### Changes in Statutory Auditors during the last three years

Other than as disclosed below, there has been no change in the statutory auditors in the last 3 years.

| Name of the Auditor   | Date of Change | Reason for change   |
|---|----------------|---|
| Deloitte Haskins & Sells, Chartered Accountants<br>to<br>M/s. S R B C & CO LLP, Chartered Accountants | August 9, 2017 | Completion of term of Deloitte Haskins & Sells, Chartered Accountants |



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**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled “*Terms of the Issue*” on page 141 of the Draft Letter of Offer.



## SECTION IX – OFFERING INFORMATION

### TERMS OF THE ISSUE

*This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of this Draft Letter of Offer.*

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Please note that in accordance with the provisions of the SEBI Circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIB investors, Non-Institutional Investors and Non-Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, who intend to participate must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the eligibility conditions may optionally apply through the ASBA process or apply through the non-ASBA process. Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renounees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see “*Terms of the Issue - Procedure for Application*” on page 146.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the Issue and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights or obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

#### **Authority for the Issue**

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with:

- a. the resolution passed by our Board of Directors under Section 62 and other provisions of the Companies Act 2013, at its meeting held on October 09, 2018;
- b. In-principle approval from BSE dated [●] and NSE dated [●]; and

The Board of Directors or Committee thereof in their meeting held on [●] have determined the Issue Price as ₹[●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager to the Issue.



### **Basis for the Issue**

The Rights Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange.

### **Rights Entitlement**

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company, as on the Record Date, i.e. [●] you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAFs and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or Abridged Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been or will be taken that would permit the offering of the Rights Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Shares or Rights Entitlement.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled "*Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process*" on page 158.

## **PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE**

### **Face Value**

Each Equity Share will have the face value of ₹10/-.

### **Issue Price**

Each Equity Share shall be offered at an Issue Price of ₹[●] per Equity Share for cash (including a premium of ₹[●] per Rights Equity Share).

### **Rights Entitlement Ratio**

The Rights Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] of every Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.



### **Terms of Payment**

The full amount of Issue Price ₹[●] is payable on application.

### **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] ([●]) of every Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.

Further, the Equity Shareholders holding less than one Equity Share shall have 'zero' entitlement in the Rights Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share, if such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the CAF shall be non-negotiable.

### **Ranking of the Equity Shares**

The Rights Equity Shares being issued and Allotted pursuant to the Issue shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under the Issue shall rank *pari passu*, in all respects including dividends with our existing Equity shares.

### **Mode of payment of dividend**

In the event of declaration of dividends, we shall pay dividends to equity shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

### **Listing and trading of Rights Equity Shares proposed to be issued**

Our existing equity shares are currently listed and traded on BSE (Scrip Code: 505688) and NSE (Scrip Code: BHARATGEAR) under the ISIN INE561C01019. The Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading.

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Rights Equity Shares shall be traded on Stock Exchanges in the demat segment only.

We have made an application for "in-principle" approval for listing of the Rights Equity Shares to the BSE and NSE. We have received such approval from the BSE and NSE dated [●] and [●]. We will apply to the BSE and NSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchanges. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be allotted pursuant to the Issue shall be taken in accordance with law. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and NSE under the existing ISIN for Equity Shares.

### **Intention and extent of participation by our Promoters and Promoter Group in the Issue**

Our Promoter and entities forming part of our Promoter Group have, *vide* their letters dated December 4, 2018 (the "**Subscription Letters**") indicated their intention to: subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.



### **Rights of the Rights Equity Shareholder**

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right to free transferability of Rights Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

### **Arrangements for Disposal of Odd Lots**

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

### **Restrictions on transfer and transmission of shares and on their consolidation/splitting**

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

### **General Terms of the Issue**

#### **Market Lot**

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio (“**Consolidated Certificate**”). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Equity Shareholder.

#### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Application Form would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

#### **Nomination**

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he was the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Equity Shares are held by more than one person jointly, the nominee shall become entitled to all rights in the Equity Shares only in the event of death of all the joint holders. Fresh



nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitles, elects to be registered as holder of the Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, our Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board of Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

**In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.**

#### **Offer to Non-Resident Eligible Equity Shareholders/Investors**

Applications received from NRs for Equity Shares under the Issue shall be, *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/allotment advice/share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 (“**FEMA 20, 2017**”). The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If an NR or NRI Investor has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original Equity Shares against which Equity Shares are issued on a rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

**DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.**

#### **Notices**

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and/or, will be sent by ordinary post/registered post/speed post at the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time. However, the distribution of the Letter of Offer/Abridged Letter of Offer/CAF and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.



