



# AKAR TOOLS LTD.

E-5, M.I.D.C. Waluj, Aurangabad - 431 138 (M.S.) INDIA  
Phone : (0240) 6647200  
Fax : 91 - 240-2554640. Web Site : www.akartoolsltd.com  
E-Mail : factory@akartoolsltd.com  
CIN No. : L29220MH1989PLC052305

IRQS Approved  
ISO/TS 1694:2009



IRQS SMMT - 01006

## CODE OF CONDUCT FOR BOARD OF DIRECTORS & SENIOR MANAGEMENT OF AKAR TOOLS LIMITED

### 1. INTRODUCTION

Akar Tools Limited, Code of Conduct for the Board of Directors and Senior Management (Code) is aimed to inculcate the spirit of Corporate Governance principles in the affairs of the Company. The primary purpose of the Code is to encourage the business of the Company as per the corporate values of the Company.

### 2. APPLICABILITY

Code shall be applicable to all the Directors of the Company, as well as employees in the senior management of the Company, who are one level below the Board, being members of the Senior management of the Company, or such other employee of the Company as may be designated as members of the Senior Management for the purpose of this Code by the Director of the Company from time to time.

The Compliance Officer, as designated by the Chairman will be the principal officer for this code. He is empowered to report to the Chairman of the Board on any matter relating to the implementation of the Code. The compliance officer should be consulted if there is any lack of clarity about any aspect in the code. The Chairman of Board may also be consulted wherever required.

### 3. THE CODE

Every person to whom this Code applies will be bound by the following, to the extent applicable. However, Annexure- I shall apply additionally to only independent directors on the Board of the Company.

#### A. Regulatory Compliance

- i. To comply with all applicable laws, rules, regulations and regulatory orders.
- ii. To acquire appropriate up-to-date knowledge of requirements of compliance under various applicable statutes.
- iii. To ensure proper legal compliance and management system is in place for reporting status of compliance under various laws.

#### B. Honest and Ethical Conduct

The honest and ethical conduct shall include the conduct conforming to accepted professional standards exhibiting fairness and transparency. The Directors/Senior Management shall act in accordance with the highest standards of personal and



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ISO 9001:2008

professional integrity, honesty and ethical conduct. The dealings of Directors/Senior Management while managing the affairs of the Company shall be free from any fraud or misuse of the office or any resources of the Company.

## C. Conflicts of Interest

The interest shall mean membership, directorship, professional relationship such as a consultant or otherwise, or any affiliation or association, with or in any other entity. It shall also include direct or indirect concern in any past, present or proposed contract, arrangements, or dealings with the Company or its subsidiaries or affiliates. The indirect interest shall include the interest of the relative, partner or any affiliate of the Directors/Senior Management or his relative or affiliate holds a controlling stake, significant office or has a considerable influence over its affairs. The term 'relative' shall mean the persons mentioned under section 2 (77) of the Companies Act, 2013.

A conflict of interest is a situation in which interest of the Directors/Senior Management conflicts, with the interest of the Company or its subsidiaries or affiliates or customers. If in the course of the business, any interest of the Directors/Senior Management detrimentally conflicts with the smooth and profitable conduct of the affairs of the Company or its subsidiaries or affiliates, the Directors/Senior Management shall disclose such conflict to the Compliance Officer and to take all the necessary steps to resolve or avoid such conflict. No the Directors/Senior Management shall make any profit or gain in the event of and as result of such conflict. The Directors/Senior Management shall make adequate and timely disclosure of all their interests to the Compliance Officer. If such transactions are material to the Company, they shall be placed before the Audit Committee for review. Any dealing with related party must be conducted on an arm's length basis and on commercial terms and no preferential treatment shall be given.

The Directors/Senior Management should attempt to plan their business and personal affairs so as to avoid conflicts to the greatest extent possible, and in those cases where a conflict cannot be avoided, they should fully disclose the circumstances of the conflict to the Compliance Officer and abstain from participation in any decision making by the Company in connection with any transaction giving rise to the conflict.

## D. Financial Reporting and Records

The Directors shall ensure that the Accounting and Financial records of the Company adhere to the prevailing and applicable accounting standards and generally accepted accounting practices and conventions that are prudent so as to give a true and fair view of affairs of the Company and of the profit of the Company. The Directors shall ensure that there exist adequate internal controls, accounting and audit procedures for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. No the Directors /Senior Management shall make or shall cause to be made any willful representation in any Accounting and Financial records of the Company.



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## **E. Gifts and Donations**

No the Directors/ Senior Management under any circumstances shall receive any payments, remuneration, gifts, donations or any benefits or gains which are intended to pass on undue benefits to an outsider and which would have negative impact on the Company's business. Similarly the Directors/Senior Management shall not make or offer to make or abet any payments, remuneration, gifted and donations or pass on any benefits, gains to any person, which would have the effect of unethical conduct of business.

