

# KALYANI FORGE LIMITED

## CORPORATE GOVERNANCE

### REVISED CODE OF CONDUCT APPLICABLE TO DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF KALYANI FORGE LIMITED

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#### ❖ PREFACE

This Code of Conduct will be known as "Kalyani Forge Limited Code of Conduct" applicable to Directors and Senior Management Personnel hereinafter referred to as the "Code of Conduct"

The subject Code has been framed specifically in compliance with the provisions of Clause 49 of the listing agreement with stock exchanges.

The Code is in alignment with the Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

This model code of conduct may be reviewed by the Board from time to time to keep in pace with the regulatory environment and any amendments to this Code, shall be approved by the Board of Directors.

The revised Code shall come into force with immediate effect.

#### ❖ APPLICABILITY

This Code shall be applicable to the following persons:

- Whole-time Directors including the Chairperson of the Company.
- All Non-Executive Directors including Independent Directors unless specifically exempted from some provisions of this Code.
- All Employees in the category of General Managers and above of Kalyani Forge Limited (hereinafter referred to "Senior Management Personnel").
- All of the Company Key Managerial Personnel (KMP).

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The Whole-time Directors and Senior Management Personnel should continue to comply with other applicable / to be applicable policies, rules and procedures of the Company.

## ❖ DEFINITIONS

- (a) “**Companies Act**” means the Companies Act, 1956 and Companies Act, 2013 to the extent of applicability;
- (b) “**Body Corporate**” means a body corporate as defined under Section 2(11) of Companies Act, 2013 or any amendment thereof;
- (c) The term “**Board Members**” shall mean Directors on the Board of Directors of the Company;
- (d) The term “**Whole-time Director**” shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the Company;
- (e) The term “**Non-Executive Director**” shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company;
- (f) **Independent Directors** shall mean an Independent Director as per the provisions of the Companies Act, 2013 and Listing agreement (as revised from time to time)
- (g) The term “**Conflict of Interest**” means where the interests or benefits of one person or entity conflict with the interests or benefits of the Company;
- (h) **Senior Management Members** shall mean individuals who are designated as President / Vice President / General Managers and above and which term shall include all operational heads, irrespective of their designation;
- (i) “**Key Managerial Personnel**”, in relation to a company means –
  - i. The Chief Executive Officer or the Managing Director or the Manager;
  - ii. The Company Secretary;
  - iii. The Whole Time Director;
  - iv. The Chief Financial Officer; and
  - v. Such other officer as may be prescribed;

## ❖ COMPLIANCE OFFICER

Company Secretary will be the Compliance Officer for the purpose of this Code of Conduct who shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the legal compliances as required by Companies Act, 2013, SEBI Listing Agreement and other rules, Notifications, and Circulars applicable time to time. **In the absence of the Company Secretary, the Managing Director shall be the Compliance Officer.**

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## ❖ PRINCIPLE

The Board of Directors and the Senior Management Personnel of the Company shall act within the authority conferred upon them, in the best interests of the company and observe the following:

## ❖ CODE OF CONDUCT

- a) The Directors & Senior Management personnel are required to act in accordance with the highest standards of personal and professional integrity, honesty, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations and at social events.
- b) Directors shall not involve themselves in making any decision on a subject matter in which a conflict of interests arises or could arise, between their personal interest and the interests of the Company. In the event of apprehending such conflict of interests the relevant facts shall be disclosed in writing explaining the circumstances that would create or could create the conflicts of interests to: (a) the Board of Directors in the case of Directors (whole-time and non-executive) and (b) Chairperson in the case of Senior Management Personnel for further directions in the matter.
- c) Whilst carrying out the duties, the Board of Directors and the Senior Management Personnel shall ensure that it is executed in terms of the authorizations granted and within the limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors or Committee of Directors of the Company, from time to time.
- d) The Board of Directors and the Senior Management Personnel shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business except accepting a gift or entertainment if warranted by the accepted ethical customs and practices.
- e) Directors and Senior Management Personnel shall not hold any positions or jobs or engage in outside business or other interests that adversely affect the performance of duties of the Company. Whole-time Directors and Senior Management Personnel are expected to devote their full attention to the business interests of the Company

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and as, more particularly, subject to terms and conditions laid down in their respective contracts / appointment letters.

