

**MINUTES OF THE PROCEEDINGS HELD ON 17<sup>TH</sup> OCTOBER, 2014 RELATING TO THE DECLARATION OF RESULT OF THE VOTING CONDUCTED BY POSTAL BALLOT (INCLUDING ELECTRONIC VOTING) IN TERMS OF SECTION 110 OF THE COMPANIES ACT, 2013 ON THE SPECIAL RESOLUTIONS AS PASSED BY THE SHAREHOLDERS OF THE COMPANY**

**PRESENT:**

Mr. Surinder P. Kanwar	Chairman & Managing Director
Mr. Rajesh Kumar Khandelwal	Scrutinizer for the Postal Ballot Process
Mr. Prashant Khattry	Head (Legal) & Company Secretary
Mr. P.C. Kothari	Representative of Vibrant Finance & Investment Private Limited
Mr. Pradeep Mathur	Representative of Future Consultants Private Limited
Mr. Kaushal Narula	Representative of Raunaq International Limited
Mr. Kanwarjeet Singh	Member
Mr. Parmod Joshi	Member
Mr. Raj Bahadur Jain	Member

- 1 The Chairman & Managing Director informed that, the Board of Directors of the Company vide resolution passed through circulation on 4<sup>th</sup> September, 2014, approved the passing of Resolutions through Postal Ballot by members of the Company under the provisions of Section 197 and Section 180(1)(a) of the Companies Act, 2013. The Board also approved the notice together with the explanatory statement in terms of Section 102 of the Companies Act, 2013 to be sent to the shareholders seeking their consent vide Special Resolution for the businesses as detailed below through Postal Ballot in terms of Section 110 read with Rule 20 and Rule 22 of the Companies Act, 2013.

The notice of the said Postal Ballot process along with the draft resolutions and Explanatory Statement thereto was dispatched to the members of the Company on 16<sup>th</sup> September, 2014.

Following resolutions as set out in the notice of Postal Ballot were proposed for consideration of the members:

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

**"RESOLVED THAT** pursuant to the provisions under Section 196, 197, 198, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") including any statutory amendments, modifications or re-enactment thereof and subject to the approval of the Central Government, and further subject to such other requisite approvals, as may be required in this regard, the consent of the Shareholders be and is hereby accorded for the increased remuneration payable to Mr. Surinder Pal Kanwar, Chairman & Managing Director, for the remaining period of 1 (One) year with effect from 1<sup>st</sup> October, 2014 with having no change in the terms and conditions from the last approved remuneration in the Board Meeting held on 27<sup>th</sup> May, 2010 and later approved by the Shareholders in the Annual General Meeting held on 29<sup>th</sup> July, 2010 notwithstanding that it may exceed the limits prescribed in provisions of Sections 197, 198 and Schedule V of the Act.

**RESOLVED FURTHER THAT** the remuneration as set out in the explanatory statement which forms part of this resolution, payable to Mr. Surinder Pal

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Kanwar, Chairman and Managing Director for a further period of 1(One) year of his tenure w.e.f. 1<sup>st</sup> October, 2014, is subject to the condition that:

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

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

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

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

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

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

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

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

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

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

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

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

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

- C) Commission: In addition to the above salary and perquisites (including housing, medical and other benefits), commission not exceeding @ 3% of the Net Profits of the Company, in any year computed in the manner laid down under Section 198 and other applicable provisions of the Companies Act, 2013, may also be paid, as may be determined by the Board of Directors, based on the Net Profits of the Company.
- D) The Chairman and Managing Director shall also be eligible to the following perquisites which are not included in the computation of ceiling remuneration specified in the said Part II Section IV of Schedule V of the Companies Act, 2013:
- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

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- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of the leave at the end of the tenure.
- E) Other terms:
  1. He shall be entitled to re-imbusement of actual out-of pocket expenses incurred in connection with the business of the Company.
  2. He shall be entitled to re-imbusement of entertainment expenses incurred for the business of the Company.
  3. As long as he functions as Chairman & Managing Director he shall not be paid any sitting fees to attend any meeting of the Board and/or Committee thereof.
  4. He shall be entitled to earned/privileged leave as per the Rules of the Company.
  5. He shall be entitled for telephone facility as per Company's policy.

