

A Model Code of Business Conduct and Ethics

Part I - Code of Ethics and Business Conduct

Preamble:

Menon Bearings Limited is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This code is intended to provide guidance and help in recognising and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Each Director, officer and employee is expected to comply with the letter and spirit of this Code.

The directors, officers and employees of the Company must not only comply with applicable laws, rules and regulations but should also promote honest and ethical conduct of the business. They must abide by the policies and procedures that govern the conduct of the Company's business. Their responsibilities include helping to create and maintain a culture of high ethical standards and commitment to compliance, and to maintain a work environment that encourages the stakeholders to raise concerns to the attention of the management.

Definitions:

- a) **"Act"** means the Securities and Exchange Board of India Act, 1992.
- b) **"Board of Directors"** means the Board of Directors of the Company.
- c) **"Committee"** means the Committee, if any, constituted by the Company for the implementation of these Regulations.
- d) **"Companies Act"** means The Companies Act, 1956 (1 of 1956).
- e) **"Company"** or **"the Company"** means Menon Bearings Limited.
- f) **"Compliance Officer"** means the Company Secretary for the time being of the Company or the Officer appointed by the Board of Directors of the Company for the purpose of this Code and the Regulations.
- g) **"Designated Employees"** shall mean all employees comprising the top three tiers of the Company's management, all employees in the Finance and Secretarial Departments and such other employees who may be so designated, from time to time, by the Company for the purposes of this Code and who may be able to

have access to any '**price sensitive information**' as defined in this Code or the Regulations. Top three tiers of the Company's management shall mean and include Board of Directors, Segment/Functional Directors and employees directly reporting to them.

- h) "**Officer of the Company**" means any person as defined in Clause (30) of Section 2 of the Companies Act, including the Auditors of the Company.
- i) "**Price Sensitive Information**" means any information, which relates, directly or indirectly, to the Company and which, if published, is likely to materially affect the price of securities of the Company.

Explanation -

The following shall be deemed to be price sensitive information:-

- Periodical financial results of the Company ;
- Intended declaration of dividends (Interim and / or Final);
- Issue of Securities or Buy-back of Securities;
- Any major expansion plans or execution of new projects;
- Amalgamation, merger or takeover;
- Disposal of the whole or substantially the whole of the undertaking;
- Any significant changes in policies, plans or operations of the Company having material impact on the financials of the Company.

- j) "**Regulations**" means the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended

Provisions of the code

This code does not attempt to describe all potential problem areas that could develop, but some of the more common problems are described below:

Conflicts of Interest - A conflict situation arises:

- a. When an employee, officer, or director takes action or has interests that may make it difficult to perform his or her work objectively and effectively,
- b. The receipt of improper personal benefits by a member of his or her family as a result of one's position in the Company,

- c. Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company,
- d. The receipt of non-nominal gifts or excessive entertainment from any person / company with which the Company has current or prospective business dealings,
- e. Any significant ownership interest in any supplier, customer, development partner or competitor of the Company,
- f. Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company.

The directors, officers and employees should be scrupulous in avoiding 'conflicts of interest' with the Company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Board of directors or any Committee / officer nominated for this purpose by the Board and a prior written approval should be obtained.

Conduct Of Business Relationships: The Company expects all its business to be conducted in a legal and ethical manner. The quality of products and the efficiency of services at competitive prices will be the biggest tool for marketing activities. Profits by no means justify use of unfair / unethical business practices.

Board Members / Senior managers / Designated Employees shall not make any promises or commitments that the Company does not intend or would not be able to honour. Also, they should not be engaged, directly or indirectly, in any act, dealing or conduct likely to bring discredit to the Company.

Board Members / Senior managers / Designated Employees must uphold the highest standards of integrity and ethics in every kind of third party dealings. They shall not give, offer, or authorize the offer, directly or indirectly, of anything of value (tangible or intangible) to any third party to obtain any improper advantage.

A contribution or entertainment shall not be offered to anyone in the course of business that might create the appearance of an impropriety. However some modest and acceptable corporate gifts etc. appropriate to give in the normal course of business practice may be acceptable.

Cost Consciousness: All the Board Members and Senior managers / Designated Employees of the company should strive for optimum utilization of available resources. They shall exercise care to ensure that costs are reasonable and there is no wastage. It shall be their duty to avoid ostentation in Company expenditure.

