

# Management

## CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

### 1. Introduction

This Code of Conduct shall be called MMF Code of Conduct for Directors and Senior Management. The Code outlines the responsibilities of each director to the Company and amongst other things establishes procedures for dealing with any potential conflict of interest which may arise between the responsibilities of a director and any other outside interest which he/she or a connected party may have. The Code is not a full statement of the obligations of a director arising from his relationship with the Company.

### 2. Applicability

This Code of Conduct ("the Code") applies to all the directors of M M Forgings Limited. It also applies to directors of subsidiary companies of M M Forgings Limited. The Code will also apply to the senior management of the Company with suitable adaptations.

### 3. Effective Date:

The Code comes into effect from 1st January, 2006.

### 4. References:

4.1 "Company" means M M Forgings Limited or its subsidiary.

4.2 "Connected party" (or "connected persons") means the following:

(a) Spouse, parent, brother, sister, child or step-child.

(b) A body corporate with which the director is personally interested.

(c) A person acting as the Trustee of any trust, the beneficiaries of which include the director or persons at (a) above or the body corporate at (b) above.

4.3 'Relatives' means 'Relative' as defined in the Companies Act, 1956.

4.4 "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

### 5. General Responsibilities

5.1 At all times it is the responsibility of each director to ensure that he acts within the law in general and in particular in fulfilling his duties as a director. It is the responsibility of each director to satisfy himself/ herself as to what is lawful or otherwise.

5.2 The director is an 'Ambassador' of the Company and hence this should always be kept in mind by the director in all activities. The director should carry himself / herself in such a way that he/ she does not bring any disrepute to the company.

5.3 A director of the Company is expected to be well informed of the functioning of corporate in general and of the company, in particular.

5.4 A director should practise highest standards of personal ethics, integrity and discipline especially vis-a-vis his/her dealings with the Company.

5.5 A director not in a position to attend Board/Board Committee meetings is required to seek "leave of absence" from the Board of Directors.

5.6 He/she should not associate himself/herself with any competing organisation either as a director or in a managerial or advisory capacity without prior approval of the Board of the Company.

## **6. Secrecy**

The directors of the Company in the course of their duties have access to confidential information. Except when required to do so by the Board or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents, a Director must maintain absolute secrecy.

## **7. Disclosure of Interest**

7.1 The duty of each director is to act at all times solely in the interests of the Company to the exclusion of all other considerations.

7.2 If a conflict of interest exists in any situation where the personal or other interest of a director or a connected party might in any way affect the discharge by a director of his duties or his deliberations in a situation where a director or a connected party could benefit, the director must ensure that the Company does not suffer by the conflict of interest. A director or his relatives must not under any circumstances obtain any such benefit.

7.3 Declaration of Directors' Interests: Each director should furnish to the Secretary, details of his employment and of all other business interests including shareholdings, professional relationships etc. Disclosures over and above those required by the Companies Acts will be treated as confidential.

7.4 The interests of any connected party, which could involve a continuing conflict of interest, should be disclosed as far as the director knows them.

7.5 Disclosure of minor shareholdings is at the discretion of the Board. A holding valued (nominal value) at more than Rs. 3,00,000 , no. of shares being 30,000 in the shares of a company or of more than 1% of the issued share capital of a company, whichever is less, is not considered minor shareholding. Each director should consult the Chairman if in doubt regarding disclosure of an interest of his own or a connected person (as defined above) in case of disclosure of minor shareholdings.

7.6 Register of Directors' Interests : The Secretary will maintain a Register of the interests. The Register will be updated on a quarterly basis. Changes in interests should be notified to the Secretary in the interim as soon as possible. Use of the register will be

strictly limited to the requirements of this Code.

7.7 The director and persons connected with him can disclose any change of interest at short notice.

7.8 A director should absent himself when the Board is deliberating or deciding on matters in which he/she (other than in his capacity as a member of the board) or a person or body connected with him/her, has an interest.

7.9 Where a question arises as to whether or not a case relates to the interests of a director or a person or body connected with him/her, the Board shall determine the question and that decision shall be final.

## **8. Gifts and Benefits**

8.1 A director must not obtain personal advantage from any person dealing with the Company.

8.2 A director must not accept any gifts, or inducements where the value of such could make it appear that the person giving is attempting to influence the Director to gain advantage. Any such gifts or inducements received should be returned with the request that no gifts be forwarded in future.

## **9. Failure to comply with the Code**

Failure by a director to comply with this code of conduct may result in his /her actions being referred to the Board / Board Committee and will make a director liable to such action including removal from the Board. The Committee so appointed, shall advise the Chairman and the decision of the Chairman shall be final and would be communicated.