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

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

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

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

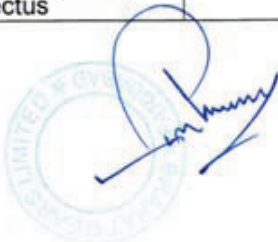
**STATEMENT OF PARTICULARS**  
**(PURSUANT TO SCHEDULE-V OF THE COMPANIES ACT, 2013)**  
**MR. SURINDER PAL KANWAR, CHAIRMAN AND MANAGING DIRECTOR**

**I. GENERAL INFORMATION**

Sl. No	Particulars/Subject	Information
1.	Nature of industry	Manufacture of Automobile Gears
2.	Date or expected date of commencement of commercial Production	15 <sup>th</sup> January, 1972
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A

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

**II. INFORMATION ABOUT THE APPOINTEE**

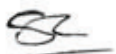
Sl. No	Particulars/ Subject	Information
1.	Background Details	Mr. Surinder Pal Kanwar has been affiliated with the Company as a member of the Board of Directors since the year 1982 and from then the Company has been taking the advantage of his guidance and supervision. Because of his sustained efforts,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

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



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		<b>General Meeting held on 29<sup>th</sup> July, 2010.</b> The Company is seeking shareholder's approval on the same remuneration as proposed in the Annual General Meeting held on 29 <sup>th</sup> July, 2010 and approved by the Shareholders, in terms of Section 197, 198 and Schedule V of the Companies Act, 2013
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration is comparative with the remuneration being paid to the Chairman & Managing Director/Joint Managing Director of the Companies of the same size in the industry
7.	Pecuniary relationship directly or indirectly with the company personnel, if any	<p>Mr. Surinder Pal Kanwar, Chairman and Managing Director and Mr. Sameer Kanwar, Joint Managing Director, are the two Whole time Directors (WTDs) in the Company and both are related as father and son. The WTDs do not have, direct and indirect, any pecuniary transactions with the Company which is prejudicial to the interest of the Company. Except the WTDs, no other director or relative is having any material pecuniary relationships with the Company. During the period ended on 31<sup>st</sup> March, 2014, related party transaction amounted to Rs. 2.71 Crores (FY 2012-13: Rs. 1.62 Crores).</p> <p>The WTDs also drew their remunerations in the period amounting to Rs. 3.52 Crores (FY 2012-13: Rs. 3.24 Crores).</p> <p>The Company discloses the related party transactions annually in the books of accounts of the Company. The Audit Committee discusses and approves such transactions every quarter. The Board of Directors duly approves the related party transactions and in the opinion of Board of Directors of the Company, none of the transactions is prejudicial to the interest of the Company.</p>

**III. OTHER INFORMATION**

Sl. No	Particulars/Subject	Information
1.	Reason of loss or inadequate profits	In the Financial Year ended 31 <sup>st</sup> March, 2014, the Company made Profit after Tax of Rs. 0.59 Crores and Cash Profit of Rs. 14.32 Crores. The proposed remuneration exceeds the limits of Schedule V of the Companies Act, 2013. There is no loss in the Company.

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<p>2.</p>	<p>Steps taken or proposed to be taken for improvement</p>	<p>Slowdown in domestic market on account of rising costs of petroleum products and higher borrowing costs, has adversely affected performance of the Company during the financial year ended 31<sup>st</sup> March, 2014. Pressure on margins was mainly on account of higher manpower costs and cost of petroleum products. Profitability for the year was also adversely affected by Lump sum payment made to workmen of Mumbra plant of Rs. 0.93 Crores and interest &amp; depreciation costs of New Plant at Satara - Rs. 2.46 Crores and also by lower volumes of Furnace business. The Company has adopted the following measures to improve the profitability:</p> <ul style="list-style-type: none"> <li>• New plant at Satara has commenced commercial production w.e.f. 31<sup>st</sup> March, 2014 that will lead to increase in the production capacity of the Company.</li> <li>• Modernisation of existing facilities to improve overall operating efficiency and gear up for catering to higher demand from OEMs.</li> <li>• Widening of customer base and better market penetration, especially in overseas market.</li> <li>• Conscious effort to develop products/customers base in alternate market segments.</li> <li>• Technology upgradation by way of investing in state of the art machinery to meet stringent quality requirements of customers.</li> <li>• Focus on significant improvements in operating costs.</li> <li>• Cost control in all areas.</li> <li>• Deeper penetration in the replacement market in India &amp; abroad.</li> <li>• Improvement in OE &amp; Export Sales. Improving the quality to make products competitive in Indian &amp; Overseas markets.</li> </ul>
<p>3.</p>	<p>Expected increase in the productivity and profits in measurable terms</p>	<p>It is difficult to forecast the productivity and profitability in measurable terms. However Company expects that productivity and profitability may improve and would be comparable with the industry average.</p>



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

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

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

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby severally authorized to do all such acts, deeds, matters and things as may in their absolute discretion, deem necessary, proper or desirable and also to delegate all or any of the powers and to sign and execute all documents and writings as may be deemed necessary or expedient to give effect to this resolution."