## **F. Regulatory Compliance:**

The Directors/Senior Management shall ensure compliance with all the applicable laws, rules and regulations. The Directors/ Senior Management shall ensure that the Company is not in violation of any such laws, rules and regulations and does not incur any financial or other liabilities on account of such violation. In the event of any non compliance of any such laws, rules and regulations by the Company is observed by any Directors/ senior management, such Directors/Senior Management shall immediately bring it to the notice of the Compliance officer and initiate appropriate remedial measures.

## **G. Confidentiality**

Any material information bearing significance to the interest of the Company or any subsidiaries or affiliates of the Company in the possession of the Director/Senior Management shall be kept as confidential. The Director/Senior Management shall protect and take all the measures and observe prudence to safeguard the confidentiality of the information at all times till the same becomes a part of public knowledge documents.

## **H. Corporate Opportunity**

Except as may be approved by the Board of Directors/Committee thereof, the Directors/Senior Management are prohibited from

- i. Not to exploit for their own personal gain, opportunities that are discovered through the use of the Company's property (including intellectual property), information or position.
- ii. Not to divert to his /her own advantage any business opportunity that the Company is pursuing.

## **I. Insider Trading**

The Directors/Senior Management shall adhere to the provisions of Code of Conduct for prevention of insider trading. None of the Directors/Senior Management shall participate in any trading or assist or abet the trading of any stock, shares, scripts or securities in violations of the SEBI (Insider Trading) Regulations 1992 or such other rules and regulations from time to time.



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## J. Total Commitment

The Directors and Employees in Senior Management shall devote their full time and attention to the business interests of the Company. They are prohibited from accepting any assignment, contract or any commercial or activities outside the purview of their employments ethic interfere with performance of their duties, while in employment with the Company. They shall not take up any activity that jeopardizes the interests of the Company in any manner.

## K. Fair Dealing

The Director/Senior Management shall endeavor to deal fairly with the Company's customers, suppliers, competitors, officers and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

## L. Contribution to the growth and value addition

The Directors/Senior Management shall endeavor to enhance the value to the business of the Company and contribute positively to the growth of the Company. They shall contribute to the best of their professional abilities.

## M. Amendment, Modification and Waivers

This code may be amended, modified or waived by the Board, subject to appropriate applicable provisions of laws, rules, regulations and guidelines. 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/more of the provision of this code.

## 4. CERTIFICATION

Every Director and Senior Employees shall certify compliance with the code shall file with the Company Secretary of the Company within 15 days of the close of the Financial year of the Company.

**For and on Behalf of the Board of Directors of  
AKAR TOOLS LIMITED**

Sd/-  
**CHAIRMAN**



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## ANNEXURE-I CODE FOR INDEPENDENT DIRECTORS

In addition to compliance with the provisions specified above, the independent directors shall also be bound by the following additional provisions in respect of their conduct as independent directors on the Board of the Company.

### A. Guidelines of Professional Conduct:

The independent director shall:

1. Uphold ethical standards of integrity and probity;
2. Act objectively and constructively while exercising his/her duties;
3. Exercise his/her responsibilities in a bona fide manner in the interest of the Company;
4. Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
5. Not allow any extraneous considerations that will vitiate his/her 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/her 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/her independence;
8. Where circumstances arise which make an independent director lose his/her independence, the independent director must immediately inform the Board accordingly;
9. Assist the Company in implementing the best corporate governance practices.

### B. Role and Functions:

The independent director shall:

1. Help in bringing an independent judgment to bear on the Boards 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 the Board and Management;
3. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Safeguard the interests of all the stakeholders, particularly the minority shareholders;
5. Balance the conflicting interest of the stakeholders;



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6. Determine appropriate levels of remuneration of directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of directors, key managerial personnel and senior management;
7. Determine appropriate levels of remuneration of directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommended removal of 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 shareholders interest.

## C. 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 all the expense of the company.
3. Strive to attend all meetings of the Board of Directors and of the Board Committee of which he is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairperson or members;
5. Strive to attend the general meetings of the Company;
6. Strive to attend meetings of the independent directors whenever held;
7. 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.
8. Keep themselves well informed about the company and the external environment in which it operates;
9. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
10. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in interest of the Company;
11. Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of person who uses such mechanism are not prejudicially affected on account of such use;
12. Report concerns about unethical behavior, actual or suspected fraud or violation of the Company code of conduct or ethics policy;
13. Acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;



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14. 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.

**For and on Behalf of the Board of Directors of  
AKAR TOOLS LIMITED**

Sd/-  
CHAIRMAN