

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Corporate Governance at Bharat Gears Limited takes care of overall well-being, sustainability and transparency 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 endeavor 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 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, 2013, 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 brief profile of the members of the Board is also available on the Company's website i.e. www.bharatgears.com.

A. Board's definition of Independent Director

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

- 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;
- 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;
- has not been an executive of the Company in the immediately preceding three financial years;
- is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
 - the statutory audit firm or the internal audit firm that is associated with the Company, and
 - the legal firm(s) and consulting firm(s) that have a material association with the entity.
- 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
- is not a substantial shareholder of the Company, i.e. owning two percent or more of the block of voting shares.
- 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.

It has been confirmed by all the Independent Directors of the Company that as on March 31, 2013, they fulfill the criteria of being "Independent Director" as stipulated under the Clause 49 of the Listing Agreement.

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

^AExcluding directorship in Private Companies, alternate directorship, Companies registered under Section 25 of the Companies Act, 1956 and Foreign Companies.

^Bfor 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.

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

^DMr. 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 2012-2013 is ` 1,21,356/- (including Service Tax @ 12.36%). 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 2012-13, Five (5) 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: -

- 30th May, 2012;
- 26th July, 2012;
- 31st October, 2012
- 24th January, 2013 and
- 22nd March, 2013

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 the following, extent to the applicability during the year as per Clause 49 of the Listing agreement.

- 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 the compliance reports of all laws applicable to the Company, prepared by the Company along with the declaration made by all the respective departmental heads and by the Chairman & Managing Director regarding compliance with all applicable laws.

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. Tarneja	Chairman	4/3
2.	Mr. V. K. Pargal	Member	4/4
3.	Mr. N. J. Kamath	Member	4/4
4.	Mr. Rakesh Chopra	Member	4/4

In addition to the Members of the Audit Committee, the Chief Financial Officer, Internal Auditors, Cost 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 and year to date un-audited and 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.

Mr. V.K.Pargal, Member of the Committee acted as the Chairman of the Committee at the last Annual General Meeting due to non-availability of Dr. Ram S. Tarneja and he replied to the queries of the shareholders to their satisfaction.

Mr. Prashant Khattri, 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, four (4) meetings of the Audit Committee were held on the following dates:

- 30th May, 2012;
- 25th July, 2012;
- 31st October, 2012 and
- 24th January, 2013

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 to 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 to 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 Members	Designation
1.	Mr. N.J. Kamath	Chairman
2.	Dr. Ram S. Tarneja	Member
3.	Mr. V.K. Pargal	Member

During the Financial Year 2012-2013 (1) one meeting of the Committee was convened on May 30, 2012 and it was attended by all the 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 1(one) year w.e.f 1st June, 2012 to 31st May, 2013 of his present tenure, on the same terms and conditions as recommended by the remuneration Committee in its Meeting held on 04th May, 2009 and 26th May, 2011 which was approved by the Board of Directors in its meeting held on 04th May, 2009 and 27th May, 2011 and approved by the shareholders in the 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 criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/ track record, macro economic review on remuneration packages of heads of other organizations with a need to attract the best available talent.

C. Shareholders'/Investors' Grievance Committee

The "Shareholders'/Investors' Grievance Committee" has been empowered to look into the Shareholders'/Investors' grievances i.e Non-receipt of Annual Reports, Dividend payments, other miscellaneous complaints 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	2/2
2.	Mr. Sameer Kanwar	Member	2/2
3.	Mr. Rakesh Chopra	Member	2/2

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

I. Shareholders'/Investors' Grievance Committee Meetings

During the Financial Year 2012-13, the Committee met two (2) times on 30th May, 2012 and 31st August, 2012 and 202 Letters/Requests/Complaints were received from the shareholders till 31st March, 2013; 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, 2013.

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 Khattri, 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 Members	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 of the Company.

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

4. COMPLIANCE OFFICER

Mr. Prashant Khattry, 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. Rakesh Chopra, Director Brief Resume: Mr. Rakesh Chopra aged 62 years is a Non-Executive Independent Director of the Company since 25th January, 2007. He is a qualified Chartered Accountant (England & Wales) and MBA from Cranfield University, U.K. He had been spearheading various industry groups at top levels including Escorts Limited. He has rich experience of around 36 years. He is the Chairman of Finance Committee and also a member of the Audit Committee and Shareholders'/Investors' Grievance Committee of Bharat Gears Limited. As on 31st March, 2013, he does not hold any Share in the Company.
2	Mr.W.R. Schilha, Director Brief Resume: Mr. W.R. Schilha aged 62 years is a Graduate of Business Administration. He is a Non-Executive Independent Director on the Board of the Company since 26th February, 1986 as a representative of ZF Friedrichshafen AG, Germany, the erstwhile foreign collaborator. However, after withdrawal of his nomination from the Board, Mr.W.R. Schilha was appointed as a regular director of the Company on 16th May, 2007 in his personal capacity. He is Chairman of ZF Drivotech (Suzhou) Limited in Suzhou, PR, china and ZF-Beiben Drivotech Company Limited, Chongqing PRC. He is immensely experienced and has international exposure on various facets of auto industry as a whole including gear technology. He is having expertise in the area of sales, marketing and service. As on 31st March, 2013, he does not hold any Share in the Company.





6. GENERAL BODY MEETINGS

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

Annual General Meeting

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2011-2012	Faridabad Industries Association, FIA House, Bata Chowk, Faridabad-121001 (Haryana)	26.07.2012 11.30 A.M.	No
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 04.30 P.M.	Yes Re-appointment of Mr. Surinder P. Kanwar as Chairman & Managing Director for a further period of 5 (five) Years with increased remuneration.

Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31st March, 2013.

Postal Ballot

During the Financial Year 2012-2013, the Company has obtained the approval of its members under Section 17 of the Companies Act, 1956 for the alteration of the Objects Clause of Memorandum of Association (MOA) of the Company by passing a resolution as Special Resolution through 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 Khattry, 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. Anant Kumar Jha of M/s. A.K. Jha & Associates, Company Secretaries, New Delhi 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 17 of the Companies Act, 1956, relating to the alteration of objects clause of the Memorandum of Association (MOA) of the Company by adding Clause (e) after the existing Clause (d) under the main objects of the Company thereof had been announced by the Chairman and Managing Director on 18th September, 2012 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	125	41,60,589	53.22
Less : Invalid Postal Ballot forms (as per register)	04	1,060	0.01
Net valid Postal forms (as per register)	121	41,59,529	53.21
Postal Ballot forms with assent for the resolution	117	41,58,879	53.20 (representing 99.99% votes cast in favour of resolution)
Postal Ballot forms with dissent for the resolution	04	650	0.01

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

7. DISCLOSURES

A. Basis of Related Party Transactions

During the year 2012-2013, 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 neither participated in the discussion nor did they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes forming part of 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 or 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 2012-2013.

F. Whistle Blower

The Company has established an effective mechanism called Whistle Blower Policy (Policy) which is available at the Company's website www.bharatgears.com. The mechanism under the Policy has been appropriately communicated within the organisation. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees. It protects employees wishing to raise a concern about serious irregularities, unethical behaviour, actual or suspected fraud within the Company by reporting the same to the Audit Committee. A separate e-mail i.e. whistleblower@bglindia.com has been designated for the purpose.

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 2012-2013

Name of Members	Sitting Fees	Salaries and Perquisites	Total
Mr. N. J. Kamath	0.97	Nil	0.97
Mr. V. K. Pargal	0.87	Nil	0.87
Dr. Ram S. Tarneja	0.77	Nil	0.77
Mr. W.R. Schilha	0.32	Nil	0.32
Mr. S.G. Awasthi	0.49	Nil	0.49
Mr. Rakesh Chopra	0.92	Nil	0.92
		Sub-Total (A)	4.34
Mr. Surinder P. Kanwar	Nil	- Salary 138.60 - Contribution to provident and other (*) 37.42 - Monetary value of perquisites (**) 40.12	216.14
Mr. Sameer Kanwar	Nil	- Salary and allowances 76.30 - Contribution to provident and other funds (*) 11.57 - Monetary value of Prerequisites 20.22	108.09
		Sub Total	324.23
		Grand Total	328.57

*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.