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

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

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

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

It is therefore necessary for the members to pass a **Special Resolution** under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, to enable the Board of Directors to mortgage, charge, hypothecate and/or pledge any or all of the Company's assets and properties, stock in trade, work-in-progress, whether movable or immovable, present or future, and whole or substantially the whole of any of undertaking(s) of the Company, in such form and in such manner and on such terms and conditions as the Board may consider and think fit and proper, in the interest of the Company, in favour of the Bank(s)/Financial Institution(s)/Bodies Corporate and/or Companies, to secure the loan/financial facilities ("Borrowings") together with interest, compound interest and all costs, charges and expenses and all other monies, for an amount not exceeding Rs. 200 Crores (Rupees Two Hundred Crores only) as may become due or payable by the Company in that behalf to the Bank(s)/Financial Institution(s)/ Bodies Corporate and/or Companies, to secure the borrowings already obtained or to be obtained by the Company, from time to time.

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

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

- II Mr. Rajesh Kumar Khandelwal of M/s. Sanmarks and Associates, Chartered Accountants, Faridabad, had been appointed as "Scrutinizer" for conducting the said Postal Ballot Process in a fair and transparent manner by the Board of Directors of the Company vide resolution passed through circulation on 4<sup>th</sup> September, 2014.
- III The Notice of Postal Ballot dated 4<sup>th</sup> September, 2014, along with the "Postage Pre-paid Business Reply" envelope addressed to "The Scrutinizer" to facilitate the response from the shareholders of the Company, was dispatched on 16<sup>th</sup> September, 2014 to all the Shareholders of the Company.
- IV A clear 30 (Thirty) days time was given to the shareholders to send their reply. The last date to receive the reply was 15<sup>th</sup> October, 2014.
- V The Scrutinizer, Mr. Rajesh Kumar Khandelwal of M/s Sanmarks & Associates, Faridabad, submitted his Report on the Postal Ballot Process (Including e-voting) to the Board of Directors of the Company. The Report of the Scrutinizer dated 16<sup>th</sup> October, 2014, is reproduced herein below.



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**SCRUTINIZER'S REPORT**

[Pursuant to section 110 of Companies Act, 2013 and Rule 22 of Companies  
(Management and Administration) Rules, 2014]

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

**Sub: Passing of Resolutions through Postal Ballot**

Dear Sir,

I, CA Rajesh Kumar Khandelwal, partner of M/s SANMARKS & Associates, Chartered Accountants having office at B-503, IInd Floor, Nehru Ground, NIT Faridabad-121001, Haryana, have been appointed as Scrutinizer for conducting the postal ballot process in a fair and transparent manner and ascertaining the requisite majority on postal ballot carried out as per Companies Act, 2013 and rule 22 of Companies (Management and Administration) rules, 2014 in relation to resolutions proposed to be passed through postal ballot.

**Bharat Gears Limited** has made arrangement with the System Provider NSDL for providing a system of recording votes of the shareholders electronically through e-voting as an alternate to enable the members to cast their votes electronically instead of physical voting through postal ballot form. The company has also accordingly made arrangement through Registrar and transfer Agent, **Link Intime India Private Limited** herein after referred as (RTA) to set up the e-voting facility on NSDL e-voting website <http://www.evoting.nsd.com>.

Bharat Gears Limited through RTA has also uploaded the resolutions together with the explanatory statement on which e-voting is required and for generating electronic voting event number (EVEN) by the system provider. All necessary formalities in compliance with the requirements specified by NSDL, system provider has been done by the company through its RTA. Necessary instruction in this regard to be followed by the shareholders have also been duly mentioned in the postal ballot notice sent to the shareholders through courier whose email IDs have not been registered with the company / depositories.

