

WHISTLE BLOWER POLICY

I. PREAMBLE

This policy is formulated to provide opportunity to employees to access in good faith, to the Audit Committee in case they observe unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel action against those employees.

II. APPLICABILITY

This policy applies to all permanent employees of the Company.

III. POLICY

No adverse personnel action shall be taken recommended against an employee in retaliation to his disclosure in good faith of any unethical & improper practices or alleged wrongful conduct. This policy protects such employees from unfair termination and unfair prejudicial employment practices.

However, this policy does not protect an employee from an adverse action which occurs independent of his disclosure of unethical & improper practices or alleged wrongful conduct, poor job performance, any other disciplinary action, etc. unrelated to a disclosure made pursuant to this policy.

IV. DEFINITIONS

Adverse Personnel Action

An employment -related act or decision or a failure to take appropriate action by managerial personnel which may affect the employees employment, including but not limited to compensation, promotion, job location, job profile, immunities, leaves & training rights or other privileges.

Alleged Wrongful Conduct

Alleged wrongful conduct shall mean violation of law, infringement of Company's code of conduct or ethic policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

Audit Committee

Audit Committee shall mean a committee of Board of Directors of the Company, comprising of all non- Executives Directors, constituted in accordance with provisions of Section 292A of

Companies Act,1956 read with Clause 49 of Listing Agreement entered into by the Company with Stock exchanges.

Company

Company means "*Bharat Gears Limited*".

Compliance Officer

Compliance Officer means "Company Secretary" of the Company.

Good Faith

An employee shall be deemed to communicating in `good faith` if there is a reasonable basis for communication of unethical & improper practices or any other alleged wrongful conduct.

Good faith shall be deemed lacking when the employee does not have personnel knowledge of a factual basis for the communication or where the employee knew or reasonably should have known the communication about unethical & improper practices or alleged wrongful conduct is malicious, false or frivolous.

Managerial personnel

Managerial personnel shall include director, president, vice-president, manger, department head, superior or other or other employee who has authority to make or materially influence significant personnel decisions.

Policy or This Policy

Policy or This Policy means "Whistle Blower Policy".

Unethical & Improper Practices

1. Unethical & improper practices shall mean
2. An act, which does not confirm to approved standard of social and professional behaviour;
3. An act, which leads to unethical business practices;
4. Improper refers to unethical conduct;
5. Breach of etiquette or morally offensive behavior, etc.

Whistle Blower

An employee of the company who discloses in good faith any unethical & improper practices or alleged wrongful conduct to the Audit Committee in writing.

V. INTERPRETATION

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 1956 and/ or any other SEBI Regulation(s) as amended from time to time.

VI. GUIDELINES

1. Internal policy & Protection under Policy

This policy an internal policy on access to Audit Committee, which comprises of qualified & non- executive directors.

This policy prohibits the Company to take any adverse personnel action against its employees for disclosing in good faith any unethical & improper practices or alleged wrongful conduct to the Audit Committee. Any employee against whom any adverse personnel action has been taken due to disclosure of information under this policy may approach the Audit Committee or in exceptional cases to the Board of Directors for appropriate relief.

2. False Allegation & Legitimate Employment Action

An employee who knowingly makes false allegations of unethical & improper practices or alleged wrongful conduct to the Audit Committee shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further this policy may not be used as a defense by an employee against whom an adverse personnel action has been taken independent of any disclosure of intimation by him and for legitimate reasons or cause under Company rules and policies.

3. Disclosure & maintenance of Confidentiality

An employee who observes any unethical & improper practices or alleged wrongful conduct in the Company may report the same to Audit Committee through e-mail addressed to whistleblower@bglindia.com or by giving letter to the Compliance Officer in writing.

Confidentiality of whistle blower shall be maintained to the greatest extent possible.

4. Procedures

- Any employee who observes any unethical & improper practices or alleged wrongful conduct shall make a disclosure to the Audit Committee as soon as possible but not later than 45 consecutive calendar days after becoming aware of the same.

- If the employee is unwilling or unable to put an oral disclosure in writing, he may approach compliance officer directly or through his superior or any other employee. The compliance officer shall prepare a written summary of the employee's disclosure and provide a copy to the employee.
- Audit Committee shall appropriately and expeditiously investigate all whistle blower reports received. In this regard, Audit Committee, if the circumstances so suggest, may assign to the Compliance/Senior Officer or a committee of managerial personnel to investigate into the matter.
- Audit Committee shall have right to outline detailed procedure for an investigation.
- Where the Audit Committee has designated the Compliance/Senior officer or a committee of managerial personnel for investigation, they shall mandatorily adhere to procedure outlined by Audit Committee for investigation.
- The Audit Committee or officer or committee of managerial personnel, as the case may be, shall have right to call for any information /document and examination of any employee of the Company or other person(s) as they may deem appropriate for the purpose of conducting investigation under this policy.
- A report shall be prepared after completion of Investigation and the Audit Committee shall consider the same.
- After considering the report, the Audit Committee shall determine the cause of action and may order for remedies which may inter-alia include:
 - a) Order for injunction to restrain continuous violation of this policy;
 - b) Reinstatement of the employee to the same position or to the equivalent position;
 - c) Order for compensation for lost wages, remuneration or any other benefits, etc.

5. Notification

All departmental heads are required to notify & communicate the existence and contents of this policy to the employees of their department. Every departmental head shall submit a certificate duly signed by him to the compliance officer that this policy was notified to each employees of his department. The new employees shall be informed about the policy by the HR department and statement in this regard should be periodically submitted to the Compliance officer.

This policy as amended from time to time shall be made available at the website of the Company.

6. Annual Affirmation

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee and that it has provided protection to whistle blower from adverse personnel action.

The affirmation shall form part of Corporate Governance report as attached to the Annual report of the Company.

Place: Faridabad
Date: July 26, 2007

For Bharat Gears Limited

**Surinder P.Kanwar
Chairman & Managing Director**