Intellectual Property: Intellectual Property Rights (IPR) broadly covers patented or potentially patentable inventions, trademarks, service marks, trade names, copyrightable subject matter, and trade secrets.

Board Members / Senior managers / Designated Employees shall make their best efforts to protect all such Intellectual Properties related to the Company, as it is critical to the Company's overall success.

It is advisable to highlight and consult the Managing Director / Company Secretary for determining the appropriate course of action whenever there is lack of clarity and issue of any kind related to IPR.

Interaction With Media: To facilitate the achievement of the Company's vision and business plans, it is necessary to communicate the policies, plans and accomplishments in the most effective manner through the media to our investors, customers, existing and potential, other stakeholders and to the community at large.

All statements made to the media on behalf of the Company should be true and fair. Only persons duly authorised by management are allowed to interact with media on specified subjects.

Disclosures of any information other than statutory disclosures or those specifically authorised by the Management is prohibited. Disclosure of information on proceedings of board meetings / committee meetings / internal meetings, and disclosure of forward-looking statements is prohibited. In case any such disclosure has to be made it has to be approved by the Management and shall be combined with cautionary statements, wherever required.

Board Members / Senior managers / Designated Employees shall not disclose non-public information selectively to a particular group as it may lead to unfair advantage / discrimination.

Fraudulent And Unfair Practices In The Securities Market: The Company's securities are proposed listed on the Bombay Stock Exchange Limited. The Company is committed to comply with securities laws in all jurisdictions in which its securities are listed.

The Company prohibits its Board Members / Senior managers / Designated Employees from any fraudulent and unfair trade practices in the securities market, with regard to the securities of the Company or of any other company with whom the Company has business dealings to the best of their knowledge.

All Board Members and Senior managers / Designated Employees shall ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 as also other regulations as may become applicable to them from time to time.

Health, Safety And Environment: The Company believes in sustainable development and is committed to be a responsible corporate citizen. To uphold the Company's interest and preserve the quality of life of all concerned, the business and operations of the Company shall be conducted in an environmentally friendly manner and provide a safe and healthy working environment to its employees Board Members / Senior managers / Designated Employees shall ensure compliance with all applicable environmental, safety and health laws and regulations and internal policies.

Free And Fair Competition / Antitrust: Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. The Company is committed to obeying both the letter and spirit of these laws.

As a general rule, contacts with competitors should be limited to formal forums and should always avoid casual / careless mention on subjects such as business plans, prices or other terms and conditions of sale, customers, and suppliers.

Reporting of illegal or unethical behavior (whistle blower Mechanism): The Company shall promote ethical behavior in all its business activities. Employees are free to report existing/probable violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. Such reports received from any employee will be reviewed by the Corporate Governance Committee from time to time.

Board Members and Senior managers / Designated Employees shall not attempt to suppress/conceal any such view or reporting.

The confidentiality of those reporting violations shall be protected and they shall not be subjected to any discriminatory practices.

Honest and Ethical Conduct: The Directors, officers and employees shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct not only at Company's premises and offsite but also at Company sponsored business, social events as well as any places. They shall act and conduct free from fraud and deception. Their conduct shall conform to the best-accepted professional standards of conduct.

Corporate Opportunities - Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Directors, officers, and employees are expressly prohibited from:

- a. Taking for themselves personally, opportunities that are discovered through the use of Company's property, information, or position.
- b. Competing directly with the business of the Company or with any business that the Company is considering.
- c. Using Company's property, information, or position for personal gain.

If the Company has finally decided not to pursue an opportunity that relates to the Company's business activity, he/she may pursue such activity only after disclosing the same to the Board of directors or the nominated person/committee.

Confidentiality - The directors, officers and employees shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except when disclosure is authorised or legally mandated. The Confidential information includes all non-public information (including private, proprietary and other) that might be of use to competitors or harmful to the Company or its associates. The use of confidential information for his/her own advantage or profit is also prohibited.

Fair Dealing - Each director, officer, and employee should deal fairly with customers, suppliers, competitors and employees of group companies. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing practices.

Protection and proper use of Company's Assets - All directors, officers and employees should protect Company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the Company's assets and property have a direct impact on the Company's profitability. Company's assets should be used only for legitimate business purposes.

