

MUNJAL SHOWA LIMITED

Regd. Office: 9-11, Maruti Industrial Area, Gurgaon-122015, Haryana

**CODE OF CONDUCT
FOR
DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

Dear Directors and Officers,

Although the Shareholders are the real owners, they don't play any active role in the day-to-day management of the Company. In other words, a Company is run by democratic process i.e. by the Directors elected by the Shareholders as their representatives and by the Officers duly appointed by the Board of Directors. They are expected to play an active role in the day-to-day management of the Company. They are the Company's decision-making authority on all matters except those reserved for the Shareholders. It is, therefore, necessary to ensure that they are managing the Company in the interest of the Shareholders. This can be made possible by complying with all the laws, rules and regulations applicable to the Company's conduct of business as also with the pre-determined procedures. Legal compliance alone, however, is not enough. Also, no book of rules can prescribe exactly how we should deal in every possible situation. Accordingly, all the Directors and the Members of the Senior Management are, in addition to comply with the applicable laws, expected to act in accordance with the highest standard of personal and professional integrity, honesty and ethical conduct while working for or on behalf of the Company.

This requires the Board and the Senior Management to follow a Code of Conduct which go well beyond the minimum legal requirements. Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 also requires the Board to lay down a Code of Conduct for the Directors and the senior management. Accordingly, the Board of Directors of Munjal Showa Limited has laid down the underlined Code. Hence, the purpose of this Code is to conduct the business of the Company in accordance with the applicable laws, rules, regulations and with the highest standard of ethics and values. This is one further step of the Company to promote and maintain its highest standard of Corporate Governance.

This Code shall come into force with immediate effect. Each and every Director and Member of the Senior Management shall be duty-bound to follow the provisions of this Code in letter and spirit. Any instance of non-compliance of any of the provisions of this Code shall be viewed seriously by the Company.

Accordingly, all the Members of the Board and of the Senior Management are expected to read and understand this Code and uphold these standards in their business dealings and activities.

For and on behalf of the Board

(Yogesh Chander Munjal)
Managing Director

**CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT OF
MUNJAL SHOWA LIMITED**

A Code to maintain and enhance integrity, transparency and accountability in the higher echelons of the management

Be it enacted by the Board of Directors of Munjal Showa Limited Dated this 10th day of May, 2005 as follows, further the same has been amended and approved in the Board Meeting held on February 05, 2016:

**PART I
PRELIMINARY**

1. SHORT TITLE AND COMMENCEMENT:

- (i) This may be called the **Code of Conduct, 2015**.
- (ii) It shall come into force with immediate effect.

2. DEFINITIONS:

In this Code, unless otherwise stated-

- (i) **"Company"** means **Munjal Showa Limited**.
- (ii) **"Board"** means the **Board of Directors of the Company**.
- (iii) **"Senior Management"** means the management team one level below the Board and hence, includes all Departmental/Functional heads of the Company, e.g.
 - (a) Chief Executive Officer;
 - (b) Company Secretary;
 - (c) Head of Finance (by whatever designation called); and
 - (d) All Departmental/Functional heads (by whatever designation called).*Further the Chief Financial Officer and Company Secretary has the power to include the name in the list of senior management from time to time.*
- (iv) **"Listing Regulation"** means SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (v) **"Securities"**, in relation to the Company, means **Equity Shares of the Company**.
- (vi) **"Audit Committee"** means a Committee of the Board constituted in accordance with the provisions of Section 177 of Companies Act 2013 and Regulation 18 of Listing Regulations.
- (vii) **"Conflict of Interest"** means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

3. APPLICABILITY:

This Code applies to the following:

- (a) All Members of the Board of Directors of the Company (hereinafter referred to as the **"Directors"**); and
- (b) All Members of the Senior Management (hereinafter referred to as the **"Officers"**).

PART II
GUIDELINES

4. GUIDELINES FOR CONDUCT:

All the Directors/Officers to whom this code applies are required to adopt the following standards in their business dealings and activities:

(I) ATTENDANCE:

The Directors shall attend the Board and Committee meetings regularly. Similarly, the Executive Directors and Officers shall endeavor to attend their offices regularly.

(II) DEDICATION:

In consideration of the employment in the Company, the Directors/Officers shall dedicate sufficient time, energy and attention to the Company including preparing for meetings and decision-making by reviewing in advance any materials distributed.

(III) HONEST AND ETHICAL CONDUCT:

The Directors/Officers shall act in accordance with the highest standard of personal and professional integrity, honesty and ethical conduct while working for or on behalf of the Company.

We consider honest conduct to be the conduct free from fraud and/or deception and ethical conduct to be the conduct conforming to the accepted professional standards. Ethical conduct includes the conduct free from any conflict of interest between the personal and professional relationship as discussed in (IV) below.

(IV) CONFLICT OF INTEREST:

The Directors/Officers are expected to dedicate their best efforts in advancing the Company's interest. They shall, therefore, avoid any actual or apparent conflict of interest. A conflict of interest arises when a Director's/Officer's personal interest interferes in any way or even appears to interfere with the interest of the Company. For example,

- (a) Outside Employment**:- The Officers shall not engage in any outside activity that interferes with their performance or responsibilities to the Company, e.g. simultaneous employment or taking part in any activity that enhances or supports a competitor's position.
- (b) Outside Directorship**:- The Directors shall not serve as a Director of any other Company that competes with the Company.
- (c) Business Interest**:- If any Director/Officer is considering investment in the business of any competitor of the Company, he or she must ensure that the said investment don't compromise on their responsibilities towards the Company.
- (d) Related Parties**:- All related party transactions shall require prior approval of the audit committee. All Material Related Party Transactions requires the approval of the

shareholders, however, the same shall be put up to the board for its approval at its meeting before the approval of shareholders.

Explanation.- A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

If any director or officer is interested in any related party transaction is required to disclose his interest before the Board of Directors. And such director or officer shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction.

(e) Payments or Gifts from others:- No Director/Officer or an immediate family member thereof shall accept any offer, payment, promise to pay, gift or anything of value from customers, vendors, consultants, etc. of the Company that is perceived and/or intended, directly or indirectly, to influence any business decision of the Company. Cash gifts shall not be offered or accepted under any circumstances. Other gifts may be acceptable where they are appropriate to the relationship involved and overall in the best interest of the Company. Any gift or offer to a politician or for any political purpose or to any official of any Regulatory Body can be made only after obtaining approval of the Board and/or the Audit Committee. Where it is inappropriate to accept a gift but refusing the same would damage the Company's interest, the same should be reported to the Board and/or the Audit Committee.

(f) Corporate Business Opportunities:- A corporate business opportunity is an opportunity in the Company's line of business or proposed expansion or diversification which the Company is financially able to undertake and which may be of interest to the Company.

A Director/Officer who learns of such an opportunity and who wishes to participate in it should disclose the opportunity to the Board. If the Board determines that the Company does not have an actual or expected interest in the opportunity, then and only then the willing Director/Officer can participate in the opportunity provided the opportunity has not been acquired by him through the use of Company's property, information or other resources.

The above situations are not exhaustives. There may be various instances where the personal interest of Directors/Officers may conflict with the interest of the Company. Thus the Directors/Officers shall, where their personal interest conflicts or appears to conflict with those of the Company, they must disclose the same before the Board of Directors of the Company.

(V) LEGAL COMPLIANCE:

The Directors/Officers shall comply with all applicable governmental laws, rules and regulations and may, wherever necessary, seek advice from the legal department of the Company in order to avoid civil and/or criminal liability.

In addition, any Director/Officer who is aware of the violation of any provisions of any law, rules or regulations applicable to the Company may bring the same to the notice of the Board or to the Audit Committee of the Company.

(VI) FAIR DEALING:

The Directors/Officers shall, in carrying out their duties and responsibilities, deal fairly and shall promote fair dealing by the Company with its employees, customers and suppliers.

(VII) RESPECT FOR THE INDIVIDUALS:

The Directors/Officers shall treat individuals in all aspects of the employment on the basis of their ability irrespective of their religion, age, gender or region. They shall ensure that racial, sexual or any other kind of harassment of individuals is not tolerated within the Company.