- f) Directors shall immediately bring to the notice of the Board about any unethical behavior, suspected fraud or violation of the Company's policies.
- g) Board shall comply with all applicable laws, rules and regulations and any violation thereon may make them personally liable. Directors and Senior Management Personnel may be subjected to disciplinary action by the Company for violation of provisions of law.
- h) The Board of Directors and the Senior Management Personnel shall conduct themselves in a professional, courteous and respectful manner and shall not take any improper advantage of their position.
- i) The Board of Directors and the Senior Management Personnel shall report concerns about unethical behaviour, actual or suspected instances of fraud, misconduct or irregularity or failure of internal control system, likely to impact the business interest of the Company or any other information that may be perceived to be violating any legal/regulatory requirements as per the Whistle-blower Policy of the Company.
- j) Directors and Senior Management Personnel shall be committed to shareholders' worth value and shall strictly comply with all regulations and laws that govern shareholders' right. The shareholders shall be informed about all relevant aspects about the Company's business and disclose such information as may be required from time to time, in accordance with applicable rules and regulations.

### ❖ CONFLICT OF INTERESTS

The Board of Directors and the Senior Management Personnel shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved.

The Board of Directors and the Senior Management Personnel shall not take up any position or engagement that may be prejudicial to the interest of the Company.

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The Executive Director(s) and the Senior Management Personnel shall not take up any outside employment.

## ❖ INSERTION OF THE CODE IN WEBSITE.

As required by Clause 49 of the listing agreement, this code and any amendments thereto shall be posted on the website of the Company.

## ❖ AMENDMENT TO THE CODE

The provisions of this Code can be amended or modified by the Board of Directors from time to time and all such amendments/modifications shall take effect from the date stated therein.

## ❖ AFFIRMATION OF COMPLIANCE OF THE CODE

In terms of Clause 49 of the listing agreement, all Board Members and Senior Management Personnel shall within 30 days of close of every financial year affirm compliance with the Code. A proforma of Annual Compliance Report is annexed to this Code as Appendix I. The Annual Compliance Report shall be forwarded to the Compliance Officer of the Company.

## ❖ PUBLICATION OF THE CODE

This Code and any amendments thereto shall be published / posted on the website of the Company i.e. [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in)

## ❖ CONCLUSION

This Revised Code embodies the belief that acting always with the Company's legitimate interests in mind and being aware of the Company's responsibility towards its stakeholders is an essential element of its long term growth and excellence.

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## APPENDIX - I

KALYANI FORGE LIMITED  
ANNUAL COMPLIANCE REPORT  
REVISED CODE OF CONDUCT FOR BOARD MEMBERS & SENIOR MANAGEMENT  
PERSONNEL

To  
The Compliance Officer,  
Kalyani Forge Limited,  
Shangrila Gardens, 1<sup>st</sup> Floor,  
B & C Wing, Opp. Bund Garden,  
Pune 411001

I \_\_\_\_\_ do hereby solemnly affirm that to the best of my  
knowledge and belief, I have fully complied with the provisions of the REVISED CODE  
OF CONDUCT

FOR BOARD MEMBERS / SENIOR MANAGEMENT PERSONNEL during the  
financial year ending 31st March, 200\_\_.

Signature \_\_\_\_\_

Name \_\_\_\_\_

Designation \_\_\_\_\_

Date:

Place:

\* To be submitted by 30th April each year.

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## CODE FOR INDEPENDENT DIRECTORS

(As per Schedule IV of Companies Act, 2013)

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

### **I. GUIDELINES OF PROFESSIONAL CONDUCT:**

An independent director shall:

- (1) Uphold ethical standards of integrity and probity;
- (2) Act objectively and constructively while exercising his duties;
- (3) Exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) Not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) Refrain from any action that would lead to loss of his independence;
- (8) Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) Assist the company in implementing the best corporate governance practices.

### **II. ROLE AND FUNCTIONS:**

The independent directors shall:

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- (1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) Bring an objective view in the evaluation of the performance of board and management;
- (3) Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible Code of Conduct for the Board of Directors and the Senior Management Personnel.
- (5) Safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) Balance the conflicting interest of the stakeholders;
- (7) Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### III. DUTIES:

The independent directors shall –

- (1) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) Strive to attend the general meetings of the company;
- (6) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;



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- (7) Keep themselves well informed about the company and the external environment in which it operates;
- (8) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### IV. MANNER OF APPOINTMENT:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out:
  - a) the term of appointment;
  - b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

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- c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d) provision for Directors and Officers (D and O) insurance, if any;
  - e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - f) the list of actions that a director should not do while functioning as such in the company; and
  - g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

### **V. RE-APPOINTMENT:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

### **VI. RESIGNATION OR REMOVAL:**

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

### **VII. SEPARATE MEETINGS:**

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

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- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - (a) Review the performance of non-independent directors and the Board as a whole;
  - (b) Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## VIII. EVALUATION MECHANISM:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

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