

BHARAT GEARS LIMITED

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING (As approved by the Board of Directors of the Company)

I. PREAMBLE

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the 'Regulations') as amended, and the **Listing Agreement** entered into by a Company with the Stock Exchange(s), a Company is required to frame a “Code of Conduct for prevention of insider trading” by its employees, including its Directors, in relation to the securities of the said Company.

In line with the said Regulations, this “**Code of Conduct for Prevention of Insider Trading**” (hereinafter referred to as “Code” or “the Code”) has been formulated and adopted by the Board of Directors of M/s. Bharat Gears Limited (hereinafter referred to as “BGL” or “the Company”) to be effective from 01st March, 2005.

II. TERMS, DEFINITIONS, ITS INTERPRETATION and SCOPE

Terms mentioned but not defined in this Code shall have the same meaning assigned to them in the Companies Act, 1956; SEBI Act, 1992; SEBI (Prohibition of Insider Trading) Regulations, 1992 and/or any other SEBI Regulation(s) in force for the time being and as amended from time to time.

This Code shall be applicable to all Directors, Designated Employees, Business Associates or Other persons dealing with BGL in any other capacity having access to any Unpublished price sensitive information (UPSI).

This code can be modified/amended/alterd only by Board of Directors of the Company.

Explanation For the purposes of this Code 'Designated Employees' shall mean and include: -

- (a) All officers comprising top three tiers of the Company Management;
- (b) All employees of Corporate Affairs/Secretarial Department, Corporate Planning, Finance Department & Accounts Department and Office(s) of the Chairman & Managing Director and the Executive Director.
- (c) Other employees as may be designated by the Compliance Officer in consultation with the Chairman and Managing Director of the Company from time to time.

to whom the trading restrictions shall be applicable.

III. **CODE**

1. Compliance officer

The Company has appointed the Company Secretary as Compliance officer who shall report to the Chairman and Managing Director of the Company.

1.1. Duties of Compliance officer

- 1.1.1. He shall maintain a record of designated employees and any changes made therein.
- 1.1.2. He may in consultation with the Chairman and Managing Director and as directed by the Board specifies prohibited period from time to time and immediately make an announcement thereof.
- 1.1.3. He shall maintain a record of Prohibited Period specified from time to time.
- 1.1.4. He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of 'Price Sensitive Information' 'Pre-clearing of 'designated employee' and their dependents' trades,

monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Board of the Company.

2. Preservation of "Price Sensitive Information"

Directors, Designated Employees, Business Associates or Other Persons dealing with BGL in any other capacity having access to any Unpublished price sensitive information (UPSI) shall maintain the confidentiality of all Price Sensitive Information.

Directors, Designated Employees Business Associates or Other Persons dealing with BGL shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

Following practices should be followed in this regard: -

2.1. Restrictions: -

2.1.1. Every person preparing and circulating any unpublished price sensitive information (UPSI) as defined under the Regulations shall ensure to notify the following notation "Private, Privileged and Confidential" on each such document / statement.

2.1.2. Need to Know

Unpublished Price Sensitive Information is to be handled on a "need to know" basis i.e., Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to conflict of interest or appearance of misuse of information.

All non-public information directly received by any employee shall immediately be reported to the respective head of the department.

2.1.3.Limited access to confidential information

Files containing confidential information shall be kept secure by the concerned department. Computer files must have adequate security of login and password, etc. Files containing confidential information should be deleted/destroyed after its use.

2.1.4.UPSI shall not be disclosed / communicated to any person within BGL or outside except when the concerned person reasonably believes that such disclosure is required to enable proper and effective conduct of business and that they will have no information to believe that the information will be misused or improperly disclosed by the recipient.

2.1.5.Not to advise or induce, communicate, counsel any other person to deal in shares of the company on the basis of UPSI.

2.1.6.Not to trade (buy / sell) in securities of the Company either directly or through relatives, friends etc. on the basis of any UPSI.

2.1.7.Not to trade (buy /Sell) in securities of the Company directly or through relatives friends etc during closure of trading window as announced by compliance officer from time to time.

2.1.8.To comply with the norms under the code including disclosure of the transactions to the Compliance Officer.

3. Prohibition To Buy/Sell Securities of the Company by Insider

Insider when in possession of any unpublished price sensitive information pertaining to the Company, shall not:

3.1.1.Buy/sell securities of the Company, either on their own behalf or on behalf of any other person.

3.1.2. Communicate, counsel or procure any unpublished price sensitive information to/from any person.

4. Restriction to Buy/Sell Securities by Directors / Designated Employees

4.1. All Directors / Designated Employees of the Company shall not buy/sell securities of the Company during closure of the 'Trading Window', i.e. the period during which trading in the securities of the Company is prohibited.

4.1.1. Closure of Trading Window:

The closure of Trading Window shall commence as follows: -

- **Annual Results**
 - **From 10th of the Month** in which the Annual Financial Results are proposed to be placed before the Board for its consideration and approval **up to** twenty-four hours after the announcement of the annual financial results (and dividend, if any) to the Stock Exchanges.

- **Quarterly Results**
 - **From 10th of July up to** twenty-four hours after the announcement of the first quarter financial results to the Stock Exchanges.

 - **From 10th of October** up to twenty-four hours after the announcement of the second quarter and half-yearly financial results to the Stock Exchanges.

 - **From 10th of January** up to twenty-four hours after the announcement of the third quarter financial results to the Stock Exchanges.

The Trading Window shall be opened after passing of 24 hours of conclusion of Board Meeting in which the Financial Results as above are approved.

- **Other Material/Significant Events**

- **From the date of circulation of the agenda** for the meeting of the Board of Directors, in which any material, price sensitive and unpublished event, including the events mentioned below are proposed: -

1. Proposal in respect of issue of securities by way of public/rights/bonus etc.;
2. Proposal in respect of significant expansion plans or execution of new projects;
3. Proposal in respect of amalgamation, mergers, takeovers and buy back;
4. Proposal in respect of disposal of whole or substantially the whole of the undertaking;
5. Declaration of Dividends (Interim and Final);
6. Any change in Policies, plans or operations of the Company; and
7. Any other information which can be considered to be price sensitive.

The Trading Window shall open 36 hours after close of the Board Meeting at which decisions in respect of the above events are taken.

5. Prior Approval to Buy/Sell Securities by Directors / Designated Employees

5.1.1. All Directors/ designated employees of the Company shall get **prior clearance** from compliance officer of the proposed acquisition/purchase/sale transactions by themselves or through their dependent family members as per the procedure described hereunder if the said transaction of the securities of Company in a month is in excess of 2000 in number or Rupees One Lac in market value, whichever is lower (either in one transaction or in a series of transaction(s)).

5.1.2. The application for **prior clearance** shall be made to Compliance Officer of Company in the Prescribed format as specified in Annexure II of the Code.

5.1.3. Such purchase/sale of securities by the Compliance Officer shall require **prior clearance** from the Chairman of the Company.

5.1.4. Purchase/sale transaction, for which **prior clearance** has been obtained, shall be valid only for one week from the date of communication within which period it shall be consummated / executed and shall lapse thereafter. If the transaction is not consummated / executed within one week from the approval date, the employee/director will be required to follow the process of **prior clearance** again.

5.1.5. All Directors/ Designated employees shall hold the securities of the Company for a minimum period of 30 days from the date of purchase ('Minimum Holding Period'). In case of personal emergency, the **prior clearance** of the Compliance Officer shall be taken for relaxation in the Minimum Holding Period. In respect of the Compliance Officer, such relaxation shall require **prior clearance** of the Chairman.

The form for obtaining **prior clearance** is as per Annexure - II.

5.1.6. The Compliance Officer will scrutinize the application within 2 working days of submission and communicate the approval/ refusal (along with reasons therefore) to the applicant. The decision of the Compliance Officer in this regard will be final. In the absence of the Compliance Officer, the Managing Director will decide upon the **prior clearance** application.

5.1.7. The requirements of **prior clearance** of a proposed transaction shall not apply in the following cases:

1. In the event of participation of a public event i. e a rights or a bonus issue.
2. In the case of any acquisition of shares through transmission or inheritance, or like mode.
3. By way of any court settlement or award thereof.

6. Disclosures

6.1 All Directors / Designated Employees of the Company shall make the following disclosures of shares and other securities held in the Company by them and their dependant family members, to the Compliance Officer (as per format specified in Annexure I of this Code):

a. Initial Disclosure

Disclosure Requirement

In case of existing Directors/Designated Employees within 4 days of coming into effect of this Code i. e. 1st March, 2005.

In case of any new Director(s) within 4 days of his/their becoming Director of the Company.

In case of any new Employee(s)/Designated Employee, within 4 days of his/their joining in any of the Existing Category of Designated Employees or becoming a Designated Employee of the Company.

b. Annual Disclosure

Disclosure Requirement

Annual disclosure of number of securities or voting rights held by them and their dependent family members as on 31st December shall be made within 30 days.

- c. **Disclosure when there has been change** in shareholding or Voting Rights and such change exceeds Rs. 1 lac in market value or 2,000 shares or 2% of the total shareholding or Voting Rights of the Company or any other limit notified by SEBI, whichever is lower.

Disclosure Requirement

Within 4 working days of acquisition/ sale / transfer of shares as per format specified in Annexure III of this Code.

7. **Penalties for Contravention**

Violation of this Code will invite severe disciplinary action. Such disciplinary action will be irrespective of action that may be taken by SEBI under the Regulations.

8. **General**

Employees are advised to peruse the Code and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time, carefully and acquaint themselves with all the provisions contained therein. The Compliance Officer will be available for clarification / assistance that may be necessary.

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended and for the time being in force is enclosed for your ready reference. These Regulations shall also be displayed on the Website of the Company www.bharatgears.com.

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Approved by the Board of Directors of the Company in its meeting held on 28.01.2005

For **Bharat Gears Limited**

Surinder P. Kanwar
(Chairman & Managing Director)

Annexure I

Date :

Compliance Officer
Bharat Gears Limited
20 K. M., Mathura Road,
P. O. Box 328, P. O. Amar Nagar,
Faridabad -121 003 (Haryana).

Sub : Initial Disclosure/Annual Disclosure of Securities held pursuant to clause 6.1 of Code for Prevention of Insider Trading

Dear Sir,

I, hereby disclose that I am holding _____ Number of Securities of Bharat Gears Limited (including those held by dependent family members) as per following details as on/_____ (date of joining)/December 31_____*

1. Name :
2. Designation, Department & Employee Code :
3. Client Id & Details of Depository :
4. Name(s) of Account Holder(s)** :
5. Relation with Designated Employee** :
6. Number of securities held (including those :
held by dependent family members)

Thanking you,

(Signature)

Notes:

1. * Strike out whichever is not applicable
2. ** Applicable in case of dependent family member of Designated Employee
3. A separate Statement should be attached in respect of number of Shares held by dependent family members.

Annexure II

Date :

Compliance Officer
Bharat Gears Limited
20 K. M., Mathura Road,
P. O. Box 328, P. O. Amar Nagar,
Faridabad -121 003 (Haryana).

Sub : Application for Selling before 30 days of Purchase of Security pursuant to Clause 5.1.5 of Code for Prevention of Insider Trading/ Pre-clearance of the transaction pursuant to Clause 5.1.1 and 5.1.4 of Code for Prevention of Insider Trading*

Dear Sir,

I intend to deal in the Securities of Company. Detailed particulars of Proposed Transaction are as follows:

1. Name :
2. Designation, Department & Employee Code :
3. Client Id & Details of Depository :
4. Name(s) of Account Holder(s)** :
5. Relation with Designated Employee** :
6. No of securities held (including those held by dependent family members) before proposed Transaction :
7. Nature of Proposed Transaction :
8. Estimated number of securities to be dealt in proposed Transaction (including by dependent family members) :
9. Reason for proposed Transaction :

Please find enclosed an undertaking duly signed and accepted by me.

You are requested to pre-clear the above transaction.

Thanking you,

(Signature)

Notes:

1. * Strike out whichever is not applicable
2. ** applicable in case of dependent family member of Designated Employee
3. A separate statement should be attached in respect of number of Shares held by dependent family members.

UNDERTAKING

Date :

Compliance Officer
Bharat Gears Limited
20 K. M., Mathura Road,
P. O. Box 328, P. O. Amar Nagar,
Faridabad -121 003 (Haryana).

Sub : Application for Selling before 30 days of Purchase of Security pursuant to Clause 5.1.5 of Code for Prevention of Insider Trading/ Pre-clearance of the transaction pursuant to Clause 5.1.1 and 5.1.4 of Code for Prevention of Insider Trading*

Dear Sir,

I intend to deal in the Securities of Company, the detailed particulars of the Proposed Transaction have are mentioned in a separate request form dated_____ (fill date).

I hereby undertake that: -

- a) I do not have any access or has not received any "Price Sensitive Information" up to the time of signing the undertaking.
- b) In the event, I have access to or receive any "Price Sensitive Information" after signing of this undertaking but before the execution of the transaction in the Securities of the Company, I shall inform the compliance officer of the change in the position and I would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- c) I have not contravened the Company's Code of Conduct for prevention of Insider Trading, notified by the Company
- d) I have made a full and true disclosure in the matter.

In the light of above, you are requested to pre-clear the above transaction.

Thanking you,

(Signature)

Annexure III

Date :

Compliance Officer
Bharat Gears Limited
20 K. M., Mathura Road,
P. O. Box 328, P. O. Amar Nagar,
Faridabad -121 003 (Haryana).

Sub : Disclosure Pursuant to Clause 6.1 of Code for Prevention of Insider Trading of Bharat Gears Limited for change in shareholding in excess of Rs. 1 lac in market value or 2,000 shares or 2% of the total shareholding of the Company or any limit notified by SEBI, whichever is lower

Dear Sir,

I am disclosing herewith details of securities held by me (including those held by dependent family members) pursuant to Clause 6.1 of Code for Prevention of Insider Trading of Bharat Gears Limited.

1. Name :
2. Designation, Department & Employee Code :
3. Client Id & Details of Depository :
4. Name(s) of Account Holder(s)* :
5. Relation with Designated Employee* :
6. Shareholding prior to acquisition/sale (including those held by dependent family members) :
7. Number and % of shares/voting rights acquired /sold :
8. Receipt of allotment/advice/acquisition of shares/sale of shares :
9. Mode of acquisition on (market Purchase/public/rights/preferential offer etc.) :
10. Trading member through whom the trade was executed with SEBI Registration No. of Trading Member :

- 11. Exchange on which the trade was executed :
- 12. Buy quantity :
- 13. Buy Value :
- 14. Sell quantity :
- 15. Sell Value :

You are requested to pre-clear the captioned transaction.
Thanking you,

(Signature)

Notes:

- 1. * Applicable in case of dependent family member of Designated Employee
- 2. A separate statement should be attached in respect of number of Shares held by dependent family members