BHARAT GEARS LIMITED (BGL)

CODE OF BUSINESS CONDUCT AND ETHICS OR THE CODE:
(Pursuant to clause 49 of the Listing Agreement)

1. Introduction and Purpose:

Bharat Gears Limited believes that Good Corporate Governance is the key to the Conduct of Company's Business in a transparent, reliable and vibrant manner. It is of paramount importance for any company to create an atmosphere of faith, integrity, accountability, responsibility and financial stability by adhering to commitment, ethical business conduct, a high degree of transparency thereby unlocking the individual intellectual capabilities and enabling its Board of Directors to conduct its duties under a moral authority, which ultimately leads to enhance legitimate needs and value of the stake holders.

With the above objective, the Board of Directors have framed and introduced a Code for Good Corporate Governance and ethical practices termed as "Code of Business Conduct and Ethics" or "The Code". The Code is intended to be implemented as BGL's Code of Business Conduct and Ethics drawn in pursuance to Clause 49 I D of the "Listing Agreement" with the Stock Exchanges.

The purpose of this Code is to promote ethical conduct of the affairs of the Company. The matters covered in this Code of Business Conduct and Ethics are of utmost importance to the Company, its shareholders, customers, business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values.

The Code shall come into effect from 01st January, 2006.

The Code is attached as Annexure – I. The Code shall also be posted/ displayed on the website of the Company www.bharatgears.com.

2. Applicability:

The Code applies to the following persons: -

a. The Board of Directors of the Company; and

b. The members of the Senior Management Team of the Company.

The Directors and members of the Senior Management Team of the Company are expected to abide by this Code; all other applicable Company policies or guidelines; as well as all applicable Laws, Rules and Regulations and other Guidelines, applicable to them, respectively, in their sphere of activity.

"Senior Management" for the purpose of this Code includes the departmental heads of the following functions:

a. Costing,
b. Engineering & Product Development,
c. Finance & Accounts,
d. HR & Administration.
e. Heat Treatment,
f. Materials,
g. Marketing,
h. Operations,
i. Production,
j. Plant Maintenance.
k. Quality Assurances,
l. Secretarial & Legal,
m. Strategic Planning,
n. Tax & Audit,

All the members to whom the Code is applicable are expected and required to read and understand the Code and the Underlying principles and Standards therein, and uphold these standards in the day to day activities and comply with all the applicable laws, rules and regulations.

The Code shall be viewed more as a code of ethics for better and transparent Corporate Governance in the Conduct of Company's business. The Principles and standards described in the Code are general in nature and are not intended to be all comprehensive.

In case of any query or clarification on the subject the Personnel may contact the Compliance Officer in this regard. The Board has designated the Company Secretary of the Company as the Compliance Officer for the said purposes.

3. Waivers:

Any member to whom this code is applicable and seeking any waiver from the code in certain unforeseen or unavoidable circumstances shall make a full disclosure of the particular circumstances to the next level Senior of the concerned managerial personnel.

The authority to waive any compliance rests with the Board of Directors or any designated person or Committee appointed for the purpose.

4. Acknowledgement of Receipt of the Code:

All members to whom this code is applicable shall acknowledge the receipt of this code thereto in the acknowledgement form as at Annexure – II indicating that they have received, read and understood and agreed to comply with the Code. The Format can also be downloaded from the company's website.

The duly signed Acknowledgment Form shall be forwarded to the Company Secretary.

5. Affirmation of Compliance:

In terms of Clause 49 of the Listing Agreement, all Board Members and Senior Management Personnel shall affirm compliance of the Code initially at the coming into effect of this code. Thereafter, the compliance as aforesaid shall be affirmed annually within 30 days of the close of each financial year.

In the event there is any Change in the Board of Directors, Senior Management Personnel during the Year, the incumbent shall affirm compliance of the code initially within 30 days of joining. Thereafter, the compliance as aforesaid shall be affirmed within 30 days of the close of each financial year.

The initial/annual affirmation of compliance form is at Annexure – III. The Format can also be downloaded from the company's website.

The duly signed Affirmation of Compliance Form shall be forwarded to the Company Secretary, as per the schedule mentioned above.

6. Annual Compliance Reporting:

The Annual Report of the company shall contain a declaration to this effect signed by the Chairman & Managing Director.

7. Amendments to the Code:

The company is committed to continuously review and update its policies and procedures. Any Amendment of any provision of the Code of Business Conduct and Ethics shall be approved in writing by the company's Board of Directors and promptly disclosed on the company's website and in regulatory filings pursuant to the applicable laws, rules and regulations.

Any such amendment shall take effect from such date as stated therein.

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Annexure – I.

BHARAT GEARS LIMITED (BGL)

CODE OF BUSINESS CONDUCT AND ETHICS OR THE CODE:
(Pursuant to clause 49 of the Listing Agreement)

❖ Honest and ethical conduct

(a) Act with honesty and professional integrity and in utmost good faith;

(b) Ethically handle apparent, or hidden whether actual or perceived conflicts of interest between their personal, financial, commercial interests and their responsibility towards the Company;

(c) Fulfill the fiduciary obligations without allowing any prejudice, bias, misgivings, fear or favor cloud or compromise the independence of judgment.

(d) Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and community.

❖ Dealings with care and fairness

(e) Exercise utmost care, skill and diligence while dealing with and for the Company;

(f) Deal with all fairness with BGL's customers, suppliers, competitors and one another at all times and in accordance with ethical business practices.

(g) Participate in and promote team work, positive attitude, values, culture and thereby enhancing the overall atmosphere and creation and maintenance of new standards to look up.

(h) Exercise good judgment to ensure the safety and welfare of its employees, agents and contractors and to maintain a cooperative, efficient, positive, harmonious and productive work and business environment;

❖ Usage of company's assets

(i) Protect the company's assets including tangible or physical assets, intangible or intellectual property and Rights, Brand names, Trade marks, Information etc.

(j) Not to exploit for their own personal gain, opportunities that arise or are discovered through use of Corporate Property, information or position, unless the opportunity is fully disclosed and requisite permission obtained from the competent authority.

(k) Company's funds, assets, resources, rights and properties shall be used and spent judiciously, with reasonable care and for the business purposes and incidental to carrying on the business of the company.

(l) Act as trustees towards the properties, money, trade secrets and other items of intellectual nature, the existence or particulars of which may be within their personal knowledge by virtue of their position as directors and/or senior management personnel of the company.

❖ Gifts/Benefits/Presents or Payments from/by others

(m) Not to accept any gifts, benefits, presents, favors or entertainments in any form offered by a supplier, customer, peers, subordinates or others not specified in the former categories, which exceeds the common practice associated with usual business conduct.

Common instances such as casual exchange of meals, arranging for lunches, dinners, token gifts being widespread are generally acceptable, if done in moderation.

It would be appropriate for the host to pay for a meal. If that is not practical, it shall be ensured that meal exchanges, lunches, dinners are equal over time.

❖ Reporting/Information

(n) To give a true and fair view of the state of affairs of the Company in the reports and documents that BGL files with or submits to its Board, Shareholders, Government authorities and stock exchanges or otherwise makes public;

(o) Not to divulge any information, whether of sensitive nature or not, which could jeopardize the Company's interest or its Stake holders. Apart from the above, to comply with the Insider Trading Code of Conduct as laid down by BGL.

(p) Respect the confidentiality of information acquired in the course of their work, except or otherwise legally obligated to disclose and not to use such confidential information for personal advantage. This obligation extends to confidential information of third parties, which BGL has rightfully received under non-disclosure agreements as well;

❖ Safety

(q) Exercise good judgment to ensure the safety and welfare of their colleagues, employees, agents and contractors.

❖ Acquisition of knowledge / legal compliances

(r) Comply with all applicable laws, rules and regulations.

(s) Recognize that violation of applicable laws, rules and regulations subject the company to civil and/or criminal liabilities, jeopardize the business interests and objectives of the company and may well give rise to individual civil or criminal liability.

(t) Strive and promote to acquire, upgrade and maintain, on a continued basis, requisite and sufficient knowledge and understanding of the company's business, related laws, regulations applicable to the sphere of company's business activities for discharge of corporate and departmental responsibilities and to be able to identify and recognize potential pitfalls arising liability on the Company.

(u) Know when to seek advice from the HR & administration, Secretarial & legal and Finance & accounts departments on various subject matters concerning the company's business.

(v) Not to perform any act beyond the scope/ *ultra-vires* of the stated Objects of business in the Memorandum and Articles of Association of the Company, the Companies Act, 1956, and/or the laws of the Land applicable to the Company's business, for the time being in force.

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Approved by the Board of Directors of the Company in its meeting held on 27.10.2005

For **Bharat Gears Limited**

Surinder P. Kanwar
(Chairman & Managing Director)

Annexure – II.

BHARAT GEARS LIMITED (BGL)

CODE OF BUSINESS CONDUCT AND ETHICS OR THE CODE:
(Pursuant to clause 49 of the Listing Agreement)

Acknowledgement Form

The Compliance Officer,
Bharat Gears Limited
20 K. M., Mathura Road,
Amar Nagar,
Faridabad – 121 003.
(Haryana).

I, _____(name) S/D/o _____,(fathers' name)

R/o_____(Address)

being a **Director / Senior Management Personnel** * and designated as _____ **(designation)** of _____**(department) at Mumbra / Faridabad** * with **Bharat Gears Limited, acknowledge that** I have received, read and understood the provisions and policies of the Code and agree to comply with the said Code.

(Signatures)

Place:

Date:

(*strike out whichever is inapplicable)

Annexure – III.

BHARAT GEARS LIMITED (BGL)

CODE OF BUSINESS CONDUCT AND ETHICS OR THE CODE:
(Pursuant to clause 49 of the Listing Agreement)

Initial/Annual Affirmation of Compliance Form *

The Compliance Officer,
Bharat Gears Limited
20 K. M., Mathura Road,
Amar Nagar,
Faridabad – 121 003.
(Haryana).

I,_____(name) S/D/o_____,(fathers' name)

R/o_____(Address)

being a **Director / Senior Management Personnel *** and designated as **_____**

(designation) of **_____(department) at Mumbra / Faridabad ***

with **Bharat Gears Limited, affirm** to the best of my knowledge and belief, that I agree to comply/have fully complied with * the Code of Business Conduct and Ethics during the Year, _____.

(Signatures)

Place:

Date:

(*strike out whichever is inapplicable)