(VIII) CONFIDENTIAL INFORMATION:

The Directors/Officers shall maintain the confidentiality of all confidential information that they receive while carrying out their duties and responsibilities unless disclosure is authorized or legally mandated. In addition, they shall not use the same for their personal benefits directly or indirectly.

Confidential information includes all non-public information that might be of use to the Company's Competitors or that might prejudice the ability of the Company to pursue certain objectives or be harmful to the Company, its customers and suppliers. It also includes any information relating to the Company's business and affairs that results in or would reasonably be expected to result in a significant change in the market value of the Company's securities or any information that a reasonable investor would consider important in making an investment decision in the Company's securities.

(IX) COMPANY'S PROPERTIES:

The Directors/Officers shall endeavor to ensure that the Company's properties, proprietary information and other resources are used only for the legitimate business purposes of the Company.

(X) GENERAL:

In addition to the abovementioned specific standards, the Directors and/or Officers shall in general-

- a. use due care and diligence in the performance of their duties and responsibilities, be loyal to the Company, act in good faith and in a manner which they believe to be not opposed to the best interest of the Company;
- b. be independent in their judgement and actions;
- c. conduct themselves in a professional, courteous and respectful manner;
- d. act in a manner to enhance and maintain the reputation of the Company and not engage in conduct likely to bring discredit upon the Company;
- e. make available to and share with fellows information which may be appropriate to ensure proper conduct and sound operation of the Company;
- f. avoid their position as such for their personal gain;
- g. avoid competing with the Company;
- h. avoid receiving or permitting their immediate family members to receive any improper personal benefits from the Company;

- i. endeavor to encourage employees to report evidence of illegal or unethical behaviour to the appropriate Company's Personnel;
- j. endeavor to strictly prohibit the payment of bribes, kickbacks or other payment in cash or in kind to obtain any advantage for the Company, whether payments or offers are made directly or through an intermediary.

(XI) CODE FOR INDEPENDENT DIRECTORS SPECIFYING THEIR DUTIES:

A guide to professional conduct for Independent Directors is separately specified under the Companies Act, 2013, in Schedule IV – “Code for Independent Directors”, which lays down the guidelines of professional conduct for Independent Directors, their role & duties, along with appointment/reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as Annexure I to this Code.

(XII) AMENDMENTS:

This Code is subject to modifications as and when the circumstances arise whether by way of change in laws of the land or due to change in our policies and procedures. Any amendment or waiver of any provisions of this Code shall be approved by the Board and be promptly disclosed on the Company's website.

(XIII) DISCLOSURE:

As per Listing Regulations, the Directors and the Officers shall affirm the compliance with the Code on annual basis. The Annual Report of the Company shall carry a declaration to this effect duly signed by the CEO of the Company.

(XIV) VIOLATION OF THE CODE:

Part of the Directors and Officers duties and responsibilities shall be to help enforce this Code. They shall co-operate in any internal or external investigation in respect of any violation of this Code. Any violation or suspected violation of this Code may be reported to the Board or the Audit Committee. Reprisal, threat, retribution, or retaliation against any person who has, in good faith, reported a violation or suspected violation of this Code or against any person who is assisting in any investigation relating thereto shall be avoided.

(XV) NO RIGHTS CREATED:

This Code is a statement of certain fundamental principles, ethics, values, policies and procedures that govern the Directors and Officers of the Company in the conduct of the Company's business. It is not intended to and does not create any right in any employee, customer, supplier, shareholder or any other person or entity.

Annexure I

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:

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. Scrutinise 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;
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;
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 behavior, 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 fulfils 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 formalised 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;
 - (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 fulfils 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;
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.

ANNUAL DECLARATION

To,

The Company Secretary,

Dear Sir/Madam,

I, _____ do hereby acknowledge and confirm that during the financial year, to the best of my knowledge and belief, I have not violated any of the provisions of Code of conduct applicable for Directors and Senior Management or any of the policies of the Company or legal/regulatory requirements, as may be applicable to my responsibility.

Signature

Name : _____

Designation : _____

Place :

Date :

1. Kindly sign and return this declaration on or before April 30, 20__
2. This declaration shall be valid for the Financial Year 20 __