I submit my report as under:

1. The e-voting period remained open from 16<sup>th</sup> September, 2014 (9:00 A.M.) to 15<sup>th</sup> October, 2014 (6.00 P.M.).
2. The shareholders holding shares as on cut-off date i.e. **05<sup>th</sup> September, 2014** were entitled to vote on proposed resolutions (Item No. 1 to 2) set out in the notice of the postal ballot.
3. The business reply envelopes containing postal ballot forms were duly opened on 16<sup>th</sup> Day of October, 2014, around 01.00 PM. in the presence of two witnesses, **Mr. Rajbir Singh, Bsc, MBA**, office at B-503, IInd Floor, Nehru

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Ground, NIT Faridabad-121001, Haryana & Mr. Akhilesh Jha B.com, MBA residing at H.No.391, Gali No. 10, Air Force Road, Khand-B, Jawahar colony NIT Faridabad, Haryana-121005 who are not in employment of the company and they have signed below in confirmation of opening of business reply envelopes containing postal ballot forms in their presence.

Sd/-

.....  
Mr. Rajbir Singh

Sd/-

.....  
Mr. Akhilesh Jha

4. The result of e-voting/postal ballot is as under-

**(a) Resolution-1:**

To consider and approve the payment of remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director of the Company for a period of 1 (One) year w.e.f 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September, 2015.

**Summary**

Total No. of Shareholders		10756	
Total number of Equity shares		78,17,833	
Receipts of Postal Ballot forms		44 (From 16 <sup>th</sup> September 2014 to 15 <sup>th</sup> October 2014)	
		Number of Votes	Numbers of Shares
Total Votes cast through e-voting	A	45	4150122
Total Votes Cast through Postal Ballot forms received	B	44	4449
Grand Total of e-voting / Postal ballot forms (A+B)	C	89	4154571
Less: Invalid e-voting /Postal Ballot forms *(On accounts of for/against option not indicated)received	D	2	151
Net e-voting /Postal ballot forms (C-D)	E	87	4154420

Note:

i. Invalid Postal Ballot forms were not taken into account for counting votes.

**E-Voting result**

(i) Voted in favor of the resolution:

Number of members voted through e-voting system	Number of votes cast in favor of Resolution	% of Total number of valid votes cast
42	4146986	99.92%

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(ii) Voted against the resolution:

Number of members voted through e-voting system	Number of votes cast against the Resolution	% of Total Number of valid votes cast
3	3136	00.08 %

(iii) Invalid Votes:

Number of members whose votes were declared invalid	Total number of votes cast by them
-	-

**Postal Ballot result**

(i) Voted in favor of the resolution:

Number of members voted through postal ballot	Number of votes cast in favor of Resolution	% of Total number of valid votes cast
33	2673	62.19%

(ii) Voted against the resolution:

Number of members voted through postal ballot	Number of votes cast against the Resolution	% of Total Number of valid votes cast
9	1625	37.81 %

(iii) Invalid Votes:

Number of members whose votes were declared invalid	Total number of votes cast by them
2	151

**Consolidated result of E-voting and Postal Ballot**

(i) Voted in favor of the resolution:

Number of members voted in favor of resolution	Number of votes cast in favor of Resolution	% of Total number of valid votes cast
75	4149659	99.89%

(ii) Voted against the resolution:

Number of members voted against the Resolution	Number of votes cast against the Resolution	% of Total Number of valid votes cast
12	4761	0.11%

(iii) Invalid Votes:

Number of members whose votes were declared invalid	Total number of votes cast by them
2	151

Based on the above, the resolution has been passed with requisite majority.

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(b) Resolution-2:

Creation of charge on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1)(a) of the Companies Act, 2013.

Summary

Total No. of Shareholders		10756	
Total number of shares		78,17,833	
Receipts of Postal Ballot forms		44 (From 16 <sup>th</sup> September 2014 to 15 <sup>th</sup> October 2014)	
		Number of Votes	Numbers of Shares
Total Votes cast through e-voting	A	44	4149922
Total Votes Cast through Postal Ballot forms received	B	44	4449
Grand Total of e-voting / Postal ballot forms (A+B)	C	88	4154371
Less: Invalid e-voting /Postal Ballot forms *(On account of for/against option not indicated)received	D	4	328
Net e-voting /Postal ballot forms (C-D)	E	84	4154043

Note:

i. Invalid Postal Ballot forms were not taken into account for counting votes.

