

Quarterly Compliance Report on Corporate Governance

Name of the Company : **BHARAT GEARS LIMITED**

Quarter ended on : **JUNE 30, 2015**

PARTICULARS	CLAUSE OF LISTING AGREEMENT	COMPLIANCE STATUS (YES / NO)	REMARKS
1	2	3	4
II. Board of Directors	49 II	YES	
(A) Composition of Board	49 (II A)	YES	Total Strength of the Board - 8 Chairman - Executive Executive Directors - 2 (including Chairman) Non - Executive Directors - 6 Woman Director-1 Independent Directors - More than ½ of total strength
(B) Independent Directors	49 (II B)	YES	<u>CLAUSE 49 (II B) (1)</u> As on 30th June, 2015, there are 6 (Six) Independent Directors in the Company each of whom: a. in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience; b. (i) is or was not a promoter of the company or its holding, subsidiary or associate company; (ii) is not related to promoters or directors in the company, its holding, subsidiary or associate company; c. apart from receiving director's remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year; d. relatives has or had material pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year; e. neither himself/herself nor any of his/her relatives – (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year; (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the current financial year, of – (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm; (iii) holds together with his relatives two per cent or more of the total voting power of the company; or (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; (v) is a material supplier, service provider or customer or a lessor or lessee of the company; f. is not less than 21 years of age.



			As on 30th June, 2015, there is no Nominee Director in the Company <u>CLAUSE 49 (II B) (2)</u> None of the Independent Director of the Company is a Director in more than Seven listed Companies and any such Director serving as a whole time Director in a listed Company is not serving as an Independent Director in more than three listed Companies. <u>CLAUSE 49 (II B) (3)</u> The tenure of the Independent Director has been fixed in accordance with the Companies Act, 2013. <u>CLAUSE 49 (II B) (4)</u> The formal letter of appointment has been issued to the Directors appointed at the Annual General Meeting held on 1st August, 2014. The terms and conditions of the said appointment have been posted on the website of the Company. <u>CLAUSE 49 (II B) (5)</u> The details with regard to the performance evaluation of Directors have been disclosed in the Annual Report 2014-15. <u>CLAUSE 49 (II B) (6)</u> A separate meeting of the Independent Directors of the Company was held on 27th March, 2015 during the quarter ended 31st March, 2015. <u>CLAUSE 49 (II B) (7)</u> The familiarisation programme for the Directors has been formulated and being implemented and the same has been posted on the website of the Company. A web link of the same have been provided in the Annual Report 2014-15.
(C) Non-executive Directors' compensation & disclosures	49 (II C)	YES	Apart from sitting fees for attending the Board/Committee meetings, no Non-Executive Director has any pecuniary relationships/transactions vis-à-vis the Company. However, details of appointment and remuneration for Executive Directors is as per the following: 1. The current term of 5 years of Mr. Surinder P. Kanwar, Chairman & Managing Director of the Company shall be expiring on 30th September, 2015. Further, the Central Government approved vide its order No. C30394753/04/2014- CL-VII dated 30th January, 2015, the payment of remuneration for period of 1 year from 1st October, 2014 to 30th September, 2015. The Board approved the re-appointment of Mr. Surinder P. Kanwar as Chairman and Managing Director for further period of 5 years along with proposed remuneration for 3 years w.e.f 1st October, 2015 subject to the approval of shareholders in the ensuing AGM scheduled to be held on 31st July, 2015 2. Mr. Sameer Kanwar, Joint Managing Director of the Company had been re-appointed for a further period of 5 years w.e.f. 1st June, 2013 at the AGM held on 31st July, 2013. The Central Government vide its order No. B82369075/4/2013-CL-VII dated 18th February, 2014 approved the re-appointment of Mr. Sameer Kanwar as Joint Managing Director for a period of 5 (Five) years w.e.f. 1st June, 2013 along with remuneration for a period of 1(One) year w.e.f. 1st June, 2013 upto 31st May, 2014. The Company is paying a minimum remuneration as per Schedule V of the Companies Act, 2013 to Mr. Sameer Kanwar, Joint Managing Director w.e.f. 1st June, 2014.
(D) Other provisions as to Board and Committee	49 (II D)	YES	During the quarter ended June 30, 2015, One Board meeting has been held on May 29, 2015. None of the members of the Board is a member in more than 10 mandatory committees or Chairman in more than 5 mandatory committees.
(E) Code of Conduct	49 (II E)	YES	The Code of Conduct has been framed and the same is posted on the Company's website. The Board of Directors and senior members have already been affirming to the Code of Conduct. Further, the Annual Report of the Company for the year 2014-15 contains a declaration to this effect, signed by the Chairman & Managing Director and the Company Secretary.



(F) Whistle Blower Policy	49(II F)	YES	The Whistle Blower/Vigil Mechanism Policy of the Company is in existence which provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism of policy provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The policy has been posted on the Company's website and the details whereof have been disclosed in the Board's Report for the Financial Year 2014-15.
III. Audit Committee	49 III	YES	
(A) Qualified & Independent Audit Committee	49 (III A)	YES	Members - 4 Directors * Non - Executive Directors - 4 (All) Independent Directors - 4 (All) Financial Literate - 4 (All) Financial Management Expertise - 2 (Two) * Mr. N.J. Kamath, Member of the Committee resigned w.e.f 29 th May, 2015 and the Committee shall be reconstituted accordingly. Company Secretary of the Company acts as Secretary to the Committee.
(B) Meeting of Audit Committee	49 (III B)	YES	During the quarter ended June, 2015, One meeting has been held on 28 th May, 2015 with a gap of not more than 4 months between any two meetings.
(C) Powers of Audit Committee	49 (III C)	YES	The Board of Directors in its meeting held on 28 th May, 2014 approved and adopted the revised terms of reference of the Audit Committee in pursuance to the revised Clause 49 of the Listing Agreement.
(D) Role of Audit Committee	49 (III D)	YES	The Board of Directors of the Company in its meeting held on 28 th May, 2014 have also adequately defined the revised role of Audit Committee as per revised Clause 49 of the Listing Agreement with the Stock Exchanges.
(E) Review of information by Audit Committee	49 (III E)	YES	The Audit Committee periodically reviews the required information.
IV. Nomination and Remuneration Committee	49 (IV)	YES	Members - 4 Directors* Non - Executive Directors - 3 Independent Directors - 3 *Mr. N.J. Kamath, Chairman of the Committee resigned w.e.f 29 th May, 2015 and the Committee shall be reconstituted accordingly. The Chairman and Managing Director of the Company is a member of the Nomination and Remuneration Committee and the Chairman of the Committee is an Independent Director.
V. Subsidiary Companies	49 (V)	N.A	There is no subsidiary of the Company.
VI. Risk Management	49 (VI)	YES	The Board of Directors of the Company has formulated a Risk Management Policy which defines the risks faced by the Company and the steps to be undertaken to mitigate those risks. The risk management procedures enumerated in the said policy are reviewed by Audit Committee and Board on quarterly basis.
VII. Related Party Transactions	49 (VII)	YES	All the related party transactions are preliminarily approved by the Audit Committee. The Company has formulated a policy on materiality of Related Party Transactions in accordance with the revised Clause 49 of the Listing Agreement.
VIII. Disclosures	49 (VIII)	YES	
(A) Related Party Transactions	49 (VIII A)	YES	During the Quarter ended 30 th June, 2015, no material related party transaction entered by the Company. The policy of the Company on dealing with Related Party Transactions has been posted on the Company's website and a web link of the same has been provided in the Annual Report 2014-15.
(B) Disclosure of Accounting Treatment	49 (VIII B)	N.A.	Not applicable for the quarter.



(C) Remuneration of Directors	49 (VIII C)	YES	All disclosures on the "Remuneration of Directors" as per the requirements have been made in the Corporate Governance Report Section of the Annual Report 2014-15.
(D) Management	49 (VIII D)	YES	Management Discussion and Analysis Report forms part of the Annual Report 2014-15 to the shareholders.
(E) Shareholders	49 (VIII E)	YES	<u>Clause 49 VIII (E) (1)</u> Required information about the Directors to be appointed/re-appointed at the AGM to be held on 31st July, 2015 have been disclosed in the Annual Report 2014-2015. Mr. Rakesh Chopra and Mr. V.K. Pargal are liable to retire by rotation and as they are eligible for re-appointment, they will be re-appointed as Non-Executive Independent Director in the Annual General Meeting scheduled on 31st July, 2015 for a term of five years from the conclusion of this Annual General Meeting to the fifth consecutive Annual General Meeting in the calendar year 2020(subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) in terms of Section 149 of the Companies Act, 2013. <u>Clause 49 VIII (E) (2)</u> The disclosures with regard to the relation between the Directors, if any have been made in the Annual Report 2014-15. The information with regard to the notice of appointment of a Director and other information shall be disclosed to the Stock Exchanges on which the Company is listed. <u>Clause 49 VIII (E) (3)</u> Quarterly/yearly financial results of the Company are sent to be displayed on the web site of the Stock Exchange(s) [in compliance with Clause 49 (X B)], on the web-site of the Company i.e. www.bharatgears.com and also displayed on www.corpfiling.co.in. <u>Clause 49 VIII (E) (4)</u> A Committee, namely, "Stakeholders' Relationship Committee" (Formerly known as Shareholders'/Investors' Grievance Committee) is in existence under the Chairmanship of a Non-Executive Independent Director specially to look into the redressal of shareholders and investors complaints like transfers/transmissions, issue of duplicate share certificates, non-receipt of balance sheet and non- receipt of declared dividend etc. <u>Clause 49 VIII (E) (5)</u> Company's R & T Agent, M/s Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Ltd.) is handling share registry work for shares in physical & electronic form with the approval of the sub-committee of the Company consisting of Directors/Officers of the Company, which meets once in a fortnight to attend the share transfer formalities.
(F) Proceeds from public issues, rights issues, preferential issues etc.	49 (VIII F)	N.A.	Not applicable for the quarter.
IX. CEO/CFO Certification	49 (IX)	YES	Certified to the Board of Directors on yearly basis.
X. Report on Corporate Governance	49 (X)	YES	The separate section on Corporate Governance with a detailed compliance report on Corporate Governance has been elaborated in the Annual Report 2014-15 to the shareholders.
XI. Compliance	49 (XI)	YES	Certificate has been enclosed in the Annual Report to the shareholders, 2014-15. Further, six copies each of the Annual Report shall be sent to NSE & BSE for the financial year 2014-15, One copy sent to each of the Stock Exchanges.

For Bharat Gears Limited

Prashant Khattry
Head (Legal) & Company Secretary