@ Includes total provision of ₹ 50.80 lacs made on the basis of shareholders approval in excess of the limit specified under Section 198 read with Section 309 and Schedule XIII to the Companies Act, 1956 which is subject to approval of the Central Government for which applications have been made by 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, 2013 was placed before the Board of Directors of the Company in its meeting held on 29th May, 2013.

I. Code of Conduct and Corporate Ethics

• Code of Business Conducts 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 noncompliances. 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(IIB)	Yes
(C) Power of Audit Committee	49(IIC)	Yes
(D) Role of Audit Committee	49(IID)	Yes
(E) Review of information by Audit Committee	49(IIE)	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(IVB)	N.A.
(C) Board disclosures	49(IVC)	Yes
(D) Proceed from public issues, right issues, preferential issues etc.	49(IVD)	N.A.
(E) Remuneration of directors	49(IVE)	Yes
(F) Management	49(IVF)	Yes
(G) Shareholders	49(IVG)	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 Result	Name(s) of Newspapers	Date(s) of Publication
Quarter/ Year ended 31st March, 2012	The Economic Times*, The Economic Times (Hindi)**	31st May, 2012
Quarter ended 30th June, 2012	The Economic Times*, The Economic Times (Hindi)**	27th July, 2012
Quarter/Half Year ended 30th September, 2012	The Economic Times*, The Economic Times (Hindi)**	01st November, 2012
Quarter ended 31st December, 2012	The Economic Times# The Economic Times (Hindi)** Mint###	25th January, 2013

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

Economic Times- Mumbai & Delhi Edition

** Economic Times (Hindi)- Delhi Edition

###Mint- Ahmedabad/ Bangalore/ Chandigarh/ Chennai/ Hyderabad/ Kolkata/ Mumbai/ New Delhi/ Pune Editions

In addition to the above, the quarterly/ half yearly and the annual financial results and official releases, if any, are also displayed under the "Investors" section on the Company's official website i.e. www.bharatgears.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

Also, the Quarterly Corporate Governance Report and Shareholding Pattern of the Company as mandated under Clause 49 and Clause 35 of the Listing Agreement respectively are filed with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS).

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.

Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs (MCA), the Company had sent soft copies of Annual Reports for the year 2011-12 to all those shareholders whose email addresses were made available to the depositories or the Registrar and Transfer Agents (RTA). Physical copies were sent to only those shareholders whose email addresses were not available and for the bounced email cases.

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 Wednesday, the 31st day of July, 2013 at HUDA Convention Centre, Sector-12, Faridabad-121007 (Haryana).

B. Financial Year:

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

C. Date of Book Closure:

27th July, 2013 to 31st July, 2013 (both days inclusive)

D. Dividend Payment Date:

The dividend will be paid on or before 27th August, 2013.

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

The Annual Listing Fees for the year 2013-2014 has been paid in advance to the aforesaid Stock Exchanges.



F. Market Price Data:

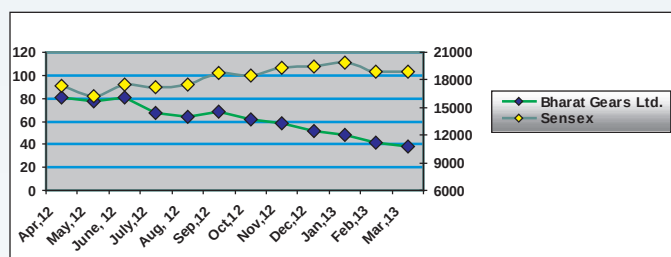
High and Low prices during each month of Financial Year 2012-2013 on National Stock Exchange of India Limited and Bombay Stock Exchange Limited are as under:

The Closing Price represents the price on the last trading day of each month of Financial Year 2012-2013.

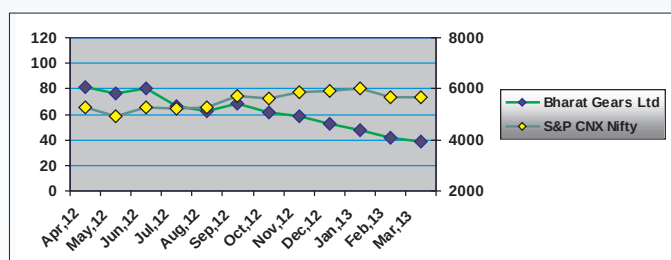
Month	High (Rs.)		Low (Rs.)		Closing (Rs.)	
	NSE	BSE	NSE	BSE	NSE	BSE
April	88.20	89.00	69.00	69.75	80.95	81.30
May	84.40	84.00	68.00	66.65	76.10	77.35
June	85.90	85.85	72.00	73.10	80.25	80.25
July	85.95	85.95	65.70	66.20	66.90	67.55
August	72.00	69.90	61.10	61.00	62.85	63.55
September	69.40	69.40	59.00	59.50	68.60	68.10
October	70.55	70.95	61.00	60.60	61.35	62.00
November	66.00	61.75	54.50	54.00	58.15	58.55
December	58.95	58.80	48.25	47.10	52.20	52.10
January	61.95	61.00	47.30	47.50	47.50	47.80
February	49.50	49.30	40.50	40.05	41.55	41.80
March	43.00	44.75	36.55	36.00	38.60	38.15

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 Private Limited (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:

Link Intime India Private Limited
44, Community Centre
2nd Floor, Naraina Industrial Area,
Phase-I, Near PVR Naraina
New Delhi - 110 028
Tel Nos.: 011-41410592-94
Fax No.: 011-41410591
Email: 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.

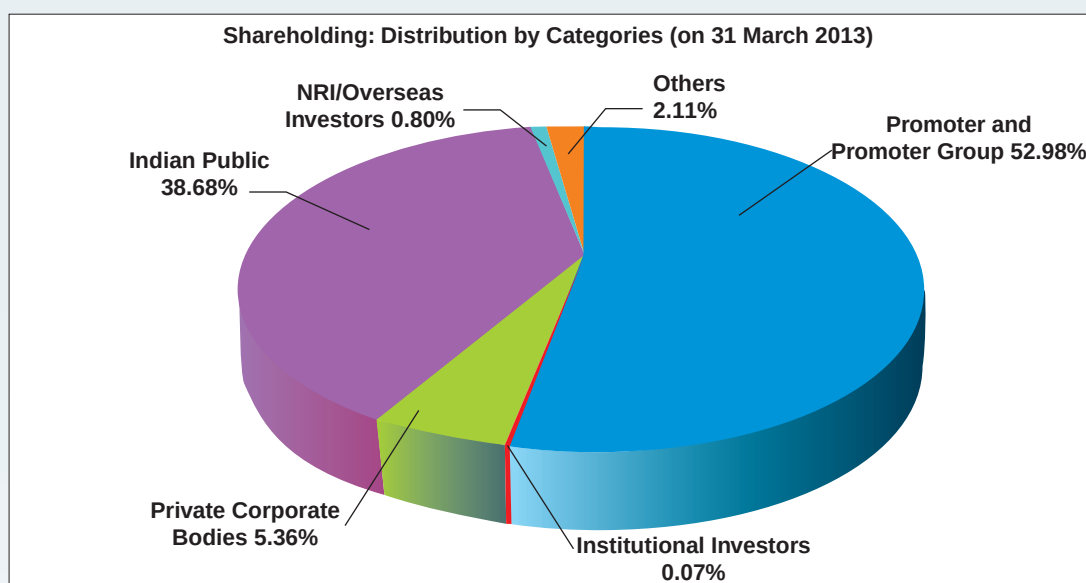
- a. Mr. Surinder P. Kanwar, Chairman and Managing Director
- b. Mr. Sameer Kanwar, Joint Managing Director
- c. Mr. P.C. Kothari, Head (Finance and Accounts)
- d. Mr. Prashant Khattry, Head(Legal) and Company Secretary

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.