E-Voting result

(i) Voted in favor of the resolution:

Number of members voted through e-voting system	Number of votes cast in favor of Resolution	% of Total number of valid votes cast
41	4146743	99.92%

(ii) Voted against the resolution:

Number of members voted through e-voting system	Number of votes cast against the Resolution	% of Total Number of valid votes cast
3	3179	00.08 %

(iii) Invalid Votes:

Number of members whose votes were declared invalid	Total number of votes cast by them
-	-

Postal Ballot result

(i) Voted in favor of the resolution:

Number of members voted through postal ballot	Number of votes cast in favor of Resolution	% of Total number of valid votes cast
33	2916	70.76%

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(ii) Voted against the resolution:

Number of members voted through postal ballot	Number of votes cast against the Resolution	% of Total Number of valid votes cast
7	1205	29.24 %

(iii) Invalid Votes:

Number of members whose votes were declared invalid	Total number of votes cast by them
4	328

**Consolidated result of E-voting and Postal Ballot**

(i) Voted in favor of the resolution:

Number of members voted in favor of Resolution	Number of votes cast in favor of Resolution	% of Total Number of valid votes cast
74	4149659	99.89%

(ii) Voted against the resolution:

Number of members voted against the Resolution	Number of votes cast against the Resolution	% of Total Number of valid votes cast
10	4384	0.11%

(iii) Invalid Votes:

Number of members whose votes were declared invalid	Total number of votes cast by them
4	328

Based on the above, the resolution has been passed with requisite majority

5. The register, all other relevant papers and records relating to postal ballot were sealed and the same will be handed over to the Company

Thanking You,  
Yours faithfully,

Sd/-  
(Rajesh Kumar Khandelwal)  
Scrutinizer to the postal ballot process

Place: Faridabad  
Date: 16.10.2014

- VI As mentioned in the Postal Ballot Notice dated 4<sup>th</sup> September, 2014, Mr. Surinder P. Kanwar, Chairman and Managing Director on Friday, 17<sup>th</sup> October, 2014 read out the following announcement of Result of Postal Ballot at 4.00 P.M. at the Registered Office of the Company at 20 K.M., Mathura Road, P O Amar Nagar, Faridabad – 121003.

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**RESULT OF POSTAL BALLOT****DECLARATION OF THE RESULTS OF POSTAL BALLOT PURSUANT TO POSTAL NOTICE DATED 4<sup>TH</sup> SEPTEMBER, 2014**

The Board of Directors of the Company as decided vide resolution passed through Circular Resolution on 4<sup>th</sup> September, 2014 and vide postal ballot notice dated 4<sup>th</sup> September, 2014, sought the consent of the Shareholders through Postal Ballot pursuant to Section 110 read with Rule 20 and Rule 22 of the Companies Act, 2013, for the Special Resolution with respect to the following businesses:

**Total number of shareholders on record date: 10756**

**Mode of voting: Postal Ballot (Including Electronic Voting)**

**Resolution No. 1:** To consider and approve the payment of remuneration to Mr. Surinder Pal Kanwar, Chairman and Managing Director of the Company for a period of 1(One) year w.e.f. 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September, 2015.

**Type of Resolution: (Special)**

Promoter/Public	No. of Shares held	No. of Votes Polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	4141738	4141133	99.98	4141133	0	100.00	0.00
Public Institutional holders	0	0	0.00	0	0	0.00	0.00
Public - Others	3676095	13287	0.37	8526	4761	64.17	35.83
<b>Total</b>	<b>7817833</b>	<b>4154420</b>	<b>53.14</b>	<b>4149659</b>	<b>4761</b>	<b>99.89</b>	<b>0.11</b>

**Resolution No.2:** Creation of charge on the movable and immovable properties of the Company, both present and future, in respect of Borrowings u/s 180(1)(a) of the Companies Act, 2013.

**Type of Resolution: (Special)**

Promoter/Public	No. of Shares held	No. of Votes Polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	4141738	4141133	99.98	4141133	0	100.00	0.00
Public Institutional holders	0	0	0.00	0	0	0.00	0.00
Public - Others	3676095	12910	0.35	8526	4384	66.04	33.96
<b>Total</b>	<b>7817833</b>	<b>4154043</b>	<b>53.13</b>	<b>4149659</b>	<b>4384</b>	<b>99.89</b>	<b>0.11</b>

Thus, the above Resolutions, for which the Postal Ballot was conducted, stands approved by the Shareholders by requisite majority.

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VII. There were 7 shareholders (including Mr. Surinder P. Kanwar, Chairman & Managing Director) present at the Registered Office at the time of announcement of Result of Postal Ballot.

Date: 13 | 11 | 2014



Surinder P. Kanwar  
Chairman and Managing Director

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