## **Procedure for Application**

The CAF for the Rights Equity Shares offered as part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Equity Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Equity Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non-Institutional Investors must mandatorily make use of ASBA facility.**

All QIB applicants, Non-Institutional Investors and other Applicants whose Application Amount exceeds ₹2 lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of circular no. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been de recognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

## **CAF**

The Registrar to the Issue will dispatch the CAF along with the Abridged Letter of Offer to all Equity Shareholders as per their Rights Entitlement on the Record Date.

Applicants may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "*Terms of the Issue - Application on Plain Paper*" on pages 161.

## **The CAF consists of four parts:**

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by renouncee(s);
- Part D: Form for request for Split Application Forms.

## **Option available to the Equity Shareholders**

The CAFs will clearly indicate the number of Rights Equity Shares that the Equity Shareholder is entitled to.

An Eligible Equity Shareholder can:

- Apply for Rights Entitlement of Equity Shares in full;
- Apply for Rights Entitlement of Equity Shares in part (without renouncing the other part);



- Apply for Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for Rights Entitlement in full and apply for additional Equity Shares; and
- Renounce Rights Entitlement in full.

### **Acceptance of the Issue**

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part without renouncing the balance, by filling Part A of the CAFs and submit the same along with the application money payable to the Banker(s) to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai, demand draft payable at Mumbai to the Registrar to the Issue by registered post/speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “*Mode of Payment for Resident Equity Shareholders/Investors*” and “*Mode of Payment for Non-Resident Equity Shareholders/ Investors*” on page 152.

### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue-Basis of Allotment*” on page 167.

Under the foreign exchange regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required. FVCIs, Category - I AIFs and VCFs are not permitted to participate in the rights issue by listed companies. For details on restrictions on eligibility by FPIs and FVCIs, see “*Terms of the Issue - Investment by FPIs and NRIs*” and “*Terms of the Issue - Investment by AIFs, FVCIs and VCFs*” on pages 171 and 172, respectively.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### **Renunciation**

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors), (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an HUF acting in his capacity of Karta), or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitutions or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities or other laws. Equity Shareholders may also not renounce in favour of persons or entities in the United States or to the account or benefit of a U.S. person (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.



By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such renounee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Rights Equity Shares in Part ‘C’ of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renounees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part ‘A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person.

#### **Procedure for renunciation**

##### **To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renounee**

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renounees, all joint Renounees must sign Part ‘C’ of the CAF.

##### **To renounce in part/or the whole to more than one person(s)**

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/DP, the application is liable to be rejected.

#### **Renounee(s)**

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. The Renounee cannot further renounce.

#### **Change and/or introduction of additional holders**

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.



However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see section titled “*Terms of the Issue*” on page 141.

## APPLICATIONS FOR NON-ASBA INVESTORS

### Eligible Equity Shareholders who are eligible to apply under the Non – ASBA process

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders whose application amount does not exceed ₹ 2 lakhs as well as Renouncees. All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.

### Instructions for Options for Non-ASBA Investors

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

| No. | Option Available  | Action Required  |
|-----|---|--|
| 1.  | Accept whole or part of your Rights Entitlement without renouncing the balance  | Fill in and sign Part A ( <i>All joint holders must sign in the same sequence</i> )  |
| 2.  | Accept your Rights Entitlement in full and apply for additional Rights Equity Shares  | Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares ( <i>All joint holders must sign in the same sequence</i> )   |
| 3.  | Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)<br><br>OR<br><br>Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee | Fill in and sign Part D ( <i>all joint holders must sign in the same sequence</i> ) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.<br><br>On receipt of the SAF take action as indicated below:<br><br>(a) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A.<br><br>(b) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee.<br><br>Each of the Renouncees should fill in and sign Part C for the Rights Equity Shares accepted by them. |
| 4.  | Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)   | Fill in and sign Part B ( <i>all joint holders must sign in the same sequence</i> ) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>All joint Renouncees must sign in the same sequence</i> )   |
| 5.  | Introduce a joint holder or change the sequence of joint holders  | This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.  |

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

### Please note that:

- Options 3, 4 and 5 will not be available for Equity Shareholders applying through ASBA process.
- Part ‘A’ of the CAF must not be used by any person(s) other than the Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.



- Request for SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before last date for receiving request for SAF(s).
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by registered post/ speed post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulations of the U.S Securities Act, 1933), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for the Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque/demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

#### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications.