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, 2013



* Non Promoters Holdings are Negligible

Category	No. of Shares held	% of Share holdings
A Promoters' holding		
1. Promoters		
- Indian Promoters	23,04,290	29.48
- 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	0.03
c. Foreign Institutional Investor	50	0.00
4. Others		
a. Private Corporate Bodies	4,18,839	5.36
b. Indian Public	30,23,945	38.68
c. Non Resident Indians / Overseas	62,594	0.80
d. Any Other	1,65,334	2.11
TOTAL	78,17,833	100.00



J. Distribution of Shareholding as on March 31, 2013:

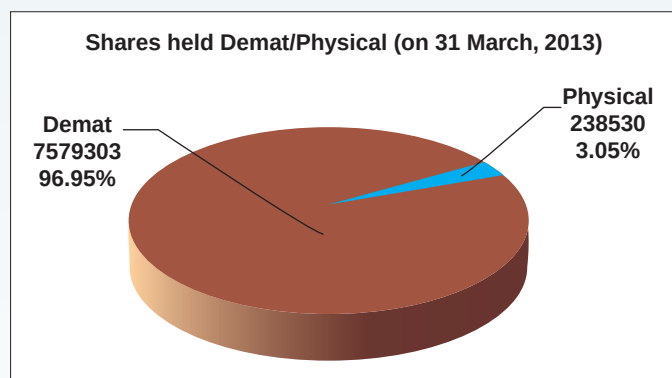
No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 250	8722	544806	7.00
251 to 500	819	315869	4.04
501 to 1000	404	323260	4.13
1001 to 2000	194	288584	3.69
2001 to 3000	63	162317	2.07
3001 to 4000	28	99731	1.27
4001 to 5000	29	135877	1.73
5001 to 10000	43	326010	4.17
10001 and above	47	5621379	71.90
Total	10349	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, 2013 a total of 75,79,303 equity shares of the Company of ₹ 10/- each, which form 96.95% 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)
2012-2013	18	1.41
2011-2012	18	1.41
2010-2011	15	1.17
2009-2010	12	0.94
2008-2009	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

* All the preference shares issued by the Company had been redeemed upto March 31, 2012.

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
- Lonand, Taluka Khandala, District Satara, Maharashtra Pin- 415521 **w.e.f May 13, 2013**

P. Addresses for Correspondence:

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

Link Intime India Private Limited, 44 Community Centre, 2nd Floor, Naraina Industrial Area Phase- I, Near PVR Naraina, New Delhi 110 028, Phone No. 011-41410592-94, Email: delhi@linkintime.co.in

For Investor Assistance:-

Mr. Prashant Khattry, 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 email address especially for investors' grievances. Alternatively, the investors can send their complaints/requests at bgllfd@vsnl.net.in

SEBI has commenced processing of investor complaints in a centralised web based complaints redress system i.e. SCORES. The Company has supported SCORES by using it as a platform for communication between SEBI and the Company.

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 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 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



Dated: May 29, 2013
Place: Mumbai

Surinder P. Kanwar
Chairman and Managing Director

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

We have reviewed financial statements and the cash flow statement for the year 2012-2013 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:

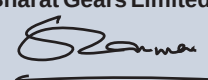
- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2012-2013;
- 3) Significant changes in accounting policies during the year 2012-2013 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.

Place: Mumbai
Date: May 29, 2013



Milind Pujari
Chief Financial Officer

For Bharat Gears Limited



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 2012-2013, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Prashant Khattry
Head (Legal) and Company Secretary

Place: Mumbai
Date: May 29, 2013

For Bharat Gears Limited

Surinder P. Kanwar
Chairman and 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, 2013, 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
(Registration No. 117365W)

Saira Nainar
Partner
(Membership No.:040081)

Place: Mumbai
Date: May 29, 2013

