



Corporate Governance Report

For the Year ended March 31, 2012
(Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance at Bharat Gears Limited takes care of overall well-being and welfare of the system and takes into account the stakeholders' interest in every business decision. Corporate Governance is a combination of voluntary practices and compliances of laws and regulations leading to effective control and management of the Organization and its valuable resources through effective and transparent business conduct, integrating communication, integrity and accountability towards its stakeholders.

The Company is committed to pursue growth by adhering to the highest national and international standards of Corporate Governance. The Company's philosophy on Corporate Governance is based on the following principles:

- Lay solid foundations for management.
- Promote ethical and responsible decision-making.

- Structure the Board to add value.
- Encourage enhanced performance.
- Safeguard integrity in financial reporting.
- Respect the right of the shareholders.
- Recognise the legitimate interest of shareholders.
- Remunerate fairly and responsibly.
- Recognise and manage business risks.
- Make timely and balanced disclosures.
- Legal and statutory compliances in its true spirit.

Your Company is following transparent and fair practices of good corporate governance and its constant endeavour is to continually improve upon those practices. The Company recognizes communication as key element in the overall corporate governance framework and therefore, emphasizes on keeping abreast its stakeholders including investors, lenders, vendors and customers on continuous basis by effective



BHARAT GEARS LIMITED

and relevant communication through Annual Reports, Quarterly Results, Corporate Announcements and reflecting the same on the Company's official website i.e. www.bharatgears.com.

2. BOARD OF DIRECTORS

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board. As on March 31, 2012, the Board consists of 8 members, the Chairman of the Board is an Executive Director and more than half of the strength of the Board consists of Non-Executive Independent Directors. All Non-Executive Independent Directors bring a wide range of expertise and experience to the Board. The Board believes that the current size of the Board is appropriate based on the Company's present requirements.

A. Board's definition of Independent Director

Independent Director shall mean Non-Executive Director of the Company who:

- i. apart from receiving the Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its Subsidiaries and Associates which may affect Independence of the Director;
- ii. is not related to Promoters, Chairman, Director, Managing Director, Whole Time Director, Secretary, CEO or CFO and to any person in the management at one level below the Board;
- iii. has not been an Executive of the company in the immediately preceding three financial years;
- iv. is not a Partner or an Executive or was not Partner or an Executive during the preceding three years, of any of the following:
 - a. the Statutory Audit Firm or the Internal Audit Firm that is associated with the Company, and
 - b. the Legal Firm(s) and Consulting Firm(s) that have a material association with the entity.
- v. is not a material supplier, service provider or customer of the Company which may affect independence of the Directors. This includes lessor-lessee type relationships also; and
- vi. is not a substantial shareholder of the Company, i.e. owning two percent or more of the block of voting shares.
- vii. is not less than 21 years of age.

The Board of Directors of the Company has decided that the materiality/significance shall be ascertained on the following basis:

- The concept of 'materiality' is relevant from the total revenue inflow and/or outflow from and/or to a particular individual/body, directly or indirectly, during a particular financial year.
- The term 'material' needs to be defined in percentage. One percent (1 per cent) or more of total turnover of the Company, as per latest audited annual financial statement.

The **Table-1** gives composition of the Board, Attendance record of the Directors at the Board Meetings and at the last Annual General Meeting (AGM); number of their outside Directorships and their Memberships/Chairmanships in Board Committees.

Table-1

Sl. No.	Name of Director(s)	Category	No. of Board Meetings attended ^A	Attendance at last AGM	No. of outside Directorships held ^B	No. of Memberships / Chairmanships in Board Committees ^C	
						Member	Chairman
1.	Mr. Surinder P. Kanwar	Executive Director (Chairman & Managing Director)	4	Present	2	1	–
2.	Mr. Sameer Kanwar	Executive Director (Joint Managing Director)	4	Present	–	1	–
3.	Mr. W.R. Schilha	Independent Director	4	Present	–	–	–
4.	Dr. Ram S. Tameja	Independent Director	3	Present	10	5	2
5.	Mr. N.J. Kamath	Independent Director	4	Present	–	1	1
6.	Mr. V.K. Pargal	Independent Director	3	Present	1	2	–
7.	Mr. S. G. Awasthi	Independent Director	3	Absent	–	–	–
8.	Mr. Rakesh Chopra	Independent Director	3	Present	2	3	1

A Attendance at the Board Meetings relevant to the period, when Director of the Company.

B Excluding Directorship in Private Companies, alternate Directorship, Companies registered under Section 25 of the Companies Act, 1956 and Foreign Companies.

C For the purpose of considering the limit of the Committees on which a Director can serve, all Public Limited Companies, whether listed or not, are included and all other Companies including Private Companies, Foreign Companies and the Companies under Section 25 of the Companies Act, 1956 are excluded. Further, it includes Membership/Chairmanship of Audit Committee and Shareholder's/Investors Grievance' Committee only. None of the Directors of your Company is a Member of more than ten (10) Committees or is the Chairman of more than five (5) Committees across all Public Limited Companies in which they are Directors. The Membership /Chairmanship also includes Membership / Chairmanship in Bharat Gears Limited.

D Mr. Surinder P. Kanwar is father of Mr. Sameer Kanwar. Mr. Sameer Kanwar has been appointed as Joint Managing Director w.e.f. June 1, 2008.

E Mr. V. K. Pargal is also a Director on the Board of Pargal Consultants Pvt. Ltd (PCPL), which is providing consultancy

service to the Company in its professional capacity. Professional fees paid to PCPL for the year 2011-2012 is Rs. 1,08,000/-. The Board is of the opinion that such payments in the context of overall expenditure by the Company, is not significant and does not affect his independence. Mr. V.K. Pargal is holding 100 shares of the Company.

Apart from this, no other Non-Executive Director has any pecuniary relationships/transactions vis-à-vis the Company (other than the sitting fees for attending the Board/Committee meetings).

B. Board Meetings

During the financial year 2011-12, Four (4) Board Meetings were held on the following dates. The gap between any two meetings was not more than four (4) months as mandated in Clause 49 of the Listing Agreement: -

- 27th May, 2011;
- 26th July, 2011;
- 04th November, 2011 and
- 07th February, 2012

C. Information supplied to the Board

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes:

- Annual Operating Plans and Budgets.
- Capital Budgets and any Updates.
- Quarterly, Half Yearly and Yearly Results of the Company.
- Minutes of the Meetings of Audit Committee and other Committees of the Board.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company.

3. BOARD COMMITTEES

A. Audit Committee

I. Constitution and Composition

The "Audit Committee" comprises of the following four (4) Non-Executive and Independent Directors, who have financial/accounting acumen to specifically look into internal controls and audit procedures. All the members are financially literate and have accounting and financial management expertise. The **Table-2** gives the composition of the Audit Committee and the attendance record of members of the Committee:

Table-2

Sl. No.	Name of Member	Designation	No. of meetings Held /Attended
1.	Dr. Ram S. Tameja	Chairman	5/4
2.	Mr. V. K. Pargal	Member	5/4
3.	Mr. N. J. Kamath	Member	5/5
4.	Mr. Rakesh Chopra	Member	5/4

In addition to the members of the Audit Committee, the Chief Financial Officer, Internal Auditors and the Statutory Auditors attended the meetings of the Committee as Invitees. Members held discussions with Statutory Auditors during the meetings of the Committee. The Audit Committee reviewed the quarterly, half-yearly un-audited & annual audited financials of the company before submission to the Board of Directors for their consideration and approval. The Committee also reviewed the Internal Control Systems and Internal Audit Reports.

The Chairman of the Committee was present at the last Annual General Meeting to answer the Shareholders' queries.

Mr. Prashant Khattri, Group Head (Legal) and Company Secretary of the Company acted as Secretary to the Audit Committee Meetings as aforesaid.

II. Audit Committee Meetings

During the year, five (5) meetings of the Audit Committee were held on the following dates:

- 26th May, 2011;
- 26th July, 2011;
- 05th September, 2011;
- 04th November, 2011 and
- 07th February, 2012.

III. Powers of Audit Committee

The Audit Committee has been empowered with the adequate powers as mandated in the Clause 49 of the Listing Agreement, which includes the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.



IV. Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any Related Party Transactions.
 - g. Qualifications in the Draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
8. Discussion with Internal Auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the Audit commences, about the nature and scope of Audit as well as Post-Audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non payment of declared dividends) and Creditors.
12. To review the functioning of the Whistle Blower mechanism existing in the Company.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
13. Reviewing the Company's Financial and Risk Management Policies.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee may also review such matters as may be referred to it by the Board or which may be specified as role of the Audit Committee under amendments, if any, from time to time, to the Listing Agreement, Companies Act and other Statutes.

V. Review of Information by Audit Committee

The Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;



4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

B. Remuneration Committee

I. Constitution and Composition

In terms of the non-mandatory requirement of Clause 49 of the Listing Agreement, and Schedule XIII of the Companies Act, 1956, the "Remuneration Committee" was constituted on 22nd April, 2002. The said Committee has been empowered to consider, approve and recommend the remuneration of the Whole Time Director /Managing Director.

Pursuant to Schedule XIII of the Companies Act, 1956 as amended upto date, in case of no profits or inadequate profits, the Remuneration Committee has been empowered to consider, approve and recommend the remuneration of Whole Time Director/Managing Director.

The Remuneration Committee constitutes of following three Directors. **Table - 3** gives the details:

Table - 3

Sl. No.	Name of Member	Designation
1.	Mr. N.J. Kamath	Chairman
2.	Dr. Ram S. Taneja	Member
3.	Mr. V.K. Pargal	Member

During the financial year 2011-2012, one meeting of the Committee was convened on May 26, 2011 and it was attended by majority of Members of the Committee. The Committee considered and recommended the payment of increased remuneration payable to Mr. Sameer Kanwar, Joint Managing Director of the Company for the remaining period of 2(two) years of his tenure w.e.f 1st June, 2011 as already approved by the shareholders of the company in their Extraordinary General Meeting held on 29th May, 2009.

The Chairman of the Remuneration Committee was present at the last Annual General Meeting, to answer the shareholders' queries.

The remuneration policy of the company is based on the need to attract the best available talent and be in line with the industry levels.

C. Shareholders'/Investors' Grievance Committee

The "Shareholders'/Investors' Grievance Committee" has been empowered to look into the Shareholders'/ Investors' grievances and redressal of the same. The said Committee is also authorised to effect transfers/ transmissions of Equity Shares/ Debentures and other securities and also to issue Duplicate Share Certificates and other securities and matters related or incidental thereto.

The **Table-4** gives the composition of the Shareholders'/ Investors' Grievance Committee and the attendance record of Members of the Committee:

Table - 4

Sl. No.	Name of Member	Designation	No. of meetings Held/Attended
1.	Mr. N.J. Kamath	Chairman	1/1
2.	Mr. Rakesh Chopra	Member	1/1
3.	Mr. Sameer Kanwar	Member	1/0

Mr. N. J. Kamath and Mr. Rakesh Chopra are the Non-Executive Independent Directors and Mr. Sameer Kanwar is Joint Managing Director.

I. Shareholders' / Investors' Grievance Committee Meetings

During the Financial Year 2011-12, the Committee met One (1) time on 05th January, 2012 and 99 Letters/ Requests/Complaints were received from the Shareholders till 31st March, 2012; and were replied/ resolved to the satisfaction of the shareholders. All the requests for transfers and transmissions have been duly acted upon and no such request was pending as on 31st March, 2012.

II. Sub-Committee

In order to have speedy disposal of the Shareholders' /Investors' requests for transfer and transmission, a Sub-Committee consisting of the following Directors/ Officers of the Company is in place for effecting transfer/ transmission/split/consolidation of shares;

- a. Mr. Surinder P. Kanwar, Chairman and Managing Director
- b. Mr. Sameer Kanwar, Joint Managing Director
- c. Mr. P.C. Kothari, Head (Finance and Accounts)
- d. Mr. Prashant Khattry, Group Head (Legal) and Company Secretary



Any two of the above are authorised to consider and approve the transfer/transmission/split/consolidation of shares. The Sub-Committee is attending to Share Transfer formalities at least once in a fortnight.

D. Finance Committee

The "Finance Committee" of the Board of Directors of the Company is in existence which has been empowered to take care of the financing and other day to day requirements of the Company. The said Committee is authorised to borrow monies, make loans, issue Shares etc. and matters related or incidental thereto.

The **Table-5** gives the composition of the Finance Committee:

Table-5

Sl. No.	Name of Member	Designation
1.	Mr. Rakesh Chopra	Chairman
2.	Mr. Surinder P. Kanwar	Member
3.	Mr. Sameer Kanwar	Member
4.	Mr. S.G. Awasthi	Member

Mr. Rakesh Chopra and Mr. S.G. Awasthi are the Non-Executive Independent Directors, Mr. Surinder P. Kanwar is Chairman & Managing Director and Mr. Sameer Kanwar is Joint Managing Director.

During the year, no Meeting of the Finance Committee was convened.

4. COMPLIANCE OFFICER

Mr. Prashant Khattry, Group Head (Legal) & Company Secretary is the Compliance Officer of the Company.



5. DIRECTORS

Re-appointment of existing Non-Executive Rotational Directors

As required under Clause 49 of the Listing Agreement, the information or details pertaining to the Directors seeking appointment/re-appointment in the ensuing Annual General Meeting, are furnished below.

The **Table-6** gives the information pertaining to the directors who are to be re-appointed in the forthcoming Annual General Meeting:

Table - 6

Sl. No.	Particulars of Directors
1.	Mr. N.J. Kamath, Director Brief Resume: Mr. N.J. Kamath, aged 90 years is a Non-Executive Independent Director of the Company since 22nd August, 1985. He is retired IAS Officer and is vastly experienced. During his tenure with the Government of India, he has served in various capacities in the Ministry of Finance, Ministry of Industry, Ministry of Supplies & Ministry of Urban Development. He has rich experience in General Administration, Management Strategy, HRD, Government Industry relationship, Corporate Governance etc. He is Chairman of the Shareholders'/Investors' Grievance Committee & Remuneration Committee of Bharat Gears Limited and also he is member of the Audit Committee of Bharat Gears Limited. As on 31st March, 2012, he does not hold any Share in the Company.
2.	Mr. V.K. Pargal, Director Brief Resume: Mr. V.K. Pargal, aged 79 Years is a Non-Executive Director of the Company since 24th January, 2002. He is a qualified Chartered Engineer from England. Presently, he is also managing a consultancy company specializing in Business Strategies and Structures and he holds the directorship in Pargal Consultants Private Limited. Apart from being the member of Remuneration Committee of Bharat Gears Limited, he is also the member of Audit Committee of Bharat Gears Limited. As on 31st March, 2012, he holds 100 shares in the Company which is well below 1% of the total Paid Up Equity Share Capital of the Company and does not affect his independence.



6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as detailed below:

Annual General Meetings

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2010-2011	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana)	26.07. 2011 12.00 Noon	No
2009-2010	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana)	29.07. 2010 4.30 P.M.	Yes A. Re-appointment of Mr. Surinder P. Kanwar as Chairman & Managing Director for a further period of 5 Years with increased remuneration
2008-2009	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad - 121001 (Haryana)	31.07. 2009 11:00 A.M.	No

Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the financial year ended 31st March, 2012.

Postal Ballot

During the financial year 2011-2012, the company has obtained the approval of its members by passing a Resolution under Section 31 of the Companies Act, 1956 as Special Resolution by Postal Ballot in accordance with the procedure prescribed in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011. Mr. Sameer Kanwar, Joint Managing Director and Mr. Prashant Khattri, Group Head (Legal) & Company Secretary of the Company were authorised by the Board of Directors of the Company to conduct the Postal Ballot Process and Mr. K.B. Mudgal failing him Ms. Babita Aggarwal of M/s AGB & Associates, Company Secretaries, Faridabad was appointed as the Scrutinizer by the Board to conduct the said Postal Ballot Process in fair and transparent manner.

The result of voting, conducted through Postal Ballot for passing of the Special Resolution under Section 31 of the Companies Act, 1956, relating to alteration of Articles of Association (AOA) of the company by adding Article No. 75(a) and 119(a) after the existing Article No. 75 and 119 thereof respectively authorizing the Company to conduct the meetings of Members and Board/ Committee through electronic mode i.e. Video Conferencing had been announced by the Joint Managing Director on 28th December, 2011 and the same is reproduced here:

Particulars	No. of postal Ballot forms	No. of shares	% of total Paid Up Equity Capital
Total Postal Ballot Forms Received	148	41,88,508	53.58
Less : Invalid Postal Ballot Forms	08	1,586	0.02
Net Valid Postal Ballot Forms	140	41,86,922	53.56
Postal Ballot Forms with Assent for the Resolution	132	41,86,248	53.55 (representing 99.98% votes cast in favour of resolution)
Postal Ballot Forms with Dissent for the Resolution	08	674	0.008 (representing 0.02% votes cast against the resolution)

No special resolution is proposed to be conducted through Postal Ballot.

7. DISCLOSURES

A. Basis of Related Party Transactions

During the year 2011 - 2012, there were no material individual transactions with related parties, which are not in normal course of business or are not on an Arm's Length basis. The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and review. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board, and the interested directors do not participate in the discussion nor do they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes to Accounts forming part of the Financial Statements.

B. Disclosure of Accounting Treatment in preparation of Financial Statements

Bharat Gears Limited has followed the guidelines of Accounting Standards as mandated by the Central Government in preparation of its financial statements.

C. Risk Management Framework

The Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

A detailed note on Risk Management is given in the Management Discussion and Analysis section forming part of the Directors Report.

D. Compliance by the Company

There were no instances of any non - compliance by the Company nor any penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to the Capital Markets, during the last three years.



E. Management

Management Discussion and Analysis forms part of the Annual Report to the shareholders for the financial year 2011-2012.

F. Whistle Blower

The Company has laid down a complete Whistle Blower Policy, which is available at the Company's website www.bharatgears.com. During the year, no unethical behavior has been reported. Further, the Company has not denied any personnel access to the Audit Committee and it will provide protection to Whistle Blower, if any, from adverse personnel action.

G. Remuneration of Directors for 2011-2012

(₹ In lacs)			
Name of Members	Sitting Fees	Salaries and Perquisites	Total
Mr. N. J. Kamath	0.55	Nil	0.55
Mr. V. K. Pargal	0.35	Nil	0.35
Dr. Ram S. Tarneja	0.40	Nil	0.40
Mr. W.R. Schilha	0.20	Nil	0.20
Mr. S.G. Awasthi	0.15	Nil	0.15
Mr. Rakesh Chopra	0.40	Nil	0.40
		Sub-Total (A)	2.05
Mr. Surinder P. Kanwar Chairman & Managing Director	Nil	• Salary	126.00
		• Contribution to provident and other funds (*)	34.02
		• Monetary value of perquisites (**)	35.21
			195.23
Mr. Sameer Kanwar Joint Managing Director	Nil	• Salary and allowances	66.90
		• Contribution to provident and other funds (*)	7.72
		• Monetary value of perquisites (**)	15.79
			90.41
		Sub-Total (B)	285.64
		Grand Total	287.69

*Excludes provision for gratuity which is determined on the basis of actuarial valuation done on an overall basis for the Company.

**Excludes provision for compensated absences which is made based on the actuarial valuation done on an overall basis for the Company.

There is no notice period or severance fee in respect of appointment of any of the above Managerial Personnel. Neither Mr. Surinder P. Kanwar nor Mr. Sameer Kanwar is entitled for any performance linked incentives and the Company does not have any Stock Option Scheme.

H. CEO/CFO Certification

Certificate from Mr. Surinder P. Kanwar, Chairman and Managing Director and Mr. Milind Pujari, Chief Financial Officer in terms of Clause 49 (V) of the Listing Agreement with the Stock Exchanges for the Financial Year ended 31st March, 2012 was placed before the Board of Directors of the Company in its meeting held on 30th May, 2012.

I. Code of Conduct and Corporate Ethics

• Code of Business Conduct and Ethics

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. A copy of this code has been posted at Company's official website i.e. www.bharatgears.com

• Code of Conduct for Prevention of Insider Trading

The Company has a comprehensive Code of Conduct for its Management, Staff and Directors for prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Amendment Regulations, 2011. The code lays down the guidelines and procedures to be followed and disclosures to be made while dealing with the Shares of the Company and cautioning them on the consequences of non-compliances. The pieces of the price sensitive information are disseminated to the Stock Exchanges timely, adequately and promptly on continuous basis for prevention of Insider Trading. The Company Secretary has been appointed as Compliance Officer and is responsible for adherence to Code for prevention of Insider Trading. A copy of same has been posted at the official website of the Company i.e. www.bharatgears.com.



J. Mandatory Requirements

The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreement entered into with Stock Exchanges. Details of compliances are given below:

	Particulars	Clause of Listing Agreement	Compliance status
I.	Board of Directors	49(I)	Yes
(A)	Composition of Board	49(IA)	Yes
(B)	Non-executive directors compensation and disclosure	49(IB)	Yes
(C)	Other provisions as to Board and committees	49(IC)	Yes
(D)	Code of Conduct	49(ID)	Yes
II.	Audit Committee	49(II)	Yes
(A)	Qualified and independent Audit Committee	49(IIA)	Yes
(B)	Meeting of Audit Committee	49(II B)	Yes
(C)	Power of Audit Committee	49(II C)	Yes
(D)	Role of Audit Committee	49(II D)	Yes
(E)	Review of information by Audit Committee	49(II E)	Yes
III.	Subsidiary Companies	49(III)	N.A.
IV.	Disclosures	49(IV)	Yes
(A)	Basis of related party transaction	49(IVA)	Yes
(B)	Disclosure of accounting treatment	49(IV B)	N.A.
(C)	Board disclosures	49(IV C)	Yes
(D)	Proceed from public issues, right issues, preferential issues etc.	49(IV D)	N.A.
(E)	Remuneration of directors	49(IV E)	Yes
(F)	Management	49(IV F)	Yes
(G)	Shareholders	49(IV G)	Yes
V.	CEO/CFO Certification	49(V)	Yes
VI.	Report on Corporate Governance	49(VI)	Yes
VII.	Compliance	49(VII)	Yes

K. Non-Mandatory Requirements

The Company has set up a Remuneration Committee and Finance Committee, details whereof are given in the Board Committee section of this report. The Company has also adopted a Whistle Blower Mechanism.

L. Means of Communication

The Quarterly, Half Yearly and Annual Financial Results during the year were published by the Company as under:

Financial Results	Name(s) of Newspapers	Date(s) of Publication
Quarter/Year ended 31 st March, 2011	The Economic Times*, Navbharat Times (Hindi)**	28 th May, 2011
Quarter ended 30 th June, 2011	The Economic Times*, Navbharat Times (Hindi)**	27 th July, 2011
Quarter/Half Year ended 30 th September, 2011	The Economic Times*, Navbharat Times (Hindi)**	05 th November, 2011
Quarter ended 31 st December, 2011	The Economic Times# The Economic Times (Hindi)##	08 th February, 2012

* **Economic Times** - Delhi/Mumbai/Pune/Lucknow/Chandigarh Editions.

** **Navbharat Times (Hindi)** - Delhi/Mumbai Editions.

Economic Times - Delhi/Mumbai/Pune/Lucknow/Chandigarh/Chennai/Hyderabad/Kolkata/Jaipur/Bangalore/Ahmedabad Editions.

Economic Times (Hindi) - Delhi Edition.

In addition to the above, the quarterly/ half yearly and the annual financial results and official releases, if any, are also displayed on the Company's official website i.e. www.bhartgears.com for the information of all the shareholders. The quarterly/half-yearly and annual financial results, shareholding pattern, along with full version of Corporate Governance Report, Annual Report and other requisite material information are also displayed on www.corpfiling.co.in

Further, any interviews given by Company Executives/ Management during the year are also displayed on the Company's official website i.e. www.bharatgears.com.

Besides the above, no other presentations were made to any institutional investor or to the analysts.

8. GENERAL SHAREHOLDERS' INFORMATION

A. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 11:30 A.M. on Thursday, the 26th day of July, 2012 at Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121 001 (Haryana).

B. Financial Year:

Financial Year of the Company commences on 1st April and ends on 31st March. The Four Quarters of the Company end on 30th June; 30th September; 31st December and 31st March respectively.

C. Date of Book Closure:

20th July, 2012 to 26th July, 2012 (both days inclusive)

D. Dividend Payment Date:

The dividend will be paid on or before 24th August, 2012.

E. Listing on Stock Exchanges and Stock Code:

The Shares of the Company are listed on the following Stock Exchanges:

1. Bombay Stock Exchange Limited [BSE]
[Stock Code: 505688]
2. National Stock Exchange of India Limited [NSE]
[Symbol: BHARATGEAR]

The Annual Listing Fees for the year 2012-2013 has been paid in advance to the aforesaid Stock Exchanges.

F. Market Price Data:

High and Low prices during each month of Financial Year 2011-2012 on National Stock Exchange of India Limited and Bombay Stock Exchange Limited are as under:

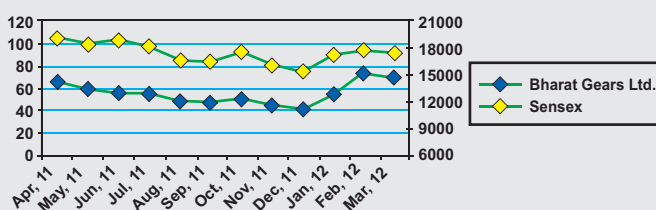
The Closing Price represents the price on the last trading day of each month of Financial Year 2011-2012.



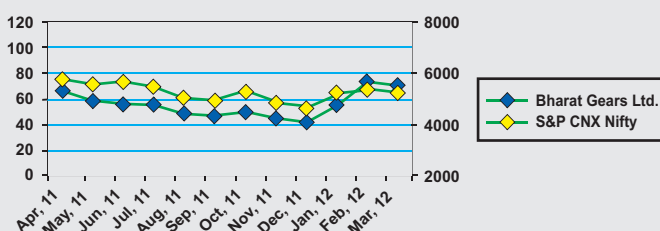
Month	High (Rs.)		Low (Rs.)		Closing (Rs.)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	81.95	81.60	51.15	53.10	66.65	66.25
May	72.60	72.50	54.45	54.40	58.95	59.10
June	61.90	61.90	52.10	52.15	55.75	55.75
July	63.85	63.95	54.60	55.10	55.60	55.25
August	57.30	58.00	44.75	44.05	49.05	48.75
September	53.90	53.95	45.80	45.55	47.00	46.95
October	51.80	51.80	44.50	44.05	49.40	50.10
November	57.80	57.45	42.10	42.10	44.55	45.00
December	47.90	48.00	39.20	39.10	41.60	41.30
January	58.80	57.90	40.60	40.75	55.25	55.10
February	77.80	77.75	54.10	54.10	72.90	73.75
March	80.00	79.50	65.20	67.00	70.25	69.80

The graphical presentations of movement of closing share prices of the company on BSE and NSE during the year are as under:

a. BHARAT GEARS' PRICES VERSUS SENSITIVITY AT BSE



b. BHARAT GEARS' PRICES VERSUS S & P CNX NIFTY



G. Registrar and Transfer Agent:

Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Limited) is the Registrar and Transfer agent for handling both the share registry work relating to shares held in physical and electronic form at single point. The Share Transfers were duly registered and returned in the normal course within stipulated period, if the documents were clear in all respects.

The Shareholders are therefore advised to send all their correspondences directly to the Registrar and Transfer Agent of the Company at the below mentioned address:

Linkintime India Private Limited

A-40, 2nd Floor, Naraina Industrial Area, Phase-II
Near Batra Banquets, New Delhi-110028
Phone Nos: 011-41410592/93/94
Fax No. : 011-41410591
E-mail: delhi@linkintime.co.in

However, for the convenience of Shareholders, correspondence relating to Shares received by the Company are forwarded to the Registrar and Transfer Agent for action thereon.

H. Share Transfer System:

The Shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar and Transfer Agent(RTA), Link Intime India Private Limited. Link Intime India Private Limited is fully equipped to undertake the activities of Share Transfers and redressal of Shareholders grievances.

In order to have speedy disposal of the shareholders'/ investors' requests for transfer and transmission, a sub-committee consisting of the following directors/ officers of the Company is in place for effecting Transfer/ Transmission/Split/Consolidation of Shares;

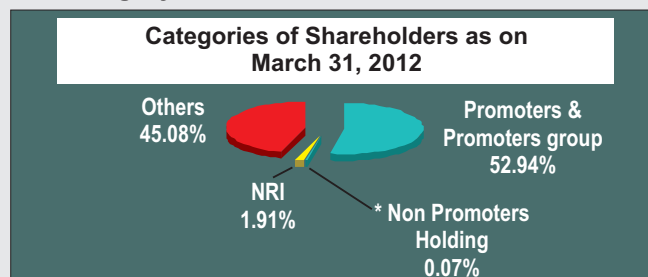
- Mr. Surinder P. Kanwar, Chairman & Managing Director
- Mr. Sameer Kanwar, Joint Managing Director
- Mr. P.C. Kothari, Head (Finance & Accounts)
- Mr. Prashant Khattry, Group Head (Legal) & Company Secretary

Any two of the above are authorised to consider and approve the Transfer/Transmission/Split/Consolidation of Shares. The Sub-Committee is attending to Share Transfer formalities at least once in a fortnight.

After approved by the Sub-Committee, the Share Transfers are affected by the Registrar and Transfer Agent of the Company.

As per the requirements of Clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the Half Yearly Certificates from a Company Secretary in Practice for due compliance of Share Transfer formalities.

I. Shareholding pattern of the Company as per category of shareholders as on March 31, 2012



* Non Promoters Holdings are Negligible

	Category	No. of Shares Held	%age of Share holding
A.	Promoters' Holding		
	1. Promoters		
	- Indian Promoters	23,01,290	29.44
	- Foreign Promoters		
	2. Persons acting in Concert	18,37,213	23.50
B.	Non-Promoters' Holding		
	3. Institutional Investors		
	a. Mutual Funds and Unit Trust of India	3,300	0.04
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non -Govt. Institutions)	2,268	0.02
	c. Foreign Institutional Investor	50	0.00
	4. Others		
	a. Private Corporate Bodies	6,19,023	7.92
	b. Indian Public	27,92,219	35.72
	c. Non Resident Indians / Overseas	1,49,121	1.91
	d. Any Other	1,13,349	1.45
	Total	7817833	100.00

J. Distribution of Shareholding as on March 31, 2012:

No. of Equity shares held	Number of Share holders	Number of Shares	%age to total shares
Up to 250	8548	554940	7.10
251 to 500	827	321399	4.11
501 to 1000	417	335215	4.29
1001 to 2000	186	288391	3.69
2001 to 3000	67	176552	2.26
3001 to 4000	29	105751	1.35
4001 to 5000	33	155079	1.98
5001 to 10000	44	330477	4.23
10001 & above	53	5550029	70.99
Total	10204	7817833	100.00

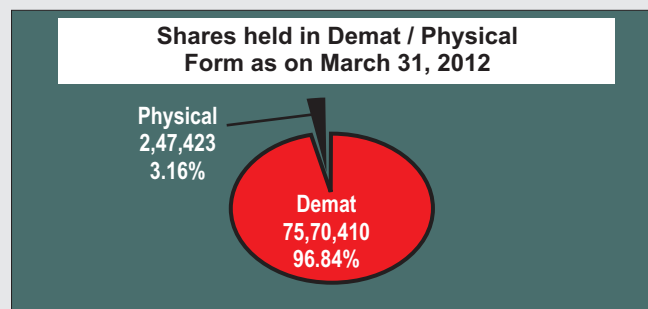
K. Share Dematerialisation System:

The requests for dematerialisation of shares are processed by Registrar & Transfer Agent (RTA) expeditiously and the confirmation in respect of dematerialisation is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialisation of shares generally on weekly basis. In case of rejections the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

L. Dematerialization of Shares and Liquidity:

The Company's Equity Shares are compulsorily traded in the Stock Exchanges in the dematerialized mode and

are available for trading under both the Depository Systems in India i.e. National Securities Depository Limited and Central Depository Services (India) Limited.



As on 31st March, 2012, a total of 75,70,410 equity shares of the Company of Rs. 10/- each, which form 96.84% of the paid up Equity Share Capital, stand dematerialized.

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

M. Unclaimed Shares in Physical Mode

As per Clause 5A of the Listing Agreement, there are no unclaimed shares in the Company.

N. Corporate Benefits

Dividend History:

Dividend on Equity Shares

Financial Year	Rate (%)	Amount (₹ in Crores)
2011-2012	18	1.41
2010-2011	15	1.17
2009-2010	12	0.94
2008-2009	10	0.78
2007-2008	10	0.78

Dividend on Preference Shares

Financial Year	Rate (%)	Amount (₹ in Crores)
2011-2012	10	0.10
2010-2011	10	0.21
2009-2010	10	0.21
2008-2009	10	0.21
2007-2008	10	1.94

O. Plant locations:

The Company's Plants are located at the below mentioned addresses:



- 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, Pin-121 003
- Kausa Shil, Mumbra, Dist. Thane, Maharashtra, Pin - 400 612

P. Addresses for Correspondence:

For Share transfer/ demat/remat of shares or any other query relating to shares: -

- Link Intime India Pvt. Limited
A-40, 2nd Floor, Naraina Industrial Area, Phase-II,
Near Batra Banquet Hall, New Delhi - 110 028,
Phone No. 011-41410592-94,
Fax-011-41410591.
Email: delhi@linkintime.co.in

For Investor Assistance:-

- Mr. Prashant Khattry, Group Head (Legal) and Company Secretary, Bharat Gears Limited,
20 K.M., Mathura Road, P. O. Amar Nagar,
Faridabad - 121 003, Phone: 0129-4288888,
Fax No. 0129-4288822-23.
Email: prashant.khattry@bglindia.com

Q. Email for investors:

The Company has designated investor@bglindia.com as e-mail address especially for investors' grievances. Alternatively, the investors can send their complaints/ requests at bglfbd@vsnl.net.in

R. Nomination facility:

The Shareholders holding Shares in physical form may, if they so want, send their nominations in prescribed Form 2B of the Companies (Central Government's) General Rules and Forms, 1956, (which can be obtained from the Company's RTA or downloaded from the Company's Website: http://www.bharatgears.com/documents/form_2b_nomination.pdf) to the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

S. Updation of Shareholders information:

The Shareholders of the Company are requested to intimate their latest Residential Address along with the details of their Shareholding in "Updation of Shareholder's Information Form" (which can be obtained from the Registered Office of the Company or downloaded from the Company's Website http://www.bharatgears.com/documents/form_updation_shareholders_information.pdf). The duly filled form for Updation of information may either be sent to the Company at its Registered Office or be hand-delivered at the Annual General Meeting of the Company.

On Behalf of the Board of Directors



Surinder P. Kanwar
Chairman and Managing Director

Dated: May 30, 2012
Place: Mumbai



COMPLIANCE CERTIFICATE AS PER CLAUSE 49(V) OF THE LISTING AGREEMENT

We have reviewed financial statements and the cash flow statement for the year 2011- 2012 and that to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- 3) No transaction entered into by the Company during the above said period, which is fraudulent, illegal or violative of the Company's Code of Conduct.

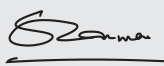
Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and we have disclosed to the Auditors and the Audit Committee, wherever applicable:

- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2011 - 2012;
- 3) Significant changes in accounting policies during the year 2011-2012 and that the same have been disclosed in the notes to the financial statements;
- 4) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Bharat Gears Limited**

Place: Mumbai
Date: May 30, 2012


Milind Pujari
Chief Financial Officer


Surinder P. Kanwar
Chairman and
Managing Director

COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted "Code of Business Conduct and Ethics". This code deals with the 'Good Governance and ethical Practices', which the Company, the Board members and the Senior Management of the Company are expected to follow.

It is hereby affirmed that during the year 2011-2012, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

For **Bharat Gears Limited**

Place: Mumbai
Date: May 30, 2012


Prashant Khattry
Group Head (Legal)
& Company Secretary


Surinder P. Kanwar
Chairman & Managing
Director

AUDITORS' CERTIFICATE

To

The Members of Bharat Gears Limited

We have examined compliance of conditions of Corporate Governance by Bharat Gears Limited (the Company), for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

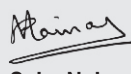
The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliances with the conditions of Corporate Governance as stipulated in Clause 49. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins and Sells**
Chartered Accountants
(ICAI Reg. No. 117365W)

Place: Mumbai
Date: May 30th, 2012


Saira Nainar
Partner
Membership No.:040081



BHARAT GEARS LIMITED