Our Company or the Registrar to the Issue or the Lead Manager, shall not be responsible for postal delays or loss of duplicate CAFs in transit, if any.

#### **Application on Plain Paper - Non ASBA**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of the "Bharat Gears Limited– Rights Issue – R" in case of the resident shareholders and "Bharat Gears Limited– Rights Issue – NR" in case of the non-resident shareholders applying on repatriable basis and send the same by registered/speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.



The envelope should be superscribed “Bharat Gears Limited– Rights Issue – R” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “Bharat Gears Limited– Rights Issue – NR” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Bharat Gears Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹[●] per Rights Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date are in the physical form);
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories’ records;
- In case of Non-Resident Equity Shareholders, NRE/FCNR/NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/FCNR/NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”) or to, or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“Regulation S”). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the*



*Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

*I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Equity Shares is/are, outside the United States, (ii) am/are not a “U.S. Person” as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors.

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper application format will be available on the website of the Registrar to the Issue at [www.linkintime.co.in](http://www.linkintime.co.in).

### **Last date for Application**

The last date for submission of the duly filled in CAF or plain paper application is [●]. Our Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue/Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered.

### **Mode of payment for Resident Equity Shareholders/Investors**

All cheques/drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed ‘A/c Payee only’ and marked “Bharat Gears Limited– Rights Issue –R”.

Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed ‘A/c Payee only’



and marked “Bharat Gears Limited– Rights Issue – R ” payable at Mumbai directly to the Registrar to the Issue by registered post/ speed post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

#### **Mode of payment for Non-Resident Equity Shareholders/Investors**

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

**LINK**Intime

**LINK INTIME INDIA PRIVATE LIMITED**

C101, 247 Park,

LBS Marg, Vikhroli (West)

Mumbai – 400 083

**Tel:** +91 22 4918 6200

**E-mail:** [bharatgears.rights@linkintime.co.in](mailto:bharatgears.rights@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact Person:** Mr. Sumeet Deshpande

**SEBI Registration No:** INR000004058

*Note: The Letter of Offer/Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.*

- All non-resident Investors should draw the cheques/demand drafts in favour of “Bharat Gears Limited– Rights Issue – R” in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “Bharat Gears Limited– Rights Issue – NR” in case of the non-resident shareholders applying on repatriable basis, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed “A/c Payee only” and marked as “Bharat Gears Limited– Rights Issue – NR” payable at Mumbai directly to the Registrar to the Issue by registered post/speed post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

#### **Application with repatriation benefits**

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- By cheque/draft on a Non-Resident External Account (“NRE”) or Foreign Currency Non-Resident (“FCNR”) Account maintained in India;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;



- Non-resident Investors applying with repatriation benefits should draw cheques/drafts in favour of and marked “Bharat Gears Limited– Rights Issue – NR” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges;
- FPIs registered with SEBI must remit funds from special non-resident rupee account;
- Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected;
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor’s bankers;
- Payments through NRO accounts will not be permitted; or
- Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

**Application without repatriation benefits**

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “Bharat Gears Limited– Rights Issue – R” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/FCNR/NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected.

**Notes:**

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

**General instructions for non-ASBA Investors**

- a. Please read the instructions printed on the enclosed CAF carefully.
- b. Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- c. Application should be made on the printed CAF, provided by our Company except as mentioned under the head "*Application on Plain Paper – non ASBA*" on page 150 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- d. The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post/speed post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- e. Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected.
- f. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- g. Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- h. All payments should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- i. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- j. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- k. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are



Renounees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

- l. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- m. All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialised form.
- n. SAFs cannot be re-split.
- o. Only the person or persons to whom Rights Equity Shares have been offered and not Renounee(s) shall be entitled to obtain SAFs.
- p. Investors must write their CAF number at the back of the cheque/demand draft.
- q. Only one mode of payment per application should be used. The payment must be by cheque/demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- r. A separate cheque/demand draft must accompany each CAF. Outstation cheques/demand drafts or post-dated cheques and postal/money orders will not be accepted and applications accompanied by such cheques/demand drafts/money orders or postal orders will be rejected.
- s. No receipt will be issued for application money received. The Bankers to the Issue/Collecting Bank/Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- t. The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

**Do's for non-ASBA Investors:**

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/demand draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;



- Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- Ensure that the value of the cheque/demand draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the IT Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and
- Ensure that the Demographic Details are updated, true and correct, in all respects.

**Don'ts for non-ASBA Investors**

- Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground; and
- Do not submit Application accompanied with Stock invest.

**Grounds for Technical Rejection for non-ASBA Investors**

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or with the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renounees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques/post-dated cheques/money order/postal order/outstation demand draft;



- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorised to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹2,00,000 who hold Equity Shares in dematerialised form, applying through the non-ASBA process; and
- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding ₹ 2,00,000, who hold Equity Shares in dematerialised form, applying through the non-ASBA process.

**Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.**

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

#### **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS**

*This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.*

*The Lead Manager, we, our Directors, affiliates, Associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. In relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.*

Please note that in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹2 lakhs shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renounees (including Renounees who are Individuals) shall apply in the Issue only through the non-ASBA process.



Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

### **Self-Certified Syndicate Banks**

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on [www.sebi.gov.in](http://www.sebi.gov.in) and/or such other website(s) as may be prescribed by the SEBI / Stock Exchanges from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

### **ASBA Investors who are eligible to apply under the ASBA Process**

An ASBA Investor is an investor (Equity Shareholder) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs. The option of applying for Rights Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

All QIBs and Non-Institutional Investors and investors making an application for a value of more than ₹2,00,000 and complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non-ASBA process.

### **To qualify as ASBA Applicants, Eligible Equity Shareholders:**

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for:
  - (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue

### **CAF**

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI circular dated December 30, 2009.



### Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

### Mode of payment under ASBA process

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

### Options available to the ASBA Investors applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

| Option Available   | Action Required   |
|--|---|
| Accept whole or part of your Rights Entitlement without renouncing the balance | Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )   |
| Accept your Rights Entitlement in full and apply for additional Equity Shares  | Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares ( <i>All joint holders must sign</i> ) |

The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹2,00,000 can participate in this Issue either through the ASBA process or the non-ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non-ASBA process



### **Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board of Directors, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue - Basis of Allotment*” on page 167.

If you desire to apply for additional Rights Equity Shares please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

### **Renunciation under the ASBA Process**

ASBA Investors can neither be Renouncees nor can renounce their Rights Entitlement.

### **Application on Plain Paper - ASBA**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed “Bharat Gears Limited– Rights Issue – R” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “Bharat Gears Limited– Rights Issue – NR” in case of non-resident shareholders applying on repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Bharat Gears Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ [●] per Rights Equity Share;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and



- Additionally, all such applicants are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”) or to or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“Regulation S”). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement in the United States. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States or a “U.S. Person” (as defined in Regulation S,) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

*I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Equity Shares is/are, outside the United States, (ii) am/are not a “U.S. Person” as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

*I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

The plain paper application format will be available on the website of the Registrar to the Issue at [www.linkintime.co.in](http://www.linkintime.co.in).

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

#### **Option to receive Equity Shares in Dematerialised Form**

**EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.**

**Issuance of Intimation Letters**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:

- The number of Rights Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

**General instructions for Equity Shareholders applying under the ASBA Process:**

- a. Please read the instructions printed on the CAF carefully.
- b. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c. ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorising the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- d. The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- e. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended credit” and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- f. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque or demand draft or pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- g. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- h. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.
- i. All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.



- j. Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws and not Renouncees(s) are eligible to participate.
- k. ASBA Investors who intend to subscribe the Rights Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- l. All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities/centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- m. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper - ASBA*” on page 161.
- n. In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- o. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.
- p. Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- q. Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

**Do’s:**

- Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in.
- Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to [number of Equity Shares as the case may be applied for] X [Issue Price of Equity Shares, as the case may be]) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.



- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under applicable law.

#### **Don'ts:**

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order or by postal order.
- Do not send your physical CAFs to the Lead Manager to Issue/Registrar/Collecting Banks (assuming that such Collecting Bank is not a SCSB)/to a branch of the SCSB which is not a Designated Branch of the SCSB/Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.

#### **Grounds for Technical Rejection for ASBA Investors**

- In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 157, applications under the ASBA Process are liable to be rejected on the following grounds:
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form).
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager/Registrar/Collecting Bank (assuming that such Collecting Bank is not a SCSB)/to a branch of a SCSB which is not a Designated Branch of the SCSB/Company.
- Renouncee applying under the ASBA Process.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.



- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor and is not a renouncer or a renounee not applying through the ASBA process applying through the ASBA process.
- Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

#### **Depository account and bank details for Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories.



Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

### Issue Schedule

|  |                 |
|--|-----------------|
| Issue Opening Date   | [●]             |
| Last date for receiving requests for Split Application Forms           | [●]             |
| Issue Closing Date   | [●]             |
| Finalisation of basis of allotment with the Designated Stock Exchange  | On or about [●] |
| Date of Allotment  | On or about [●] |
| Initiation of Refunds  | On or about [●] |
| Credit of Rights Equity Shares to demat accounts of Allottees          | On or about [●] |
| Commencement of trading of Rights Equity Shares on the Stock Exchanges | On or about [●] |

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorised committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

### Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board of Directors will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Equity Shareholders whose fractional entitlements are being ignored and Eligible Shareholders with zero entitlement would be given preference in Allotment of [●] additional Rights Equity Share each if they apply for additional Rights Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head is more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board of Directors or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.



- (d) Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.
- (e) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board of Directors or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.
- (f) Allotment to any other person as the Board of Directors may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b), (c) and (e) above, and the decision of the Board of Directors in this regard will be final and binding.
- (g) After taking into account Allotment to be made under (a) to (c) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the (a) ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

### Underwriting

Our Company has entered into an Underwriting Agreement dated [●] with the Underwriter for underwriting the Rights Equity Shares. The fulfilment of obligations by the Underwriter shall be subject to the Promoter subscribing to its Rights Entitlement. The Underwriters are registered with SEBI or registered as brokers with the stock exchange. The Underwriter mentioned in the table below has agreed to underwrite for amount specified below at a price equal to the Issue Price. The Details of the Underwriting commitments are as under:

| Name, address, telephone number, e-mail address of the Underwriter | Number of Rights Equity Shares underwritten | Amount underwritten |
|--|---|---------------------|
| [●]  | [●]   | [●]                 |

In the opinion of the Board of Directors of our Company, the resources of the above-mentioned Underwriter are sufficient to enable them to discharge their respective obligations in full.

### Allotment Advices/Refund Orders

Our Company will issue and dispatch Allotment advice/share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").



In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary/ registered/ speed post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment/refund order would be sent by registered post/speed post to the sole/first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post or speed post to the Indian address of the Non-Resident Shareholders or Investors as provided to our Company.

## **Payment of Refund**

### *Mode of making refunds*

The payment of refund, if any, would be done through any of the following modes:

- 1) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2) **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4) **RTGS** – If the refund amount exceeds ₹ 2 lakhs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne



by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

- 5) For all other Investors, the refund orders will be dispatched through registered post/speed post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- 6) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

#### ***Refund payment to Non-resident***

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

#### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

#### **Allotment advice/Share Certificates/Demat Credit**

Allotment advice/share certificates/demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

#### **Option to receive Equity Shares in Dematerialised Form**

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL on November 22, 2000 and with CDSL on November 28, 2000 which enables the Investors to hold and trade Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. The ISIN number of the Equity Shares is INE561C01019.

In this Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the



credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or dematerialised form should be made.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.**

The procedure for availing the facility for Allotment of the Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by our Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the record date.

**Investment by FPIs and NRIs**

On January 7, 2014, the SEBI (Foreign Portfolio Investors) Regulations, 2014 ("SEBI FPI Regulations") were notified by SEBI pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

Under the FEMA 20, 2017, no single FPI can hold more than 10% of the paid up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing



a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company.

The investments by NRIs are governed by the Regulation 5(3) and Regulation 3(4) of the FEMA 20, 2017.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by what ever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms and (iii) shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

#### **Investment by AIFs, FVCIs and VCFs**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("SEBI VCF Regulations") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("SEBI FVCI Regulations") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("SEBI AIF Regulations") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities/centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

#### **Applications will not be accepted from FPIs in restricted jurisdictions**

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs.

#### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

#### **Procedure for applications by Systemically Important NBFCs**

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.



## **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who—*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10.00 lakhs or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10.00 lakhs or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 20.00 lakhs or with both.

## **Payment by stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

## **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue/Registrar to the Issue/SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board of Directors reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

## **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- a. All the monies received out of the Issue shall be transferred to a separate bank account.
- b. Details of the all monies utilised out of the Issue, referred to in sub-item (a), shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised.
- c. Details of all unutilised monies out of the Issue, if any, referred to in sub-item (a), shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.
- d. Our Company shall utilise the funds collected in this Issue only after the approval of the Basis of Allotment is finalised.



### Undertakings by our Company

Our Company undertakes the following:

- a. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are to be listed will be taken within the period prescribed by SEBI.
- c. The funds required for making refunds/ unblocking to unsuccessful applicants as per the mode(s) disclosed in this Draft Letter of Offer shall be made available to the Registrar to the Issue by our Company.
- d. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within the specified period of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- e. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Draft Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc., other than as disclosed in accordance with regulation 19
- f. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

### Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

### Important

- Please read this Draft Letter of Offer and the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed “**Bharat Gears Limited -Rights Issue**” on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

**LINK**Intime

**LINK INTIME INDIA PRIVATE LIMITED**

C101, 247 Park,

LBS Marg, Vikhroli (West)

Mumbai – 400 083

**Tel:** +91 22 4918 6200

**E-mail:** [bharatgears.rights@linkintime.co.in](mailto:bharatgears.rights@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact Person:** Mr. Sumeet Deshpande

**SEBI Registration No.:** INR000004058

It is to be specifically noted that the Issue of Rights Equity Shares is subject to the risk factors mentioned in section titled “*Risk Factors*” on page 15.

The Issue will remain open for minimum 15 days. However, the Board of Directors will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

**SECTION X – OTHER INFORMATION****MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our Company between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the closure of the subscription list.

**A. MATERIAL CONTRACTS**

1. Issue Agreement dated November 14, 2018 between our Company and Keynote Corporate Services Limited, Lead Manager to the Issue;
2. Registrar Agreement dated November 30, 2018 between our Company and Link Intime India Private Limited, Registrar to the Issue;
3. Tripartite Agreement dated November 22, 2000 between our Company, National Securities Depository Ltd. (NSDL) and Registrar;
4. Tripartite Agreement dated November 28, 2000 between our Company, Central Depository Services (India) Limited (CDSL) and Registrar;
5. Bankers to the Issue Agreement dated [●] between our Company, [●] Bank Limited, Keynote Corporate Services Limited and Link Intime India Private Limited.

**B. DOCUMENTS FOR INSPECTION**

1. Memorandum & Articles of Association of our Company;
2. Certificate of incorporation and certificate of commencement of business of our Company dated December 23, 1971 and January 5, 1972 respectively;
3. Resolution of the Board of Directors under section 62 of Companies Act, 2013 passed in its meeting dated October 09, 2018 authorizing the Issue;
4. Circular Resolution of our Finance Committee dated December 07, 2018 approving this Draft Letter of Offer;
5. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Manager to the Issue, Legal Advisor to the Issue, Bankers to our Company and Registrar to the Issue to include their names in this Draft Letter of Offer to act in their respective capacities;
6. Annual report of our Company for the financial year ended March 31, 2018, March 31, 2017, March 31, 2016 and the Unaudited Financial Results for the six (6) months period ended September 30, 2018, which are subjected to Limited Review by Statutory Auditors of the Company;
7. A Statement of tax benefits dated December 06, 2018 received from M/s. S R B C & CO LLP, Chartered Accountants, Statutory Auditors regarding possible special tax benefits available to our Company and its shareholders;
8. Certificate dated November 19, 2018 from M/s. Madan & Associates, Chartered Accountants, regarding “Sources & deployment of funds”;
9. Letter of Offer dated May 23, 2006 pertaining to the previous Rights Issue of our Company;
10. Due Diligence Certificate dated December 07, 2018 by Keynote Corporate Services Ltd., Lead Manager to the Issue;
11. In-principle listing approval(s) dated [●] and [●] from BSE & NSE respectively;



12. Observation letter dated [●] received from SEBI.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.



## DECLARATION

We hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all disclosures made in this Offer Document are true and correct.

| Name   | Signature |
|--|-----------|
| <b>Surinder Paul Kanwar</b><br>Chairman and Managing Director                | Sd/-      |
| <b>Sameer Kanwar</b><br>Joint Managing Director                              | Sd/-      |
| <b>Nagar Venkatraman Srinivasan</b><br>Non-Executive Director                | Sd/-      |
| <b>Wolfgang Rudolf Schilha</b><br>Non-Executive Independent Director         | Sd/-      |
| <b>Rakesh Chopra</b><br>Non-Executive Independent Director                   | Sd/-      |
| <b>Virendra Kumar Pargal</b><br>Non-Executive Independent Director           | Sd/-      |
| <b>Hiroo Suresh Advani</b><br>Non-Executive Independent Director             | Sd/-      |
| <b>Milind Pujari</b><br><i>Chief Financial Officer</i>                       | Sd/-      |
| <b>Prashant Khattry</b><br><i>Company Secretary &amp; Compliance Officer</i> | Sd/-      |

**Place:** Faridabad, Haryana

**Date:** December 07, 2018