Compliance with Laws, Rules, and Regulations - The Directors, officers and employees shall comply with all applicable laws, rules and regulations. Transactions, directly or indirectly, involving securities of the Company should not be undertaken without pre-clearance from the Company's compliance officer. Any director, officer or employee who is unfamiliar or uncertain about the legal rules involving Company business conducted by him/her should consult the legal department of the Company before taking any action that may jeopardise the Company or that individual.

Compliance with Code of Conduct - If any director, officer or employee who knows of or suspects of a violation of applicable laws, rules or regulations or this Code of conduct, he/she must immediately report the same to the Board of Directors or any designated person / committee thereof. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The Company recognises that resolving such problems or concerns will

advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation.

Violations of this Code of Ethics will result in disciplinary action, which may even include termination of services of the employee. The Company's Board or any Committee / person designated by the Board for this purpose shall determine appropriate action in response to violations of this Code of Ethics.

Amendment, Modification & Waivers: This Code may be amended, modified, or waived by the Board in consultation with the Corporate Governance Committee, subject to appropriate applicable provisions of law, rules, regulations and guidelines. As a general policy, the Board will not grant waivers to the Code. However, in extraordinary situations and for reasons to be recorded in writing, the Board may grant exemption from any one or more of the provisions of this Code.

Annual Certification: Every Director and Member of Senior managers / Designated Employees of the Company will be required to certify compliance with the Code within 15 days of the close of the financial year of the Company. Such certification shall be in the form provided in the Annexure to this Code.

Interpretation of Code - Any question or interpretation under this Code of Ethics and Business Conduct will be handled by the Board or any person/committee authorised by the Board of the Company.

Part II - Code of ethics for Senior Financial Officers

Honesty, integrity and sound judgment of the senior financial officers is fundamental for the success and reputation of Menon Bearings Limited. The professional and ethical conduct of the senior financial officers is essential to the proper functioning of the Company. The senior finance officers as well as directors of the Company shall be bound by the following code of ethics:

- a. Act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal, financial and professional relationships,
- b. Make full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits or makes periodically, to the shareholders, government authorities and to the public,
- c. Comply with governmental laws, rules, notifications and regulations applicable to the Company's business,
- d. Disclose to the Board or any committee / officer designated by the Board for this purpose, any material transaction or relationship that reasonably could be expected to give rise to any violations of the code including actual or apparent conflicts with the interests of the company,
- e. Promote prompt reporting of violations of the Code of Ethics to the Board of Directors or any person / committee designated for this purpose, as may be necessary,
- f. Respect the confidentiality of information acquired in the course of employment unless legally obliged to disclose and ensure that no such confidential information is used for personal advantage / benefit,
- g. Maintain the skills necessary and relevant to the Company's needs,
- h. Act in good faith, responsibility, with due care, competence and diligence without misrepresenting material facts,
- i. Refrain from any inappropriate or undue influence of any kind in all dealings with independent auditors, and avoid any actual or apparent conflicts with analysts,
- j. Achieve responsible use of and control over all assets and resources employed or entrusted to the them,
- k. Promote ethical and honest behavior within the Company and its subsidiaries,

All senior financial officers should adhere to both the code of business conduct and the code of ethics of the Company. Violation of the code of ethics will lead to appropriate disciplinary action including dismissal from the services of the Company.

Any deviation / waiver from this code can only be effected on the sole and absolute discretionary authority of the Board or any person / committee designated by the Board for this purpose.

ANNEXURE

The Secretary
Menon Bearings Limited
G-1 MIDC Gokul Shirgaon
Kolhapur- 416 234

Compliance Certificate

I, being a member of the Board / Designated Employee / Senior managers / Designated Employees of Menon Bearings Limited ("the Company") hereby acknowledge, confirm and certify that:

1. I have received, read and understood the Code of Business Conduct and Ethics for Board Members and Senior managers / Designated Employees of the Company;
2. I am bound by the said Code to the extent applicable to my functions as a member of the Board of Board Members / Senior managers / Designated Employees of the Company;
3. During the financial year _____, I have complied with the provisions of the said Code;
4. I am not aware of, nor am I a party to any non-compliance with the said Code.

Signed:

Name:

Designation:

Date: